

SAP Solutions for Small Businesses and Midsize Companies
SAP Business All-in-One

GIVING TRADE COMPANIES FAST TIME TO VALUE

SAP® Business All-in-One
FAST-START PROGRAM



THE BEST-RUN BUSINESSES RUN SAP™



CONTENTS

3	Executive Summary	7	The SAP Business All-in-One Fast-Start Program
4	Get a Fast Start with SAP® Business All-in-One	7	Join Other Satisfied SAP Customers
4	Wholesale Distribution – External Challenges	8	Tallard Technologies Inc.
4	Competition – Acquire or Be Acquired	9	DITAN Distribution LLC
4	Customer Relationships – Additional Demands for Services	10	Why SAP?
4	Supplier Relationships – Contract Pricing Proliferation	10	Learn More
4	Wholesale Distribution – Internal Inefficiencies		
5	How Do You Compare to Leading Wholesale Distributors?		

Executive Summary

The SAP® Business All-in-One fast-start program supports the business processes of midsize trade companies with proven, preconfigured software that enables you to run your entire business efficiently. Based on best business practices in your industry, this innovative program helps you implement a solution quickly and easily. A clearly defined business process scope with predictable cost minimizes your risk and accelerates time to value.

GET A FAST START WITH SAP® Business All-in-One

HELPING DISTRIBUTORS ACHIEVE OPERATIONAL EXCELLENCE AND MEET CUSTOMER EXPECTATIONS

As a wholesale distributor, your success depends on several factors. You must respond quickly to customers' expectations of high-quality, differentiated services. Good supplier relationships are crucial, too. The ability to adapt to supplier-specific and often changing business methods can enable appropriate cost recovery even as policies and contracts become more restrictive. A combination of operational excellence and information transparency is the key to keeping these important relationships running smoothly. However, getting there is not easy, given the challenges of increasing competition and customer and supplier demands – and the need to grow your business and your profits.

Wholesale Distribution – External Challenges

Within wholesale distribution, you face a variety of issues, ranging from competitive threats to how to use technology to improve your business.

Competition – Acquire or Be Acquired
Mergers and acquisitions create constant flux in the marketplace, with many distributors operating in an “acquire or be acquired” mode. Under these conditions, you face stiff price competition. You need to develop financial visibility and better control over key operational processes such as procure to pay, order to cash, inventory management, and labor management. Like other distributors, you may want to invest in marketing and alternative distribution channels – such as mega retailers or third-party logistics operators – to increase flexibility and, ultimately, profitability.

Customer Relationships – Additional Demands for Services

With more global sourcing options available to them, customers are becoming more demanding. To maintain a customer's loyalty and increase your profitability, you must continuously deliver innovative, value-added services and additional customer options, such as product kitting, assembly, or configuration. To quickly and effectively respond to changing customer requirements, you need effective support for nonstock, restock, and new-product order management. You must harness technological advances to offer services to customers, such as online inventory inquiries as well as availability and order status checks. And you must make your own internal processes more efficient and transparent.

Supplier Relationships – Contract Pricing Proliferation

You depend on strong relationships with suppliers – through effective contract and agreement management – for competitive advantages, such as improving your access to high-demand products. With improved contract and agreement management, you can take full advantage of chargeback and rebate opportunities.

Wholesale Distribution – Internal Inefficiencies

Beyond these external concerns, many midsize distributors also struggle with internal operating inefficiencies that compound external issues. Multiple, disparate information systems may make it difficult to access enterprise-wide data and limit the information visibility required to generate alerts or verify that follow-up actions are working as planned. Inflexible systems may hinder your ability to respond to customer or supplier requests in a timely fashion.

Consider the impact of rigid warehouse management processes that make it challenging to respond to shifts in demand patterns, slow your reaction time, and leave the door open for the competition. To succeed, you must have the flexibility to support all phases of warehouse operations – from automated goods movement to managing of stock in distribution centers or on-site customer locations.

To address these challenges and improve your operational efficiency, you need a comprehensive solution that:

- Produces timely and accurate data and improves visibility from your warehouse operations to your top-floor executive suite
- Automates routine processes and streamlines decision making
- Enhances collaboration among demand forecasting, inventory management, and supplier management, speeding your time to market
- Scales to grow as your business expands
- Delivers predictable costs, business process scope, and implementation time
- Easily adapts your distribution processes to meet changing customer and supplier requirements
- Supports best business practices in your industry

How Do You Compare to Leading Wholesale Distributors?

