

Victrola Selects Cleo Integration Cloud to Amplify Omnichannel Order-to-Cash Automation





The iconic brand has been bringing music to life for more than 100 years... and they're just getting started

Victrola, one of the world's leading turntable manufacturers, was born in 1906 in Camden, New Jersey when first introduced to the American public by the Victor Talking Machine Company.

Since that time, Victrola, much like music itself, has transcended time and embraced the evolution of technology. Today, the company's sleek audio products offer something for everyone – from the college student just starting their vinyl collection to the experienced, discerning audio fanatic.

Building this timeless brand and meeting the demands of a rapidly growing global buying audience in the digital age has brought many IT and supply chain optimization opportunities for Adam Schneider, senior director of enterprise systems, at the Denver, Colorado-based company.

"Our mission is to help everyone create lifetime music memories," Schneider said. "While there's no question everyone in our organization is passionate when it comes to this goal, we understand the reality from an IT perspective is daunting and requires an efficient omnichannel approach."

Fortunately, Schneider and Victrola took a liking to Cleo and addressed many of the company's IT challenges from an end-to-end supply chain integration technology perspective.

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BUSINESS CHALLENGE

Victrola designs and sells record players and turntables in a time when vinyl is experiencing a resurgence.

The vinyl market's growth reflects a broader cultural trend towards valuing quality, craftsmanship, and the tangible connection to music that digital formats can't replicate. Consumers are increasingly seeking out tangible, authentic experiences in an increasingly digital world, driving vinyl's popularity.

To answer this call, Victrola sells through a wide variety of channels including:

- Direct to Consumer (D2C) via their website, victrola.com
- Online consumer platforms like Amazon Marketplace
- Retail through brand-name channel partners
- Wholesale to record stores, custom installers and other businesses

From the ERP perspective, Victrola currently runs an on-premise instance of SAP ECC (ERP Central Component). Plans call for the company to move its ERP to SAP's S/4HANA in the next few years, and this eventual shift to the cloud also factored into Schneider's vision and strategy as he worked to tackle a variety of IT shortcomings that were holding Victrola back.

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“To better understand where the problems were, the team and I set out to determine how many times our people were touching customer orders just to get them all out the door. We were shocked by what we learned. We knew if we had an effective EDI solution in place, the number of manual touches on our orders should be zero. But we were far from it.”

When Schneider and his IT team started searching for the cause of their arduous order management process, they discovered a lot of IDoc errors, which forced people to manually edit the data just to make sure it got into SAP correctly. And these errors were being caused by limitations found in their integration layer.

Despite having retained a “full-service” Managed Service Provider (MSP) to help with

their integration, a lot of manual work still fell to the Victrola team. Victrola gave the MSP an FTP location, the MSP took EDI documents, translated them, then dropped them onto Victrola’s FTP server, and from there, the Victrola team moved them into SAP. This was seldom a flawless process.

“We discovered thousands of SAP IDoc errors were happening every month,” Schneider explained.

According to Schneider, about 5% of orders had errors – a lot when taking into consideration the company’s massive order volume given its omnichannel sales model. Orders that fell into this 5% bucket often took 18 hours or longer – and multiple touches – to make their way into the SAP system correctly, before they could finally be processed.



At one point, Schneider took a sampling of the throughput rates and learned that out of more than 9,000 orders, in excess of 450 required multiple touches to get processed.

“Each one required us to update the data record in SAP ECC. Then we had to go reprocess that order. If there was another error in the line, we’d have to fix the next error and reprocess it all over again. So, because of this complex error resolution process, we were constantly troubleshooting, fixing translations within the IDocs themselves,” Schneider explained. “It was not at all efficient.”

Managing order problems without automation was costing Victrola considerable time and money, but also, too, in the quality of its customer relationships.

Accepting the high number of errors became routine as people were heroically doing whatever was necessary for the company to deliver on its commitments and meet customers’ expectations.

“It worked, they got the job done, but let’s face it – in an era of having access to global, scalable technology, it was labor intensive, expensive, and by no means scalable,” Schneider said.

Having worked in larger, more sophisticated manufacturing companies prior to joining Victrola, Schneider had plenty of ideas for how to improve things.



From a supply chain digitalization perspective, he clearly saw every manual touchpoint for what it was: a loss of productivity, a loss of revenue, and an increased chance of making yet more human errors that could damage the brand. Even with a large number of reconfigurations, Victrola couldn’t get past 94-95 percent order accuracy, leaving about a 5% error rate that needed manual resolution.

