ELECTRA-SOUND

SAP® BUSINESS ONE POWERS SUPPLIER'S BUSINESS NETWORK TRANSFORMATION

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Chuck Masa, President and CEO, Electra-Sound Inc.

QUICK FACTS

Company
- Name: Electra-Sound Inc.
- Location: Cleveland, Ohio
- Industry: Consumer products – consumer and automotive electronics
- Products and services: Exchange, remanufacturing, and repair services for the consumer electronics and automotive industries
- Employees: 150
- Web site: www.electrasound.com
- Implementation partner: Long Business Systems Inc. (Strongsville, Ohio)

Challenges and Opportunities
- Transform a stand-alone business into a networked enterprise
- Automate the order-to-cash process for operational efficiency
- Meet major customer's tight deadline for business network transformation

Objectives
Install solution for continuous, bidirectional information flow with customer

SAP® Solutions and Services
SAP® Business One application

Implementation Highlights
- Phased approach
- Top management involvement
- Custom development by Long Business Systems

Why SAP
- Flexibility to modify and connect the software
- Ability to manage by exception
- Real-time alerts
- Access to real-time data organization-wide for "one version of the truth"
- SAP brand name

Benefits
- Met tight deadline for business network completion via a solid partner implementation process and adaptable product
- Reduced administrative overhead for customer service
- Improved ability to deliver information to key users
- Reduced direct expenses
- Reduced inventory
- Improved order fulfillment rates

Existing Environment
Mix of systems developed in-house, Microsoft Dynamics SL (formerly Solomon) software for accounting, middleware

Existing Environment
- Database: Microsoft SQL Server
- Hardware: Local vendor's generic "white box"
- Operating system: Microsoft Windows

TECHNI-CAR ELECTRA-SOUND

Electra-Sound Inc. needed a fast makeover – from a stand-alone company to a plugged-in supplier. After Electra-Sound landed a contract with a major auto manufacturer for refurbished instrument clusters, the small business needed to ensure real-time information flow between itself and the automaker. Electra-Sound relied on the flexibility of the SAP® Business One application to complete a business network transformation that connected both companies.

"The key business challenge was how to deal with the data interaction between our company and our major customer," says Bob Masa, vice president of Cleveland, Ohio–based Electra-Sound, which provides exchange, remanufacturing, and repair services for the consumer electronics and automotive industries. "Our customer was going to send everything electronically. We had to send information back electronically at each stage of the process to indicate what we shipped, what we received, and what we remanufactured. SAP Business One is flexible enough to handle the interconnectivity with our customers and comprehensive enough to manage our own business processes."

Electra-Sound has set up SAP Business One to retrieve customer orders every 15 minutes from a file transfer protocol (FTP) server. The orders are processed automatically in the software to create a sales order and print a pick ticket, which includes product information and bin location (prioritized through an automated inventory search across multiple warehouse sites). Warehouse personnel deliver the instrument clusters to a workstation to be programmed with odometer mileage and tested; the test results are submitted electronically to the customer. The unit is passed to shipping, where integration with FedEx and DHL enables SAP Business One to print completed shipping labels. Tracking information, ship date, and other information is fed back to the SAP software, which automatically creates delivery and invoice documents. The instrument clusters are shipped to one of the customer's nationwide networks of dealers, along with a request to return the defective part that triggered the order for a remanufactured replacement.

Transactions are tracked every step of the way. "We run queries against the software continuously," says Tom Lucak, CFO at Electra-Sound. "Have we gotten the order? Did it come in correctly? If not, did we send an alert? Did it ship as planned? Did the delivery notice get generated? If it did not ship, where is the item in the process? We are responsible for our customer's consignment inventory in our facility. We have to know these things immediately to meet our obligations to our customer."

This clarity across the business helped Electra-Sound improve operational effectiveness. "The biggest advantage is administrative efficiency," says Chuck Masa, president and CEO of Electra-Sound. "We process an order, end to end, without any physical data entry into the system – order receipt, pick, pack, and ship are all accomplished without anyone touching a keyboard. As a result, we have lowered direct expenses, reduced inventory, and raised order fulfillment rates."