Studies show that leading wholesale distributors (those working with up to 250 suppliers and handling 15,000 SKUs) perform significantly better across a range of key performance indicators (KPIs) than their competition. Leading distributors consistently fill more orders and pick more items – more accurately and at a lower cost – than their competitors. For example, as shown in the table, leading distributors filled 20 orders per hour, compared to just 3 orders per hour for lagging companies. For leading companies the cost per order was just US\$5.60, compared to \$100 per order for laggards. And the perfect order rate (perfect deliveries divided by total deliveries) averaged 99% for leaders, versus 91% for laggards. In addition, leading distributors are better able to retain key employees; their annual labor turnover rates average 3.2%, compared to 20% for laggards.

The SAP® Business All-in-One fast-start program provides pre-configured software to support the processes of distribution companies and is based on the best practices that help you achieve world-class operational excellence.

Distribution Key Performance Indicators (KPIs)	Laggards	Median	Leaders
Productivity			
Annual storage utilization (occupied capacity ÷ total storage capacity)	75.0%	85.0%	92.0%
Orders per hour (orders picked or packed ÷ total warehouse hours)	3.0	6.3	20.0
Lines picked per hour (lines picked or packed ÷ total warehouse hours)	8.0	20.0	90.0
Items picked per hour (items picked or packed ÷ total warehouse hours)	25.4	100.0	245.0
Cost per order (annual labor and overhead costs ÷ total orders)	US\$100.00	\$21.00	\$5.60
Total inventory turn rate (annual dollar-volume shipments ÷ average on-hand inventory)	3.5	6.0	11.1
Fulfillment			
On-time delivery rate (orders delivered on time ÷ total orders)	94.0%	97.0%	99.0%
Order fill rate (orders filled complete ÷ total orders)	90.0%	97.0%	99.0%
Perfect order rate (perfect deliveries ÷ total deliveries)	91.0%	97.4%	99.0%
Order accuracy (error-free orders ÷ total orders)	97.0%	99.0%	99.7%
Line accuracy (error-free lines ÷ total lines shipped)	96.0%	99.0%	99.8%
Customer delivery lead time (receipt of order to delivery)	7.0	3.0	2.0
Order cycle time (order release to ship time)	24.0	8.0	3.0
Dock-to-stock time (receipt to storage time in hours)	12.0	4.0	2.0
Workforce			
Annual labor turnover rate	20.0%	10.0%	3.2%
Average annual hours of formal training for each full-time employee	10.0	24.0	40.0
Total labor cost per direct-labor employee (wages, taxes, benefits, and so on)	\$31,980	\$39,208	\$50,500
Annual job-related injuries and illnesses	7.0	2.0	1.0
Annual job-related injuries and illnesses resulting in lost work days	3.0	1.0	0.0
Performance Drivers			
Total annual orders shipped	7,400	46,000	140,825
IT spending (percentage of annual shipment dollar volume)	1.0%	3.0%	10.0%
Capital equipment spending (percentage of annual shipment dollar volume)	1.0%	3.0%	10.0%
Total SKUs handled or stored over the past 12 months	1,750	5,400	15,000
Total number of current suppliers	15	50	250
Percentage of shipment volume cross-docked	0.0%	5.0%	10.0%
Percentage of incoming goods and materials from outside the United States (by dollar volume)	8.0%	25.0%	60.0%

Source: U.S. data from the 2007 Census of Distribution survey, conducted by The MPI Group, *Industry Insights*, and *Material Handling Management*. Laggards defined as bottom 25%, leaders as top 25% of companies.

How do you compare to these leaders? Are you making the progress you want toward accomplishing your productivity, quality, and service goals? The SAP® Business All-in-One fast-start program may be able to help you. It provides proven, preconfigured software to support the business processes of midsize distribution companies and is based on the industry best practices that you need to achieve world-class operational excellence and profitability.

A Proven Solution from SAP

Leveraging more than 35 years of industry experience, SAP Business All-in-One solutions are designed to help you improve operating efficiencies across your organization. They are based on best business practices in materials management, sales and distribution, logistics, product life-cycle management, quality management, accounting, controlling, and reporting.

