



Microsoft Dynamics Customer Solution Case Study



Distributor Automates and Streamlines Operations, Achieves Full ROI in Six Months

Overview

Country or Region: United States

Industry: Wholesale and distribution—
Durable goods merchant wholesalers

Customer Profile

Winncom Technologies distributes networking solutions, which are available through 8,000 resellers. The company has 200 employees and annual revenue of U.S.\$70 million.

Business Situation

Following rapid growth, Winncom's existing Sage MAS 90 system struggled to scale. The system could not automate order processing and track vendor rebates, forcing Winncom to perform manual processes, which only became more complex with growth.

Solution

Winncom deployed Microsoft Dynamics® GP and a range of solutions, including Microsoft Dynamics CRM, to build an end-to-end distribution system that provides real-time insight into operations.

Benefits

- Achieve a full ROI in six months
- Improve customer service, drive sales
- Automate and streamline common tasks, reduce errors, and save time
- Improve financial management, gain real-time insight into operations

“The cost of customizing Sage MAS 90 to only add incremental changes would be the same as implementing Microsoft Dynamics GP, which delivers more functionality out of the box.”

Vladimir Fedorov, Director of Finance, Winncom

Winncom Technologies has 200 employees and distributes networking solutions worldwide. From 2000 to 2006, the company's revenue grew from U.S.\$30 million to U.S.\$64 million. With growth, however, Winncom's Sage MAS 90 system struggled to scale. Because order processing was largely manual, Winncom sometimes could not offer same-day shipping and lacked real-time insight into sales. To accommodate growth, Winncom deployed Microsoft Dynamics® GP. Taking advantage of the extensibility of the system, Winncom also deployed Microsoft Dynamics CRM and select third-party add-ons to create a fully automated, end-to-end distribution system. By reducing expenses, increasing productivity, and driving new sales, Winncom estimates it achieved a full ROI in six months. Winncom has also reduced order errors from 15–20 percent to only 0.0001 percent and dramatically decreased order-processing time.



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Situation

Winncom Technologies is a worldwide distributor of wireless networking and voice and data solutions. The company has 200 employees and eight regional offices, three of which are distribution centers. Winncom has over 8,000 resellers, serving more than 90 markets worldwide.

From 2000 to 2006, Winncom’s annual revenue grew from U.S.\$30 million to U.S.\$64 million. During this time, Winncom began to take on larger accounts, placing greater demands on its accounting and business management applications and personnel. For example, one major account drove more than U.S.\$54 million in revenue over three years, requiring Winncom to bill on percent completion and adhere to generally accepted accounting principles. Winncom’s existing Sage MAS 90 system, however, did not support either of these requirements.

“As our business grew, the requirements from management became more complex,” says Vladimir Fedorov, Director of Finance at Winncom. “We became increasingly more dependent on our software and systems.”

Stemming from its technical limitations, the Sage MAS 90 system posed other challenges as well. For example, order processing and approval at Winncom has traditionally been a largely manual process handled outside the system—a process that struggled to scale with increasing sales volume. An employee in scheduling would print out a scheduled order from Sage MAS 90 and walk the order to the credit manager’s office. The credit manager would then review the client account and sign off on hard copy, approving the order for shipment. However, Winncom could not track why a credit manager signed off on an order, making internal audits difficult and reliant on memory. Although order processing could go smoothly, many orders took from 25 minutes to 2 hours to complete. As a result, Winncom

sometimes could not offer same-day shipping.

In addition, Sage MAS 90 lacked functionality for managing vendor contracts and rebates. At the end of the day, Winncom would process the day’s orders in batch, and then accounting staff would export the sales data and manually verify each sale for rebate eligibility, apply the rebate, and calculate gross profits—an error-prone, repetitious process. Winncom would then claim the manufacturers’ rebates at the end of the month. Says Fedorov, “It could take upwards of a full day to create a sales report of yesterday’s sales.” When sales volume was low, Fedorov managed the rebate process on his own, but to accommodate growth, the company hired an additional employee solely to verify and apply rebates. When Winncom claimed rebates, it saw errors across 15–20 percent of orders due to human error in data entry. Customers would receive the right equipment, the right rebate, and pay the right amount of money, but in many cases, Winncom would need to reduce the cost of goods sold by sending in a claim to the manufacturer.

