Wholesale Distribution Companies Run Better on NetSuite.

Wholesale Distribution Industry KPIs that Matter
## Improved Results from Businesses Like Yours

<table>
<thead>
<tr>
<th>Business Visibility</th>
<th>Financial Management</th>
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<tbody>
<tr>
<td>360° Visibility &amp; Actionable Insight</td>
<td>Increased 50% - 80%</td>
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<tr>
<td>Collection Time for Accounts Receivables</td>
<td>Improved 30% - 50%</td>
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<tr>
<td>Revenue Performance</td>
<td>Increased 2% - 10%</td>
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<tr>
<td>Gross Margin Performance</td>
<td>Improved 1% - 5%</td>
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<tr>
<td>Time to Close Financial Books</td>
<td>Reduced 30% - 55%</td>
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<tr>
<td>Days Sales Outstanding (DSO)</td>
<td>Reduction 5% - 20%</td>
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<tr>
<td>Accounting Staff Productivity</td>
<td>Increased 30% - 50%</td>
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KPI improvements are estimates based on discussions with NetSuite customers.
### Improved Results from Businesses Like Yours

<table>
<thead>
<tr>
<th>Inventory Management</th>
<th>Customer Management</th>
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<td><strong>Inventory Costs</strong></td>
<td>Reduced 20% - 30%</td>
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<tr>
<td><strong>Obsolete Inventory Carrying Costs</strong></td>
<td>Lowered 20% - 40%</td>
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<tr>
<td><strong>Fulfillment Rates and Back Orders</strong></td>
<td>Improved 75% - 85%</td>
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<tr>
<td><strong>Planning Cycle Times</strong></td>
<td>Reduced 20% - 30%</td>
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<tr>
<td><strong>Customer Back Orders</strong></td>
<td>Reduced 60% - 80%</td>
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<tr>
<td><strong>Delivery Efficiency</strong></td>
<td>Reduced 75% - 90%</td>
</tr>
<tr>
<td><strong>Shipping to Customers</strong></td>
<td>Reduced 75% - 90%</td>
</tr>
</tbody>
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## Improved Results from Businesses Like Yours

<table>
<thead>
<tr>
<th>IT Management</th>
<th>IT Support Resource Costs</th>
<th>Reduction 50% - 75%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost to Purchase and Maintain Servers</td>
<td>Reduction 100%</td>
</tr>
<tr>
<td></td>
<td>Business Continuity/Disaster Recovery Costs</td>
<td>Reduction 50% - 75%</td>
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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.
Project-Based Metrics Are Critical for Wholesale Distribution Firms
Aligning business operations to meet these challenges

### 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 fulfillment 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.
**Business Visibility**

Business value for company management

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### Before NetSuite

- Siloed applications and data provided an incomplete view of business
- Errors due to lack of automation and integration between applications

### With NetSuite

- Significantly improved real-time visibility into all aspects of the business, allowing faster strategic decision making and continuous year-over-year improvements
- Great deal of time savings and error reduction

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### Increased in 360° visibility and knowledge of operations

50%-80%

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### 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

### Improved inventory planning and customer management

- Difficult to monitor real-time status of customer orders and related inventory
- Inventory availability, utilization and expertise based on gut feel

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KPI improvements are estimates based on discussions with NetSuite customers
Financial Management (1 of 2)
Business value for revenue analysis and management

Before NetSuite

- Excessive time required to identify and post collections data
- Error prone Excel spreadsheet-based operations

With NetSuite

- Significant increase in accuracy for accounts receivables
- Automated and timely invoice generation and mailing to customers

**Improved**

- Collection time for accounts receivables
  - 30% - 50%

**Increased**

- Revenue performance
  - 2% - 10%

**Improved**

- Company profitability and gross margins
  - 1% - 5%

KPI improvements are estimates based on discussions with NetSuite customers.

