



TRANSLECTRIC

UNIFYING THE COMPANY WITH SAP® BUSINESS ONE

QUICK FACTS

Company

- Name: Translectric Inc.
- Location: Jackson, Missouri
- Industry: Automotive
- Products and services: Aftermarket automotive parts
- Revenue: US\$7 million
- Employees: 20
- Web site: www.translectricinc.com

Challenges and Opportunities

- Separate applications for each department
- Inadequate information for making business decisions
- Excessive inventory costs and back orders
- Laborious process for determining parts requirements
- Poor visibility into customer payment records

Objectives

- Unify entire company under 1 integrated business solution
- Improve inventory turns and reduce costs
- Decrease back orders
- Increase leverage with suppliers
- Improve customer satisfaction

SAP® Solutions and Services

- SAP® Business One application
- SAP Business One E-Commerce application

Why SAP

- Integrated functionality for all departments
- Ability to automate operations
- Power of reporting functionality
- Cost-effectiveness

Benefits

- 10% increase in revenue
- 20% decrease in inventory (60% in inactive inventory) and 2-3 times increase in inventory turns
- 75% reduction in back orders
- 3% increase in discounts from suppliers
- 88% decrease in time required to determine parts requirements

Existing Environment

Multiple custom-developed, single-purpose, DOS-based applications

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Translectric Inc. manufactures, sells, and distributes many types of automotive products from its headquarters in Jackson, Missouri. By focusing on customer service, the company has built an enviable business in which only 20 employees generate more than US\$7 million in annual revenue. One might think that with such a small workforce, data communication would not be the problem it is in larger organizations. Because of the software islands Translectric used in the past, however, data communication – or rather its absence – posed very serious obstacles indeed. Now the firm has implemented the SAP® Business One application, and the resulting smooth flow of information among departments is helping improve the business in many ways.

“Glorified File Cabinet” Falls Far Short

“The group of highly custom DOS programs we used in the past was essentially just a glorified file cabinet,” says Scott Toll, operations manager for Translectric. “Sales, manufacturing, accounting, and engineering all had their little special-purpose applications that didn’t talk with one another.”

Without electronic communication between manufacturing and accounting, Translectric faced problems of many kinds. “Manufacturing had no help from our business software in deciding what to build, for example, and so inventory always had too many products we weren’t selling and too few we were,” explains Toll. “Another problem was that when our vendors

changed part prices, we couldn’t easily compute the impact on our overall costs. We were selling some of our products at a loss and didn’t even know it.”

Translectric tried to make up for the software environment’s deficiencies through manual efforts, but it was costly. Toll himself spent 20% of his time just trying to figure out what parts to order. Salespeople took and processed all orders personally, even routine orders from established clients who would have welcomed an automated approach.

SAP Business One Delivers Information for Better Business Decisions

To remain competitive Translectric realized it needed to replace all the islands with a single comprehensive business application. They carefully evaluated SAP Business One along with systems from Great Plains and other vendors. “In the end, SAP Business One stood above the rest,” reports Toll. “It does the best job of allowing us to combine data from all our departments to deliver the top-level information we need to make the right decisions.”

Realizing that electronic commerce was the way to save time for sales personnel and customers alike, Translectric acquired the SAP Business One E-Commerce application as well. To complete its software solution, Translectric also opted for VALOGIX Inventory Planner software by SAP partner Valogix Inc. of Saratoga Springs, New York, an application that works seamlessly with SAP Business One. SAP Business One and Valogix solutions together equip companies like Translectric to better plan and optimize their inventories.

The new solution has proven to be exactly the success Translectric hoped and expected it would be. “As an aid for making better decisions, it’s been great,” Toll says. “Now if a vendor changes a price, our bills of material are updated automatically, and we immediately know the impact on our



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product costs. With this visibility, we realized that a couple of our product lines were outright money losers and dropped them. On a couple of other lines we realized we had to raise the price, and as a result they’re now contributing handsomely to our profits.”

Faster Deliveries, Easier Ordering Make for Happy Customers

Since manufacturing and procurement now have up-to-date information on sales projections, Translectric is building the right products at the right time. Manufactured-and-delivered inventory turns rose from 2.0 before the new applications to 5.5 after the implementation, while inventory turns for products the company simply distributes rose

business, and now a direct business-to-consumer site is on the Web as well. “The online business is very high-margin, and the process is so easy for customers that we’re probably getting orders we wouldn’t have had seen otherwise,” adds Toll. “Our e-commerce presence is also responsible for the international revenues we now enjoy for the first time. Several international dealers found us online and signed up to distribute our products.”

Knowledge Is Power, and That’s What SAP Business One Delivers

The visibility SAP Business One makes possible is helping Translectric manage its business better in many other ways. Now that purchasing has its first real

SAP Business One is an efficiency booster for Translectric as well. The one day a week that Toll used to spend figuring out part requirements is down to about an hour, and the online channel is automatically delivering orders that used to require substantial time from salespeople and order-entry personnel.

“Add up the revenue increases and cost savings, and there’s little doubt that we have already recovered our investment, with far more benefit to come,” says Toll in closing. “We definitely made the right decision with SAP Business One, and we highly recommend it to other firms like ourselves.”

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Scott Toll, Operations Manager, Translectric Inc.

from 3.0 to 8.0. Meanwhile back orders have dropped by more than 75%, which means revenue arrives earlier and customers receive better service because they take delivery sooner.

Customer satisfaction is up for another reason as well – the online ordering channel that Translectric implemented with SAP Business One E-Commerce. The company began with a business-to-business e-commerce site that is now accounting for 6% to 8% of its dealer

grasp of overall company needs, it is able to negotiate better discounts from vendors – 3% better on the average. Whereas the firm used to unknowingly make deliveries to customers with overdue accounts, it is now easy to check the books electronically before delivering a product. “Knowledge is power,” summarizes Toll, “and we’re continually finding ways to take advantage of all the knowledge we now have.”

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