# Wholesale Distribution Companies Run Better on NetSuite.

# Wholesale Distribution Industry KPIs that Matter

Sponsored by

NETSUITE

# Improved Results from Businesses Like Yours

SMB Group

| | | |
|---|---|---|
| **Business Visibility** | 360° Visibility & Actionable Insight | ↑ Increased **50% - 80%** |
| **Financial Management** | Collection Time for Accounts Receivables | ↑ Improved **30% - 50%** |
| | Revenue Performance | ↑ Increased **2% - 10%** |
| | Gross Margin Performance | ↑ Improved **1% - 5%** |
| | Time to Close Financial Books | ↓ Reduced **30% - 55%** |
| | Days Sales Outstanding (DSO) | ↓ Reduction **5% - 20%** |
| | Accounting Staff Productivity | ↑ Increased **30% - 50%** |

KPI improvements are estimates based on discussions with NetSuite customers

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# Improved Results from Businesses Like Yours

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| | | |
|---|---|---|
| **Inventory Management** | Inventory Costs | ↓ Reduced **20% - 30%** |
| | Obsolete Inventory Carrying Costs | ↓ Lowered **20% - 40%** |
| | Fulfillment Rates and Back Orders | ↑ Improved **75% - 85%** |
| | Planning Cycle Times | ↓ Reduced **20% - 30%** |
| **Customer Management** | Customer Back Orders | ↓ Reduced **60% - 80%** |
| | Delivery Efficiency | ↓ Reduced **75% - 90%** |
| | Shipping to Customers | ↓ Reduced **75% - 90%** |

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# Improved Results from Businesses Like Yours

| | | |
|---|---|---|
| **IT Management** | IT Support Resource Costs | ⬇ Reduction **50% - 75%** |
| | Cost to Purchase and Maintain Servers | ⬇ Reduction **100%** |
| | Business Continuity/Disaster Recovery Costs | ⬇ Reduction **50% - 75%** |

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# Cloud-Based Business Solutions Suite Delivers Key Performance Improvements

Real-time business visibility and end-to-end business management

SMB Group

*Many firms—including those in the wholesale distribution sector—have achieved more efficient and agile business operations by using cloud-based ERP*

**Executive Summary**

There are few hard boundaries confining the industry sector in which wholesale distributors operate. Many sellers – be they wholesalers or retailers – have warehouses and distribution operations, and much variety exists within the distribution function itself. Some distributors do little more than drop ship standard items from warehoused inventories when orders arrive, while others are actively engaged in the design, manufacture, customization and/or sale of the products they distribute.

Whatever the variations on the theme, wholesale distributors face challenges ranging from tight margins to supply chain and delivery-carrier dependencies. Succeeding in this demanding and fast-paced sector requires that companies operate with high efficiency and low error rates. Wholesale distributors that don't closely track and optimize their core operations can put critical business relationships at risk, seriously undermining their profitability and growth potential.

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# Project-Based Metrics Are Critical for Wholesale Distribution Firms

Aligning business operations to meet these challenges

SMB Group

## Business Partner Challenges

- **Supplier partners**: Wholesale distributors must track product availability, costs and quality from manufacturers and other suppliers.
- **Retailer partners**: Wholesale distributors may have to manage different forms of relationships with retailers, ranging from simple drop-ship order fulfilment to providing customization and other value-added services.
- **Carrier partners**: Wholesale distributors must depend on third-party carriers to deliver the correct products on schedule and undamaged.

## Operating Challenges

- **Inventory**: Ensuring that inventories are stocked to meet current and future demands, while limiting overstocking and item obsolescence, are critical requirements.
- **Reporting**: Workers ranging from the finance team to warehouse-floor supervisors and workers need accurate, real-time reports spanning the full range of relevant operations.
- **Orders and Shipping**: Orders for goods must be rapidly processed and goods from inventories must be correctly packaged and shipped from the distribution centers closest to the customers' addresses.
- **Customization**: ERP, CRM and other functions must be easily customized to match individual company business processes and requirements.

