Enterprise Software
for Distributors—Is There a Perfect Fit?

EPICOR

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If you're a distributor considering replacing or implementing an enterprise resource planning (ERP) system, there are a lot of questions you should ask yourself, such as:

▶ How will the system help our business execute its strategies?
▶ How will current and future changes in the industry reshape our company?
▶ How will the ERP system fit into those changes?

The last thing you want to do is select a system that will need to be replaced in the foreseeable future, or will require constant—and costly—customization to adapt to changing industry and business dynamics. Instead, look for a solution that's designed to fit your distribution business and has the functionality to support your industry needs. Finding a solution that can perform 100 percent of what you need right out of the box is nearly impossible, especially as businesses become more specialized. In other words, there's probably no perfect fit for your unique distribution business.

Finding the Best Fit

If you've ever bought a suit, you know how hard it is to find the perfect fit right off the shelf. The jacket may fit perfectly, but the arms are a little too long. Maybe the pants are the right length, but the waist needs to be taken in. Overall, the suit is a great fit, but it's not perfect.

Selecting an ERP system can be a very similar process. Instead of wasting time trying to find the software that fits your business perfectly, your goal should be to find the best fit for your most critical needs.

How do you know the software you're evaluating is right for your organization? Start by following these four steps:

▶ Compare platforms to find the best out-of-the-box fit for your business
▶ Make sure that your preferred system can be personalized and adapted without requiring costly and ongoing customization.
▶ Ensure that the software will integrate with other technology you utilize
▶ Select a software with a clear upgrade path for future versions

First Things First—What's in the Box?

Finding the software with the best out-of-the-box fit for your business

Selecting and implementing a new business system is a tremendous investment of time and money, so your expectations are—and should be—high when it comes to the system's capabilities. You're searching for a perfect fit right out of the box—everything you need to run your business efficiently and effectively.

Even with the strongest platform designed for your industry, no ERP software will be ready to support your specific business processes and culture right out of the box. Some will come closer than others when it comes to standard capabilities, but nothing is truly plug-and-play—no matter what the software provider might assure you. You'll be hard-pressed to find a top software provider that doesn't claim to offer a fit-for-purpose solution. Some companies strive to build software solutions for a specific market or industry, while others pride themselves on their ability to create one for you—at a cost. Depending on the nature of your business, some customization may be inevitable. The challenge is finding the solution that can deliver the most value before customization comes into play.

Later in this white paper, we will touch on the importance of choosing an ERP partner that has a vision—an upgrade path—for their clients. Naturally, you want to know your system is going to adapt to market changes. However, your immediate concern is the software's ability to work perfectly today.

Large software companies have the third-party vendor partnerships and bandwidth to build you the perfect system—for a while. However, what you need today will definitely differ from what you need down the road. While your ERP provider may have a strong track record of evolving their solutions to meet the changing needs of the marketplace, you may find yourself stuck in the past and unable to easily upgrade. Once you're running a highly customized system, you could be looking at increasingly expensive customization every time you want to take advantage of updates and improvements to the base product.

It doesn't take long for a distributor's needs to evolve. Between market changes, increased competition, and business growth, a perfect system can become imperfect pretty quickly. Even homegrown systems that were designed

specifically for your business can become a huge burden before long. At MORSCO, that's exactly the issue they were facing after several years on their proprietary software.

"We had a homegrown system that we just flat-out outgrew," said Phil Osborn, vice president of customer and pricing strategies at MORSCO. "There was no way to coordinate record-keeping. Every branch operated independently, making corporate oversight very difficult. Data had to be copied and manually sent to the corporate office. There was no way to instantaneously share electronic records. The old system couldn't even accommodate our ongoing growth."

MORSCO found their solution in Epicor Eclipse®—a decision driven largely by the program's standard functionality.

> "We looked at numerous ERP systems, but they would have required a great deal of customization to meet our needs,"
>
> —Christine Tine., CIO | MORSCO

"Eclipse solution immediately handled our business right out of the box. We now have one system that works equally well for everyone and is poised to seamlessly blend new acquisitions and stores with our existing companies."

Christian Rescate, COO from ALP Supply, had similar experiences when his company looked to replace their ERP system. Their search was driven by the need for standard functionality that didn't require costly customization or significant programming work.

How many of your customers are distributors?
Distribution is different from other businesses. You don't want to teach a software vendor how the distribution industry works.

How long has the company been serving distributors?
Longevity in a technology provider can indicate whether the company has the proper experience, and whether they will be around in the future to support your business.

Who will implement your software system?
Remember, you're not only investing in software, you're also investing in people. The weakest link in IT implementations is typically reported to be consulting expertise, so make sure a vendor's staff—design professionals; systems analysts; financial experts; and application, technical, and industry consultants—all understand distribution inside and out. They should be able to recommend strategies and processes for achieving best-in-class performance while demonstrating proven ability to complete implementations on time and on budget.

In his words, they needed a vendor who "… provided us the best-of-breed solution with significant off-the-shelf capabilities. We're an industrial distributor, so we don't have an army of programmers who can take care of a complex system."

