SOFTENGINE SAP BUSINESS ONE CUSTOMER SUCCESS STORY

P3 International

Problem Solvers – Softengine Expertly Configures SAP Business One to Resolve Inventory Management Issues for P3 International

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Shawn M. Herzinger, Vice President, Products and Operations

COMPANY PROFILE

Name: P3 International Corporation

Location: New York, New York

Industry: Consumer Electronics

Products & Services: Eco-friendly Electronics & Problem Solvers

Website: www.p3international.com

System: SAP Business One ERP – Softengine Connector: UPS/FedEx/USPS Shipping

Founded in 1986, New York City-based P3 International (www.p3international.com) is a privately owned manufacturer of solution-oriented electronics targeted to environmentally conscious and technologically minded consumers. The company's Kill A Watt™ and Save A Watt™ Power Monitor products are highly acclaimed power meters that enable customers to calculate the costs of using their home appliances, helping them conserve energy and save money. The company's Sol-Mate Solar Living line of products harnesses solar power to reduce energy consumption and costs. Major customers have included Home Depot, Fry's Electronics, Ace Hardware, Costco, Radio Shack, Sam's Club and Lowe's. P3's products have been reviewed in major U.S. newspapers such as The New York Times and The Wall Street Journal.

Challenge

Single-user Software Creates Bottlenecks and Unwanted Delays

For years, P3 management and staff relied on a very limited, single-user accounting program that couldn't export data to any third-party software. Without integration between multiple databases and with access available to only one user at a time, staff had to endure time-consuming manual reentry of data when going from one database to another.

Another limitation of the software was its inability to track inventory in P3's two warehouses – a main warehouse in South Hackensack, New Jersey and an

additional warehouse in Long Beach, California. Instead, they had to rely on a cumbersome and error-prone manual inventory management system in which purchase orders, sales orders, invoices, etc. were entered into Microsoft Word documents and Excel spreadsheets.

According to Shawn M. Herzinger, P3's Vice President, Products and Operations, "Due to limitations in our inventory tracking capabilities, there were times when a product would be allocated to an order when there was no inventory in the warehouse … something we refer to as phantom inventory. Obviously, this scenario was not acceptable from a customer service standpoint."

Lack of a fully automated and integrated ERP system led to other customer service-related issues as well. On occasion, multiple sales reps contacted the same prospect and invoices were late getting to customers, which negatively impacted cash flow. Furthermore, without real-time access to data across the company, communications were severely compromised; employees in one department often didn't know what their counterparts were doing in other departments.

Solution

Flexible Configuration and Integration with "Extensions" Make SAP Business One Ideal for Smaller Businesses with Unique Needs

Knowing that the status quo could not persist, Herzinger and his colleagues began a multi-year search for a comprehensive ERP solution that could integrate all departments "under one roof." During this process, they received a call from Softengine (www.softengineusa.com), an SAP Gold Partner located in Woodland Hills, California. As Softengine learned more about P3's long-standing issues, it became clear that SAP Business One was the right solution.

"I had thought that SAP was only appropriate for large corporate entities and therefore beyond our reach," said Herzinger. "I was delighted to learn that they had a full-blown solution for a smaller business like ours. We eventually chose SAP Business One because it could be

extended and we could take advantage of one set of features right away and then bring on others and integrate additional products as needed down the road."

Softengine sent out a project manager who conducted a very thorough business analysis to determine which features of SAP Business One would fulfill P3's requirements right out of the box and what additional customizations and extensions would be needed to complete the implementation. "It was of utmost importance that the new system could support: 1) multiple warehouses, 2) contract pricing for special customers, 3) inventory allocation, 4) package labeling, 5) shipping integration with UPS and FedEx and 6) EDI," said Herzinger.

- **Multiple Warehouses** – While support of multiple warehouses is a core capability in SAP Business One, Softengine's project manager helped P3 personnel extract additional functionality from this feature. "Softengine showed us how to use 'virtual warehouses,' which don't physically exist, but serve as an additional repository for goods within the system," said Herzinger. "You can control access, 'quarantine' or set aside inventory and you can transfer inventory to the virtual warehouse to ensure that it's not available for sale. This feature was also enhanced by Softengine to enable consignment selling, which we employ with certain customers. In this case, P3 owns the inventory until it actually sells, at which point the customer is charged for those sales."