Average Deal Size

Reduction in DSOs

Unlimited Expansion

Revenue Growth

Intelligent Order Orchestration

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# Business Visibility

Business value for company management

| | Before NetSuite | With NetSuite |
|---|---|---|
| **Increase** in 360° visibility and knowledge of operations **50%- 80%** | • Siloed applications and data provided an incomplete view of business<br>• Errors due to lack of automation and integration between applications | • Significantly improved real-time visibility into all aspects of the business, allowing faster strategic decision making and continuous year-over-year improvements<br>• Great deal of time savings and error reduction |
| **Improved** business agility | • Not possible to quickly assess and respond to all aspects of a business in response to current and future customer opportunities due to siloed applications and data | • Agility from planning to execution<br>• Business managers can now run their own reports, no need for IT to create a Crystal report |
| **Improved** inventory planning and customer management | • Difficult to monitor real-time status of customer orders and related inventory<br>• Inventory availability, utilization and expertise based on gut feel | • Streamline project status for decision making related to deviations and resources<br>• Ongoing monitoring of customer orders, inventory and resource required |

KPI improvements are estimates based on discussions with NetSuite customers

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# Financial Management (1 of 2)

Business value for revenue analysis and management

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| | Before NetSuite | With NetSuite |
|---|---|---|
| **Improved** collection time for accounts receivables **30% - 50%** | • Excessive time required to identify and post collections data<br>• Error prone Excel spreadsheet-based operations | • Significant increase in accuracy for accounts receivables<br>• Automated and timely invoice generation and mailing to customers |
| **Increased** revenue performance **2% - 10%** | • Lost revenues due to missed or inaccurate billings<br>• Error prone Excel spreadsheet-based operations | • Integrated eCommerce enables revenue generation through new sales channels<br>• Cloud solution enables orders to be sent to warehouse over the weekend<br>• Significant increase in ease and accuracy of revenue recognition |
| **Improved** company profitability and gross margins **1% - 5%** | • Disparate business solutions made it impossible to tracks customers orders, products, etc.<br>• Inefficient, manually intensive Excel processes | • Aggregated data helps keep an eye on profitability<br>• Reduction in the amount of intra-company transfers via more accurate placement, management and shipment of items<br>• Improved factory management, accountability and incorrect shipments |

KPI improvements are estimates based on discussions with NetSuite customers

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# Financial Management (2 of 2)

Business value for accounting department

SMB Group

| | Before NetSuite | With NetSuite |
|---|---|---|
| **Reduced** time to close the financial books **30% - 55%** | • Extensive time spent on reconciliations, especially with multi-division, multi-region and multi-currency<br>• Difficulty in translating currency between regions lead to errors and time consuming financial consolidation | • Earlier availability of financial results through faster period-end processes and more accurate reconciliations |
| **Reduction** in days sales outstanding (DSO) **5% - 20%** | • Difficulties in consolidation of data from multiple entities<br>• Difficulty in consolidation of accounts in different geographic regions with multiple currencies | • Real-time consolidation of data from multiple entities, regions and currencies<br>• Support for real-time consolidation of financial information in multiple currencies<br>• Reduced time to close books |
| **Increased** accounting staff productivity **30% - 50%** | • Inefficiencies as a result of manual processes<br>• Use of spreadsheet based accounting | • Increased efficiency through integrated and automated reconciliations and reporting<br>• Support 2-3X company growth with less or same accounting staff |

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# Inventory Management (1 of 2)

Business value for demand-driven supply chain

SMB Group

| | Before NetSuite | With NetSuite |
|---|---|---|
| **Reduction** in inventory needs and related stocking costs **20% - 30%** | • Siloed applications and data makes it difficult to manage customer orders and related inventory stocking requirements<br>• Lack of integrated EDI solution | • Integrated customer management and inventory management solution significantly improved fulfillment rates and inventory turns<br>• Integrated EDI solution helps reduce inventory carrying costs |
| **Lowered** obsolete inventory and related carrying costs **20% - 40%** | • Lack of ability to identify and track obsolete items<br>• Siloed applications and data provided an incomplete view of business | • The supply chain and inventory management solution helps identify and track these items<br>• Real-time visibility into all categories of expenses |
| **Improved** fulfillment rates and reduced back orders **75%-85%** | • Siloed applications and data makes it difficult to manage customer orders and related inventory stocking requirements | • View inventory needs much more in advance to help with timely and cost effective sourcing<br>• Integrated EDI solution helps source inventory in a timely and cost effective manner |