Because accounting personnel applied rebates after processing orders, Winncom also often recorded a sale as a loss. As a result, the company had no real-time visibility into cash flow. “We couldn’t see how much money we made in real time or what our margins were until the end of the month,” says Fedorov. “We were only monitoring revenue, so we couldn’t see our gross profit at any moment in time. We didn’t know if we needed to increase margins or sell below cost. It became a bit of an out-of-control situation.”

As Winncom grew, so did the number of people who needed access to key business information, creating further issues of scale. Sage MAS 90 only supported 15 concurrent

users, but more than 20 people were in the system at any given time. “We had a database failure every day,” says Fedorov. “We would have to retrieve a backup and then make changes to the data because not all the information was updated.”

And even when it was working, the proprietary database that Sage MAS 90 used made it difficult for executives to query the system or retrieve critical business information. Often, the only way to run a custom report was to reach out to a Sage partner to have it created.

Solution

To support its growth and meet the more stringent business requirements, Winncom understood that it could either customize its existing Sage MAS 90 system or implement a new enterprise resource planning system. Winncom compared the costs and outcomes of customizing the existing system to those of deploying a new system: either Sage MAS 200, which would accommodate additional users but not address underlying technical and functionality issues that were holding Winncom back, or Microsoft Dynamics® GP, which offered superior scalability and more robust functionality.

After a thorough evaluation, the company decided on Microsoft Dynamics GP, citing its proven, scalable platform and lower total cost of ownership as the primary drivers for the decision. “Microsoft Dynamics GP is built on a SQL database, whereas both Sage MAS 90 and 200 run on a proprietary database,” explains Fedorov. “We decided that we would go with a more reliable and more widely used solution.” In addition, the long-term costs associated with maintaining and upgrading the Sage MAS 90 system played a critical role in the decision. “The cost of customizing Sage MAS 90 to only add incremental changes would be the same as implementing Microsoft Dynamics GP, which delivers more

functionality out of the box,” he adds. “From an investment perspective, we would rather invest in something more reliable and with more features. The risk of customizing Sage MAS 90 was that it made us reliant on consultants, and if there were any updates to the system, there was no guarantee that our customizations would continue to work.”

System Overview

With the help of Microsoft® Gold Certified Partner BCG Systems, Winncom deployed Microsoft Dynamics GP to handle core business functions, including order processing, project accounting and finances, vendor rebates, and warehouse and inventory management. To provide easy access to key business information to employees across Winncom’s domestic and international locations, the company also deployed Business Portal for Microsoft Dynamics GP. Business Portal provides Web-based dashboards that include reports, key performance indicators, tasks, and other information direct from Microsoft Dynamics GP. Winncom has 22 concurrent users of Microsoft Dynamics GP and 15 users of Business Portal.

Role Centers in Microsoft Dynamics GP provide a dashboard that includes all the information and functionality a specific Winncom employee needs based on his or her role. “With my Role Center, I can see gross profits from the last 12 months in a graphical format. And, I can see which customers have gone over their credit limits and which payments are due today and in a few months time so that I can better manage cash flow,” explains Fedorov. “For collection managers, the Role Center provides all the day’s tasks, such as who to call to follow-up on a promise of payment.”

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Vladimir Fedorov, Director of Finance,
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Order-Processing Automation And Approval

Winncom made the decision to also deploy Microsoft Dynamics CRM at the same time it deployed Microsoft Dynamics GP. Now, Winncom sales staff create leads and quotes in Microsoft Dynamics CRM. When the deal is final and the price is confirmed, the quote is converted into a sales order. Through a small custom integration, the sales order is then posted automatically to Microsoft Dynamics GP. “The number of reports generated by Microsoft Dynamics CRM, such as activities, sales pipeline, and closed opportunities, became one of my most effective tools for managing our sales team. Now, we are able to make more educated decisions about stocking levels based on sales pipeline, which, in turn, reduces the cost of ownership of our inventory quite substantially,” says Edward Gurary, Vice President of Winncom.

