CHECKPOINT SYSTEMS
SAP® BUSINESS ONE ANCHORS BUSINESS NETWORK FOR WIDER MARKET PENETRATION

"With our network integration strategy enabled by SAP Business One, we increased sales, revenue, and market share."

Paul van der Mark, , IT Application Manager, Checkpoint Systems, Europe

QUICK FACTS

Company
- Name: Checkpoint Systems Inc.
- Headquarters: Thorofare, New Jersey
- Industry: Retail
- Products and services: Shrink management, merchandise visibility, apparel labeling solutions
- Revenue: US$772 million
- Employees: 5,785
- Web site: www.checkpointsystems.com
- Implementation partner: Internal team

Challenges and Opportunities
- Improve ability to compete for smaller accounts and manage price erosion more effectively
- Transform sales force into independent franchises

Objectives
- Create a unified business network linking headquarters and franchises
- Rapidly deploy solutions to integrate the business network

SAP® Solutions and Services
SAP® Business One application

Implementation Highlights
- Rapid – 23 franchises in 1 month
- Fast training, 1 to 2 days per franchise
- Minimal customization

Why SAP
- Checkpoint's previous success with the SAP ERP application
- Sales force familiarity with SAP software
- Low support costs of SAP Business One
- Business-network integration capability

Benefits
- Raised market share 5% to 7% in 1 year
- Increased sales and revenue
- Lowered administrative costs
- Refocused business around large accounts
- Regained competitiveness with smaller accounts
- Strengthened brand

Existing Environment
- SAP ERP application (headquarters)
- No IT support at franchises

Third-Party Integration
- Database: Oracle
- Hardware: HP
- Operating system: Microsoft Windows

Checkpoint

Checkpoint Systems Inc. did what a lot of companies do when faced with tough competition and price erosion – it outsourced. Only, it didn't go anywhere. Instead, the global leader in shrink management solutions off-loaded sales, turning a portion of its sales force into independent franchises to service smaller retail accounts across Germany. And it used the SAP® Business One application to launch the new franchises and network them to company headquarters.

Checkpoint deployed SAP Business One rapidly; the first 23 franchises were up and running in one month. The company trained the franchisees just as fast – one to two days per operation. The sales reps, now highly motivated and independent business owners, use the software to manage all their job-related processes. Working on laptops, they access the centrally hosted application from Checkpoint's site in Heppenheim, Germany. Their orders flow back to the SAP ERP application at Checkpoint, which ships directly to the franchisees' customers from a central warehouse for delivery in 24 to 48 hours.

Checkpoint got extraordinary results from leveraging SAP Business One and SAP ERP business software. In the first year alone, it increased market share by 5% to 7% by adding franchises and increasing sales force productivity. It lowered administrative costs by providing the sales team with automated tools for purchasing requests, order processing, sales reporting, and so on. It refocused the business around large accounts. It regained its competitiveness against smaller accounts. It can easily collect franchisee data to evaluate performance and get insight into trends and product opportunities. And it can now expand rapidly into new markets by quickly rolling out SAP Business One to new franchises.

"With our network integration strategy enabled by SAP Business One, we increased sales, revenue, and market share," says Paul van der Mark, IT application manager at Checkpoint Systems, Europe. "We also increased our exposure. More customers are visited by salespeople selling our products, and more potential customers see the solutions we are offering; we now cover every corner of Germany, instead of 70% to 80%. We can also respond more quickly to customer needs, which has helped strengthen the Checkpoint brand."

SAP Business One: An Easy Choice

Checkpoint Systems, based in Thorofare, New Jersey, is a global leader in shrink management, merchandise visibility, and apparel labeling solutions. The company partners with retailers and their suppliers to reduce shrink, improve shelf availability, and leverage real-time data to achieve operational excellence. Its solutions are built upon 40 years of RF technology expertise. Checkpoint offerings include diverse shrink management solutions, a broad portfolio of apparel labeling solutions, market-leading RFID applications, innovative high-theft solutions, and its Web-based Check-Net data management platform.

For Checkpoint, the decision to use SAP Business One was easy. "We were running SAP ERP successfully in our back office," says van der Mark. "And the sales force was familiar with SAP software. Also, we don't have a lot of programmers; we didn't want to interface to another solution and have to rely on outside support. With SAP Business One, a single internal IT person supports the application and the business network for 55 franchises – at a very low cost."

Checkpoint met all its rollout targets, deploying the software on time and within budget. "We were working with

a very knowledgeable internal team," van der Mark says. "We'd already identified our master data for customers and products. The key step was getting the data into SAP Business One."

Van der Mark says the training was straightforward as well. "It was not difficult for users to adopt SAP Business One. For example, a customer service manager who moved to the franchise organization had been working with SAP software for 25 years. He only had to learn one new application; this was not a big risk, and it really paid off."

Stronger Franchises

Using SAP Business One, the franchisees now have all the tools they need to run their businesses from order

"With SAP Business One, a single internal IT person supports the application and the business network for 55 franchises – at a very low cost."

Paul van der Mark, IT Application Manager, Checkpoint Systems, Europe

to cash. The software is linked with Microsoft Office and Lotus Notes for office productivity. "After Checkpoint ships product to the franchises, we invoice the franchisees, who invoice their own customers," van der Mark says. "The franchises do all the order tracking and tracing. But they don't have a big warehouse to maintain, so their costs are very low."

When it introduces new products, Checkpoint downloads updates across

the business network to SAP Business One users. The franchise owners also use SAP Business One for reporting. "We created some standard reports so they could look at revenue, top customers, sales by category and customer, and so forth," van der Mark says.

In all, Checkpoint has moved 100,000 smaller customers to its franchises. The franchises have a big team behind them – courtesy of the business-network integration strategy. "They get support from our line-of-business managers and the larger company," van der Mark says. "We help them with marketing and product launches. We also make sure their needs are met. For example, if they need a particular type of product to increase sales and fight against the competition, we make sure they get what

they ask for. That's good for Checkpoint. Our product management teams can't visit every store. But because the franchise salespeople visit so many small accounts, they get a lot of feedback."

No More "Box Breaking"

Checkpoint makes sure it uses that feedback to meet those customers' needs. For example, it recently modified its packaging to accommodate smaller quantities. Says van der Mark,

"A small drugstore may only want 5 rolls of labels; typically there are 36 rolls in a box. When we were only shipping centrally, we had to break the box and repack it. Picking and packing costs were too high. Now, the franchise salesperson – who often works out of the car – sells 5 rolls, and the customer is satisfied."

Checkpoint also "broke the box" of its business model. Now it has the best of both worlds – a central company focused on large accounts, and a network of smaller companies serving the "mom and pop" stores. This penetration across all retail segments allows Checkpoint to sell to everyone and expand the business.

With its network integration strategy supported by SAP Business One, franchises now have the flexibility they need while headquarters has the oversight it wants. Checkpoint also has the tools to enable better collaboration through process integration and knowledge dissemination. As a result, it makes better decisions, and it is more responsive businesswide.

"Checkpoint and the franchise partners have a good relationship, because everyone understands that if we help each other, we can all grow and be successful," van der Mark says. "We wanted to keep our smaller accounts satisfied. This was the end goal, and it was enabled by SAP Business One."

THE BEST-RUN BUSINESSES RUN SAP™

SAP