



## IT distributor strengthens its market position thanks to modern ERP system

**With an extensive portfolio of network and telecommunication technology, established own brands, high readiness to deliver and extensive service, Digital Data Communications (DDC) has become a market leader. The company, located in Dortmund, relies on the ERP system of the Karlsruhe system provider ABAS AG and the know-how of the IT system vendor SteinhilberSchwehr to organize their trading operations.**

In hardly any other sector of industry is there as much fluctuation in the market as in the IT trade. Companies that have survived 15 years in this market and have experienced the ups and downs know what they are talking about. Gerhard Schleiken, managing director of Digital Data Communications GmbH (DDC) and his partner Rüdiger Riedl have not only established the company since 1991, but have also made it one of the most successful providers in the market. In the mid-90's the company from Dortmund specialized in the distribution of active and passive network components as well as the sales and distribution of wiring and connection systems for the information technology. People that are nowadays dealing with networks and hardware for communication technology can hardly avoid DDC. The portfolio which comprises almost 2,300 products, ranges from small parts to large switchgear cabinets. DDC does not only distribute foreign brands but in the past few years has successfully developed its own brands such as LevelOne or equip. Since 1996 the company which is certified according to ISO 9001 has been active around the world with several subsidiaries and branches. Exclusively commercial customers include wholesalers and specialized trade as well as system vendors from the IT/TC sector.

The challenges for distributors in this sector of industry are manifold since customers demand high quality at low prices, short delivery times and extensive support.

For years DDC has been represented in Taiwan with a subsidiary which operates as a distribution center since almost all products of this sector are manufactured in the Asian region. Complex purchasing, delivery and sales processes do not only make an extensive business software necessary for a distributor like DDY, but it forms also the basis for all business processes.

“Since our customer base consists of specialist dealers and system vendors, we have to react flexibly to many wishes and demands. This can be for example the direct delivery to the end customer of a system vendor. Packing slips, invoices and sometimes returns all have to be depicted in our IT solution and the respective papers must be assigned in a reliable manner. This can even mean that many of the DDC customers do not have their own warehouses anymore,” says managing director Schleiken. A logistical challenge for the company from Dortmund is the cross continental trade or transport of goods. If shipments are ready in Taiwan, they will be sent on their long way in bundles.





Not only the costs are decisive, i.e. whether the goods are sent by air or ship, but also when they are needed in Europe. After all, the transports by ship are on average en route for 30 days. „It can happen that unforeseen events delay the transports. We also have to be able to react in cases like these. This means we have to change our arrangements. We then have to depend on reliable information from the ERP system and we have to be able to flexibly change the orders,“ explains Schleiken. The reasons for the introduction of a comprehensive ERP trade solution at DDC were manifold, but the isolated solutions that were so far used prohibited a further expansion of the company.

### Departure from DOS

Until the beginning of 2002, isolated solutions based on DOS were being used. These were able to cover some areas but were not continuous and simply outdated. „In 2000 we had decided to replace the old programs. Instead of using a comprehensive solution in the past years we had worked with a conglomeration of Excel



spreadsheets. Due to the high demands on the warehouse logistic we had to have a modern ERP system,“ remembers the managing director. With

approximately 2,300 products and a constant flow of

goods, the responsible employees always had to spend a lot of time finding and shipping the goods. The new trade solution was not only to replace the intricate procedures but – together with the process reorganization – was to enable the distributor to grow even further within the scope of the existing personnel and to invest into the future. The ERP system had to be flexible for individual adjustments and also had to cover as many of the required functionalities in the standard as possible to keep the costs of acquisition in line with the budget. A competent partner for the implementation, the continuing support of the system as well as the investment security for the giant project was also important for DDC. DDC could not afford to make a mistake.

For lack of time and due to tight personnel resources, an external IT consultant was hired in 2001 to preselect ERP systems which were suitable for a trade company.

A requirement specification was also to be made according to DDCs specifications. Experienced employees from various business areas expressed the requirements the new ERP system had to fulfil. „Already at that time we began to realize that a new software would bring changes in our processes. We only had to grasp the possibility to optimize our processes,“ emphasizes Schleiken. However, this had to take place without affecting the business processes.

Ten providers, i.e. Bäurer, Axapta, J.D. Edwards, SAP and ABAS were checked on the basis of their performance features and the prices of their software as well as available information about market position and stability. Three applicants were then shortlisted. „We invited the three best ones to do a presentation with the people responsible for the project and then to a two-day workshop with our key users“, says Schleiken. At this time first concrete conceptual formulations were discussed which had to be solved when the ERP system was implemented.

Very early on their favorite combination became apparent : the IT system provider SteinhilberSchwehr and abas Business Software. The group of companies which is represented in Germany, Switzerland and Austria is specialized on IT solutions for medium-sized businesses and provides a comprehensive IT service portfolio for production and trade companies which also comprises an elaborate implementation management using “computer complete”. Another advantage: one of the locations (Mettmann) is not far from Dortmund.

„We liked the fact that the people from SteinhilberSchwehr did not only have a modern ERP system which could easily be adapted but that they were also able to understand our problems and our business because they were listening attentively,“ remembers the DDC managing director. The software provider, ABAS AG from Karlsruhe, had already been actively on the market for 15 years, had been established internationally and could, at that time, not provide many but very convincing references in the trade area.



## User Report

### Trade



The people responsible for the project and the key users clearly decided for this provider duo. The project was started in the second half of 2000.

#### Project start

Due to the many process changes and adjustments to special DDC conditions the runtime of the project was set to twelve months. "Everything had to be converted and function flawlessly by the time of the following Go Live," emphasizes Schleiken.