With SAP Business All-In-One, you get:

- Comprehensive, fully integrated business software to streamline your core business processes and gain visibility across your business (from materials management, sales and distribution to service delivery, financial management, and reporting)
- Flexibility and scalability to configure and extend the solution to meet your changing needs, based on proven enterprise resource planning software and the SAP NetWeaver® technology platform
- Improved employee productivity and adoption with a simplified user interface and role-based navigation

- Reduced costs and risks by leveraging SAP tools, best practices, and proven methods that increase the speed and efficiency of implementations
- A worldwide partner ecosystem

The SAP Business All-in-One Fast-Start Program

The SAP Business All-in-One fast-start program enables distributors to configure and install the solution quickly. It addresses their specific need to employ a business solution with predict-

Experience rapid time to value and the flexibility to tailor the solution to meet your changing needs, thus protecting your long-term investment. And you benefit from a global partner ecosystem that can support and extend the solution.

able cost and scope. Furthermore, the preconfigured software supports all the basic logistics and distribution processes that meet their daily operational needs – from materials management to sales and distribution to accounting.

The fast-start program is predictable, proven, and safe. You can implement it confidently and rapidly to speed your time to value. Complete with preconfigured settings based on best practices in your industry, the software is easy to adapt to your changing requirements. It is designed to scale and grow as your business does – and provides a predictable, low total cost of ownership (TCO).

With the SAP Business All-in-One fast-start program, you benefit from:

- Rapid implementation that lets you accelerate your time to value
- Predefined business process scope and predictable implementation schedule and cost
- Proven track record of thousands of customers using SAP solutions and best practices for wholesale distribution
- Easily adaptable business software that meets your changing needs and scales to support your growth
- Low TCO thanks to hardware options from SAP partners and software that includes the Linux operating system and the SAP MaxDB™ database

Join Other Satisfied SAP Customers

Many midsize distributors are using SAP solutions to boost operational efficiencies, increase service levels, and control costs. Another benefit these same companies enjoy by using SAP software: rapid implementations within their budgets.

“We are constantly introducing new products and services. . . . SAP [software] gives us an ideal tool to handle the range of tasks necessary to bring products and services to market.”

Humberto Gonzalez
President and CEO
Tallard Technologies Inc



Tallard Technologies Inc.

Tallard Technologies Inc. is a value-added distributor of computer and telecommunications products and services to Latin America and the Caribbean. To manage its operations more effectively, improve access to information, and provide an infrastructure for e-business, the company needed an enterprise solution.

“The ROI on warehouse automation assets has dramatically accelerated through ease of implementation and deployment of SAP solutions. SAP’s ability to streamline processes and promote operational efficiencies has generated an ROI in excess of 300% since initial implementation, with an initial 100% payback of our SAP investment in under 18 months.”

Doug Greenstein
Chief Financial Officer
DITAN Distribution LLC



DITAN Distribution LLC

DITAN Distribution LLC offers direct-to-store distribution of time-sensitive products, typically those with a short life cycle and highly volatile demand, such as video games, movies, music, toys, and books. DITAN implemented an SAP solution in only three months with the help of a certified implementation partner and the SAP Best Practices for Logistics Service Providers package.

As a wholesale distributor, you need a software solution that helps you respond quickly to customers' expectations of high-quality, differentiated services and enables you to maintain crucial supplier relationships.

Why SAP?

SAP Business All-in-One solutions are proven to deliver rich functionality in a solution that's fast and easy for small businesses and midsize companies to implement. Built on a proven foundation of SAP software and technology, the solutions reflect SAP's years of experience in enabling the best business practices of companies in all industries – and they are intuitive to use and predictable in cost and scope.

The fast-start program enables you to take advantage of proven best practices for wholesale distribution and adapt to changing business requirements. You gain the agility and support you need to grow – while staying well within your budget. In addition, whether you purchase an industry-specific solution or a qualified SAP Business All-in-One partner solution, you benefit from a global partner ecosystem that can support and extend your applications.

Learn More

Find out how you can join the thousands of wholesale distributors that rely on SAP Business All-in-One solutions to improve operational efficiencies and outperform their competition. Call your SAP representative or try the solution configurator today at <http://www.configurator.ch/dojo/apps/au/index.jsp?lang=en>.

50 089 062 (08/03)

© 2008 SAP AG.

All rights reserved. SAP, R/3, xApps, xApp, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP Business ByDesign, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and in several other countries all over the world. All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.

www.sap.com/contactsap

THE BEST-RUN BUSINESSES RUN SAP™

