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Happy Holidays

Thankful for a great run this year.
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By Jon Mainwaring, Oneir Solutions

Affordability is trending in distributor software

FOR MANY MID-SIZED distributors eager to expand, yet loathe to drain their budgets in the process, a new generation of fully-featured sophisticated business management software with customized modules is allowing them to utilize tools that have traditionally only been accessible to larger enterprises.

Call it multi-channel sales, inventory control, and accounting software, because these new do-it-all systems cover the bases from the manufacturer's warehouse to the ultimate consumer. For a growing number of companies the flexibility, speed of implementation, user friendliness, and scalability of these new business management systems is impressive, particularly when factoring in lower cost offerings that drop the price tag from $50,000 or more to, in some cases, less then $10,000.

With flexibility a byproduct of the modularization of these new systems, a wide variety of businesses are embracing the trend toward enlisting wholesaling software to expand. Just in time, as the National Association of

NEW DISTRIBUTION software systems allow drivers to do their own bills, saving time.

Wholesaler-Distributors reports that in the U.S., total wholesale trade sales for 2014 were up 5.1% from 2013, totaling $5.4 trillion. This growth covered nearly all segments of wholesale trade.

But keeping pace with this success means businesses can no longer suffer the lapses in accuracy that legacy systems allow. A simple keying error of a distracted employee can result in a thousand-dollar mistake, a delay in building construction or product roll-out, or even the permanent loss of a customer.

While many warehousing executives understand that end-to-end automation can reduce such costly mistakes, two misconceptions have kept them on the sidelines from reaping the benefits that technology has to offer.

First of all, they don't realize that enterprise resource software programs are now written specifically for the wholesaling/distribution model.

Secondly, they fear that such programs are costly, inflexible, difficult to learn, and because of their proprietary nature, require expensive support.

Unfortunately, these fears are grounded in some truth. Horror stories of exorbitant costs, high maintenance fees, and years-long implementation snafus have worked to keep many wholesalers from even considering end-to-end software systems.

Distributors are turning to providers of scalable ERP software that efficiently manages key business functions through one shared information database.

These ERP offerings, thanks in part to the use of open software operating systems based on Linux, are extremely affordable, starting at less than $5,000 for a more basic, three-user version with modest set-up and upgrade fees. Despite the low cost, the product is robust, enterprise-wide software that is scalable to meet new challenges such as changes to the business model and new technologies.

With the use of this new software, the inventory levels for multiple warehouse locations can be instantly accessed via the Web so that customers can check stock availability whenever they have the need, rather that telephoning their sales rep directly.

Such Internet connectivity also increases the service level to contractors who can look up inventory levels 24/7, and plan their jobs based on product availability. The next step is to have orders automatically uploaded into account-

ing systems. A confirmation can then be e-mailed to the customer, a slip produced for picking and packing the order, and the items shipped.

By upgrading, distributors are able to open and efficiently manage their warehouses. They are always online and can check stock, sales, and know what is going on in all locations up to the minute.

Efficiency via Convergence of Functions

By electronically and logically joining together what were previously separate functions, this newer approach to multi-channel sales facilitates efficiency and improves productivity.

An integrated blend of accounts receivable and payable software, general ledger software, POS software, sales order software and an inventory management system have efficiently handled the daily bookkeeping needs of distributors who process thousands of transactions a month. Many of these customer charges are processed through an integrated "Card Lock" system for billing transactions at remote locations.

With these new ERP systems, distributors can now handle payments, make other changes and print a statement if the office manager is away, and now their drivers are even doing their own bills. They are getting their statements out much faster and can go back months into their records if needed, which they could never do before.

The interoperability and scalability of these applications allows business to add robust modules as they need to fit their growth, thus overcoming the obstacles of bulky, traditional ERP systems.

When you picture a $250-billion industry giant you can see that there are a lot of aspects of their proprietary ERP system that are vital to them, but smaller companies would not necessarily need all that.

Sales order modules, provided by these new ERP systems, ups the chance of success for a company's sales reps when making calls on customers. These guides, which can be downloaded onto the screen of a laptop or tablet, are used to inform customers of product data and, in many instances, show the customer's order history, making it an important aid for generating repeat sales. The rep can place the order on the spot, which automatically sends an E-mail confirmation to the client and simultaneously forwards the order directly to the warehouse for picking, packing and shipping.

Ease of Implementation, Ease of Use

Much of the interoperability, scalability, and affordability can be attributed to the Linux OS that so many of these newer systems base themselves upon. As open-source software, it means that users aren't bound to expensive—and just as important, inaccessible—proprietary systems that tie the user to one vendor. Linux's increasing popularity also facilitates rapid implementation. After all, Linux has been said to be the "backbone" of the Internet because of its speed, security and lower cost of ownership.

Linux also interfaces well with other operating systems, further expanding the utility of these new ERP systems to users who are more familiar with consumer-oriented human-machine interfaces. For example, Linux communicates effortlessly with Windows terminal services.

It is such an easy system to use because it's not complicated. No training or adjustment time is needed, which is unusual when going through a system transition. Usually a

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company needs to set aside a lot of hours to train each of the salespeople on a new system, but with these flexible ERPs, it's not necessary.

Lastly, the efficiency of Linux also allows smaller IP packets, thus improving transmission speed and reducing processing overhead within internal networks, as well as over the Internet. Rapid remote access through virtual private tunnels into the cloud assist management in tracking orders and metrics across the globe.

The Linux base to the software is important. It moves data around in small packets very fast, so wholesalers can see in real time the state of their inventory in multiple locations just as they can at the main headquarters.

Future Growth

Today's new breed of modularized software designed strictly for sales/warehousing and distribution is enabling forward thinking leaders to expand their businesses.

This ERP system can opened up a bottom line for a small to mid-sized company. It's extremely reliable and can do sophisticated reporting. The sales analysis reports that are generated from it, for example, show what percentage of a company's sales is coming from which customers, and how that is changing from year to year. So companies can make plans for growth based on hard facts.

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