KPI improvements are estimates based on discussions with NetSuite customers

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# Inventory Management (2 of 2)

Business value for demand-driven supply chain

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| | Before NetSuite | With NetSuite |
|---|---|---|
| **Improved** supply chain performance | • Decisions based on outdated and incomplete information | • Integrated EDI solution provides better visibility and decision making<br>• Availability of real-time reporting and analysis |
| **Increased** ability and capacity for business expansion | • Lack of integrated financial, supply chain, order management and shipment solution makes this impossible | • Improved utilization of capacity due to timely planning along with new sales channels makes this possible<br>• Availability of real-time customer, supply-chain and logistics information makes this possible |
| **Reduced** in planning cycle times **20% - 30%** | • Availability of complete demand and capacity information is not available | • Availability of real-time customer, supply-chain and logistics information makes this possible |

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# Customer Management (1 of 2)

Business value for customer segmentation and cost analysis

SMB Group

| | Before NetSuite | With NetSuite |
|---|---|---|
| **Reduced** customer back orders **60% - 80%** | • Lack of integrated solution and data lead to inefficiencies and disgruntled customers | • Integrated solution and reporting helps to closely track back orders |
| **Improved** customer satisfaction | • Lack of integrated solution and data lead to inefficiencies and disgruntled customers | • One integrated customer record that is updated in real-time<br>• Ability to get a 360° view of customer – orders, invoices, services issues, etc. |
| **Improved** sales pipeline | • Limited sales tracking and pipeline visibility<br>• Lack of real-time resource visibility to bid on new projects or upsell existing customers | • Better categorize and track leads by opportunity<br>• Increase in sales pipeline by tracking leads and opportunities with CRM |

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# Customer Management (2 of 2)

Business value for customer segmentation and cost analysis

SMB Group

| | Before NetSuite | With NetSuite |
|---|---|---|
| **Improved** delivery efficiency **75% - 90%** | • Sales-relevant information dispersed among multiple systems, and not readily available | • Integrated solution enables a lot more accurate orders<br>• Integrated solution reduces complexity, errors and cost for shipments |
| **Improved** shipping to customers **75% - 90%** | • Lack of integrated solution and data lead to longer shipment times and incomplete shipments | • Integrated shipping and fulfillment solution reduces complexity, errors and cost for shipments |
| **Improved** billing efficiency | • Customer resource management systems not integrated with accounting system<br>• Inefficient, manually intensive Excel processes | • Integrated and automated front-end and back-end accounting systems makes the billing process fast and accurate |

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# IT Management and Resources

Business value for company operations

SMB Group

| | Before NetSuite | With NetSuite |
|---|---|---|
| **Reduction** in number of IT support people, IT cost savings of **50% - 75%** | • IT resources needed to implement, maintain and update on-premises ERP solutions<br>• IT resources needed to install and maintain server hardware and software | • Cloud-based solutions eliminate need for internal IT staff to support ERP application, on-premises servers<br>• Faster to implement for productive use of ERP solution |
| **Eliminated** the need and cost to purchase and maintain servers **100%** | • Capital expenditure required to acquire and maintain servers for on-premises ERP application<br>• Ongoing management and maintenance costs | • No need for IT capital expenses as NetSuite is a cloud delivered solution<br>• Greatly reduced management and operational costs |
| **Reduction** in need for business continuity / disaster recovery solution **50% - 75%** | • IT resources and infrastructure needed to support business continuity/disaster recovery<br>• Implementation is complex and costly | • Business continuity/disaster recovery are a "built-in" benefit of the NetSuite SaaS solution<br>• NetSuite has redundant data centers to support business suite and data availability at no additional cost to customers |

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