

ESI Enterprises Case Study





Consumer Electronics Distributor Automates Processes and Improves Worker Productivity with Microsoft Dynamics AX

Customer Profile

ESI Enterprises is a major distributor and contract manufacturer of consumer electronic products for retailers in North America, Canada, and Mexico. Sourcing products from around the globe, ESI Enterprises works closely with customers to provide consumer durable products at low prices.

INDUSTRY

Consumer Electronics Distributor

LOCATION

United States

“Retail is a very tough, margin-tight business, especially with the wide variety of products and information available to the consumer today. Our customers need upto-date and accurate information on all aspects of their supply chain, at all times. Microsoft Dynamics AX gives us the tools we need to provide any information needed by the customer in a timely way.”

Gary Godman, Vice President Information Technology and Services, ESI Enterprises.

ESI Enterprises contract manufactures and distributes consumer electronic products to retailers in North America, Canada and Mexico, and provides repair facilities for products for which the company is the manufacturer of record. With the growth of ecommerce as a retail channel in the last several years, the company also provides drop-ship services to some of its customers, delivering crucial back-end shipping, tracking, and delivery assistance. However, with a previously outdated ERP software solution managing the company’s inventory data and financial processes, ESI Enterprises suffered from a system that could not interface with new technology, resulting in time-consuming manual processes that hindered worker efficiency and prevented a clear overview of company information. With the data automation functionality and flexible technology platform provided by Microsoft Dynamics AX, ESI Enterprises benefited from consolidation of financial analysis and reporting data; reduction in time needed to perform crucial sales and order processes; and in-depth visibility into all stages of a customer’s supply chain.

CHALLENGE

A major distributor and contract manufacturer serving North America, Canada, and Mexico, ESI Enterprises works closely with customers to provide consumer durable products at low prices, with an emphasis placed on offering branded consumer electronics, appliances, housewares, sporting goods, toys and other general merchandise. The company actively seeks opportunities to purchase a variety of

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consumer products from a variety of sources, and using a skilled team of buyers with global connections, ESI Enterprises frequently seeks out specific products desired by clients.

But although the retail environment was continually evolving, ESI Enterprises' ERP system was not. As a result, the ESI Enterprises team was not able to keep pace with new technology developments. Using a software system that was originally written in the 1980s by a company that was no longer in the ERP market space, ESI Enterprises relied on an internal team of software developers who would work with individuals on specific needs as they developed. “Every requirement had to be created in-house,” said Gary Godman, vice president information technology and services of ESI Enterprises. “We did not benefit from any innovation developed industry-wide unless we researched and implemented it in-house. Development cycle time was unpredictable.”

Another difficulty caused by this archaic and extensively customized software system was its inability to interface with users' computers. Users had to run the green screen, terminal-based main system in addition to their PCs, meaning that data that was needed outside the environment of the main system required a developer to write custom dump programs to text files.

Finding developers was another issue since ESI Enterprises' platform ran on a proprietary development language that was not being taught in schools. “Everybody had to be trained from scratch on everything they needed to know in the system,” said Godman. “So if someone needed in-depth knowledge on how something in the system worked, that training could take weeks or even months.”

SOLUTION

After evaluating systems from JD Edwards, Oracle, and SAP, ESI Enterprises found that Microsoft Dynamics AX's platform flexibility would provide a solid, adaptable foundation for growing with the company's business development. “We liked the flexibility of the development environment of Microsoft Dynamics AX, as well as its ability to let users customize its look and feel,” said Godman.

Taking advantage of the flexibility of Microsoft Dynamics AX technology, ESI Enterprises modified functionality within the system to meet the company's unique business requirements – specifically, Customer Service and Returns Processing. With Customer Service, when ESI Enterprises contracts with original equipment manufacturers (OEMs) for products or when it's serving as an agent for different companies, ESI Enterprises is responsible for managing all different aspects of the



“With Microsoft Dynamics AX, distributors gain a comprehensive, scalable solution that provides real-time connectivity across the company, as well as the tools for sustaining and growing business in different channels

Sandeep Walia, Executive Vice President, Hitachi Solutions America, Ltd.

project – from parts, service, etc. The company tailored Microsoft Dynamics AX to track and manage each of these projects – keeping all information on inventory, service, contracts with service centers, orders for parts, and other customer-related data in one centralized database.

