

HOW ERP WITH BUILT-IN EDI HELPS DISTRIBUTORS OVERCOME THEIR TOUGHEST CHALLENGES



Here are the key benefits of using an Enterprise Resource Planning solution with built-in EDI and how it helps consumer goods importers and distributors effectively overcome their steepest retail vendor compliance challenges.

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*— Ken Weygand,
Solutions Architect for
Aptean’s Apprise ERP*

ANY CONSUMER GOODS DISTRIBUTOR that works with large or midsized retailers knows what it’s like to receive that dreaded chargeback or notice of non-compliance. The culprit could have been as common as an incorrect ASN (advanced shipping notice) sent to a major retailer, but the end result is the same: a penalty, a warning, or even a lost customer (depending on how many times this has happened in the past).

Compliance requirements help retailers stay competitive while meeting their customer’s demands and are intended to reduce costs, build value, and improve supply chain efficiencies. In the absence of these procedures, a wide range of logistics and supply problems can easily slip through the cracks and negatively impact all trading partners and customers.

In theory, these requirements make logical sense. In the real world, however, they often find consumer goods distributors out of compliance, dealing with chargebacks, paying penalties, and receiving poor performance marks—all of which can negatively impact their bottom lines. To avoid these problems while keeping retail customers (and their end customers) happy, distributors need technology systems that are fast, accurate, and connected.

“There’s a need across the board to be able to exchange documents quickly and accurately, all while adapting to changing retailer requirements as they come about,” says Ken Weygand, Solutions Architect for Aptean’s Apprise ERP. “This should take place without the need for third-party consultants or bolt-on software solutions.”

The latter point is especially relevant in a business environment where the end-to-end supply chain is all about speed, accuracy, and efficiency. Using an enterprise resource planning (ERP) solution that includes electronic data interchange (EDI), consumer goods companies benefit from a streamlined system that runs their operations without the need for disparate applications or bolt-on solutions.

In this scenario, not only are the chargebacks and penalties minimized, but companies no longer have to spend time and labor clambering to stay out in front of ever-changing retailer requirements. Instead, they can focus on doing what they do best: building their businesses in today’s fast-paced omni-channel distribution environment.

Often required by major industry players, EDI has become the primary way that retailers and suppliers communicate electronically. This white paper explores the key challenges that consumer product distributors are grappling with in the retail environment and shows how an ERP system that includes built-in EDI functionality is helping companies meet their customers’ demands, improve their own operational performance, and improve their bottom lines.

MANAGING CUSTOMER EXPECTATIONS

As the speed of e-commerce and the complexities of omni-channel retail continue to grow—and as retailers hone their compliance policies in order to keep up with these shifts—these compliance issues are becoming more and more common.

Avoiding them means going directly to the root cause of the problem, which is usually a lack of streamlined, reliable information sharing across the distributor's suppliers and customers. "The moment you talk about using disparate applications, and once you start having to bolt different systems onto one another, you lose data integrity," says Weygand. "You're also losing time and introducing inaccuracies as the data moves from one system to the next."

With no single person or system to blame for those errors, a lot of finger pointing goes on both internally and externally as everyone tries to determine what caused the problem. "Having everything integrated into a single ERP," says Weygand, "eradicates that uncertainty and finger-pointing and ensures that distributors maintain good scorecard ratings with their retail customers."

Using those vendor scorecards, for example, large stores like Walmart and Target are keeping close tabs on supplier performance. "If the consumer goods distributor isn't checking all of the boxes with their retail customers," Weygand explains, "it can wind up racking up a lot of penalties and fines." This is particularly relevant in drop-shipping scenarios, where retailers are increasingly turning to their vendors to manage fulfillment to the end customer.

"In drop-ship situations, the expectations are very high when it comes to turnaround time and speed of delivery," says Weygand. "Distributors have to provide availability, order statuses, tracking information, and other key metrics quickly, directly, and seamlessly. This puts them in a whole new realm in an era where profit margins are thin enough to be eroded by just a single penalty or chargeback."



MAKING THE DIRECT EDI-ERP CONNECTION

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With EDI directly available in the ERP, Apprise eliminates the need for third-party service providers, bolt-on applications, and manual processes—all of which can infuse errors, delays, and other problems into the end-to-end-supply chain. “Because there’s just one source coming into one system, the whole transaction is handled on the spot,” says Weygand, “including all communications, compliance, and outbound activity.”

Giving distributors full EDI control from a central location, the ERP ensures that those companies can receive orders at noon and get them out the door by 5 p.m.—versus the “batch” processing of orders that many other systems use. All of the required EDI documentation is accounted for (i.e., 855 purchase order acknowledgments and 856 ASNs, among others) and managed in real-time.