That's taken a load off customer service. Says Chuck Masa, "SAP Business One allowed us to scale back our customer service interactions to a minimal level because things run so smoothly, and information flows in such a timely manner. Our customer wants complete visibility into what we're doing, so we needed a tool to perform to its expectations. With SAP Business One, we can meet these expectations without a lot of manual work. There's no question about it – you have to have these efficiencies today; otherwise, you can't compete."

Software Flexibility – A Key Decision Criterion

SAP Business One is an affordable and integrated enterprise management solution designed for small businesses. Electra-Sound evaluated several alternatives before making its choice. "Our customer gave us the requirements for how it wanted to work with us; we were then tasked to find the best solution for our business," says Jeff Royer, chief technical officer at Electra-Sound. "Flexibility

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was a key element in our decision-making process. With SAP Business One, we can handle our customer's need for fast configuration changes. We also saw that SAP Business One would allow us to easily deliver information and reports to key users. When management has to come to IT, it is more costly and time consuming."

Adds Lucak, "We liked the way the software gave us the ability to manage by exception, through queries that trigger notification only when something is wrong. With SAP Business One, we have real-time access to a single version of data throughout the organization, so everybody is looking at the same information. That is a good feeling. You don't have to spend your time figuring out why your report doesn't match someone else's data."

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Fixed Deadline – Targets Met, Even with Changing Specs

Electra-Sound rolled out SAP Business One accounting functionality at its Cleveland facility in six weeks; three months later it installed full operational capabilities. That was fast, considering the circumstances. "It was basically changing the engine while the car was moving," Chuck Masa says. "Because it was a new initiative instituted by our customer to link with us as an end supplier, program specifications were in flux at the outset." Still, Electra-Sound had to meet a deadline. Says Lucak, "Our customer had a fixed launch date for the initiative, and we hit that date."

The Electra-Sound project team included top members of the customer's management team, including the CIO. Long Business Systems Inc. (Strongsville, Ohio) provided implementation assistance. "Our business is a little unique, as opposed to a company that simply takes an order and ships a product," says Chuck Masa. "We knew we would need to rely on somebody for quite a bit of custom programming. Long Business Systems came in and learned our business. The company helped us figure out what we needed to do and what needed to be programmed. It is a very professional organization; its programmers are top notch. Long Business Systems was integral to building a solution that was right for us. It did an excellent job."

Adds Lucak, "The availability of the consultants was key. Very rarely do you go to voice mail when you call. They answer the phone right away, and that makes it a lot easier to keep the project moving and get things done."

Electra-Sound took a "train the trainer" approach during the implementation. "This helped cut down on costs," Lucak says. "A couple of our people worked with the consultants, learned the software quickly, and then rolled it out to the rest of our 40-plus users. Our training costs were minimal. SAP Business One is an intuitive solution to use."

Business Under Control – Positioned for Growth

After the implementation in Cleveland, Electra-Sound rolled out functionality for financial accounting to a facility in Tampa, Florida, and will launch wider operational capabilities shortly. The Florida location is the site of its second company, Techni-Car, which refurbishes instrument clusters and rebuilds and distributes audio, video, and navigation systems. In this case, the connectivity equation is more complicated: Techni-Car must interface with two customers and split information for remanufacturing and billing. "The process is the same, but in Tampa SAP Business One must share and transmit data with different parties within the same transaction," says Bob Masa.

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With both successes under its belt, Electra-Sound is confident it can expand the business further with its extended network model. This includes applying the model to its consumer electronics operations, where the company provides authorized service for all the major consumer brands. "Now that we've built a system with this level of integration, we're looking to expand with existing clients and add new customers," Lucak says. "With SAP Business One, we have the support we need for continued business growth."

Vice President Bob Masa couldn't agree more. "One of our sayings here is that it's far better to work on your business than in your business. The more time you can spend trying to build your business, and the less time you spend trying to manage day-to-day issues and put out fires, the better off you are. This is the competitive advantage SAP Business One provides."

Long Business Systems Inc. (LBSi) – based in Strongsville, Ohio – provides business management software solutions for distribution, manufacturing, and service organizations.

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