With Returns Processes, because ESI Enterprises has different return rules for different customers, the company adapted the sales order return functionality in the Microsoft Dynamics AX system and put it in a separate module so that the company could check the return trade agreements it has in place for the client. With this access to return trade agreements, the company can quickly access information such as if only certain returns are allowed for that customer, if only a percentage of returns are allowed, the number of returns are allowed, etc.

Another advantage of using Microsoft Dynamics AX is the functionality it offers in regards to pricing, particularly price protection. With Microsoft Dynamics AX, ESI Enterprises is able to track fluctuations of market prices for products, which in turn gives the company the ability to determine what the return price should be for a product.

BENEFITS

By creating a system that made inventory management, warehouse and delivery information, and financial data transparent and instantly accessible by system users, ESI Enterprises benefits from greater visibility of crucial business processes and the ability to strategize more effectively.

Enhanced Quality of Financial Data

With the comprehensive financial analysis and reporting capabilities of Microsoft Dynamics AX, ESI Enterprises’ team gains a consolidated overview of data that enables them to more effectively evaluate the financial health of the organization. With analysis services, reporting services, KPIs, Management Reporter, Excel, and the system’s seamless integration with many third party tools, the quality of analysis that the ESI Enterprises finance department delivers has improved with the increased visibility and greater data access.

“Microsoft Dynamics AX allows such good access to data, and so many ways to access that data, that the difference between our old system and Microsoft Dynamics AX is like night and day; you just can’t compare it,” said Godman. “We close in 20 days every month and have done so since we implemented the system, which was not always the case with our previous software.”

WHY HITACHI SOLUTIONS?

Hitachi Solutions is one of the largest, most qualified and highly experienced Microsoft Dynamics consulting firms across the globe, capable of handling complex tier-one displacement projects. Our company's caliber of expertise and commitment to customers is evidenced through our consistent recognition from both Microsoft and industry analysts. Contact a Hitachi Solutions expert to discuss how our Microsoft Dynamics Solutions can help improve your productivity.

Automated Processes Result in Improved Worker Productivity

The automation of previously manual sales order, warehouse, and delivery logistics operations resulted in a significant reduction in the amount of time needed to complete necessary tasks, as well as a greater ability to serve customers' changing needs. "Sales orders and invoices are the lifeblood of any sales organization; Microsoft Dynamics AX gives us the flexibility to modify our sales orders to match our needs at any time," said Godman. "It is an evolving process, as new customers are added to the list and customer requirements change. Microsoft Dynamics AX gives us the flexibility to meet any requirement."

For example, Microsoft Dynamics AX automatically pulls picking locations in a warehouse, and sends the picking list to the warehouse so that the warehouse team can ship the specified items. Invoicing is also automated so that once the company receives data from the warehouse for a particular shipment, the invoice is batch run at night. "What used to be a five or six step manual process is now completely automated," said Godman. "We do much more business with far fewer worker hours than was the case with the old system. The ability to customize and automate to the greatest extent possible within our business process has made ESI a leaner and stronger organization."

Flexible Platform that Supports Increased Order Volume

With the constantly changing nature of the retail industry, ESI Enterprises has seen significant shifts in how drop shipment is conducted – specifically with the increase of orders. "I would say my transaction volume has gone up 30% a year for the past five years, and a lot of that has to do with the way the business is changing," said Godman. "Where before I would get one order for 10,000 pieces, now I get 10,000 orders for 10,000 pieces. So the processing requirements and the ability to handle much larger order volumes have been critical."

With Microsoft Dynamics AX, ESI Enterprises is able to handle the greater volume of transactions each year by effectively managing all aspects of a customer's warehouse and delivery conditions and requirements. With different customers on different routing rules, delivery specifications, labeling requirements, shipment rules, etc., Microsoft Dynamics AX provided ESI Enterprises with a comprehensive system for fulfilling each customer's specific business needs.

With the platform's flexibility, Microsoft Dynamics AX also presents a system that can scale up with the company's drop shipment growth and development. "I would say that drop shipment is probably currently 15% of our business, but in order terms, it's huge – and I don't see it getting any smaller," said Godman. "I see eventually 30% to 40% of my business being drop-ship business to individual customers."