

# Is the wholesale & distribution industry ready for the future?

IT streamlines business processes and improves service throughout the supply chain

**The logistics sector is fully in flux. Developments such as supply chain integration, internationalisation and the demand for added value call for a strategic response. Customers are becoming more demanding, the internet is changing the business model and margins are under pressure. Automation helps wholesale traders to pilot their business processes through these changes.**

The Dutch wholesale trade is a traditional sector with a number of specific characteristics and challenges. In many cases these are family businesses that have been active in the sector for a long time. It is particular to the sector that the degree of automation does not depend directly on the number of employees, since a company with relatively few employees can nonetheless work with large volumes and consequently have large turnover. This demands efficient organisation of the activities.

Managing costs and increasing margins have traditionally been high on the agenda at wholesalers and distributors. A number of developments have been added to this over the past years. The supply chain is undergoing drastic changes, among other reasons because of the increasing integration between businesses. This means that wholesalers and distributors also have to increasingly take into account the wishes and in particular the demands of customers and suppliers.

## **International challenges**

The supply chain is also increasingly international. All wholesalers have to deal with international customers, partners and/or suppliers. The competition is also strong internationally, so logistics companies must formulate a response to this. For the time being China seems to be the most important competitor. Technology is developing rapidly, which means that businesses in the Netherlands must continue to innovate or offer added value in some other area in order to avoid being overtaken by international developments.

## **Added value as a distinctive factor**

The most important challenge faced by organisations in the wholesale sector is to provide added value. This is the area in which the most dramatic changes are taking place. A decade ago most wholesalers were nothing more than transit points for goods, which did not provide any added value. Wholesalers and distributors who now provide no added value are being passed by. This danger exists all the more in situations where retailers start close collaborations, forming purchasing combinations or merging. That is why wholesale businesses are opting to provide added value in the form of assembly facilities, private labelling, service provision and especially service optimisation.

Automation helps wholesalers in this changing environment.

# The wholesaler as knowledge partner for customers

Trend evidenced by Heliview research

**Decision-makers in the wholesale sector endorse trends like supply chain integration, internationalisation and the demand for added value. This emerges from a study carried out by Heliview Research and commissioned by Exact. The key business objectives continue to be to increase turnover and volumes and realise growth.**

**Cost saving continues to be an important objective as well. Another important point of attention for the organisation is continuity and keeping the existing IT infrastructure up to date. ICT can make an important contribution to the organisation's efficiency.**

## **IT infrastructure**

Half of the respondents expect that cost savings can be realised with the right software; one third believes that software can be used to generate more turnover and improve service for customers. 36 percent of the wholesalers involved in the study have their own production facility, where various points could be improved in terms of ICT, such as the creation of a link between the production facility and the inventory system in order to achieve more efficiency in the supply chain. Wholesalers with their own sales points, one third of the companies surveyed, are also looking for ways to streamline their supply chain.

**Half of respondents expect to be able to save on costs with the right software.**

**Virtually all the respondents aspire to a role as a knowledge partner.**

## **Communication processes as critical success factor**

The respondents indicated that the communication processes between the supply chain partners are becoming increasingly important and that there are still many advantages to be achieved with the use of ICT. More than 85 percent of the wholesalers integrate processes with other parties. This takes place the most with suppliers. One third of the wholesalers have collaborative relationships with retailers, transporters, distributors and colleague companies.

## **Cooperative working arrangements**

Wholesalers in consumer goods are more likely to have cooperative working arrangements with their supplier than wholesalers in durable goods. Wholesalers in durable goods are in turn more likely to have cooperative working arrangements with their distributor than wholesalers in consumer goods. These cooperative working arrangements are automated at the majority of the respondents. One third of the wholesalers still use Excel for this. Half of the wholesalers use communication protocols such as EDI or XML. In many cases the quality of the automation process could be improved, especially the availability of data.

## **Additional services to increase customer satisfaction**

As indicated above, 90 percent of the wholesalers see the provision of additional services as an important opportunity for further growth. Virtually all the wholesalers aspire to a role as a knowledge partner for their customers by offering better and faster availability of information. ICT is a crucial resource in order to add value in the supply chain for demanding customers, such as purchasing combinations or retailers that have undergone major growth through mergers.



*“We looked at a number of different systems, including the big players with ERP packages. We nevertheless came to the conclusion that we were still very satisfied with Exact and would stick with it for a number of years in combination with a number of customised solutions.”*



## Bugaboo International relies on Exact

With sales offices around the world, Bugaboo is a major international player on the market for baby buggies. Bugaboo sells its products in almost fifty countries and employs some eight hundred people worldwide. When Bugaboo began as a small start-up in 1999, the team comprised just six people. Exact software has been used to support the business processes from the very beginning.

Rob van Dijk, project leader for system development at Bugaboo: *“When I started at Bugaboo ten years ago, we were working with six people. As you can imagine, the systems were relatively simply installed at that time. Not a great deal was needed; our accounting was on a small scale. We have been working with Exact from day one. We don’t just use it in the Netherlands, there are now four divisions running on Exact: EMEA, Spain, Australia and the United States. The US initially used a local package, but we want to have everything worldwide connected to a single system.”*



### Reorientation

“We had a reorientation a few years ago to determine whether Exact was really the right package for us. Exact software is actually intended for the SME sector and as we are undergoing tremendous growth we decided to take a critical look at the situation. We looked at a number of different systems, including the big players with ERP packages. We nevertheless came to the conclusion that we were still very satisfied with Exact and would stick with it for a number of years. There are two reasons for this: it works very well and is excellent value for money.”

All the sales organisations in the group use the software from Exact. Every location has a link to the other divisions. The greatest challenge was synchronisation. This involves dealing with local legislation for tax, local transport, language and VAT rates. The customer contact centre, which receives all telephone calls and emails from customers, uses Exact to record all the contact moments. The new orders and separate part orders are also entered in the software from Exact and automatically processed as orders.

Exact saves time: “We developed a worldwide Retail Online Ordering portal for our retailers, which creates the orders in Exact, taking into account the prices, product range, language, inventory, delivery time, etc. as entered in Exact. Beyond this all our divisions use EDI, XML and web services to communicate with our larger retailers, logistics partners and e-commerce platforms. With software from TIE Kinetix, Orbis and the Exact SDK tools, we can automatically forward or handle inbound and outbound orders and a great deal of time is ultimately saved in the checking and processing of these processes.

*“The US initially used a local package, but we want to have everything worldwide connected to a single system.”*



### **Complete solutions for the logistics sector**

The strategic answer to trends such as supply chain integration, internationalisation and the demand for added value is the right set of IT tools. The software from Exact offers the integrated solutions for the demands in the logistics sector. With more than twenty years of experience in the logistics sector, functionalities such as EDI, B2B E-Commerce Portal and Service Management can deliver added value in a number of areas. Because Exact started as a financial package, all the necessary financial aspects are integrated in the packages. It is also an international solution: the software is available in forty languages and the legislation of the economically most important countries is available.

The software from Exact serves the wholesaler of tomorrow. Exact offers a total solution that allows you to streamline your business processes, improve your service to customers and benefit from the logistics experience we have amassed since 1984.

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