



## Newsletter Vol. 78 - Introduction

Softengine News is dedicated to keeping you up to date with the latest information regarding SAP Business One systems, Softengine solutions and Best Business Practices.

### What's New?

#### Spotlight on our Customer: Vine Connections – Another Softengine Success Story

##### SAP and Softengine Deliver Best-in-Class ERP Solution for Vine Connections

Vine Connections is the exclusive U.S. importer and representative of a dynamic portfolio of fine Argentine and Chilean wine and Japanese Ginjo sake. The company represents the largest portfolio of premium boutique Argentine and Chilean wineries in the U.S., with over 100 wines and 25 brands produced by some of South America's most highly regarded winemakers and viculturists. Vine Connections also represents 16 of the finest Japanese Ginjo sake breweries that produce some of the world's best artisan chilled sake. Based in Sausalito, California and founded in 1999, Vine Connections has been nationally recognized as one of the top importers in the U.S.

### Challenge

#### Tracking Costs a Taxing Proposition

Ryan Myers, Vine Connections' controller, has witnessed a dramatic transformation in the company's ability to track inventory and costs. When he first arrived at Vine Connections, Myers inherited a well-known entry-level accounting package that was inadequate for managing the company's inventory and accounting functions. "Our accounting software didn't offer the functionality or flexibility to project our cost of goods," said Myers. "We just didn't have the tools we needed to accurately track what we were paying for each item, so we had to resort to estimating costs, which were usually in the ballpark, but not up to the level of accuracy this business demands."

"Specifically, the software didn't provide user-definable fields, which are absolutely essential for us to track import taxes from customs," said Myers. "When you import wines from other countries, any bottles containing wine with over 14% alcohol are taxed at a much higher rate, sometimes five times higher than those below 14%. This is a critical demarcation point in our business as we strive to import as much under-14%-alcohol wine as possible to minimize the import tax consequences. Since the software did not contain

fields for cases of wine at the different alcohol percentage levels, we were forced to make estimates of how much of our inventory was taxed at the higher rates.”

Without the availability of user-definable fields, there were a host of other variables that couldn't be tracked through the software. 1) Import Taxes by Bottle Weight – Imported full wine bottles weigh from three to five pounds, with the heavier bottles taxed at a higher rate. They wanted to know how much more they were spending on wines in the heavier bottles. 2) Costs by Case Quantity – Cases consist of either 12-, 6- or 3-bottle quantities, and they wanted to track the associated costs for each case quantity. 3) Sales and Costs by Appellation – There were no fields in which to enter an appellation (e.g., Maipo or Mendoza) as part of a transaction, thus tracking of sales and costs by appellation was a very time-consuming and labor-intensive task.

## Solution

### Greater Visibility into Costs Uncorked – More Profits Pour Out

Myers and his colleagues had heard rave reviews about the SAP Business One ERP solution and about Softengine ([www.softengineusa.com](http://www.softengineusa.com)), an SAP Gold Partner whom they contacted to perform the implementation and provide additional support. The Softengine team studied Vine Connections' unique business practices and proceeded to align the SAP Business One solution to their precise requirements. Softengine recommended that Vine Connections augment the core SAP Business One system with a few add-on products to ensure that the system could deliver all of the functionality they desired. These add-ons included Valogix Inventory Planner, Core Systems – Coresuite Cube and Softengine's Mailer One extension.

Softengine performed a smooth implementation and provided extensive onsite training to ensure that Myers and his colleagues could optimize the value of the new system. “Now we can track every type of cost and perform in-depth analyses, which help us achieve greater profitability from sales and get the most value from our promotions,” said Myers. “We can see all of our sales and expenses by country of origin, by wine type and by sales rep. For example, if we want to know how much money our sales reps are spending on wine samples from Argentina, or sake samples from Japan, it takes only seconds to get that information. Armed with that data, we can determine if we are spending too much or not enough in promotions for each case.”

The Landed Costs function in SAP Business One's Purchasing – AP module has proved invaluable, especially in the calculation and estimation of import taxes. “The Landed Costs function enables us to accurately track every expense associated with a case from the time it leaves the country of origin until it arrives in the customer's hands,” said Myers. “We can monitor all the costs associated with bringing merchandise to our warehouse such as freight, trucking, insurance and shipping, which in turn allows us to distribute those costs throughout our inventory, thereby increasing its value. This means we know exactly how much the product costs us and what our profits are ... by the case, SKU, region or supplier. It's really fantastic!”

Softengine built a few custom queries into the system. One allows Myers to track how much money is spent on samples by the company's suppliers. “Softengine added a user-defined field where I can enter a date range, click a button and the system instantly generates a report in Excel detailing each transaction,” said Myers. “Thus, I can see how much was spent by distributor, country, salesperson, date, product or sales region. On the accounting side, Softengine customized a few financial reports (P&L and balance sheet) that enable us to

drill down in greater detail into individual invoices and transactions without having to back out and go into a different module to search for them. This enhancement has saved us considerable time.”

The Valogix Inventory Planner was added to the system to facilitate inventory tracking and prediction, which helps Vine Connections maintain optimal inventory levels. Softengine also integrated Coresuite’s Cube solution, which provides enhanced reporting and analysis capabilities at the push of a button. In addition, Softengine created a batch email system that eliminated the time-consuming chore of sending one invoice at a time, and enabled staff to wait until the end of the day to send all of the invoices to all of the intended recipients in the warehouse and in the accounting department – with just one press of a button. This enhancement has saved company personnel countless hours of time over the long haul.

## Results

### Vintage Performance and Service

Ryan Myers and his associates at Vine Connections have nothing but praise for the enhanced SAP Business One solution and the level of professionalism and service they have received from Softengine. “Over the years, I have used many ERP systems and nothing compares to SAP Business One,” claims Myers. “The total solution does everything we asked for and like a fine wine, it seems to get better with age. The system is totally reliable and never breaks down and that might account for the fact that we hardly ever need to call Softengine for support, except to request new enhancements. Now we know exactly what our costs are for each item, instead of having to make estimates and we can track our products by a multitude of criteria and get that information instantly. We are thrilled that we can track all of our landed costs for each case. That’s just incredible! Having immediate access to all the data we want has exponentially improved our decision-making.”

“Softengine has taken such good care of us since day one,” Myers added. “If we decide to incorporate new options, we know they will build them for us quickly and to our precise specs. They are a trusted partner and we feel secure in knowing they will be there with us for the long haul.”

For more information about SAP Business One and in-depth product cost analysis, please contact Barry Lederman: 818.704.7000, [blederman@softengineusa.com](mailto:blederman@softengineusa.com).

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