The Benefits of Integrated Business Management Software for Wholesale Distributors: Overcoming the Barriers of Stand-alone Business Applications

A White Paper for Growing Businesses

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Introduction
Wholesale distributors are the lifeblood of the economy — in all regions of the world. But many of these companies today feel the need for a transfusion — the operational boost that can move them to a customer-focused business with the ability to grow even larger. These companies — usually small and mid-sized businesses (called SMBs) -- have many of the same business requirements as large corporations; they may be smaller or employ fewer people, but they can have equally complex business processes.

Today’s wholesale distributors are more likely to have a hodge-podge of software products in use in their business. These applications typically share common characteristics: the financial packages, usually the first procured, run on a standalone PC, and are the first to cause problems, as they cannot accommodate growth in transactions, cannot scale to accommodate more users, and have severe database limitations. Additional applications — inventory or warehouse management, customer relationship management (CRM), or ecommerce, etc., may be added — leaving the distributor with a disconnected slew of applications — and what’s worse — the problems of manually entering and re-entering data across these multiple products.

The ramifications of all these various applications include lost productivity in work hours spent re-entering data manually and attempting to consolidate data from the disparate systems; extremely high error rates, as manually entered data is highly prone to mistakes; lack of visibility to the information necessary to make decisions; and outgrown applications that cannot scale to allow the business to grow. The distributor is trapped by the limits of the very technology that was intended to help the company grow and thrive (see Figure 1).

Growth of Wholesale Distribution

Revenues of US wholesaler-distributors grew by 8.6% to a record $4.2 trillion in 2007.¹

And unlike large companies, small and mid-sized distributors face the realities of smaller budgets, fewer IT resources, and zero tolerance for risk. They cannot withstand the long implementation timeframes or the cost of the ERP solutions that are the mainstay of large corporations.

The Advantages of the Integrated Suite for Wholesale Distributors

Addressing the plethora of disconnected applications is the first step a wholesale distribution company can take to gain better control of its business operations and increase the efficiency of those operations. A single integrated suite of software — often referred to as an ERP or enterprise resource planning solution — provides significant advantages to the business, accommodating the breadth of the company’s business processes, while providing the flexibility for even small companies to tailor the suites to meet their specific business needs.²

Why do I care if my applications are integrated?

Today’s technology solutions for wholesale distribution have distinct advantages over their predecessors. New advances in technology bring wholesale distributors the benefits of a single business management suite without the cost, complexity, and rigidity of traditional software applications.

So let’s look at these benefits. What does an integrated suite of business applications allow your business to achieve that a collection of stand-alone applications cannot?

1. **Functionality.** Access to all the core functionality required to run the business over time — at an affordable price point.

2. **Scalability.** Integrated suite solutions are designed to grow with your company. Stand-alone applications generally “top out” without transition paths to other solutions, leaving you to start over from scratch with a new and different application. An integrated suite provided as “Software-as-a-Service” (i.e., software hosted online) will allow seamless growth. You can add more users, more modules, increase your database size, increase your volume of transactions — even go international — as your business grows without business disruption.

3. **Improved productivity.** Stand-alone applications — sometimes referred to as “silos” — can’t easily talk to one another. Thus, wholesale distributors spend a great deal of time doing the same task reiteratively — entering the same data in different programs. There are some identifiable problems with this (See Figure 2):
   - It is a waste of time to reenter data over again.
   - It is very likely to be entered incorrectly.
   - Data isn’t readily accessible — data in an integrated system can be accessed without effort spent trying to tie or consolidate the data together.
   - IT hours do not need to be spent integrating multiple siloed systems and then keeping these system integrations updated over time.

4. **Company-wide visibility.** With an integrated business management suite, there is a “single version of the truth” that only needs to be entered once to be propagated to all parts of the business that need it. All business processes, all employees who touch the application, and all the executives who make decisions for the company see the same version of reality, in real time, all the time. This solves problems of:

- Lack of visibility into business information that crosses either departments or standalone applications.
- Data that looks different in different programs (Why do I have two companies in my vendor list — one is International Business Machines and one is IBM? Why do I have two versions of the same customer — Robert Smith and Bob Smith — with the same address?)
- Data that results from very different disconnected applications is inconsistent, so attempts to analyze it yields the proverbial “apples and oranges” — a decision-support fruit salad.
- Timely access to information. Because a SaaS system is “real-time,” you get the information you want at your fingertips immediately.