It's not easy to determine which vendor has the most standard functionality to meet your needs. Vendor websites will idealize their solution and assure you a perfect fit, but it takes a lot of research—and perhaps even a demo—to determine what's standard and what's custom.

You can find guidance with your buying groups or industry associations. Do they have preferred vendors? Which systems are other members using? Which software solutions are other businesses in your space running?

Regardless of how you determine which vendors to explore, when you're ready to engage, tell them to clearly define what's included and what's going to require third-party involvement or add-on costs. You may find a provider can cover 75 percent of your needs before any customization is even discussed.

It takes a lot of due diligence to understand which system can match the *depth* of your needs, but first, you just need to determine which solution can best cover the *width* of your project. When the vendor's core functionality resonates with your business and covers a majority of your needs, odds are the process and cost for any customizations will be smoother. Asking for details and pushing back on the vendor's assurances that they can meet all your needs is critical. For example, if you're an industrial distributor, knowing your potential vendor can support things like scheduled orders, VMI, lot tracking, rebate management, contract pricing, and similarly specific functionality is a good sign that they can understand the depth of your business, too.

Next—Outside the Box
Ensuring the system can be personalized and adapted without extensive customization
Finding the solution with the right functionality is one thing, making it work for your business without expensive customization is another. One way to accomplish this is to ensure that you can adjust some of the functionality to complement your business processes and protocols. You need to find a solution that has tools for modifying the system and adapting it to your processes without changing the application code, which can cause expensive problems over time. Just as important as ensuring your system offers the right functionality out of the box, you need to ensure the right tools are available to tailor your system to fit your business processes and improve efficiency.

Some systems allow you to tailor the application's appearance and logic to your company's needs. Your users can customize windows, create user-defined fields, edit or add new tabs of data, personalize menus, adjust pop-up searches, add metrics, and even create customized portals for each employee. In some cases, you can even write your own business logic to conform to your company's unique processes. Key business data—such as sales performance against goals—should be easily accessible via dashboards that adjust to fit the needs of different users. As more and more solutions shift their focus to the cloud, these tools are expanding and improving.

Royal Corporation, a distributor of janitorial and sanitary maintenance supplies based in Santa Fe Springs, California, selected the Epicor Prophet 21® solution in part because of the system's flexibility.

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> "The ability for Epicor Prophet 21 solution to adapt to our business needs without custom programming…has increased our efficiency, which translates to better service and value to our customers."
>
> —Jonathan Soon, Vice President of Operations | Royal Corporation

Links Unlimited, a wholesale distributor of promotional products, also uses the Epicor Prophet 21 solution system. As CTO Brian Shank stated, "Prophet 21 software has a rich set of developer tools that give us the ability to modify it for our needs—whether that's through tools…or simply the flexibility it gives us as a SQL-based solution, we know Epicor is a reliable solution for us."

At Productivity, Inc. in Minneapolis, Minnesota, a business rules engine allows for myriad ways of streamlining operations. "For example," explained Systems Administrator Cathy Arbuckle, "we created a rule that if someone cancels an item, they must enter an explanatory note, and a checkbox on the front of the order indicates the note exists so no one has to go into tabs."

She continued, "In Item Maintenance, we receive hundreds of new parts each week, and must track the bins, so we created a rule that double-checks it's not a duplicate bin. And for credit card orders, we automatically populate the invoice class field as to whether we should invoice that customer by mail, email, or other means. We are seeing significant time savings from these streamlined processes."

Every ERP system offers a different level of personalization features. It is critical to know how much you can adapt the system to your needs without building a custom solution from the ground up.

Then—Connecting With Everything
Ensuring the ability to integrate with other technology

Perhaps the most important—and most challenging—consideration when selecting your next business system is ensuring it can integrate with all the technology you leverage to do business. Every ERP company has a wide range of partnerships with third-party software companies, but you need to know that the system has a history of integrating effectively with any technology you utilize. That means selecting a tool that works with your customer relationship management (CRM) system, your marketing automation software, your eCommerce solutions, and any other standard system that's become core to your business.

> "We were able to integrate different options, eCommerce channels, and other third-party integration that we did not do before. It has really just improved our efficiency, and I think growth comes in a lot of different ways— it's the efficiency of your people, the productivity, the output, the actual sales, as well as our customer growth, and being able to easily implement new products that we can offer as a drop ship and not necessarily stock here."
>
> —Jessica Mendoza, General Manager | Atlanta Light Bulbs

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At Industrial Mill and Maintenance Supply, integration works hand-in-hand with adaptability and personalization features to improve communication and contribute to the success of the business. IT Director Bobby Brannon explained, "The flexibility…has allowed us to do several things we previously couldn't, such as launch an eCommerce site that's fully integrated with our inventory levels…and the SQL-based databases allow us to write scripts that feed information to salespeople on the road who may not always have access to the system."

Besides integration with other systems you use, you also need to work effectively—and securely— with other third-party systems. That means ensuring your ERP has a strong application programming interface (API), which simply means a connector or intermediary that allows two software applications to communicate.

