Eyewear Distributor Improves Supply Chain Visibility with ShipERP™

StyleMark - CASE STUDY

Background

StyleMark Inc. is a leading eyewear supplier selling a diverse portfolio of over 80 brands with distribution throughout the US, Canada and Europe. They operate company owned distribution facilities in Florida and California as well as utilizing contract facilities in Canada and across Europe.

In 2006 StyleMark CEO Mark Ascik was working on some major acquisitions. He and his management team realized that their 10 year old ERP system was not the right platform to scale to support what would soon be a global enterprise. A project team implemented SAP ECC 6.0 in October of 2007 to replace the old ERP system but kept a legacy iSeries shipping integration tool to handle the outbound process. The shipping integration tool handled label printing, tracking number assignment and parcel manifest uploads to the carrier’s host systems however the limitations of this tool were costing the company money and hurting customer service. As the company grew more adept at leveraging the power of SAP the shortcomings of the legacy shipping package became increasingly obvious.

The bulk of StyleMark’s volume moves through a 250,000+ square foot facility located at their Ormond Beach, Florida headquarters where they also have a manufacturing facility for product displays. This facility ships over 2,000 parcels per day on average with spikes up to 4,000. LTL shipments average 50 per day with spikes up to 250. Parcel shipping was via UPS and FedEx and LTL went out on any of 12 different common carriers. Shipments ranged from large, fully merchandised product display furniture destined for retail floors to bulk shipments of product to customer distribution centers to small packages of individual sunglasses headed directly to consumers. StyleMark chose this facility for the initial implementation of ShipERP™.

Locations:
- 250,000+ square foot facility located in Florida
- 200,000+ square foot facility located in California
- Distribute out of third party logistics facilities in Canada, Italy, Sweden and Switzerland

Shipping Requirements:
- Solution to handle 500,000 + Parcel Shipments a Year
- Solution to handle 10,000 + LTL Shipments a Year
- Integrate with UPS and FedEx for Parcel shipments
- Integrate with the following LTL carriers: YRC, AAA Cooper, Conway, SAIA, Averitt, Central, Old Dominion, South Eastern Freight Lines, UPS Freight, FedEx Freight, R&L Carriers and Estes.
Blurred Vision Obstructs Performance

In the fast paced environment of a shipping area the batch based architecture of the legacy shipping software meant discovering errors after they had taken place. Don Mathews, the shipping manager had to spend time working backwards to correct what errors he could and still was getting hit with chargebacks for late ASN transmissions. He was also experiencing an excessive amount of address correction fees.

Don and his team were the only ones to go to for up-to-date and detailed shipping information. Accounts receivable staff in need of proof of delivery documentation and customer support staff in need of shipment arrival estimates had to call or email and wait for a response. Waiting for a proof to collect on an invoice has a definite financial impact and to a buyer in need of an answer waiting a day is not acceptable customer service.

The staff at StyleMark knew exactly what was needed which was a shipping solution that was native to SAP which would interact with their carriers real-time and would alert Don and his team to problems before or as they occurred. This would allow them to correct issues while they were still manageable and before they could trigger downstream issues. The tool needed to expose those real-time updates of shipping information to anyone in the business that needed them and in an easy to use format.

The Right Solution Leads to Clear Vision

A cross-functional team representing Operations, Finance and IT managed the selection process. ShipERP™ met all the requirements and was quickly identified as the best choice.

"During the demonstration it quickly became evident that the software was well thought out; not only were they ready to explain how the tool could support our specific processes but they were able to demonstrate it on the fly in their demo system. It seemed no matter what we threw at them they had an answer already built into the software" stated Glenn Shapanka the StyleMark CIO after the selection process was complete.

ShipERP™ is an SAP Certified ABAP Add-on product which imports directly into SAP providing StyleMark staff with a native SAP shipping solution. This was a very important requirement for StyleMark that the solution be easily adopted by the users who were already familiar with SAP screens. Everyone in the company with an SAP sign on and permissions can easily navigate the screens to access the information they need. Training was simple and quick.