5. **Business process customization and automation.** Only with an integrated business management suite can wholesale distributors actually tailor the entire business processes that underpin how they conduct their business. Because workflow underlies the entire suite and not just fragmented parts of it, distributors for the first time have tools to customize the solutions to work exactly how their businesses work — rather than having an application that dictates how the business has to be run.

6. **Total cost of application ownership.** Managing one application is not only easier than managing several, it is more cost-effective. Companies with an integrated suite save the costs of multiple license fees, multiple support contracts, and the on-going cost of integrating the disparate applications.

7. **Vendor management and support.** Face it, managing a plethora of vendors with multiple 800 numbers for customer service is not easy. An integrated suite gives you one solution supplier to work with. The ability to access affordable service and support is also critical. It is easier to support an integrated ERP environment than a hodgepodge of different applications.

8. **Long term cost of ownership when provided as SaaS.** When an integrated suite is offered as Software-as-a-Service — allowing businesses to subscribe to a service rather than purchase, install, and maintain an in-house software solution — companies can better forecast and manage their costs, and eliminate high internal IT support costs. Web-based delivery of business solutions proves the most economical in the long run as your business needs grow and change. Research shows that SaaS deployments are 50% to 90% faster with a total cost of ownership (TCO) five to ten times less expensive than traditional software. Cost of ownership can be complex — as it includes far more than just the savings gleaned in original purchase and implementation. It also includes:

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4 Triple Tree and the Software and Information Industry Association (SIAA). Fall 2006.
• The time, expense and skill required to integrate the multiple applications which has to occur each time an application in the mix is upgraded or replaced
• The cost of potential disruption or downtime when the multiple products are upgraded or new revisions or releases are installed
• Time and dollars spent upgrading software and ensuring integrated systems work properly together after each upgrade
• The very positive effects of increased productivity: faster order processing, rapid access to critical data by employees, increased ability to address customer issues immediately; instant data for upsell/reselling, returns management, as only a few of the many examples.
• The even more positive effects of timely, accurate billing with compliance to all revenue recognition requirements

Figure 2. Improved Productivity through Integration.

You have visibility to inventory, shipping information, and location of goods...

- Retailer orders from distributor’s WebStore
- Distributor’s order entry
- Automatic inventory check
- Restock order to manufacturer
- Production, pick, and pack
- Shipping and tracking
- Customer billing

Is a modular business management application any different than my current stand-alone applications today?
The beauty of an integrated business management application is that it is a suite that all works together — without this capability, you can’t have seamless business processes. Modularity comes to play mainly in how you purchase and implement your applications. You may not need all applications at once, or you may want to deploy one application module at a time. This is a different business strategy the deploying totally separate applications in that when more than one is implemented, they fit together like Legos and work automatically.

Find out more: contact NetSuite, Inc. at 1800 NETSUITE or visit www.netsuite.com
The Business Benefits of NetSuite

NetSuite is the first and leading on-demand complete business management suite that allows wholesale distributors to manage all your back-office and front-office operations with one single system. It includes everything from inventory and warehouse management to shipping automation, accounting, CRM, sales force automation, customer support, ecommerce, listing management, employee productivity tools, and much more. (Figure 3).

Using NetSuite, your entire business — accounting, sales management, customer service, employee and partner management; and your own web store creation and maintenance — is integrated, so you can improve your productivity by streamlining operations and automating processes across the company. And because NetSuite is an on-demand solution, available only as Software as a Service over the Web, you have no costly hardware or software fees, no expensive integration of standalone products, or difficult upgrades to contend with.

Some of the key benefits you can gain from NetSuite are:

1. **Unified Business Processes across the Enterprise**
   With a single, integrated platform for CRM, Accounting/ERP and Ecommerce, you can automate key business functions across all departments, including sales, marketing, service, finance, inventory, order fulfillment, purchasing, and employee management. Your employees no longer have to re-enter data in different systems, rectify inconsistent or inaccurate data, or wait for batch updates. Instead, all your employees view and share accurate data in real time, leading to greater collaboration among departments and increased productivity across your business.

2. **Increased Visibility for Better Decision Making**
   Customizable Dashboards offer real-time access to key performance metrics, supporting intelligent, timely business decisions. In addition, full visibility into unified customer records results in more efficient and highly personalized sales, fulfillment, and service processes. NetSuite dashboards are role-based, providing “out-of-the-box” relevance to employees’ individual job functions.

3. **Ability to Extend Processes to Customers, Suppliers, and Partners**
   Given today’s need to work closely with partners through an extended enterprise, NetSuite offers self-service portals that enhance both business-to-business and business-to-consumer collaboration. In addition, proactive notification of partner-specific events accelerates process cycles and improves responsiveness, ensuring your position as a preferred partner.