Brian Shank at Links Unlimited gave this simple example of API usefulness, "By leveraging the…API, not only are we able to basically take in orders from virtually any source, ranging from a file sent through an FTP site to an email, to reduce any uncertainty in the order. This means we can ship out orders faster, and in turn make our customers excited about the turnaround time for their orders."

All of these examples are relatable to any distributor, but the importance of focusing on integration potential is not limited to the basics. There's no precedent for the rate at which technology is evolving. When you implement a new business system, you need to trust that the provider will

adapt to innovations you may not even be thinking of today. More and more distributors are embracing new technologies for greater efficiency—like robotics, artificial intelligence, and the Internet of Things (IoT).

Jergens, Inc., of Cleveland, Ohio has garnered much attention in the distribution world for their innovative approach to inventory management, which they call JIS Express. JIS Express was conceived and developed as part of the selection and implementation process for their ERP—Epicor Prophet 21 solution. Matt Schron, general manager for Jergens Industrial Supply Division, said that the project came from a desire to improve productivity for customers.

"JIS Express came out of a need we saw at many customer facilities. JIS Express is an inventory management solution that allows our customers to manage their inventory in a new, unique way," Schron explained. "It is a WiFi-enabled button that is installed into our customer's facility. When they press the button, it connects directly into Prophet 21 solution."[1]

Why go to such great lengths for an easy button? Schron said the results were significant and quick. "Since we've launched the solution, we have been doubling the amount of buttons we have in the field, the amount of orders we are receiving, and our sales volume every two months. The openness of [Prophet 21 solution] and the ability to connect instantly into our Epicor system is what has made this solution come full circle." [1]

Radwell International offers another example of innovative inventory management syncing with the ERP solution. Their unique automated storage system uses fast-moving robots to manage millions of new and used industrial parts with ease. Using Swisslog's

AutoStore solution, Radwell manages 50,000 stacked bins of small parts in a grid system worked by 34 robots for picking. All this is managed by Swisslog's SyncQ system, integrated with the warehouse management system in their Epicor Prophet 21 ERP solution.[2] The integration has been a tremendous benefit to Radwell. Among other efficiencies, Radwell employees say they have increased performance in pick productivity by 400 percent.[3]

Finally—Think Ahead
Knowing there is a clear upgrade path

To understand what the next 10 years will bring for distribution, and what impact it will have, look at the last 10 years and then consider whether technology will continue at that pace, or develop even faster (as many believe). Technology will provide information to the worker at any time, on any device. This information will be personalized and will anticipate the needs and activities of every organizational role, helping employees make decisions on exceptions and automating routine daily processes. An enterprise software system will have to adapt to new business and technology strategies that few of us can accurately predict today. You need to be sure that your company's distribution software solution will be able to grow with the organization and adapt to changes in the business, as well as continue to offer the best in ERP functionality as the technology continues to evolve.

To ensure the solution provider has a strategic vision for distribution technology, ask these questions of your vendor include:

▶ What does their technology roadmap look like for your product?
▶ What percentage of development is for new innovation versus bug fixes or incremental improvements?

[1] https://advancedmanufacturing.org/jergens-jis-division-honored-with-2018-epicor-customer-excellence-award/
[2] http://www.dcvelocity.com/articles/20170829-22-million-skus-no-problem/
[3] https://www.swisslog.com/en-us/warehouse-logistics-distribution-center-automation/case-studies-and-resources/case-studies/2017/11/radwell

- What's their cadence for releasing new versions of the software you're considering? Do they release new versions of the software every other year, every year, every six months? (Use their previous two years' track record as proof.)
- What is their vision for business mobility?
- Are you able to access business information in environments outside of a huge ERP?
- Do they have business applications that run on mobile devices?
- How malleable is the software to your users' specific needs?
- Are they in the cloud? If not, do they have a vision for moving applications to the cloud?
- How are they addressing the changes brought on by IoT? Artificial intelligence (AI)?

These are just a few questions that must be part of the discussion if you want to ensure a system will meet your needs for the long term.

Summary

Implementing or replacing your ERP system is no light matter. It may appear to be a difficult and painful process, but, if executed correctly, it can open business opportunities and make your life easier. The cornerstone of this effort is finding the partner that can show you how to make this transition work—a partner with clear and demonstrable history of helping other distributors successfully reach their goals.

Your enterprise software provider must be part of your vision. They must have faced these challenges many times in their history and learned how to help distributors adopt new technologies. The future of your business depends on whether they have successfully made the leap from one technology curve to the next, and continue to innovate and deliver to help companies like yours lead the change.

Selecting the right software provider for your business can be a daunting task for those who lack experience in this process. The last thing any person or company wants is to invest in the wrong technology and choose the wrong partnership. Arm yourself with information and references from similar businesses to ensure the choice you make is one that will help your business compete and grow well into the future.

About Epicor

Epicor Software Corporation drives business growth. We provide flexible, industry-specific software designed to fit the precise needs of our manufacturing, distribution, retail, and service industry customers. More than 45 years of experience with our customers' unique business processes and operational requirements are built into every solution—in the cloud or on premises. With this deep understanding of your industry, Epicor solutions dramatically improve performance and profitability while easing complexity so you can focus on growth. For more information, connect with Epicor or visit www.epicor.com.

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