Better Data Drives Growth

Why investing in better business intelligence tools is critical to your success

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# What's Inside…

Executive Summary

According to CIO Magazine, business intelligence (BI) refers to a range of software applications that are used to analyze a company's raw data and support the critically important function of business analytics.

Through such processes as data mining, analysis, querying, and reporting, a robust BI system can enable unprecedented new insights into a business and positively impact a company's growth by helping management teams actively reduce costs, identify new opportunities, develop targeted strategies, and improve overall decision-making—even within companies that perceive themselves as successful and up-to-date.

Could your lack of a modern and powerful BI system be affecting sales at your distribution firm?
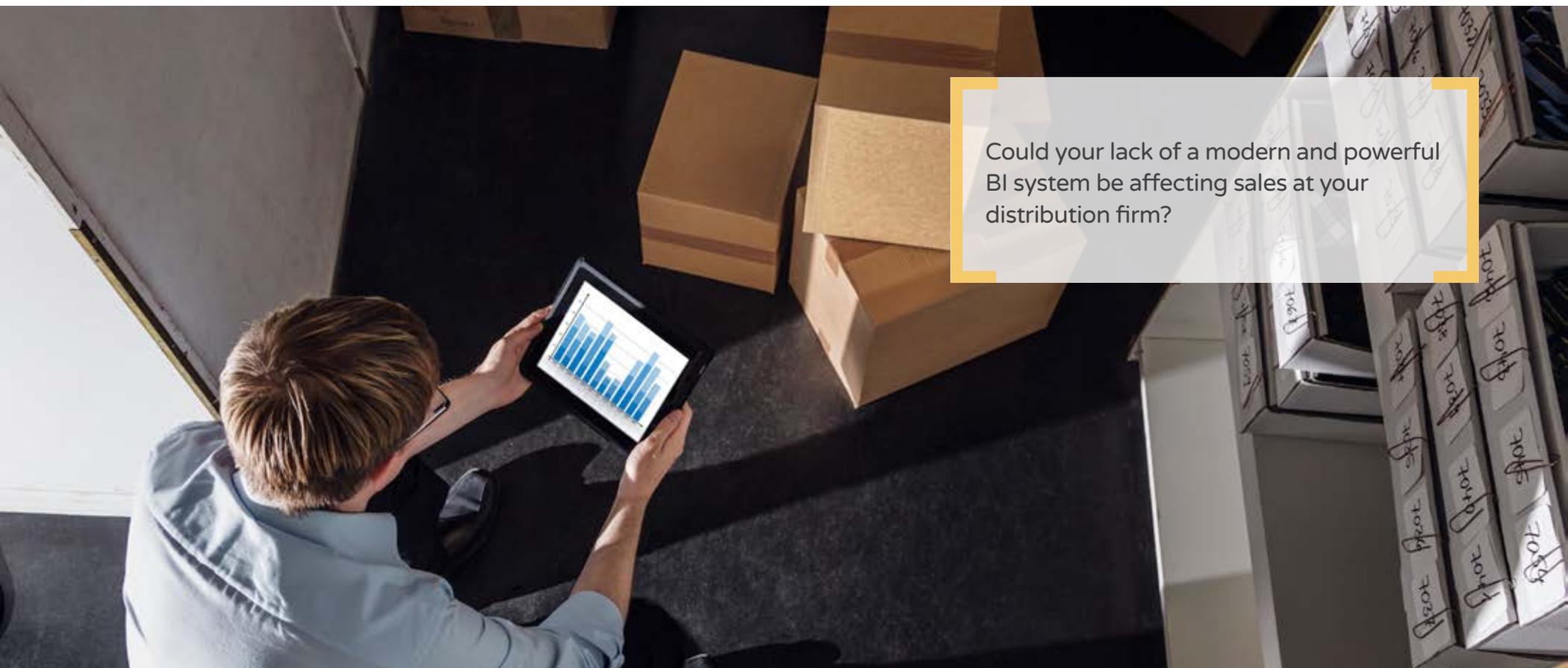
Seven Signs That Your Distribution Firm Needs a New BI System

If any of these situations applies to your business, your current sales analytics or ERP system may be falling short of its potential, diminishing your ability to think and act more strategically, meet and exceed sales targets, and outperform your competition.

1. Your business has lacked innovation and you're struggling to compete in today's tech-savvy environment
2. You know what your customers are buying, but not what they *aren't* buying
3. Sales data is only available monthly and/or annually and only in a range of pre-determined formats
4. Sales data queries and requests for reports are typically made through IT personnel or another indirect source
5. Your system is very sales-oriented and offers little or no reporting in such areas as inventory or purchasing
6. It can take hours, days, or even weeks to run reports
7. Your company's ERP system hasn't been updated in many years

What you don't know about your business data may be impacting your operations. A robust BI system may be the best investment you can make into your company's future.