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Going a step further, Apprise ERP’s EDI managed services division helps distributors quickly onboard new customers from the EDI perspective, and shepherds them through the testing and validation processes. It also serves as the “eyes and ears” on daily activities for distributors, which need to know the answers to questions like: Did any issues arise? Were there any pricing discrepancies? Were any PRO numbers missing?

“Managed services watches over the system, making sure everything is being addressed and following up on issues (i.e., a shipment that gets kicked out of the system for not having a tracking number),” says Weygand, “and making sure those issue get resolved and that they don’t become downstream supply chain issues.”



REDUCED CHARGEBACKS BY 98%

For many distributors, tracking sales performance and profitability by product and customer is becoming more critical. However, many financial systems can't handle the accurate inventory forecasting, planning, and management needed to ensure products are on-order and on-hand to meet customer demands and avoid costly out-of-stock situations.

In order to do business with large retailers and avoid excessive chargebacks, it's important to implement an ERP like Apprise which enables companies to integrate operations, including sales, customer service, purchasing, inventory planning and management, EDI compliance, shipping, invoicing, and financial management onto a single platform.

Apprise ERP also provides real-time insight into business performance at the product and customer level for improved sales and profitability analysis and better business control. The system's ability to track and refute chargebacks based on business rules, for example, will improve chargeback visibility and recovery.

"We have one customer who reduced chargebacks by 98% since implementing Apprise ERP — those are dollars that were returned directly to their bottom line," says Weygand. "Retailers look for 'soft targets' with their chargeback processes, and once our customer had the evidence to dispute the retailer's claims over and over, they stopped penalizing them."

In another example of Apprise ERP in action, Overandback, an importer and distributor of tabletop housewares has been using the platform for eight years. Sourcing goods in the Far East, China, Hong Kong, and Europe, the company distributes its products through a network of large, global retailers.



"EDI is vital to our business today. Having it integrated into our ERP package is a big plus for us," says Glen Levitan, CFO. "To be able to seamlessly bring the orders in and process and send documents back to our customers is critical. From China to California and everywhere in between, we're all on the same database and sharing the same live, up-to-date data."

Levitan says the company was able to get the ERP up and running quickly, and that exporting data from its old system and into the new one was pretty seamless and required no major customizations. "Apprise ERP was able to handle our business right out of the gate," says Levitan. "Now, when we need to make a change, or when a retail customer has a new demand, everything is already built into our ERP."

PLAYING BY THE RULES

“Companies can’t afford not to meet these expectations and have their customers take their business elsewhere,” Weygand continues. “So, if they want to continue those relationships, distributors have to play by their customers’ rules—regardless of how crazy or unreasonable those expectations may be.”

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Retailers are putting a lot of pressure on their suppliers right now. In a world where data errors, disparate systems, and poor communications can lead to margin-eroding penalties and chargebacks, more companies are turning to solutions like Apprise ERP, which directly integrates with EDI to deliver a single, streamlined platform for consumer product sellers.

“Distributors are being asked to turn orders around in a timelier fashion while also complying with retailer-specific requirements,” Weygand says, noting that these requirements are continually increasing and differentiating across individual retailers.

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An all-in-one system designed to handle everything consumer goods importers and distributors need to run and grow their businesses, Aptean’s Apprise ERP creates efficiencies across the enterprise through automated distribution resource planning, collaborative forecasting, retailer compliance management, and direct-to-consumer shipping functionality, among other capabilities.

In return, distributors can improve their operational processes, performance, and profitability; enhance operational visibility and agility; optimize inventory management; improve forecasting accuracy; and lower their costs of doing business.



ABOUT APTEAN

In a world of generic enterprise software, Aptean provides hyper-niche software solutions that deliver more results instead of more workarounds.

In today's fast-paced, highly competitive economy, organizations don't have time to waste forcing homegrown software, spreadsheets, and one-size-fits-all solutions to do things they were never designed to do. Aptean is on a mission to end those workarounds—with industry-specific solutions instead of generic software, expert support instead of making you go it alone, and a steady influx of new ideas instead of the status quo.

That's why over 2,500 highly specialized organizations in more than 20 industries and 54 countries rely on Aptean to streamline their everyday operations.

Headquartered in Alpharetta, Georgia, Aptean has offices in North America, Europe, and Asia-Pacific, as well as an extensive partner channel. Our customers are located across Europe, Latin America, Asia-Pacific and North America.

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