



## JR'S SPORTS COLLECTIBLES

# SAP® SOFTWARE HELPS SPORTS GEAR DISTRIBUTOR TO SCORE GOALS

### QUICK FACTS

#### Company

- Name: JR's Sports Collectibles Inc.
- Location: Anaheim, California
- Industry: Consumer products
- Products and services: Wholesale distribution, drop-ship fulfillment, and online retailing of sports merchandise
- Revenue: US\$5 million
- Employees: 10
- Web site: [www.jrsports.com](http://www.jrsports.com)
- Implementation partner: The Revere Group, an NTT DATA Company

#### Challenges and Opportunities

- Improve efficiency of order fulfillment and distribution processes
- Increase customer satisfaction by reducing or eliminating mishandled orders
- Strengthen customer relationships by making business-to-business Web site more user friendly
- Gain better visibility and control of inventory

#### Objectives

- Track and manage financial data to gain a better picture of operations and profits
- Integrate financials, e-commerce, and operations with unified business software
- Build tight integration and connectivity with partners' retail Web sites
- Boost productivity by automating manual processes

#### SAP® Solutions and Services

SAP® Business One application

#### Implementation Highlights

Successfully linking key Web sites with custom interface

#### Why SAP

- Superior reputation and best practice expertise
- Comprehensive functionality to streamline and connect processes across the entire business
- Scalable, affordable application designed for small businesses

#### Benefits

- Reduced warehouse staff by 50%
- Decreased revenue recovery costs by 5% to 10%
- Increased accuracy and speed of financial reporting
- Improved performance and flexibility of business-to-business portal
- Improved inventory control
- Eliminated redundant data entry and order errors

#### Existing Environment

Disparate third-party applications

#### Third-Party Integration

- Database: Microsoft SQL
- Hardware: Dell
- Operating system: Microsoft Windows NT

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**Matt Bowen**, Partner, JR's Sports Collectibles Inc.



JR's Sports Collectibles is a small company with big ambitions and a very wide reach in the market for sports apparel and memorabilia. The entrepreneurial firm has been entering new markets and enjoying healthy sales growth by specializing in order fulfillment for manufacturers and Web site retailers as well as traditional retail stores. Not long ago, however, JR's Sports found that its business software could no longer support its complex operations.

In addition to struggling with order fulfillment, the company was having trouble managing processes such as inventory, accounting, and integration with the Web sites of its retail customers. To address these issues, JR's Sports started looking for a unified software package simple enough to meet the needs of a small company yet powerful enough to support all its business activities. Working with The Revere Group, an NTT DATA Company and consulting firm, JR's Sports chose the SAP® Business One application to help streamline end-to-end operations and support its ambitious profitability goals.

Based in Anaheim, California, JR's Sports does business via three channels in the market for sports collectibles and apparel. It serves as a wholesale distributor for manufacturers, specializing in smaller orders such as case packs and even individual items. It also handles order fulfillment for Web-based retailers and brick-and-mortar stores. Despite the fact that JR's Sports employs only 10 people, the company has cornered a substantial share of its market. "If you order a folding chair of your favorite NFL team, chances are we'll handle the

fulfillment," says Matt Bowen, a partner at JR's Sports. "You could buy it from just about anybody on the Internet, but we'd probably be the ones who shipped it to you." In addition to distribution and drop-ship services, the company is also making a cautious foray into direct retailing, taking care not to compete directly with valued manufacturing or retailing customers.

### The Runner Stumbles

JR's Sports' most important relationship is with Amazon.com Inc., the noteworthy online retailer. "We were one of the original merchants for sports and outdoors goods for Amazon," says Bowen. "Today that business generates about 40% of our sales, and we ship up to 1,800 Amazon orders a day." Under its SportStation.com retail brand, JR's Sports lists thousands of items on Amazon's Web site. Given the volume of data that flows between the two companies – including order status, shipping addresses, inventory levels, and pricing – integration is critically important. In the past, however, finding a software provider capable of building and maintaining the connectivity proved difficult. "The first company we tried

tripled its prices," says Bowen. "The second company seemed to do a good job of building the integration with Amazon's Web site, but shortly after launch the system failed and we lost four months' worth of crucial revenue."