Rebates, which previously posed problematic issues for accounting staff, are managed through the Vendor Rebate Module in Microsoft Dynamics GP and automatically associated to each line item in the sales order. A custom workflow sends the order and associated rebates for approval, and then forwards them to a credit manager for a credit check. Employees receive notifications and can approve orders in Microsoft Office Outlook®, through Business Portal, or by working directly in Microsoft Dynamics GP. When approving or rejecting an item, employees can also record related notes in the system, helping Winncom maintain customer and order histories, and better perform internal audits.

Warehouse Management, Inventory, And Shipping

To further automate core business processes, Winncom plans to integrate warehouse barcode scanning to capture real-time inventory information, posting item type and quantity to Microsoft Dynamics GP, and

updating cycle counts. “If we have a product that a competitor doesn’t have, we win the deal,” says Fedorov. “To help us increase inventory turnover and be competitive, it is important that we post items into the system as soon as they arrive in our warehouse. Microsoft Dynamics GP helps us do this very well.”

The company has also deployed vSync vShip, an add-on to Microsoft Dynamics GP, which automates shipping processes. Says Fedorov, “We can track boxes, what items were in the boxes, and tracking numbers. And if the item is lost, we can submit a claim and quickly determine the value of what was in the boxes, eliminating the need for the customer to go through the boxes to find out what was in them.”

Benefits

Winncom now has a system in place that meets the challenges posed by the company’s rapid growth. By automating and streamlining processes across the company—from sales to shipping—Winncom has driven efficiency and productivity, reduced errors, and enhanced insight into its operations.

“When we implemented Microsoft Dynamics GP and Microsoft Dynamics CRM, we changed the culture of our company,” says Fedorov. “The system brought a contemporary feeling and responsibilities to our company that make us much more competitive in this market. Our competitors are companies 10 times larger than we are, and we can still compete with them.”

Achieve a Full ROI in Six Months

Winncom estimates that it has achieved a full return on investment (ROI) in as few as six months. This ROI comes from increased sales, reduced expenses due to manual processes and human error, reduced monthly operating expenses due to introduced budgeting system and real-time track of

expenses incurred month-to-date, and an overall improvement in operations. "It was a very good investment," says Fedorov. Included in this savings is a U.S.\$150,000 reduction in payroll each year.

Improve Customer Service, Drive Sales

By automating the rebate process, Winncom can now provide real-time status updates to manufacturers. Fedorov explains this significance: "When the manufacturers see that a lot of rebates are coming through, they give us more leads. Since we can accurately and quickly process sales-related information, they give us more leads and we generate more revenue. We saw growth of 10–15 percent in different product lines. And even though the economy is now down, we have been able to maintain our sales at the same level."

Automate and Streamline Common Tasks, Reduce Errors, and Save Time

By eliminating manual processes through automation, Winncom has reduced its 15–20 percent error on orders to 0.0001 percent. In addition, sales staff now process orders in seconds rather than hours. Says Fedorov, "What once took hours now takes seconds. Orders are paperless and approved electronically." For the first time, Winncom now offers same-day shipping, giving it a further competitive advantage.

Improve Financial Management, Gain Real-Time Insight into Operations

Because all business information is stored in one database and updated in real time, Winncom now has comprehensive insight into operations. Says Fedorov, "Now, we can see gross profits, margins, and how many rebates we need to claim at the end of the month. We are also now able to report on percent completion and adhere to generally accepted accounting principles—and Microsoft Dynamics GP is helping us do that right out of the box."

Concludes Fedorov, "With Microsoft Dynamics GP, very difficult processes are handled in a simple way. Everything is straightforward, with minimum data entry and maximum visibility."

For More Information

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Microsoft Dynamics

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