Goals and Objectives:

- Implement a fully SAP integrated and real time shipping tool.
- Provide any SAP user with direct access to shipment status within SAP screens.
- Support freight audit and outbound shipping address validation.
- Simplify the parcel shipping process.
- Calculate Freight charges per shipment and provide the ability to track freight cost by business unit and by customer.

“We went from 2 to 3 days to provide proof of delivery for a disputed invoice to immediate availability. With the new system any of my staff can retrieve and email a proof to a customer even before they get off the phone.”

– Pam Scorpio
Full integration to parcel and LTL carrier systems with one interface and a uniform shipping process that worked seamlessly with their business process was critical to the success of the project. This would eliminate special processes and extra handling that was required to perform shipping with all of StyleMark’s required carriers.

The shipping solution was also required to help reduce shipping violations and provide better visibility to freight costs throughout the month. To do this StyleMark needed the solution to identify incorrect addresses prior to the carriers correcting them while the shipments were in route.

Finally, the solution needed to more accurately determine the optimal carrier to ship with based on some complex business requirements which were incorporated into the process and were taken into account during the rating and routing.

The SAP Shipping Solution
ShipERP™ was deployed throughout the StyleMark organization and successfully addressed StyleMark’s requirements almost immediately. The solution provided the organization with a native SAP shipping solution that required no middleware and resided completely within the SAP ECC 6.0 system. This was achieved through the solution’s technical design as an ABAP Add-on which is imported directly into the SAP ERP platform.

ShipERP™ provided for reductions in the freight costs through the implementation of rate quoting functionality which prevented the selection of carriers with higher tariffs. Coupled with this the business was able to choose the carriers easier based on the carrier determination logic that was setup during implementation which automated the selection process.

Key to the incorrect address violation fees was to utilize the address validation functionality that was delivered with ShipERP™. StyleMark opted to have it check addresses at a street level during sales order creation which eliminated the monthly correction issues.

ShipERP™’s capabilities of communicating real-time with the carrier’s servers delivered shipment creation and tracking benefits immediately upon go-live. The quality and accessibility of shipping information was day and night compared to the previous iSeries shipping solution.

Results Delivered:
• 100% Built-in SAP Shipping Solution - No Middleware required
• Real-time connection to carriers
• Real-time updates in SAP
• Rate Quoting as part of process
• Address Validation at Customer Master and transactional level
• Uniform shipping process
• Full integration to required carriers PLUS use of all carriers integrated to ShipERP
• Freight Cost updated at delivery and Shipment level
• Billing option determination
• Robust Freight and shipment Reporting
• Accurate shipment creation and on-time ASN generation and transmission
• Freight audit functionality
• AES Direct Integration
Pam Scorpio who heads up accounts receivables comments: “We went from 2 to 3 days to provide proof of delivery for a disputed invoice to immediate availability. With the new system any of my staff can retrieve and email a proof to a customer even before they get off the phone.”

ShipERP™ is fully integrated with the core SAP SD and WM modules so data validation is real-time. Shipping validation checks that occurred during the shipping process were now required to be corrected before goods can ship preventing downstream ASN failures and the resulting chargebacks. This in turn streamlined the process and increased logistical efficiencies.

Don and his staff were now free to focus on shipping instead of researching shipments and tracking back errors from error logs. The people who needed access to the shipment information now had up to the minute access of outbound shipping information without having to leave their SAP screens. StyleMark staff now has the right information at the right time which increases efficiencies within their supply chain process.

ERP Integrated Solutions Director of Professional Services, Doug Cole remarked, “StyleMark was a perfect example of a customer that lacked the proper shipping solution for a world class ERP system like SAP. By providing a fully integrated feature rich shipping solution like ShipERP™, StyleMark was able to address all their requirements and achieve a strong return on investment.”

### Return On Investment:

Financial approval for the project could have been based on savings on chargebacks and labor alone. StyleMark saw additional functionalities with more savings and included them in the roll out.

Rate quoting, freight audit and address validation provide very tangible and easy to calculate savings.

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<td>Savings Extrapolated Over Full Year</td>
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<td>Estimate for full year</td>
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To learn more about how ShipERP™ can improve the supply chain process of your organization, please contact us today at:

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