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BUSINESS GUIDE

How Office Supply Dealers Can Break Free of the Legacy Software Stranglehold

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In today's business environment, office supply dealers need to do all that they can to manage item costs and prices to boost margins, increase efficiencies, and automate their processes. With high levels of competition, the race to provide free/fast shipping and changing industry requirements, dealers are rethinking their technology approaches.

Operating in an environment where tech-savvy competitors like Amazon and Staples are carving out market share, office supply dealers are facing steep challenges. Most of them are running legacy business software that isn't keeping up with the pace of technology and doesn't integrate well with outside applications. These systems also require dealers to run multiple applications for sales reporting, customer relationship management (CRM) and accounting, causing unnecessary complexity and ongoing manual effort to tie everything together.

The challenges don't end there. Licensing fees for these legacy software systems are increasing by 5%-8% annually, yet their customers aren't getting any new functionalities or capabilities in return for the higher costs. "Dealers feel as if they're being held hostage by their

software providers," said Melody Flynn, senior account executive at Business Solutions Partners (BSP), "and not receiving the support that they need." In some cases, the underlying database is unstable, forcing server reboots and the potential for lost or corrupt data.

The good news is that when office supply dealers replace outdated technology systems with a unified cloud ERP and a robust ecommerce platform that incorporates industry-specific capabilities, they compete more effectively while increasing profit margins. When they make this change, they are investing in automation, business visibility, and the future-proofing of their businesses.

This business guide further explores the top technology challenges that office supply dealers are facing and explains how NetSuite, a unified Enterprise Resource Planning (ERP) platform, and Logicblock, the industry's most robust ecommerce solution, have come together to help dealers tackle these challenges and better compete in the marketplace.

A day in the life of an office supply dealer

The roughly 800 members of the Independent Suppliers Group (ISG) understand the complexities of selling office and school supplies, copiers, printers, furniture, janitorial-sanitation supplies, promotional products, and printing services in an era where ecommerce and office supply giants have invaded the landscape.

Locally-owned and operated, ISG's members use common merchandising and marketing to aggregate their collective strength. Most serve a broad range of customers in the public and private sectors. ISG dealers usually maintain their own vehicle fleets to handle next-day deliveries to those customers. As a whole, these organizations take pride in delivering very high levels of customer service.

A well-established industry, the office supply sector is made up of dealers that have "pretty much always done things a certain way," Flynn explained. "These companies have business flows that are specific to their industry and a lot of aging, highly-customized software solutions in place."

When office supply dealers receive orders, for example, they frequently fulfill them by marrying up warehouse stock, which usually comprises only their fastest-moving products and early morning delivery from wholesalers like Essendant or S.P. Richards. Where a dealer offers 50,000 different stock keeping units (SKUs) online, for example, it may only stock a thousand of those items in its warehouse.

Wholesalers have their own catalogs, pricing and ordering systems that every office supply dealer must integrate with in order to do business with those suppliers. "The wholesalers stock a lot of product and offer fast shipping, but the onus is on the dealer to make the best purchasing and stocking decisions at the lowest cost to maximize profitability," said Flynn. "Dealers are often making hour-to-hour decisions whether to transmit Just-in-Time orders to the wholesalers, to utilize carton programs, or to purchase direct from manufacturers through the ISG network."

Dealers are also coping with high levels of competition from Amazon, Staples, Walmart and other big box stores that have made their way into the office supply space. Amazon's free shipping, for example, has pushed office supply dealers to match that offering in exchange for potentially lower margins than they were already grappling with.

These considerations are important in a sector where continually lowering prices is not a viable option. "Office supply dealers need to automate their operations and use technology that can help them maximize margins on an order-by-order basis. Whether that's showing the most profitable items at the top of an ecommerce search, or being aware of getting close to a carton buy minimum quantity to secure a lower cost from the wholesaler," said Flynn. "They need the visibility to be able to take advantage of costing strategies quickly and efficiently. That's where they're going to increase their margins."

Dealers also need a robust ecommerce platform to run their online operations, complete with B2B capabilities like customer-specific pricing, wish lists and favorites, and budgetary customer purchasing policies.

