# ADOX/OKI Achieves 20% Inventory Reduction & 50% Time Savings with TECSYS' Streamline for Industrial Distributors

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*John Leclair, President of ADOX/OKI*

## At a Glance

### Industry

Industrial Distribution

### The Challenge

With significant manual processes to manage 130,000 items in stock, 4000 orders and 3000 invoices per month, ADOX/OKI needed to streamline their distribution management processes.

### TECSYS' Solution

TECSYS' Streamline for SMB Industrial Distributors.

### The Benefits

ADOX/OKI's management has realized significant efficiencies and cost savings including 20% reduction in inventory, 10% improvement in fill rate and 50% reduction in man hours for invoicing.

## About OKI Bering Canada

ADOX/OKI (OKI Bering Canada) has been serving manufacturers and distributors of industrial, safety, and welding products since 1979. The Company sells through recognized/authorized distributors; experts in integrated supply of multiple quality product lines with the most complete solutions and services.

A subsidiary of OKI Bering, Inc.; a "one-stop-shop" worldwide wholesaler since 1937, and the largest independently-owned supplier of industrial, safety, and welding supplies in the United States, Adox/OKI has built its reputation on providing a large inventory of quality products at competitive prices along with excellent service to meet the ever-changing needs of its customers. Such quality products include: 3M, MagSwitch, Sperian, BestWelds, Markal, Cantesco, Lockjaw, Lumax, Metabo, Jackson among several others.

With some 130,000 items in inventory and 4000 sales orders per month, ADOX/OKI's distribution challenges are certainly evident.

## About the Industry

The Welding equipment, safety and supplies industry is enormous. According to a market research report, "Welding Equipment and Supplies: The Global Market" released in 2008, by BCC Research, the market was expected to reach $13.2 billion by the end of 2008, and grow to $16.8 billion by 2013 – a compound annual growth rate (CAGR) of 5.0%. In addition, the global market for industrial tools & supplies is expected to reach over $29 Billion in 2009 from $22.8 Billion in 2004; 40% of this demand is generated in North America, while Europe and Asia almost equally share the remaining 60%.

The most important factors influencing the industry's future direction are: increased globalization, blurring of traditional lines between customers, suppliers and domestic

and foreign markets, and the accelerated development of information technology in supply chain management.

Developments in North American transportation industries and aging transportation infrastructure that must be replaced or rehabilitated are key drivers in shaping the future of the welding and industrial supplies industries. Other key drivers that are generating demand include: the automotive, aerospace, defence, military, manufacturing, power generation, petroleum production and refining, construction and farm equipment, as well as other industries.

As experts of integrated supply for more than 25 years, ADOX/OKI provides distributors with a multiple line of quality products, and backs them up with the most complete service and solutions. The Company serves all parts of Canada with dedicated district managers for all provinces, and works with distributors to help them increase sales while reducing operating costs and inventory.

## Challenge

Prior to selecting TECSYS' Streamline™; the leading enterprise software for the SMB industrial distribution sector, ADOX/ OKI had BBX-based software developed by a local vendor.

*"BBX may be good for data collection but not well suited at all for industrial distribution or for managing, manipulating data and reporting."*

*John Leclair, President of ADOX/OKI*

In an industry where service is the differentiator, Leclair needed to significantly streamline the Company's supply chain and improve the efficiency of its logistics' processes, as well as its cost.

ADOX/OKI's challenges included:

- Significant inventory: 130,000 part numbers
- Time-consuming, manual logistics processes; ordering, pricing, inventory and replenishment, and customer service.
- A substantial number of transactions: 4000 orders and 3000 invoices per month

- The need to improve fill rate: ship-complete 98% of orders the same or next day.
- The need to become more proactive; visibility across ADOX/OKI's supply chain, and improve customer service.

In December 2008, RSM McGladrey, a leading professional services firm and a recognized global leader in enhancing the business performance of mid-market companies, published a report on the distribution industry's plans and actions in 2008 and beyond. Distribution companies, inherently dependent on logistics and billing, have increased their spending and reliance on information technology (IT). The results of RSM McGladrey's report were:
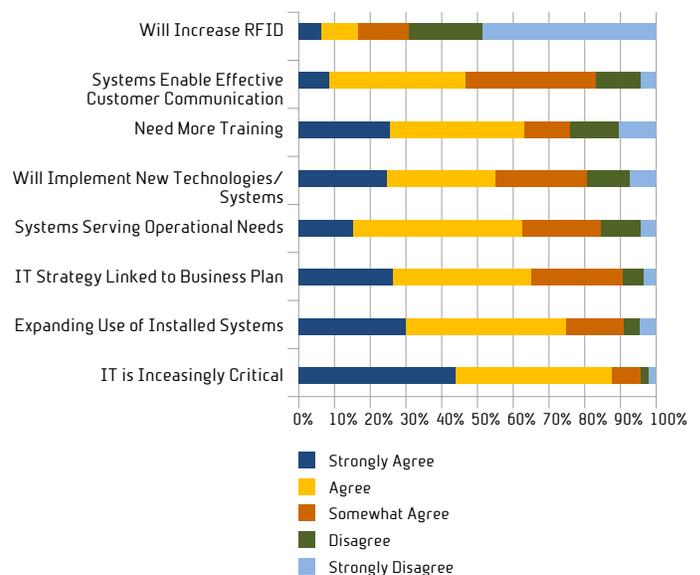