- **Softengine Configuration: Allocation Control Panel** – The Allocation Control Panel proved to be Softengine's most ambitious piece of customization work for this implementation. "We wanted the flexibility to allocate items from inventory to any order, regardless of when the order was placed," said Herzinger. "To achieve this goal, Softengine had to customize the core functionality in SAP Business One, which allocates inventory in chronological order. Plus, we wanted the ability to 'lock' orders, especially when inventory of a particular item is in short supply."

With Softengine's customization in place, purchase orders and sales orders appear in real time in the Allocation Control Panel as soon as they are entered. Sales managers can use this feature to analyze stock levels and allocate or deallocate items and reassign them to other customers. The screen displays stock on hand of each item (by warehouse), all open purchase orders and quantities for each item (by vendor) and the due date for arrival at the applicable warehouse. The system allows for multiple authorizations, meaning that approved managers and employees can view the open orders and make decisions on what gets shipped and to whom. An authorized sales manager or employee can "lock" inventory committed to an order and prevent anyone else from allocating those items to another order by checking a "Locked" box. They can likewise "unlock" inventory and designate to a different order by deselecting this box.

- **Softengine UPS/FedEx/USPS Shipping Connector** – Softengine configured SAP Business One to provide seamless integration with both UPS WorldShip and FedEx Ship Manager software. Fields for carton counts/weights, shipping addresses and service levels (e.g., ground, 2nd-day air, etc.) were set up for both UPS and FedEx. Once a sales order is entered into SAP Business One, all of that information is automatically sent to the appropriate warehouse where the order is picked and ready to ship. "We can bring in multiple sales orders at once and that information is automatically populated onto the UPS World Ship or FedEx Ship Manager screen," said Herzinger. "Once the shipment is generated in UPS or FedEx, a tracking number is sent back to SAP Business One and the entire loop is closed. This has saved us countless hours of data entry time and virtually eliminates input errors."

- **PO Date Change Alert** – Softengine customized the Purchase Order Date Change Alert feature in SAP Business One so that the system automatically alerts sales managers/sales employees of any changes to the ETA of incoming shipments that could lead to delays in shipping products to their customers. This enables P3 staff to keep customers updated with revised delivery dates on their orders.

Results

SAP Business One System Dramatically Improves Inventory Management and Cash Flow. Softengine Steps Up to Meet Every Challenge.

After so many years of enduring all the limitations of an inadequate, single-user accounting system, P3 management and staff have begun to reap the benefits of a fully integrated ERP solution that has been configured to optimize all the areas of their business. Shawn Herzinger is quick to point out a few of the more compelling benefits of the new system: "For starters, with real-time inventory tracking, SAP Business One has helped us manage our inventory better, which has dramatically improved our cash flow. All the information we need

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is at our fingertips and there are no more huge piles of paper to sift through. Our reporting is accurate, input errors have been greatly reduced and we rarely incur penalties for late shipments, improper labeling, etc. from our larger customers, which used to be an issue for us. Our customer service performance has also gotten much better with our ability to keep customers informed every step of the way about the status of their orders and shipments."

"Softengine's customization of the Allocation Control Panel has produced tremendous benefits as well," continued Herzinger. "For example, we sell at

least five different versions of the Kill A Watt™ Power Monitor, each with its own distinctive packaging. If we happen to run short of a particular version of the product, we know that some customers are happy to receive a substitute or equivalent product, while others are not. With this tool, we have an overview of supply and demand and the flexibility to make adjustments in how we allocate our inventory, as needed. This eliminates 'phantom inventory' and enables us to fill more orders and reduce backorders."

Regarding the role Softengine has played in the success of the implementation, Herzinger is no less enthusiastic. "During our entire business relationship, there has been no question or challenge that Softengine couldn't handle. They have excelled at finding a way to configure the built-in features in SAP Business One to address a particular need, without having to perform a costly customization of the software. I can't imagine how much time and money we have saved as a result."

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