JR's Sports was also having trouble managing accounting and inventory. "We were keying orders into our systems three different times," says Bowen, "and when we had a return, our software could not place the item back into the system." With little visibility into stock levels and on-order data, fulfillment managers simply didn't trust the product availability figures generated by the company's software. Equally discouraging, some customers were charged twice for a single order, and some products were not offered for sale at all because the system had lost track of them. "It was an inventory nightmare," says Bowen. "So we decided to look for solid business software that addressed both the financial and the operational sides of our business."

### First Aid for Injured Processes

To find the business software it sought, JR's Sports turned to The Revere Group, an SAP services partner and authorized reseller of SAP Business One. After an evaluation of JR's Sports' needs and resources, The Revere Group suggested SAP Business One – somewhat to Bowen's surprise. "We knew that SAP was a blue-chip company," he says, "so we thought its software was too big and too complicated for a small company like ours." Despite this initial concern, Bowen and



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his team recognized SAP Business One as a unified, affordable solution and selected it to manage the company's financials, sales, e-commerce, and operations. They also felt JR's Sports could

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benefit from the industry best practices and workflows incorporated into the software. This perception turned out to be correct. “We had to change some processes when we implemented SAP Business One,” says Bowen, “but that actually proved to be beneficial because the processes are now integrated and much more efficient.”

The implementation of SAP Business One lasted approximately six months – longer than most SAP Business One implementations – because of the challenge of connecting JR's Sports with Amazon's complex Web site. With no IT experts on staff, JR's Sports relied on The Revere Group to handle integration between the two companies and deployment of the SAP Business One application. Hard work and attention to detail paid off when the links between the sites went live and accurate information began to flow over the business network.

## Picking Up the Pace

Since completing the implementation, JR's Sports has benefited from improved access to automatically gener-

ated information across the enterprise. Formerly, the company's accounting and operational applications had not been integrated, which meant that performance data had to be entered manually into the accounting software. Now, with key processes linked, the company has a much better perspec-

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tive on business performance. “With SAP Business One, we're doing a much better job of managing our finances and margins,” says Bowen. “At the touch of a fingertip, we can call up a report that shows how we're doing at any point in time.”

The SAP Business One application is also helping JR's Sports gain visibility and control of inventory, orders, and returns. “People are now ordering products that they never knew we had because the data was incomplete,” says Bowen. “We've started selling some canopy tents that have been in inventory for more than two years – just because the SAP software showed us where they were.” In addition to uncovering hidden stock, the application has also helped correct problems with late or past-due shipments, revealing – for the first time – orders that had simply failed to make it into the previous software. Equally gratifying, JR's Sports is enjoying significant productivity gains. The company has been able to reduce warehouse staff by 50%, allowing key personnel to perform more valuable work elsewhere. “In the old

days, we would manually process each order up to three times to complete fulfillment and create the shipping labels,” says Bowen. “With SAP Business One, we don't even touch the order until it gets to the warehouse.”

The software is also helping to streamline invoicing and reduce shipping costs. Thanks to improved integration with United Parcel Service's shipping software, JR's Sports is able to use real shipping costs instead of estimates when preparing an invoice. "When we scan an order, the actual charges for shipping go right into the invoice," says Bowen. "That's helped us save between 5% and 10% on revenue recovery."

### Heading for the Finish Line

JR's Sports handles drop-ship processes for a wide range of retailers – from household names like Dick's Sporting Goods, Sports Authority, and NFLShop.com to small merchants that sell just a few items on eBay. Large or small, each of these customers wants to personalize each order with company logos, terms and conditions, discount coupons, and other information. "We do Internet drop ship for more than 500 Web companies, and each one has specific requirements," says Bowen. "SAP Business One helps us accommodate their needs with almost no need for manual intervention."

Since deploying SAP Business One, JR's Sports has also been able to manage its retail Web site more efficiently. Pages now load at industry-standard speeds instead of the prior load time of 5 to 30 seconds – a major source of frustration for site users. In addition, business-to-business customers can log on to a password-protected area to upload orders, get company-specific pricing information, or view image files of available products. The SAP software also allows JR's Sports to manage inventory so that valuable customers aren't affected by product shortages. "We show controlled amounts of inventory to different customers," says Bowen, "and that allows us to keep some in reserve."

### Picking Up Extra Yardage

Future plans for JR's Sports include adding more retail Web sites and supplying inventory, fulfillment, and even Web site-management services to more and more online merchants. "We can use our basic business model for any company that wants to do business with us," says Bowen. "Thanks to the scalability and flexibility of SAP Business One, we can handle just about any request."



50 093 638 (09/02)

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