



SOFTENGINE SAP BUSINESS ONE CUSTOMER SUCCESS STORY

LF Illumination

SAP Business One Illuminates the Way Forward for Innovative Architectural Lighting Company

COMPANY PROFILE

Name: LF Illumination, LLC

Location: Chatsworth, CA

Industry: Lighting

ERP: SAP Business One

SAP Industry Extension Solution: Softengine WMS (Phase 2)

Founded in 2013, LF Illumination is an internationally acclaimed designer and manufacturer of architectural lighting for commercial, hospitality, retail and high-end residential applications. The company received an industry award for its EF600 Linear Cove Lighting System in the Indoor Cove and Wall Wash category at the 2016 Indoor and Outdoor NGL SSL Design Competition.

LF Illumination's executives are comprised of seasoned veterans with decades of experience in architectural lighting. CEO Jack Zukerman — who was honored with a Lifetime Achievement Award from EdisonReport — is widely regarded as a leading visionary in the industry. He is probably best-known for his innovation of miniaturizing halogen accent and recessed lighting and offering it as a lighting platform for a broad array of industries and applications. Zukerman was also well ahead of his time as he embraced energy-saving technologies well before it was fashionable.



“Without the ability to track items across multiple bin locations, it was often a challenge to keep the warehouse tidy and well-organized. In my view, it was a bit of a mess.”

Eileen Cheng, CFO

softengine.com

PHONE 818.704.7000

FAX 818.884.3900

Softengine, Inc.
Warner Center Towers
21800 Oxnard Street
Suite 1060
Woodland Hills, CA 91367



Challenge

Inadequate MRP, production and inventory management

When LF Illumination commenced operations in 2013, the company employed a well-known entry- to mid-level software package that offered limited utility beyond its core accounting functionality. As they were soon to discover, this product lacked the functionality to address the inventory management and production requirements typical in a manufacturing environment.

For example, the program could not accommodate assignment of more than one bin location per item. Thus, when a bin ran out of space, inventory parts were piled up adjacent to it. As the LF Illumination CFO Eileen Cheng noted, "Without the ability to track items across multiple bin locations, it was often a challenge to keep the warehouse tidy and well-organized. It was a bit of a mess."

Realizing that its MRP system had only limited utility, LF Illumination at first tried to bridge the gap by hiring an outside consultant to perform numerous modifications, such as changing the bill of material (BOM) setup from a multi-level to a flat, single-level structure. These modifications were only minimally effective at addressing certain existing procurement issues and inadvertently created other inventory management issues. Thus, it became abundantly clear that a robust ERP solution with built-in MRP and extensive inventory management capabilities was required.

Solution

SAP Business One and Softengine offer a comprehensive, flexible and affordable solution



It didn't take long to identify a solution to their problems. The LF Illumination management team had previously worked with SAP ERP systems at other lighting companies and were unanimous in their confidence in the software. They contacted SAP to find a business partner who had considerable experience with manufacturers and who could expertly perform the implementation. SAP recommended Softengine, an SAP Business One Gold Partner.

SAP Business One contains sophisticated MRP functionality that enables LF Illumination to create reliable forecasts and BOMs and dramatically improve inventory tracking. Sources of data for the MRP function include BOMs, inventory data, input from scheduled production and purchase orders, and demand derived from sales orders. The MRP module offers three options (tabs): Forecasts, MRP Wizard and Order Recommendation. When you select the MRP Wizard, you can quickly create a new "scenario" or edit an existing one for planning and production purposes. Once you have completed all the steps, the wizard generates a list of recommendations for purchase orders and production orders.

SAP Business One's MRP functionality enables LF Illumination to more efficiently forecast and optimize our inventory levels in the warehouse. The LF team can look at consumption over a particular time frame and factor that information into future orders. The system provides historical usage and sales order-driven demand data, which helps determine the best time to place an order and how much to procure. Furthermore, it also helps LF make better logistics decisions by maximizing container space or by consolidating certain purchase orders as production demand changes.

Inventory management and valuation issues resolved



The days of hunting around for items in the warehouse are over with SAP Business One. The system enables staff to track components from receipt all the way to finished product. The ability to use multiple bins for items helped LF Illumination clean up and better organize its warehouse. LF can quickly locate inventory in the warehouse and resolve any discrepancies due to the software's built-in, real-time inventory tracking. This has been a huge relief for warehouse staff who frequently had to search for items before we installed our new system.

SAP Business One offers powerful inventory valuation capabilities and the software automatically values each goods movement and cost and price change, reducing the need for manual interaction and the associated human errors. LF Illumination employs the FIFO method and the system generates several Inventory Control reports, which staff can use to calculate the value of the entire warehouse inventory on a specific reporting date, as well as identify and assess slow-moving items.

"We're happy to say that Softengine has become a true partner with us as we move into the future. What more can you wish for?"

Eileen Cheng, CFO

Results

SAP Business One and Softengine shine a bright light on LF Illumination's future.



"SAP Business One has turned out to be a very cost-effective solution that gives us the transparency we were seeking into all of our business processes," asserted Cheng. "Plus, it's easy to customize so that it adapts to the way we do business. We no longer need a bunch of third-party add-ons to make the system work."

LF Illumination also added Softengine's Warehouse Management System (WMS) extension for SAP Business One, which further automated inventory and warehouse management.

"Right from the outset, Softengine employed a very systematic and organized approach," said Cheng. "They developed a schedule of deliverables that was very clear and well-conceived and they leaned on us a bit to adhere to that schedule. We needed lots of hand-holding, especially as we got closer to the conversion, and they were always there for us."