Wholesale distribution, more so than any other industry segment, is caught in a profitability squeeze between suppliers and customers. As a result of accelerating complexity and competitive pressures, leading wholesale distributors are turning to ERP and other technology solutions to provide the insight they need to optimize their processes and control costs. Given the narrow margins, the ability to optimize inventory levels as a way to reduce costs and improve customer service has been a focus for the wholesale distributor. However, there are a number of other functional areas that can have a significant impact on the bottom line, including:

- Integrated planning processes that leverage demand planning, supply planning and operational data can drive both cost and service performance.
- Affordable cloud-based options for ERP and CRM for increased productivity.
- Data management solutions to deal with high levels of product complexity such as efficient management of SKUs and avoiding duplicate item data.
- Warehouse automation tools such as order distribution, picking lists, carrier assignments and customer invoicing reduce labor on competitive tasks and data entry errors.
- Business intelligence tools for better cost and profitability analysis.

The extensive product lines managed by wholesale distributors drive inventory complexity and make the prioritization of these technology solutions critical to properly supporting the growing expectations of customers and suppliers. The ability to better leverage data and turn it into actionable insights can make the difference between being profitable and being unprofitable.

To remain competitive in the face of globalization, long supply chains and increased demands for just-in-time delivery, smart distributors will work to…

**IMPROVE OPERATIONAL EFFICIENCY**
Increase efficiencies and improve productivity in supply chain operations, financial and human capital management across the entire enterprise to reduce costs and increase business agility.

**OPTIMIZE INVENTORY LEVELS**
Getting the right product to the right place at the right time while maintaining optimized inventory levels to reduce costs and increase profitability.
**Provide Meaningful Customer Service and Value-Added Services**

Providing high level customer service and value-added services to customers and suppliers to drive differentiation and profitability.

**So how does your distribution system measure up?**

Typical functionality in an ERP system designed for wholesale distributors would include solutions that enable efficient operations across the entire enterprise including supply chain, financial management, and human capital management; inventory optimization and management of complex logistics and supply chain operations; and customer and supplier collaboration.

If you need to **Position for Growth with Improved Customer Service**, focus on Business Process Integration and Optimization and look for a solution that allows you to:
- Access critical data and end-to-end customer data

If you need to **Achieve Visibility to Control Inventory and Costs** focus on Inventory Management and Organization and look for a solution that can help you:
- Streamline supplier processes
- Provide visibility to real-time, perpetual inventory
- Improve operational efficiencies with automation and alerts

If you need to **Improve Execution and Coordination with Suppliers and Customers**, focus on Supplier and Customer Service and look for a solution that provides:
- Online integrated portals
- Better tracking options for customers who have more demanding traceability requirements with visual tracking and tracing
- Optimization of core processes

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<th>Solution Areas</th>
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<td>Automate high value repetitive tasks such as rebates/chargebacks to improve cash flow</td>
<td>Improve ability to accurately forecast and manage inventory levels based on demand</td>
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<td>Effectively track and manage outstanding invoices &amp; reduce days outstanding</td>
<td>Effectively share data &amp; collaborate with suppliers and customers</td>
<td>Differentiate while increasing supplier and customer loyalty with high service levels and marketing</td>
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<td>Plan manage and forecast more effectively</td>
<td>Know what products are “out there” and how much you have of each item</td>
<td>Provide partners with direct access to information so they can check on the status of their accounts whenever needed.</td>
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<td>Gain valuable business insights into the supply chain</td>
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The checklist below will help you analyze your current system’s capabilities and diagnose where you can make improvements that will have a positive effect on the bottom line. When considering your technology needs, it is equally as important to choose an implementation and integration partner that understands the specific processes and challenges that are unique to wholesale distribution.

**Business Process Integration & Optimization**
- We can easily share information across the network to facilitate communication between departments.
- We can easily modify our system to fit changing business needs.
- We rarely experience delays or confusion because real-time information doesn't flow easily between systems.
- Accurate and up-to-date information is readily available to decision makers.
- Information is easily available online and in real-time from the warehouse floor to the front office.
- We can easily combine purchase requests from multiple sources to achieve purchasing efficiencies, such as vendor discounts.
- We do not need to use an additional report-writing package to obtain important information.
- Our current reports clearly communicate important information.
- Our staff can easily produce reporting information in a graphic format.
- Our current system uses an accepted reporting standards such as XML to allow for smooth delivery of information.
- We never have to reformat our data for financial reporting purposes.
- Our current system allows us to modify existing reports to easily communicate information to our employees and managers.

**Supplier and Customer Service**
- We can easily distinguish between our most and least profitable customers.
- If a customer wants to order the same thing as last time, we can easily pull up previous orders to our company.
- Our current system allow us to easily develop customized reports to communicate with suppliers and/or customers.
- We can easily accommodate rush orders with our current system.
- Our current software allows us to quickly access transaction information online.

**Inventory Management & Optimization**
- Our inventory turns are at goal or better.
- We rarely experience unforeseen stock shortages.
- We can easily see what changes we could make to our shipment schedule to maximize on-time deliveries.
- Our system easily handles cycle counting.
- XML, EDI or electronic commerce in not a concern for us.
- Our current solution allows us to easily utilize wireless technologies such as Automated Data Capture, RFID, Bar-coding, etc.

If you were able to check off most of the boxes above, congratulations, it appears you have a system that fits your business needs at this time. However, if you fell short in one or more of the categories above, it may be worth your time to evaluate all your options and find the right partner with a strong knowledge base in wholesale distribution to help you optimize your operations. With the rapidly changing marketplace, increasing complexity and client demands, it only makes sense to do a proactive thorough evaluation of your system to ensure that it has the capability to bridge the gap between business as usual and the trends you are seeing in the industry moving forward.
About SBS Group

SBS Group is a national Microsoft master VAR (Value Added Reseller) and Gold Certified Partner. Over the past 25 years, we have been recognized as a Microsoft Partner of the Year (Microsoft Dynamics SL), Inner Circle Member and a 2014 Microsoft President’s Club Member. The company is headquartered in Edison, New Jersey and operates offices across the United States. If you need help evaluating where you are today and where you are going in the future with your technology investments, call SBS Group today at 888.725.2555 or email us at info@sbsgroupusa.com ...and start a discussion with a business technology expert.

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...and 100% dedication to helping you get the most out of your data & business technology.

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