



CHORDUS

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	Wholesale distribution
Revenue	US\$100 million
Employees	150
Location	Pelham, Alabama
Web Site	www.chordus.net
SAP® Solution & Services	SAP® All-in-One solution
Implementation Partner	IDS Scheer

Chordus Inc. seeks to be the distribution channel of choice for manufacturers and dealers of office furniture, residential furniture, and other large durable goods. Through the company's unique service program, a retail dealer can place a single order from multiple manufacturers and receive a consolidated delivery in days instead of weeks. With 5 distribution centers and 100 trucks, Chordus currently serves over 300 dealers.

Key Challenges

- Give dealers better service and selection than they can get through other channels
- Help dealers reduce inventory and trim overall costs
- Lower the company's own costs and eliminate supply chain inefficiencies
- Leverage the company's aggregate purchasing power
- Expand into new business areas
- Upgrade an outdated legacy system

Why SAP Was Selected

- Industry-specific software that could accommodate new business units as needed
- Support for industry best business practices with a high degree of flexibility
- Extensive end-user training options
- An integrated solution that could support a time-sensitive business model and reporting needs
- A secure environment for business partner collaboration

Implementation Best Practices

- SAP® Accelerated Implementation Program methodology
- Completion on time and on budget
- User training that included SAP business-process platforms, trainer instruction by IDS Scheer personnel, and Web-based seminars using Centra software

Low Total Cost of Ownership

- Short implementation period of 5 months, speeding time to value
- Protection of existing investments in extranet and intranet applications through use of open architecture
- System uptime performance gain (95% to 99.5%)
- Elimination of extraneous hardware

Financial and Strategic Benefits

- Increase in sales and market share during time of declining office furniture sales
- Rise in customer service rating from 6.9 to 9.3 in 6 months after implementation as staff levels fell 10%
- Continued low damage rate of 42%
- Improvement of days sales outstanding by 10% over first full quarter after implementation

Operational Benefits

- Helped manufacturers reduce inventory levels and overhead costs
- Supported single orders and shipments for dealers
- Provided shorter lead times for dealers - while reducing storage needs, product damage, return rates, and costs for freight exceptions
- Made preliminary financial closing data available in 2 days versus 2 weeks required before implementation
- Shortened management reporting by 1 week



“When I talk to prospective new dealers, I always mention that we run SAP software. This creates credibility for us and has been a differentiator.”

Dennis Arnold, President, Chordus Inc.

“We have standardized processes, improved visibility, and enhanced reporting. I was surprised how easily people adapted throughout the organization.”

Bob Lazar, Senior Vice President of Operations, Chordus Inc.

Fine-Tuning a Unique Business Model

Managing multiple suppliers can be a logistics nightmare for office furniture dealers. They face redundant costs for warehousing and transportation and must contend with delivery times that average about eight weeks. Chordus Inc., an Alabama-based logistical services company, offers dealers in this market a creative solution to these problems: place a single order from a catalog representing multiple manufacturers and receive a consolidated delivery in just seven days.

In 2002 Chordus was realizing this model for its office furniture customers and researching new markets. But as the economy weakened, sales for office furniture fell sharply. Streamlined processes would be critical for the company to thrive in the downturn, and a good place to start was finance and logistics. The company's five warehouses took different approaches toward distribution. In addition, Chordus lacked timely information to leverage new opportunities. With its back-office system impeding future growth, Chordus sought an upgrade that could improve current processes while supporting its long-term goals.

Industry-Specific Functionality – with Scalability

Chordus reviewed the enterprise resource planning software of 19 top vendors before selecting the SAP® All-in-One solution. It offered industry-specific functionality to streamline business processes and reporting. It was scalable. And the SAP All-in-One implementation incorporated industry best practices, integration functionality, and end-user training. All of this was instrumental for ensuring secure collaboration with dealers and manufacturers and handling multiple billing scenarios – both essential to the company's business model. SAP All-in-One could also help Chordus protect its investment in an extensive set of extranet- and intranet-based applications.

With help from IDS Scheer and the SAP Accelerated Implementation Program methodology, Chordus had the new software up and running in 153 days. Since then, system uptime performance has improved from 95% to 99.5%. Joint training efforts of SAP and IDS Scheer eased acceptance of new business processes and online tools.

A New Internet-Based Order System

With SAP All-in-One, Chordus standardized industry best practices across the company. The software supports a new Internet-based portal where dealers can place and suppliers can access orders. Enhanced billing capabilities have boosted accounts receivable performance by 10%, and transportation scheduling and customer service improved. Preliminary financial closing data is available in two days instead of two weeks, and management reports are accessible one week sooner.

Chordus is also making progress toward its long-term goals. Within 30 days of the implementation, Chordus established business pilots for the kitchen cabinet, residential furniture, and sofa industries – all promising new markets. After rolling out its new RoomChoices retail furniture division, the company plans to install the SAP ERP application. As Chordus continues to grow, it expects to use SAP All-in-One to create new pricing models, the SAP Customer Relationship Management on-demand solution to manage Internet-based sales more effectively, the SAP Supplier Relationship Management application to enhance processes associated with sourcing from manufacturers, and the SAP NetWeaver® Business Intelligence component to improve data analysis and presentation. The company now has software that will scale to its needs.