

Wholesale Distribution Companies Run Better on NetSuite.



Wholesale Distribution Industry KPIs that Matter





Improved Results from Businesses Like Yours

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



Improved Results from Businesses Like Yours

| Inventory Management | Inventory Costs | Reduced 20% - 30% |
|-------------------------|-----------------------------------|-----------------------------|
| | Obsolete Inventory Carrying Costs | Lowered 20% - 40% |
| | Fulfillment Rates and Back Orders | 1 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% |



Improved Results from Businesses Like Yours



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

 ${\sf KPI} \ improvements \ are \ estimates \ based \ on \ discussions \ with \ \ Net Suite \ customers$

Cloud-Based Business Solutions Suite Delivers Key Performance Improvements



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

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 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

al Size Reduction in D







Unlimited Expansio

ansion Revenue Grow



Business Visibility



Business value for company management

Increase



in 360° visibility and knowledge of operations 50%–80%



Improved business agility



Improved

inventory planning and customer management

Before NetSuite

- Siloed applications and data provided an incomplete view of business
- Errors due to lack of automation and integration between applications
- 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
- Difficult to monitor real-time status of customer orders and related inventory
- Inventory availability, utilization and expertise based on gut feel

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
- Agility from planning to execution
- Business managers can now run their own reports, no need for IT to create a Crystal report
- Streamline project status for decision making related to deviations and resources
- Ongoing monitoring of customer orders, inventory and resource required

Financial Management (1 of 2)



Business value for revenue analysis and management



Improved

collection time for accounts receivables

30% - 50%



Increased

revenue performance

2% - 10%



Improved

company profitability and gross margins

1% - 5%

Before NetSuite

- Excessive time required to identify and post collections data
- Error prone Excel spreadsheet-based operations
- Lost revenues due to missed or inaccurate billings
- Error prone Excel spreadsheet-based operations
- Disparate business solutions made it impossible to tracks customers orders, products, etc.
- Inefficient, manually intensive Excel processes

With NetSuite

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

SL Associates

Business value for accounting department



Reduced

time to close the financial books 30% - 55%



Reduction

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



Increased

accounting staff productivity 30% - 50%

Before NetSuite

- Extensive time spent on reconciliations, especially with multi-division, multiregion and multi-currency
- Difficulty in translating currency between regions lead to errors and time consuming financial consolidation
- Difficulties in consolidation of data from multiple entities
- Difficulty in consolidation of accounts in different geographic regions with multiple currencies
- Inefficiencies as a result of manual processes
- Use of spreadsheet based accounting

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

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
- Siloed applications and data makes it difficult to manage customer orders and related inventory stocking requirements

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

Inventory Management (2 of 2)



Business value for demand-driven supply chain



Improved

supply chain performance

Before NetSuite

Decisions based on outdated and incomplete information



Increased

ability and capacity for business expansion

• Lack of integrated financial, supply chain, order management and shipment solution makes this impossible



Reduced

in planning cycle times

20% - 30%

Availability of complete demand and capacity information is not available

With NetSuite

- Integrated EDI solution provides better visibility and decision making
- Availability of real-time reporting and analysis
- Improved utilization of capacity due to timely planning along with new sales channels makes this possible
- Availability of real-time customer, supply-chain and logistics information makes this possible

 Availability of real-time customer, supply-chain and logistics information makes this possible

Customer Management (1 of 2)



Business value for customer segmentation and cost analysis



Reduced

customer back orders 60% - 80%

Before NetSuite

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



Improved

customer satisfaction

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



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

With NetSuite

Integrated solution and reporting helps to closely track back orders

- 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

Customer Management (2 of 2)



Business value for customer segmentation and cost analysis

Improved delivery efficiency 75% - 90% Improved shipping to customers 75% - 90%

Before NetSuite

 Sales-relevant information dispersed among multiple systems, and not readily available

- Lack of integrated solution and data lead to longer shipment times and incomplete shipments
- Customer resource management systems not integrated with accounting system
- Inefficient, manually intensive Excel processes

With NetSuite

- Integrated solution enables a lot more accurate orders
- Integrated solution reduces complexity, errors and cost for shipments
- Integrated shipping and fulfillment solution reduces complexity, errors and cost for shipments
- Integrated and automated front-end and back-end accounting systems makes the billing process fast and accurate

KPI improvements are estimates based on discussions with NetSuite customers

Improved

billing efficiency

IT Management and Resources

Business value for company operations





Reduction

in number of IT support people, IT cost savings of 50% - 75%



Eliminated

the need and cost to purchase and maintain servers 100%



Reduction

in need for business continuity / disaster recovery solution

50% - 75%

Before NetSuite

- IT resources needed to implement, maintain and update on-premises ERP solutions
- IT resources needed to install and maintain server hardware and software
- Capital expenditure required to acquire and maintain servers for on-premises ERP application
- Ongoing management and maintenance costs
- IT resources and infrastructure needed to support business continuity/disaster recovery
- Implementation is complex and costly

With NetSuite

- Cloud-based solutions eliminate need for internal IT staff to support ERP application, on-premises servers
- Faster to implement for productive use of ERP solution
- No need for IT capital expenses as NetSuite is a cloud delivered solution
- Greatly reduced management and operational costs
- Business continuity/disaster recovery are a "built-in" benefit of the NetSuite SaaS solution
- NetSuite has redundant data centers to support business suite and data availability at no additional cost to customers