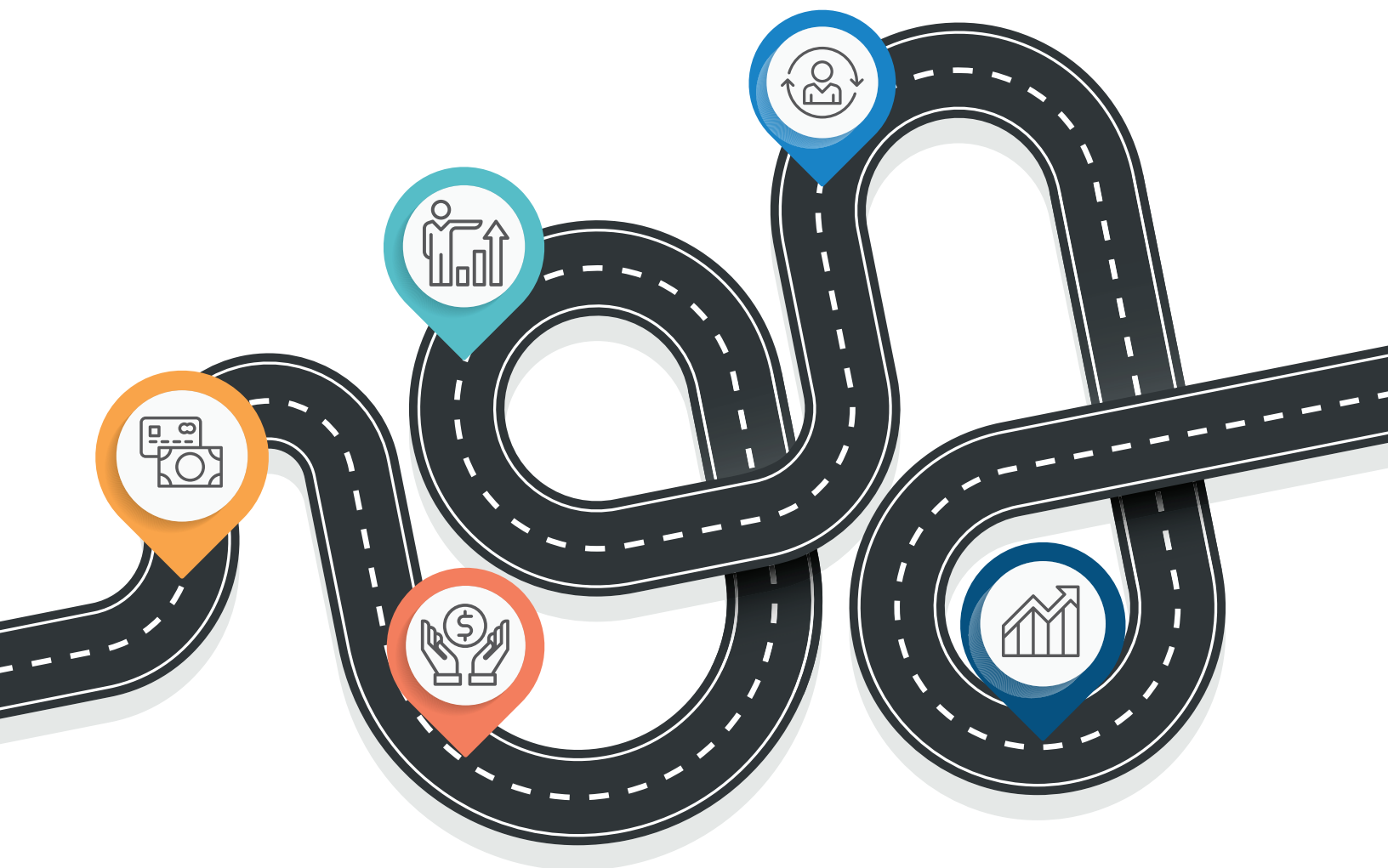


A man with grey hair and a beard, wearing a blue denim shirt, is leaning over a laptop in a warehouse setting. He has his hand to his chin in a thoughtful pose. The background shows tall metal shelving units filled with boxes. Overlaid on the right side of the image is a graphic of a winding road with yellow and white lines. Along this road are several circular icons: a magnifying glass, a group of people, a handshake, a factory, and a computer monitor with a bar chart. The title text is positioned in the upper right area of the image.

# Navigating the Road Through Disruption

A Distributor's Guide to Planning  
for the Changing Road Ahead

 **ddi**system



**Distributors are being presented with enormous opportunities to embrace technology**, and those that do are garnering tremendous success. With the alignment of a real need for efficiency, the ability to leverage technologies and harness existing capabilities to deploy these tools, wholesale distributors are poised to tap into tremendous growth. This guide will uncover 5 areas of disruption facing distributors in 2018 and provide practical solutions to navigate the road ahead.

# Navigating 5 Roadblocks to Success



01

## INVEST IN YOUR TECHNOLOGIES

Innovative technology trends such as artificial intelligence and machine learning, augmented reality, and the Internet of Things (IoT) are shaping the digital economy. The pace of change is staggering. In fact, researchers have predicted that in the next 10 years, 40% of the S&P 500 will no longer exist if they do not keep up with technology trends.