The Consequences of Legacy Systems

According to an annual survey by the National Association of Electrical Distributors (NAED)[1], 100% of distributor respondents identified the need to "ensure that data in our business system is accurate and up to date" as a top priority.

However, what companies aren't discovering about their business and sales trends—at the hands of an outdated sales analytics/ERP system—might surprise them. The ERP systems that many small and mid-sized companies use to collect, store, and manage their company's range of data were built years ago, before the distribution market's explosion into the digital age.

Fast-forward to the demands of modern business today and many of these companies—often family-owned and multi-generational—are now unable to optimally support the requirements of the times.

As a result, their legacy systems are often slow to respond and difficult to retrieve actionable data from. It's a shortfall which leaves users less than ideally positioned to make strategic business decisions.

In the 1980s and 1990s, the focus of ERP systems was largely to allow users to easily enter, record, and capture data, not necessarily to report it in ways that could enable analysis and strategic decision-making at granular levels.

Today, the availability of powerful and easy-to implement BI systems has ushered in an exciting new generation of data analytics and insight.
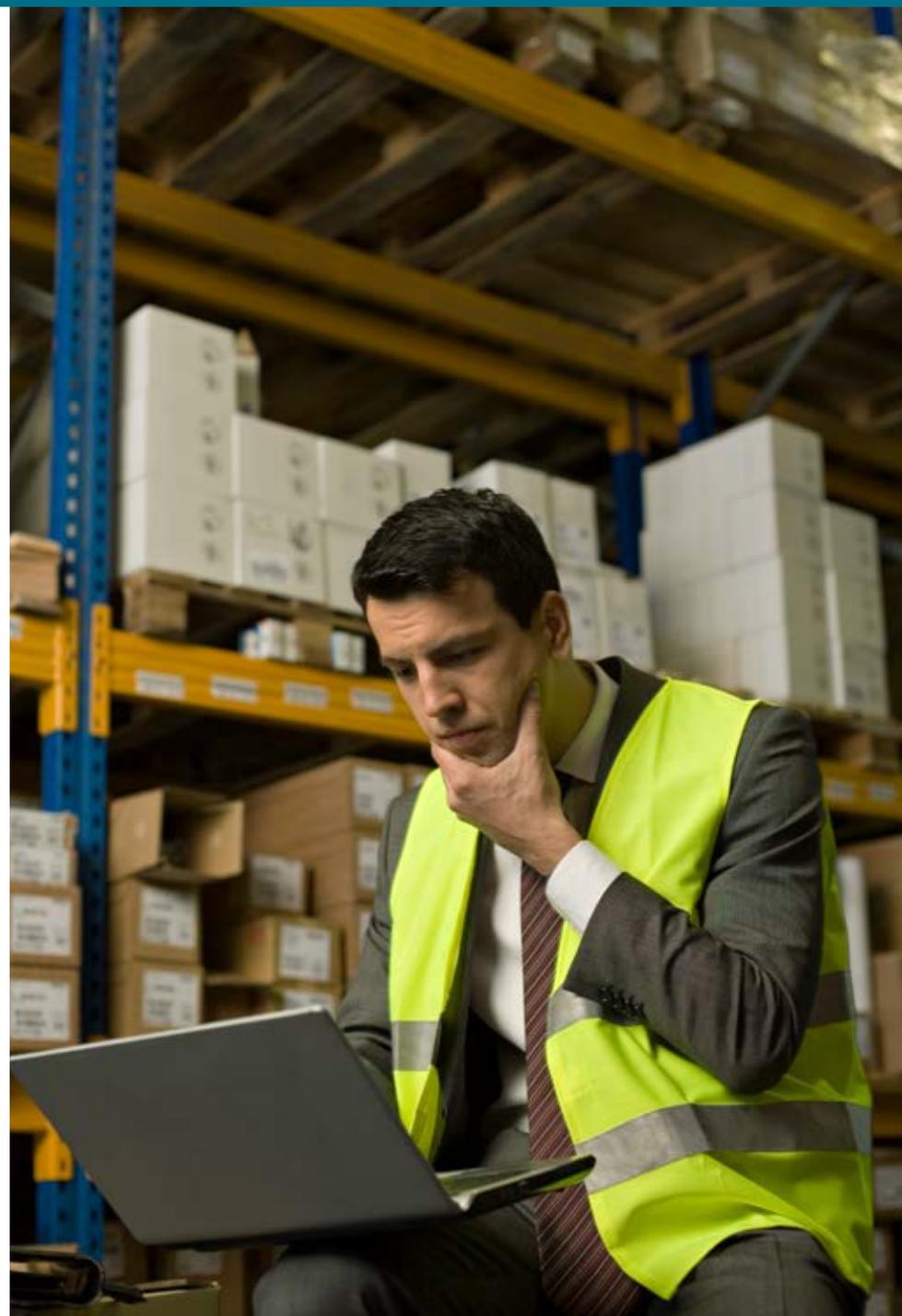
Current data

