

ERP: WHOLESALE AND DISTRIBUTION'S SECRET WEAPON

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In order to stay ahead of the competition, top performing wholesalers and distributors rely on Enterprise Resource Planning (ERP) technology to get the right products, at the right price, to the right customers when they need them.

Managing Customer Demands in a New Business Landscape

Wholesalers and distributors today are scrambling to lower costs and improve margins. Along with the typical year-over-year pressures of cost control and growth concerns, today's wholesalers and distributors are faced with a competitive market filled with demanding customers. Online sales have opened up new channels that customers use to get their products, enabling competitors to enter new markets they were once unable to service.

To stay ahead of the competition, Industry Leaders are looking to streamline processes and optimize their supply chains. This will allow any company to accomplish more with fewer resources. Optimizing the supply chain will also allow companies to more effectively manage inventory and keep prices low.

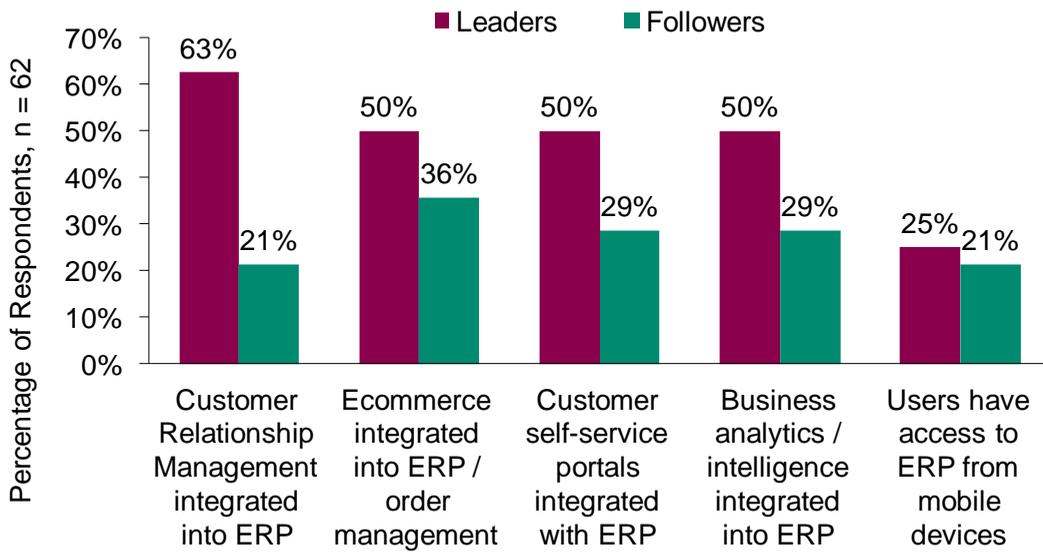
But for many wholesalers and distributors, new delivery methods, interoperability, and efficiency have proven difficult to implement. Therefore, another top strategy for Leaders is the modernization of the technology used to support operations. Enterprise Resource Planning (ERP) is the foundation for this change, but top performers truly differentiate themselves by leveraging the most up-to-date, emerging capabilities that ERP can offer.

ERP as a Customer Success Portal

Since success in wholesale and distribution depends on getting products to customers when they need them and seamlessly working with the supply chain, Leading organizations choose ERP solutions that integrate with technologies that support these goals (Figure 1).

For example, Leaders are three times as likely to have Customer Relationship Management (CRM) combined with ERP. This creates a centralized portal for customer data that interacts with supply chain functionality. At the same time, Leaders are more likely to have implemented ecommerce and customer self-service portals. These technologies facilitate communication with customers, making it easier for them to order from your organization and therefore leading to more sales.

Figure 1: Improving Customer Management



Source: Aberdeen Group, February 2017

How Leaders Are Adapting

Leading wholesalers and distributors are more likely to have implemented a series of capabilities that improve their ability to make decisions as well as work with customers and suppliers (Figure 2). Combined with better access to customer information, these top performers utilize the data contained within ERP to make better decisions and become more agile. Notably, Leaders are 72% more likely to have business analytics integrated into ERP. This enables them to make informed decisions, such as more accurate demand planning.