For those willing to embrace change, there is a hurdle — how to begin. Outdated systems, lack of wireless or mobile technology and disconnected information prevent distributors from truly understanding business challenges and the ability to strategize pro-actively.

Improving inventory control and the accuracy, relevance and immediacy of information within a business, enables distributors to make smarter, faster decisions and lays the ground work for future growth. For example, a strong inventory management system is foundational to a successful eCommerce platform. By investing a model to reduce manual input and introduce wireless warehouse technology, distributors can streamline operations and stay on a sustainable path forward.

In addition, distributors are tasked with re-imagining the road map to relevance by developing business models to pro-actively evolve before new digital competitors emerge. Leading distributors are doing this by reinventing and digitalizing businesses, cooperating with partners to achieve economies of scale and digitalizing engagement with customers. In a 2016 article "Distributor E-Commerce in B2B Markets: Quantifying and Reviewing Online Winners", research found that distributors who implored an e-commerce solution alongside an ERP software, sold on average, 3x more online than their competition.

Distributors, especially smaller and mid-market businesses, are encouraged to consider these initial investments when evaluating the journey to a quicker ROI and increased sales.







02

## EMBRACE NEW REVENUE SOURCES

Today's distributors have the opportunity to generate incremental value via effectively leveraging digital assets and applying information, analytics, and insights to critical business decisions and stakeholder interactions. Digitization is not only empowering distributors to make more informed decisions about what inventory to stock, how much, and where to store it, but what value proposition will resonate with each customer segment, what price to charge, which markets are growing, which segments value private label, which customers prefer F2F sales vs. self-service, and which customers offer the strongest growth potential.

Therefore, distributors are being tasked to reinvent themselves from a warehouse of products for serving demand, to information-centric companies that utilize new business models to gain a competitive advantage. Distributors providing value-added services, many of which have been free of charge are learning how to take these value-added services to the next level and use them to significantly increase revenue and bottom-line profitability.

One area we've seen this type of growth take place is in the adoption of eCommerce. With the rise of online ordering, the bar for modern online purchasing experiences has been raised by consumer-oriented eCommerce sites. A polished digital catalog, advanced search functionality, real-time stock and price, order status and a full featured service portal are the new normal.

*"For us, we want the next generation customer. We want the customer with tremendous growth potential. Those customers are hiring younger buyers and those younger buyers want eCommerce technology. Embracing eCommerce has given us a much larger footprint and has enabled us to compete with much larger companies."*

*– Todd Treacy, Atlantic Paper & Supply*



**The US B2B eCommerce market will reach \$1.2 trillion over the next five years**

Forrester Data B2B eCommerce Forecast, 2016 To 2021 (US)", Forrester Research, November 2016



03

## DELIVER EXCEPTIONAL CUSTOMER SERVICE 24/7

In today's marketplace, it's not enough to just satisfy an order— your customer relationships are being tested by a wave of innovation and digital disruption. Today's mobile applications incite your sales teams to be much more productive, serve customers with immediacy and authority, and streamline communications with the home office—resulting in more effective time with customers and increased sales.

Embracing mobile technologies empowers teams by delivering more value with real-time pricing, ordering, and quoting information at their fingertips. Distributors experience improved overall productivity from on-the-go completion of routine CRM tasks—such as creating a quote and email, updating opportunities, completing call reports, or even capturing a customer's signature at a delivery—without paper or delays and frustrating double entries.

60% of high performing sales teams use a mobile sales app today, driving teams to double sales performance. By delivering mobile technologies, distributors make it easier for customers to do business with a preferred source. Websites, text messages, and in-person interactions that deliver the exact products and services your customers need when they need them, continues to propel loyalty.

*"We know more about the customer than the customer knows about themselves. That component gives us the innovation we need to have — coupled with the perfection of running a day-to-day operation — that customers expect. It allows us to be much more productive for them."*

*- Jorge Salcedo, To Rise Supplies*



## 04

### EMPOWER YOUR WORKFORCE

Effectively managing the customer experience results in decreased price sensitivity, stronger repurchase rates and increased customer referrals. In order to deliver a great customer service experience, employees need to understand what customers want, be educated and empowered to respond, and be supported by the leadership and organizational structures around them.

To achieve a high-performing team morale, ensure that employees have the knowledge and information they require to successfully execute their job function. A Customer Relationship Management (CRM) acts as a central repository for storing and managing data, providing employees with a single point of reference that is easy to access and simple to navigate. Certain roles, such as customer service representatives, can benefit greatly from this functionality, as they are able to locate the information they need, immediately, to answer customer inquiries. Having access to information enables customer

service reps to upsell, offer product and service recommendations or take action on something that previously would have been impossible due to a lack of information.

By automating highly manual processes such as pricing, safety stock, or reorder points, employees are able to focus on customer-centric activities, which will help to improve loyalty and ultimately increase sales.