4. **Customization to Address Your Specific Business Needs**
   NetSuite is the world’s most customizable Software-as-a-Service application. “Click, not code” configuration and modular implementations jumpstart your business on NetSuite. Advanced customization with simpler, industry standard tools allows you to tailor business practices and processes to meet your specific company and industry requirements. Because our customization carries forward seamlessly with upgrades, we actually encourage you to highly customize NetSuite to create your one-of-a-kind software application.
5. **Superior Value with an Affordable Solution**

Built from the ground up for growing and midsize businesses, NetSuite offers affordable pricing, accelerated implementation, and comprehensive support packages that result in unbeatable TCO. Plus, you eliminate the costly and time-consuming integration often associated with using a patchwork of disconnected systems. NetSuite also provides leading-edge professional services and educational programs that ensure efficient implementation and continued, long-term success.

**Figure 3. The Integrated NetSuite Solution for Wholesale Distributors**

- **Lead Generation**
  - Complete marketing campaign & lead management
  - High volume e-mail campaigns
  - True marketing ROI

- **Prospect**
  - Complete prospect management
  - Advanced Forecasting
  - Seamless Partner Relationship Management

- **Quote/Order**
  - Quotes, order management in-system
  - Available to Promise visibility
  - Integrated Incentive Management

- **Support/Self-Service**
  - Integrates inventory
  - Picking, packing, shipping
  - UPS, FedEx Shipping
  - Efficient delivery & tracking

- **Upsell**
  - Cross-sell automation
  - Increased lifetime value of customers

- **Returns**
  - 360 degree view of customer
  - Seamless, centralized customer data
  - Self-service customer portal

- **Invoice**
  - RMAs, Returns
  - Inventory updates
  - Accounting updates
  - Ship Alternate Product

- **RTR**
  - Electronic delivery
  - Up to the minute AR credit status with collection notes
  - Standard & Complex Billing schedules made simpler

**Conclusion**

Times have changed. Today's wholesale distributors have access to integrated suites of business applications built for their particular business needs. While the business processes managed may be very sophisticated and complex, the solutions, with their integrated processes, simpler management, easy usability, and advanced business intelligence, are changing the way wholesale distributors conduct their businesses — with price points and deployment times far different than those encountered by large companies in the past.

*Find out more: contact NetSuite, Inc. at 1800 NETSUITE or visit www.netsuite.com*
Case in Point:

Challenge:
A frustrated customer has called his sales rep with two questions: “where is my current order” and “I want to order another one of the same item — how long will it take to arrive?”

The Dilemma:
The sales representative cannot answer either question: he has no visibility into the warehouse to see if the product has been picked or packed. He also has no visibility into shipping information to ascertain if the item actually has been shipped and, if so, where it actually is. And because he lacks visibility into inventory, he does not know if the product the customer now wants to order is in stock or on back order, hence, cannot tell him how long the delivery is likely to take.

The Solution:
With an integrated suite, all parties that touch the customer share visibility into not only the customer data, but the warehouse inventory status, and the shipping and tracking information. Whoever the customer reaches within the company can tell him when his order was processed, the status of the item ordered (on hold, in backlog, for example), and its whereabouts.

What NetSuite Wholesale Distribution Customers Say About the Value of Integrated Business Management

Elcometer: Elcometer manufactures and distributes paint-and-surface inspection instruments for large companies in industries such as military, aerospace, automobile and even furniture. The North America division, based in Detroit, MI, handles distribution and sales throughout the United States, Canada and Mexico. The company was bogged down with client-server accounting software from Microsoft Great Plains. “The problem was that Microsoft Great Plains wasn't integrated well with CRM and shipping systems. With CRM, Microsoft basically bolted a knock-off of Goldmine,” says Joe Walker, vice president of North America at Elcometer.

Elcometer's decision to go with a hosted solution instead of a client-server approach has saved the company loads of cash. Walker estimates a client-server solution would have cost a minimum of $50,000 for a server and $60,000 for a full-time IT manager, not to mention software-license fees. “And I still would have had quadruple entries,” he says. "I want to more than double my business over the next five years, and the only cost-effective way to do this is with NetSuite."

Cartridge World. "The first thing I noticed was the global visibility — NetSuite is certainly enabling the senior management team to have a consistent view of everything going on in our worldwide network," says Steven L. Yeffa, CFO. "It allows us to think, act, and work as a single company worldwide." In the process, the company has cut an estimated $200,000 in annual IT and administrative costs out of its requirements to run an accurate, sustainable business.

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