



# MONKEYTOWN

## SAP BUSINESS TRANSFORMATION STUDY

### AT A GLANCE

<b>Industry</b>	Wholesale distribution
<b>Revenue</b>	US\$3-5 million
<b>Employees</b>	11
<b>Location</b>	Vinton, Iowa
<b>Web Site</b>	www.mymonkeytown.com
<b>SAP® Solution and Services</b>	SAP® Hosted Solution for Business Products Resellers

Monkeytown, an Iowa-based office supply dealer with a sense of humor, offers over 50,000 items for next-day delivery to an expanding customer base. Maintaining a homegrown legacy software system, however, consumed critical resources and hampered the company’s ability to pursue a new go-to-market strategy. Monkeytown chose SAP® Hosted Solution for Business Products Resellers to support its vision of innovation and future growth.

#### Key Challenges

- Reducing time, money, and effort spent on IT
- Increasing resources available for innovation
- Differentiating the business from the competition
- Eliminating costly legacy systems containing a number of poorly synchronized databases

#### Why SAP Was Selected

- Proven record of long-term partnerships to support future growth
- Low risk, due to historical performance and investment in R & D
- Robust platform, offering industry-tailored functionality

#### Implementation Best Practices

- Avoided customization of software
- Supported use of best practices to replace existing ways of doing business
- Leveraged SAP hosted solution to reduce implementation time

#### Low Total Cost of Ownership

- Reduced number of required systems by 66%
- Outsourced IT function, saving labor costs totaling 2.2% of revenue
- Reduced training time with use of more intuitive user interface

#### Financial and Strategic Benefits

- Redirected prior IT funding to reinvent the business
- Implemented new go-to-market strategy
- Focused resources on planning future innovations and creative service propositions
- Provided customers more robust real-time credit-card processing

#### Operational Benefits

Key Performance Indicator	Impact
Sales per employee	+28%
Gross profit margin	+23%
Expenses (not related to cost of goods sold)	-19%
Headcount	-31%



**“Switching to an SAP hosted solution gave us the opportunity to rethink how we go to market. We’ve been able to completely reinvent our business.”**

Kurt Karr, Top Banana, Monkeytown

**“With our current infrastructure, we’re confident that the business is running smoothly. This solution allows us to focus on innovation.”**

Kurt Karr, Top Banana, Monkeytown

### **Paperclips with Personality**

Monkeytown is an independent office supply dealer with a sense of humor and a company mantra: innovation. Selling from a catalog of over 50,000 items, the Iowa-based company is always exploring new ways to engage its expanding customer base, which includes individual shoppers, local businesses, large manufacturers, and service providers.

It was a different story when Kurt Karr – the self-described Top Banana at Monkeytown – first assumed control of the company. As Karr tells it, the company had a bland identity and did little to distinguish itself from the competition. Its IT system was poorly integrated and expensive to maintain. Product and customer data, for example, was located across multiple databases. Dedicated personnel were required to perform common tasks, such as accessing accurate pricing information and analyzing customer data. There was little time or money left over for innovation.

### **New Name, New Way of Doing Business**

Karr wanted to invest his limited resources in more creative, marketing-oriented pursuits. Working in a business where competitors range from small local storefronts to giant box-store companies, he wanted to focus on ideas designed to distinguish the business, like the new Monkeytown branding. Monkeytown needed a back office that essentially ran itself. After evaluating several alternatives (including Red Cheetah, DDMS, and Thelarus), Karr chose SAP® Hosted Solution for Business Products Resellers. “Looking at different systems for years,” he said, “I could see immediately that the SAP solution offered tremendous advantages.” The solution incorporated industry-specific functionalities and provided a consistent long-term platform.

With a hosted solution, Monkeytown completely eliminated dedicated IT labor costs that once represented an undesirable 2.2% of revenue. The revitalized company then refocused its resources on reinventing the business. Monkeytown abandoned its traditional business model, based on sales representatives and a defined geography. Instead, it implemented a new go-to-market strategy that emphasized a growing Web presence and a light-hearted company personality.

As the business changed, so did the composition of the workforce. Although Monkeytown reduced overall headcount by some 30%, the company used cost savings to bring additional creative talent on board to fuel future innovation.

### **The Wildest Office Supply Company in the World**

The preconfigured functionalities of the SAP solution continue to help Karr build the business he envisions: a place where employees can “learn and have fun.” The order-entry process, for example, is streamlined with intuitive interfaces that are easier for employees to learn. Training costs are down, and sales per employee are up 28%.

The company’s Web site also reflects Karr’s ability to combine fun and practicality. Featuring mascot Ed the monkey, the site is extending Monkeytown’s reach far beyond eastern Iowa. It simultaneously transfers more of the order-entry work to the customer while increasing customer satisfaction with enhanced benefits, such as secure credit-card processing.

### **Supporting Future Innovation and Growth**

Monkeytown continues to seek out new ideas for stimulating growth. An auction feature on the Web site, for example, has increased traffic by 600%. A remote call center is also being considered. Now, with confidence in a hosted IT infrastructure that is stable, portable, and easy to use, Monkeytown can afford innovation.