They also need to integrate with S.P. Richards and/or Essendant for rich item content and automated price updates.

"This is a dealer base that would like to get to the 'next century' of business software," said Flynn, "but they're stuck on aging systems due to the highly customized, industry-specific processes needed to run their businesses."

Developed using on-premises architected technology, most dealers are running very old versions of these systems—and hosting them in a cloud doesn't fix the problem of getting "version-locked" on old releases.

"The hosted versions are just as restrictive as the on-premises solutions," said Flynn.

From a reporting perspective, these antiquated systems leave a lot to be desired. "The reporting that they're stuck with right now is clunky, time-consuming, siloed and ineffective," said Flynn. "Having the power of a unified database, and the ability to configure role-based dashboards and reports with a modern user interface would take ISG members to a whole new dimension of business visibility."

With the rapid pace of technology changes, dealers stuck on these old systems are at a competitive disadvantage compared with the Amazons and Staples of the world. Instead of automation, they're dealing with manual data entry, and instead of clear business visibility, they're jumping through hoops to produce basic reports. "The majority of dealers just want a way to get off of their restrictive platforms entirely, once and for all," explained Flynn.

ISG Edition of NetSuite

Understanding that the majority of ISG members are handcuffed to antiquated software, Business Solution Partners (BSP), a 20-year NetSuite reseller and implementer, developed a software bundle that enhances NetSuite's native functionalities for the office supplies industry.

Instead of dealers facing the instrumental development costs of making NetSuite work for their businesses, BSP has taken on the upfront development effort and costs in exchange for a small monthly, modular fee from dealers that purchase NetSuite from BSP.

The ISG Edition of NetSuite includes direct integrations with key wholesalers like S.P. Richards and Essendant, and Logicblock, the leading ecommerce platform in the industry. According to Flynn, partnering with Logicblock made perfect sense because it incorporates a high degree of robust ecommerce and Punch-Out functionality that's already been built out for the office supply sector.

"Logicblock has been enhancing its functionality for the office supplies and jan-san industries for over 10 years," said Founder and CEO Alex Nicolaides.

"Logicblock already handles the tricky stuff, like rich item and catalog content via integrations with Essendant and S.P. Richards, automatic wholesaler price updates, plus managing customer pricing rules and competitive pricing intelligence. With flexible design options, robust B2B capabilities, and the ability to configure search engine results to display most profitable items on top, Logicblock supports dealers' top priorities of customer satisfaction and maximizing profitability," confirmed Nicolaides.

Sales Orders originated in Logicblock automatically flow into NetSuite, which handles all the back-end purchasing, fulfillment and invoicing processes, complemented by robust reporting. Wholesaler integrations with NetSuite help dealers view current stock at their suppliers' warehouses and transmit purchase orders throughout the day.

The ISG Edition of NetSuite also includes integration to Elite Extra, a robust routing and proof-of-delivery system. As orders flow through the fulfillment and delivery steps, key data, such as proof-of-delivery and invoice, details flow back into Logicblock for customer access through their self-service "My Account" area.

BSP is progressively developing other integrations and customizations as required by the industry and/ or specific dealer. These industry-specific integrations and customizations come together to make up the ISG Edition of NetSuite and include all the critical components office supply dealers need to run their businesses on the platform. As new integrations and customizations are added to the bundle, any dealer that has purchased the ISG Edition module from BSP can begin using the latest enhancements by reinstalling the bundle.

With their business processes automated by the ISG Edition of NetSuite, office supply dealers can accomplish more with less in an era where labor is difficult to both find and retain.

Staying on top of item cost changes and offering competitive pricing while managing rebates and loaded costs as effectively as possible is paramount in a time of steep competition, inflation and economic uncertainty.

NetSuite differentiators
Functionality

NetSuite was developed from day one as a best-of-breed accounting system in the cloud, where transactions automatically hit the GL in real time. Drill-down reports are always current and can be segmented by class, department, location, subsidiary or other criteria. NetSuite simplifies electronic bank payments, customer invoice payments and end-of-period close processes.