“This is when we realized we really needed an alternative integration solution – especially since around this time we were in the midst of opening our own distribution center. It was time to make significant improvements to our approach. We simply had to find a better way,” stated Schneider.



SOLUTION

The reason for the backend ERP errors? A rigid integration design with their current MSP that kept Victrola from having any real visibility into the full end-to-end Order to Cash process that was ostensibly being operated.

Under this less-than-ideal scenario, Victrola's order management system couldn't keep pace with the company's rapid international growth.

Aside from these back-end ERP issues, onboarding new customers or trading partners was stacked with front-end difficulties, too. When Schneider joined Victrola, it was not uncommon for the company to spend several months or more onboarding a new trading partner – another significant impediment to scalability.

In response, Victrola decided to move on from its third-party EDI provider, and over a period of months, replaced them with Cleo.

To address the onboarding problems, Victrola selected one of its many major wholesale partners as a test case, one which typically placed one large bulk order per month, but which represented the full Order to Cash process with ASN (Advance Ship Notice) requirements to boot.

"We had a successful first project here with Cleo and utilized their Managed Services team in this test case instance. It went well so we proceeded to do 15-20-25 more trading partners we needed to onboard. We worked with Cleo's help to onboard all these partners onto the Cleo platform and away from our existing platform, steadily and deliberately. We didn't immediately end our arrangement with the MSP; instead, we rolled everything over onto Cleo Integration Cloud (CIC) platform first. We had both platforms running at one time for a while, and when everything had been moved to CIC, we ended the prior integration provider relationship. We haven't looked back."

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RESULTS

In a world of supply chain driven digital ecosystems, having strong business relationships matters.

Given that many of these arrangements are governed by contractual commitments, service level agreements (SLAs), situation specific KPIs, crippling penalties or unexpected chargebacks, having better visibility and control over its integration, onboarding, and Order to Cash processes has helped Victrola position for growth and scalability.

With Cleo, Victrola now has its EDI and API integration needs covered in-house, all backed by staff augmentation from Cleo if needed.

Faster Order Processing

“We can ship D2C customer orders in three hours or less, whereas it used to take us up to three days to get an order fully shipped out,” Schneider explained.

This improved order processing solution is also having a positive impact on revenue coming in through digital marketplaces like Amazon. Ever since their Cleo-enabled access to Amazon Marketplace opened the door for Victrola to qualify for an Amazon Prime warehouse spot.

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Fewer Errors, Faster Resolution

According to Schneider, not only are orders processing faster thanks to Cleo, but as increasingly more orders are also coming in there are far fewer errors, and the metrics keep improving all the time.

In September of 2023, Schneider and the Victrola team counted 1,321 IDoc integration errors out of 13,194 orders, or roughly a 10 percent error rate. A year later, out of 17,095 orders, only 82 IDoc errors occurred, reflecting a less than 0.5 percent error rate.

“Today, across all orders, I would say we see well under 50 errors per month, which is far better than the 5%+ across all orders that previously put errors in the thousands,” Schneider adds. “We are performing vastly better than when we had the third-party MSP handling EDI for us.”

And things just get better all the time.

When first going live with Cleo’s Shopify connector, for example, there were upwards of 1,000 errors per day while the teams worked to get the kinks out. “But now,” Schneider says, “I’m shocked if I see one Shopify error per month.”

Faster Onboarding

The company’s ability to onboard new customers and trading partners is significantly faster than it was before, thanks to Cleo Integration Cloud. What used to take upwards of three months, Victrola can now normally do in less than five days, and these processes and metrics are likewise steadily improving over time.

Better Visibility

Before Cleo, Victrola simply didn’t have any visibility into the many layers of an integration because they were reliant on their third-party EDI provider.

“We couldn’t translate complex labels mandated by some of our major retailers, for example,” Schneider said. “And every customer has their own coding systems, which correspond to their way of doing business. We were not flexible enough to accommodate these differences, but now, with CIC, we are.”

There was also limited visibility into onboarding and testing, which hindered Victrola’s scalability. “One of the main reasons we purchased Cleo is the visibility CIC affords into the actual EDI documents flowing into our systems. We never saw any of these when we had the MSP, so we had no way ourselves of detecting if something might be wrong. We felt constrained by our own processes and systems, but now we have the freedom to shape our own future.”



Bottom Line

Victrola is a far smoother operation thanks to Cleo Integration Cloud and Cleo Services.

“Our time to resolution on errors today is markedly better than it has ever been. It’s actually so improved that I no longer need to track how long it takes us to fix errors because with Cleo, it’s so quick it’s not necessary. I’m happy to report that our numbers across the board get better the more we use Cleo,” Schneider concluded.

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