Especially in the areas purchasing and sales as well as warehouse and shipping many things had to be reconsidered, optimized and adjusted to the abas Business Software. "Intensive reworking was e.g. required in the RMA department with repair and warranty processing or returns – in the processes as well as the software adjustments," explains Schleiken. A profitable investment, since a central customer service was established in the central office which can also be used by international customers. Here, the multilingualism of abas



Business Software proves its values.

All modules of the trade solution, such as warehouse management, materials management and warehousing, scheduling, sales/sales order processing/shipping, purchasing/purchase order processing as well as accounting and controlling were introduced at DDC. Each of the 55 employees is now able to access the ERP system. Suse Enterprise Linux is used as server operating system. Moreover, new server of the Fujitsu-Siemens Primergy series were installed.

#### Precisely tailored

Individual adjustments in the various business areas show how flexibly the abas Business Software can be tailored and which features the ERP experts from SteinhilberSchwehr had to program. An extensive tool was created for purchasing which is of central importance due to the commercial activity. A reliable planning is even possible for transport periods of three and six months and the processor can view all relevant data.

In addition, a list with all available products of the supplier can be viewed, if necessary. Information about fixed or planned delivery dates, which are also relevant for sales, are stored as well.

Since purchasing does not only order based on purchase orders, but also has to rely on experience, a purchase history of the past three years as well as forecast quantities are available by the click of a button. By means of these forecasts, DDC tries to accommodate the perfect order quantities with the estimated transport times and the most cost-efficient mode of transport. The various entries of forecast quantities and order quantities are to protect DDC from wrong orders and empty warehouse shelves.

A special availability calculation has proven itself for sales. After having entered the purchase order quantity, the earliest possible delivery date will be indicated by it. At the same time the profit margin which results from the agreed upon conditions as well as the supplementary costs will be calculated. Telephone sales is a special feature at DDC. A temporary reservation of the indicated product is made for the seller when the process is entered and at the same time the item is locked for others. These entries are also displayed in a "plan chart" which can be accessed by every employee.

#### Focal point warehouse management

Special functions were also created for the shipping department: the infosystem „Control center“ gives the employees access to all necessary information. These are for example the available stocks which can be distributed to shipments. Is allocation is generally carried out if a large delivery of goods has arrived at DDC, has been stored and checked. Only shipments that are past-due or that lie within the next 14 days make it into the allocation or the control center. The sequence of the allocation is determined via the sequence of the sales entry. Thus, it is guaranteed that the dates which were calculated during the availability calculation will be taken into account again.



## User Report

### Trade



Commissioning, which is also linked to the control center and uses radio scanners, is also a part of the shipment processing. To do so the commissioning documents are created using which the prepackaging takes place via radio scanner. The radio scanners exchange data with the abas Business Software using a special interface. Proper stock management can thus be ensured. The creation of packing slips, determination of shipping and handling and the invoice creation takes place subsequently. To do so the ERP system communicates with a shipping system which determines weight and freight charges via an interface. A respective packaging label is then generated in the external shipping system.

#### 24 hour availability

A special feature, the active DDC Webshop, which is available to all customers and is based on the abas Business Software can be used since September 2004. This module makes the introduction to eBusiness easier for abas users.

In the Webshop it is not only possible to view all products 24/7. The individual terms as well as the current delivery availability are recorded for all registered customers (currently about 350). All the data necessary are available in the ERP and are displayed in the Webshop in realtime. In the near future this service will also be available for international customers in their respective languages. The disadvantages of different time zones will thus become unimportant.

#### ROI in sight

All installations, individual adjustments and the data transfer were completed by the middle of 2002 and extensive test runs could be started. The successful „Go Live“ took place on July 1st 2002. The planned runtime of the project had in fact been exceeded a little, but a trouble-free start was more important to the managing director than the exact date. „We had known from the beginning that a large project does not run without problems. However, the decisive thing is that the dangerous obstacles have to be overcome and that one can reach the goal fast,“ says Schleiken.

The return on investment is already in sight: “Even if the ERP implementation was a real show of strength, which cost us considerably, the advantages still prevail.

Many time-consuming processes were automated with the software and the number of employees and thus the fixed costs in the administration remained constant despite a considerable increase in turnover. The ROI which we had in mind was calculable and really occurred,” says the DDC managing director. This is also confirmed by the current business numbers which abas Business Software provides to the management.

#### Digital Data Communications GmbH, Dortmund (Germany)

Digital Data Communications GmbH (DDC) was founded in 1991 and is a special distributor for network and communication technology. Products of well-known European manufacturers are offered in addition to their own brands LevelOne and equip. The sales and distribution structure is based on specialized trade and about 3,000 specialist dealers and system vendors are supplied by the head office at the Dortmund airport. In 2004 the company employed 55 people and made a turnover of 24 million Euros.

DDC has continuously expanded its worldwide distribution network – currently the network specialist employs about 200 people in ten locations in Europe. Further branches in Eastern Europe and Great Britain are planned in order to expand the distribution and service network. Competitive advantages of DDC are value added factors such as penetrating transparency, technical support, product innovation (e.g. VoIP) and a high availability of goods. The modern logistic center at the Dortmund airport enables a fast supply of the European customers.

A comfortable online order system is available to the trade, and the emphasis at the same time is placed on the optimum availability by phone. In a time in which demands on products and services are increasing and life cycles of products are decreasing dramatically, these “soft” sales and distribution structures will gain more importance in the future. The IT distributor responds to this with a continuing increase and intensification of its services. The cooperation with the distribution and production center in Taipei/Taiwan which belongs to the DDC group makes it possible to have the perfect product management for the European market and at the same time a direct connection to important manufacturers of the IT sector. “We connect worlds” is the motto of Digital Data Communications and represents the worldwide key to success of the German/Taiwanese group of companies.