Many legacy ERP systems were built to deliver month-by-month and/or annual reporting, whereas newer data-driven solutions enable users to investigate trends for any period of time desired—months, weeks, and days.

Speed of reporting

Reports used to take days or weeks to run and were often based on the schedule and availability of the IT personnel responsible for running them. Today, reporting is instantaneous and easy. Modern systems shift the effort of running reports to the more critical activities of data analysis and business management.

Access of information

Modern systems and broad enable widespread and reliable use from any computer or mobile device.

Deep discovery

While older systems had limited date ranges and predetermined report formats which limited analysis, modern BI systems are much more flexible and granular. They allow users to configure any collection of data they desire, and drill down to get the details needed for making smarter business decisions. And unlike most legacy software, today's users can change their mind and request different types of analyses without having to start over.

Buying trends and product mix

Older systems showed what customers were buying, but not what they weren't buying. With better BI, users can identify all related products based on purchase trends, identify new sales opportunities, and correct less successful strategies.

Margin enrichment

When systems only show data on revenue and bottom line sales, it's easy to miss things like eroding margins on individual sales. This leads to less effective sales strategy. With the ability to drill down into granular layers of data, salespeople can view margin by customer and product in many different ways, leading to better sales strategy and product mix decisions for growth.

Gross margin return on inventory investment (GMROII)

Standard GMROII reports can limit the ability to maximize turns and optimize profitable inventory investment. BI systems give better visibility to the inventory costs of specific products versus their selling price. They also promote the sale of the most profitable items for greater turn success.

Activity-based costing for profitability

Static reports and inflexible analytic tools make it difficult to identify all of the costs associated with a product sale. Better, deeper analysis of customer and product data identifies high-cost customers, vendors, and reps. A new BI system enables companies to manage out less-profitable customers and streamline their business.

Dead and slow-movingstock management

While your current solution might show what's sold over a period of time, many systems aren't tied into purchasing, which makes it hard to see the time and quantity of products sold. This causes difficulty in identifying dead inventory. Newer BI systems take both sales and purchasing activities into consideration. This enables strategic decision making around inventory performance, like special promotions to recent buyers of dead or slow-moving items, or opportunities for dialog with customers who are no longer buying.

Is Your Current System Setting You Back?

Consider this: how easily can you identify the following?

▶ Your company's Top 10 products that haven't sold in 90 days

▶ Customers with sales of more than $10,000 in the last fiscal period but whose sales are declining month-to-month

▶ Customers whose sales are up but whose profits are down

▶ Active customers not buying your Top 3 products

▶ The total value of slow-moving stock in each of your branch locations

If you can't answer these questions within five minutes, then it's time to seek a better solution. Epicor can help.

Epicor Data Analytics: Reaching for New Levels of Business Understanding

As competition increases and margins narrow, businesses need sharper tools and deeper understanding to support the business. And, the tools must be fast, flexible, and cost-effective. Business analytics can help you meet these objectives.

Epicor Data Analytics is a modern, cutting-edge business intelligence tool fully integrated with Epicor Prophet 21®—the leading ERP solution designed solely for wholesale distributors. Epicor Data Analytics drives more value from your business system with unprecedented business insight to help you grow by reducing cost, identifying new opportunities, supporting specific programs, and speeding decision-making.

An easy-to-learn, easy-to-use service, Epicor Data Analytics can quickly start contributing to your business. Epicor Data Analytics helps you stay up-to-date with your ever-changing business.

Discover your full potential with deeper insight into and understanding of your business data, greater confidence in your management decisions, and more proactive control over your company's growth and future.

Learn more about Epicor Data Analytics.

About Epicor

Epicor Software Corporation drives business growth. We provide flexible, industry-specific software that is designed around the needs of our manufacturing, distribution, retail, and service industry customers. More than 40 years of experience with our customers' unique business processes and operational requirements is built into every solution—in the cloud, hosted, or on premises. With a deep understanding of your industry, Epicor solutions spur growth while managing complexity. The result is powerful solutions that free your resources so you can grow your business. For more information, connect with Epicor or visit www.epicor.com.

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