When it comes to user adoption of these new technologies and processes, training is critical. One of the greatest challenges that businesses face as they progress along their digital transformation journey is user adoption and a cultural mindset that must shift in order to make room for innovation. In order to deal with these challenges, some companies are creating innovation centers or forming innovation teams to understand and test new technologies and develop new solutions/services.



**A study of 500 digital transformation strategists and executives, revealed that one of the highest ranked benefits of digital transformation for organizations included a positive impact on employee morale, with "37% of respondents stating that, second to increased market share, employee engagement was the next big return."**

"The 2016 State of Digital Transformation", The Altemier Group

## Michigan Pipe & Valve Taps Into Inform ERP's Embedded CRM to Deliver the Ultimate Customer Service Experience

### Client Profile:

Michigan Pipe & Valve started in Jackson, MI in 1997 as a single-location. Today, the company operates 3 branches as a complete pipe and valve supplier and distributor for residential and commercial settings in the Michigan area. Michigan Pipe & Valve requires an ERP that not only maintains daily operations, inventory and cycle counts, but also continuously elevates customer engagement experiences by delivering outstanding customer service customers are accustomed to.

### Challenges/Goals:

- Provide superior customer service
- Manage 10,000+ parts in stock everyday
- Multi-location management

### Solutions Used:

At Michigan Pipe & Valve, customer satisfaction is the number one priority. Manufacturers and contractors trust MI Pipe & Valve to deliver all of their pipes, valves, fittings, fasteners, and more to job sites without delay. Since moving over to DDI System's Inform ERP from an Infor product, they've been able to deliver the customer service experience clients expect. *"Using Inform ERP allows everyone on the team to step into the role that's needed for the customer at the time,"* says General Manager Jeremy Richmond. *"If a yard guy is not loading trucks, he easily transitions to a salesman and works the front counter seamlessly — I don't have to hire somebody specifically for that,"* explains Richmond. Through Inform's embedded CRM, all users have the in-depth knowledge to feel confident with customer engagement opportunities. Client details and notes are right in front of you, guiding the user along the conversation path.





## USE SMART DATA TO PREDICT AND FORECAST

Predictive analytics has become essential for distributors to leverage the potential of their data to increase revenues, accelerate profits, lower costs and stay competitive. One of the most obvious reasons for the rise of ERP analytics and data processing is the new speed at which businesses can manage, track and understand their operations. With rich ERP data, businesses can access real-time information from a business-wide scale right down to individual customer transactions. By tapping into the data within an ERP, managers and executives can identify opportunities to meet and surpass their business expectations.

A well-designed ERP will provide the data that can be used to perform analytical operations allowing businesses to react to trends in real

time and predict future demand patterns based on long-term patterns. Imagine being able to tell your customers which products they will need and when they will need them, well before they are even aware of a potential shortage?

Real-time ERP analytics and data processing isn't just a luxury reserved for the big multi-national companies with billions of dollars to pour into their software budget anymore. Now, the capability to gather and report of thousands of different business factors is becoming standard in many different kinds of ERP modules and packages and affordable for even small, emerging enterprises.

*"One of our top customers requires a monthly purchase report by department prior to payment submission. We have designed a custom report exclusively for them using our ERP software and Advanced Report Writer tool set. We seamlessly generate the report within moments each month, email this information along with the invoice to the customer and the entire process is done within minutes."*

*- Jamie Pruitt, Tarheel Paper*





## WHAT CAN YOU DO TO AVOID THE CHALLENGES?

Distributors of the future will also understand that engaging customers can't be limited to updated eCommerce and a re-imagined customer facing organization. Growth requires executing the value chain. This means applying analytics, process improvement and technology to inventory, logistics, pricing, rebates and network optimization to drive efficiencies and free capital that can be invested in other innovative technologies and software that drives operations.

Companies that embrace the digital world and execute on a digital strategy grow value faster than their peers. The nature of the digital framework forces participants to synchronize and collaborate to deliver quality products at a fair price, at the exact moment the customer needs them, with the value-added services they expect. Wholesale distributors are focusing on the business segments that allow market leadership and differentiation. They are able to understand which tasks are better allocated to a partner in their network and are able to continuously adapt to changing market conditions.

## CHOOSE AN ERP PROVIDER TO HELP YOU NAVIGATE THE ROAD AHEAD

Technology implementations are no longer an opportunity to change your systems, but an opportunity to transform your business with streamlined processes, centralize back-office functions, enable new service offerings, and better understand business profitability. Simply put, the days of a technology-focused ERP implementation have passed, and ERPs are now the drivers of digital transformation.

## INFORM ERP ACCELERATES GROWTH FOR WHOLESALE DISTRIBUTORS

With a focus on best practices and customer engagement, Inform ERP is a different, collaborative, and market-aware distribution software. Seamlessly coordinate daily operations and business intelligence with CRM, eCommerce and mobility. Inform serves the new breed of empowered customers in an ever-changing market.

Learn more at [DDISystem.com](http://DDISystem.com)



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About DDI System: DDI System's Inform ERP distribution management software is the high performance, industry-specific ERP solution for wholesale distributors. DDI has a 20-year history of innovation and success, helping wholesalers achieve long-term growth.

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