- Lost revenues due to missed or inaccurate billings
- Error prone Excel spreadsheet-based operations

- Disparate business solutions made it impossible to track customers orders, products, etc.
- Inefficient, manually intensive Excel processes

- Integrated eCommerce enables revenue generation through new sales channels
- Cloud solution enables orders to be sent to warehouse over the weekend
- Significant increase in ease and accuracy of revenue recognition

- Aggregated data helps keep an eye on profitability
- Reduction in the amount of intra-company transfers via more accurate placement, management and shipment of items
- Improved factory management, accountability and incorrect shipments
Financial Management (2 of 2)

Business value for accounting department

**Before NetSuite**

- **Reduced time to close the financial books**
  - 30% - 55%

- **Reduction in days sales outstanding (DSO)**
  - 5% - 20%

- **Increased accounting staff productivity**
  - 30% - 50%

**With NetSuite**

- **Earlier availability of financial results through faster period-end processes and more accurate reconciliations**

- **Real-time consolidation of data from multiple entities, regions and currencies**

- **Support for real-time consolidation of financial information in multiple currencies**

- **Reduced time to close books**

- **Increased efficiency through integrated and automated reconciliations and reporting**

- **Support 2-3X company growth with less or same accounting staff**

KPI improvements are estimates based on discussions with NetSuite customers.
Inventory Management (1 of 2)
Business value for demand-driven supply chain

**Reduction** in inventory needs and related stocking costs
- 20% - 30%

**Lowered** obsolete inventory and related carrying costs
- 20% - 40%

**Improved** fulfillment rates and reduced back orders
- 75%-85%

**Before NetSuite**
- Siloed applications and data makes it difficult to manage customer orders and related inventory stocking requirements
- Lack of integrated EDI solution
- Lack of ability to identify and track obsolete items
- Siloed applications and data provided an incomplete view of business

**With NetSuite**
- Integrated customer management and inventory management solution significantly improved fulfillment rates and inventory turns
- Integrated EDI solution helps reduce inventory carrying costs
- The supply chain and inventory management solution helps identify and track these items
- Real-time visibility into all categories of expenses
- View inventory needs much more in advance to help with timely and cost effective sourcing
- Integrated EDI solution helps source inventory in a timely and cost effective manner

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### Inventory Management (2 of 2)

**Business value for demand-driven supply chain**

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

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Customer Management (1 of 2)
Business value for customer segmentation and cost analysis

**Before NetSuite**

- Lack of integrated solution and data lead to inefficiencies and disgruntled customers

**With NetSuite**

- Integrated solution and reporting helps to closely track back orders

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**Reduced**

- Reduced customer back orders
  - 60% - 80%

**Improved**

- Improved customer satisfaction

- Lack of integrated solution and data lead to inefficiencies and disgruntled customers

**Improved**

- Improved sales pipeline
  - Limited sales tracking and pipeline visibility
  - Lack of real-time resource visibility to bid on new projects or upsell existing customers

- One integrated customer record that is updated in real-time

- Ability to get a 360° view of customer — orders, invoices, services issues, etc.

- Better categorize and track leads by opportunity

- Increase in sales pipeline by tracking leads and opportunities with CRM

KPI improvements are estimates based on discussions with NetSuite customers.
# Customer Management (2 of 2)

## Business value for customer segmentation and cost analysis

<table>
<thead>
<tr>
<th>Improved</th>
<th>Before NetSuite</th>
<th>With NetSuite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery efficiency</td>
<td>• Sales-relevant information dispersed among multiple systems, and not readily available</td>
<td>• Integrated solution enables a lot more accurate orders</td>
</tr>
<tr>
<td>Shipping to customers</td>
<td>• Lack of integrated solution and data lead to longer shipment times and incomplete shipments</td>
<td>• Integrated shipping and fulfillment solution reduces complexity, errors and cost for shipments</td>
</tr>
<tr>
<td>Billing efficiency</td>
<td>• Customer resource management systems not integrated with accounting system</td>
<td>• Integrated and automated front-end and back-end accounting systems makes the billing process fast and accurate</td>
</tr>
</tbody>
</table>

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# IT Management and Resources

**Business value for company operations**

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

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