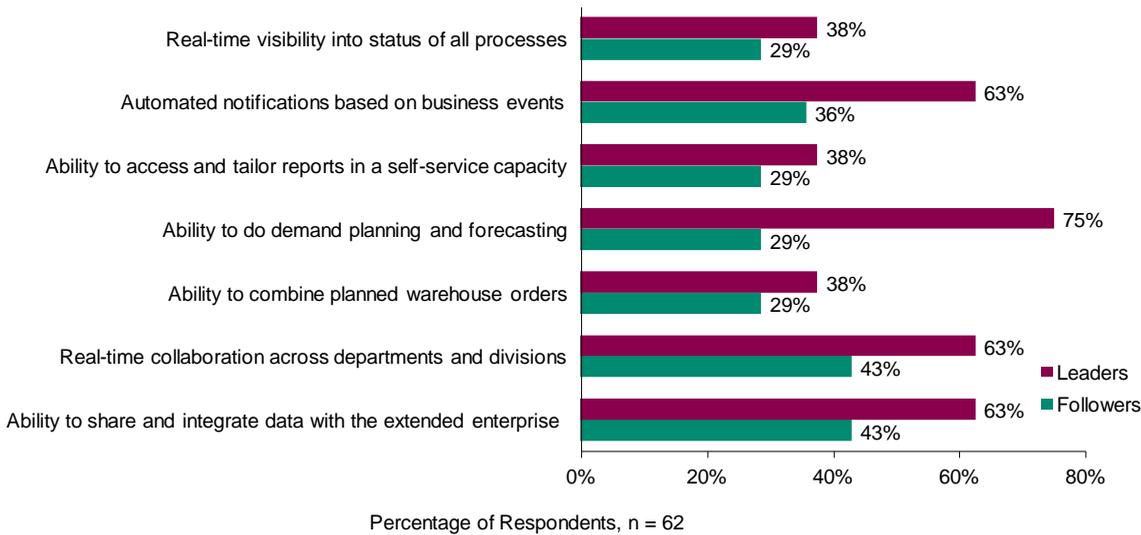
Leaders are also 31% more likely to have real-time visibility into the status of all processes and data. This is an essential capability for an organization with a lot of moving parts, such as a wholesaler or distributor. In particular, automated alerts can inform actions based on changes in demand or other factors. Further, utilizing data in conjunction with analytic capabilities allows organizations to better plan and forecast demand (improving customer service and reducing costs), as well as informing changes in workflows, such as combining shipments.

Truly, interoperability is the key to success for wholesalers and distributors. As such, Leaders have prioritized collaboration capabilities in their ERP systems. Internally, Leaders are 46% more likely to have real-time collaboration across departments and divisions. Connecting functions such as supply chain, sales, and finance can help organizations meet their efficiency goals. Externally, Leaders are more likely to be able to share data

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with both customers and suppliers. This improves service, reduces costs, and increases margins.

Figure 2: Visibility and Collaboration Capabilities



Source: Aberdeen Group, February 2017

Key Takeaways and Recommendations

By combining ERP with the aforementioned actions and capabilities, top performing wholesalers and distributors efficiently work together with their customers and suppliers, keeping costs low and product moving seamlessly and on time. Additionally, Leaders provide visibility across the organization to make the entire business run smoothly and cohesively. Of course, this is easier said than done. In order to succeed, wholesalers and distributors should prioritize the following criteria when selecting an ERP:

- Support for customer interactions.** Customers expect to be able to get the products they need more quickly and easily than ever before. They also expect you to be able to tailor your interactions with them. Top performers integrate their ERP solutions with ecommerce and customer portals in order to meet customer expectations.
- Improved analytical capabilities.** Demand management and quick thinking is essential for success in wholesale and distribution. ERP provides a central location for this data, while analytical capabilities make it consumable.
- Operational flexibility.** There's a lot of moving parts in this industry; access to data and tailorable solutions enables agility. A modern ERP implementation facilitates customer service in a competitive environment for wholesalers and distributors.

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