Source: RSM McGladrey, December, 2008

- 80% of distributors report that IT is increasingly critical to their business.
- 75% plan on expanding the use and functionality of existing systems.
- 66% plan to align their IT strategy with their business plan
- 55% plan to implement new technologies, and
- 53% plan to train employees to use their current systems more effectively

By implementing an industry-specific supply chain management solution, ADOX/OKI will have the ability to increase the speed of delivery and shorten lead-times with improved inventory turns.

## Solution

ADOX/OKI opted for TECSYS' Streamline™; a fully-integrated distribution management system for the SMB industrial distribution industry. Streamline modules include: accounting, order processing, inventory control, purchasing and sales analysis. The product line also includes: sales communications, bar coding, E.D.I., customer relationship management, return authorization, executive management and e-commerce functionality.

> *"Streamline's leading-edge features such as the ability to extract and analyze data to identify customer buying patterns, and promote the sale of substitute are competitive advantages for industrial distributors.*
>
> *Moving from an old "legacy system" with old technology, we were conscious of the fact that we needed a system that has longevity in technology and functionality, and can sustain the ever-changing landscape in our industry. Streamline does everything we were looking for."*
>
> *John Leclair, President of ADOX/OKI*

ADOX/OKI selected TECSYS' Streamline™ because:

1. The system is designed for industrial distributors

2. It is fully-integrated and has the complete set of functions to effectively run an industrial distribution business

3. A lot of ADOX/OKI customers are already using Streamline

4. TECSYS provides impeccable support to its customers and is continually updating and anticipating the needs to meet the business requirements of industrial distributors

As soon as ADOX/OKI selected Streamline as its distribution management software of choice to run its business, a project manager was assigned to take ADOX/OKI through the transition process to its new system. TECSYS' project manager assisted ADOX/OKI in selecting its hardware and in the data conversion process from the old system. To ensure that users and supervisors are well equipped to take over and manage the business effectively, full training to key individuals on the settings' infrastructure, as well as "how to's", step-by-step on all modules was also provided.

Over a weekend, and before the "switch was flipped" to TECSYS' Streamline environment, TECSYS' project manager and the internal project team at ADOX/OKI made sure of all checks and balances across the distribution process; both from a logistics and financial perspectives. The switch over to Streamline was almost uneventful.

Tighter controls of product movement and delivery lead-times are key enablers to help reduce carrying costs and maximize profitability. With Streamline, ADOX/OKI's management are able to reduce carrying costs, labour costs and inventory write-offs while increasing accuracy and maximizing inventory turns.

Streamline™ is ODBC-compliant and operates within a 32-bit Windows™ application. It has access to Microsoft® SQL database platform, enabling industrial distributors such as ADOX/OKI to manage any type of data, anytime, anywhere, and to do more with data such as query, search, synchronize, analyze and report. Streamline provides daily snapshots of ADOX/OKI's business activities for a range of dates specified, including a period-by-period analysis of sales days outstanding. Over 140 out-of-the-box reports are provided with the Streamline application, each with flexible data selection, sorting and output parameters to satisfy the widest reporting requirements.

Streamline's Financial Management module provides ADOX/OKI with secure, accurate, timely and up-to-the-minute information, enabling the Company to make strategic and insightful business decisions. Tight integration with all application modules allows ADOX/OKI's management to identify and resolve problems quickly through drilldown to source documents.

Streamline's Purchase Order Processing functionality enables ADOX/OKI to balance the demand from seasonal trends and exceptional orders to ensure optimal inventory levels, while providing excellent customer service. Streamline's sophisticated expediting tool allows ADOX/OKI's purchasing agents to work more efficiently, freeing up valuable time to negotiate the best deals with suppliers.

## Benefits

Since going live with TECSYS' Streamline, ADOX/OKI's management has realized significant efficiencies and cost savings including:

- Reduction of inventory by 20%
- Significant Improvement in fill rate
- The achievement of huge savings: postage and time for billing
- The ability to process and send invoices electronically

| Key Performance Indicator | Increase/Decrease |
|---|---|
| Improved fill rate | ▲ 10% |
| Inventory reduction | ▼ 20% |
| Administrative man hours reduction/month | ▼ 50% |

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