NetSuite combines ERP and CRM in the same system, with all data stored in a central repository, accessible from anywhere on any device. Employees can easily make notes, store files, and send emails directly from customer, invoice and purchase order records within NetSuite, with full history and traceability via an audit trail.

Sales reps can use NetSuite to track leads, convert them to prospects, and use opportunities for sales forecasting. Management can keep an eye on sales rep activity, have visibility into sales forecasts for planning purposes, and access a myriad sales reports from their dashboard, mobile phone or with alerts via email.

With NetSuite's built-in case management capabilities, NetSuite takes customer service to the next level for dealers. Customer support tickets can be easily logged, managed, escalated, and closed in an organized and reportable fashion, to ensure nothing slips through the cracks.

As an optional module, SuiteProjects provides dealers with the ability to manage furniture installations. As a full-featured project management solution within NetSuite, dealers gain full project visibility while automating processes around resource allocations, allocating labor and expenses to projects, and tracking project profitability.

Another optional module for dealers is in Warehouse Management automation. NetSuite WMS allows for full automation in the warehouse using RF barcode scanning on mobile devices. This includes defined strategies for receiving and putaway, picking and fulfillment, return authorization receipts, and cycle count plans. Native to NetSuite, the scanning and transaction processing done on the devices throughout the warehouse immediately updates the associated records and inventory data in NetSuite.

Platform

NetSuite gives office supply dealers a cloud-based ERP system that is highly configurable, customizable and integration-friendly, with a built-in workflow engine. NetSuite's roles, forms and fields are configurable with "click-not-code" capability making it easy for dealers to optimize the application to streamline operations and be pro-active with industry changes and emerging opportunities.

In addition, NetSuite's SuiteSuccess deployment methodology lets customers leverage thousands of hours of industry-specific pre-built roles, dashboards, reports, key performance metrics and workflows right from day one. Combined with BSP's implementation services and NetSuite's plethora of free help guides and videos, dealers are in excellent hands with the resources needed to make the switch to NetSuite.

With NetSuite in place, dealers no longer have to worry about being harnessed to an aging software system. Instead, they get a platform that's automatically updated twice per year—no internal IT intervention required—with the R&D backing of Oracle, a Fortune 100 company. With NetSuite, there is only one version—the most recent version—and all 32,000+ NetSuite customers are on it.

"NetSuite is the pioneer in automatic updates in the cloud. No other software company comes close to over 20 years of experience keeping their customers current in an automated fashion, regardless of how many customizations or integrations they've built into their instances of NetSuite."

David Smooha, CEO, Business Solutions Partners

"The combination of Oracle NetSuite's new releases and the dealers' ongoing optimization of the system over time results in NetSuite fitting these businesses like a glove," said Flynn. "There's no need to rip-out-and-replace NetSuite in the future. NetSuite continues to keep pace with technological innovation, and the dealers continue to optimize NetSuite to keep up with changes in their industry. This is the key to dealers being agile enough to compete in an evolving marketplace far into the foreseeable future," said Flynn.

Of course, underlying the platform is Oracle NetSuite's Data Center Infrastructure, comprised of enterprise-class data management, security, performance and availability. With 12 data centers globally, a 99.7% uptime guarantee, the highest levels of product and operational security, automatic failover, and disaster recovery preparedness, dealers feel relief knowing that the onus is not on them to manage their software infrastructure. They can also sleep at night knowing their business is not going to be taken out by floods, fires, ice storms or an old, corruptible database.

Closing the loop

Office supply dealers provide a wide range of products to their customers and are looking to carve out niches by prioritizing specialty products, while providing rapid delivery and excellent customer service. Dealers maximize profits by having greater control over ecommerce search engine results and superior purchasing and merchandising tactics.

Office supply companies need unified technology solutions that are built for their industry, to help them break free of the constraints of their existing legacy solutions. They need a robust ERP and ecommerce platform that provides workflow automation and clear visibility into their businesses. With BSP's ISG Edition of NetSuite integrated with Logicblock, dealers can dissolve information silos, preserve their profit margins, and compete more effectively in their evolving marketplaces.

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