



Using high tech to help find higher sales, high profits

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New generations of sales and fulfillment software is expected to be even more important to help metals companies compete in today's increasingly technologically savvy business environment.

While metals companies have dedicated a lot of time and effort into leaning up processes over time, there continues to be significant opportunities in the use of new software and other technologies to improve customer service and outreach, as well as to increase business agility, improve access to information, generate cost savings, drive organizational growth, manage and integrate systems from multiple sites and to better compete in the metals market despite current challenging business conditions, Warren Smith, director of Micro Verticals for Godlan Inc., Clinton Township, Mich., observed.

This, according to Peter Weymouth, senior product manager for Alpharetta, Ga.,-based Aptean Inc.'s Axis enterprise resource planning (ERP) system, not only is critical for metals industry today but has become even more so over the past several years with companies taking moves to tighten up their supply chains, looking to work more closely with both their suppliers and their customers to be able to minimize their inventories, fulfill orders quicker and more efficiently while also increasing customer service and profitability.

"But it will be more of an evolution than a revolution, largely driven by the metals industry's customers," Smith said, noting, "Not everyone will take advantage of this, but those who do will be able to remain competitive but using these solutions to differentiate themselves from their competitors."

This, according to Benjamin Upell, regional sales manager for Enmark Systems Inc., Ann Arbor, Mich., is especially important for metals service centers, as it is one of the few ways that they could differentiate themselves from their competitors given that they largely sell the same products as each other and offer similar services at similar prices.

"Computerization has enabled metals companies to gain a higher level of efficiency" through greater control of both sales and fulfillment and other processes, John Bilek, Enmark's president said, explaining that the resultant data being provided in a systemized approach is tremendously helpful to the organization as a whole. "Automating the order-to-fulfillment cycle through the shop floor is hugely beneficial in providing precise control and much greater efficiency," he said.

Meanwhile, according to Ray Vasson, vice president of sales for Houston-based Invera Corp., it could bring companies to their knees if aren't using as great of a system -- one that incorporate those innovations that could provide the type of visibility that enables the company to be leaner, more productive and more cost efficient.

While it is hard to quantify the benefit of the latest sales and fulfillment software, there is no question that recent and upcoming improvements are having a tremendous impact. In fact, Upell observed that

companies using barcoding features have reported the time it takes to do a physical inventory has been cut in half. Also, they are seeing about a 60 percent reduction in returns.

Aptean's Weymouth said that just increasing inventory turns to five to six per year from three to four could result in a very significant reduction in metals service centers' carrying costs. "Even a small change could represent significant dollar savings."

Automation of the sales and fulfillment process at metals companies, particularly metals service centers, has generally occurred at a snail's pace vs. its adoption by certain other industries, Bilek maintained.

But while there had been some stagnation for approximately 20 to 25 years, technology development and acceptance has definitely picked up over the past five years or so, Aptean's Weymouth maintains.

"While some organizations have embraced this change, there are others that are still fighting it to some degree, but with more baby boomers retiring and with the newer generation climbing on board, there is a heightened awareness of the value of data and information technology tools," Bilek said.

Weymouth said that the millennials coming into the workforce in positions of influence will accelerate the use of this type of software and other technology. "They are coming in and they are ready to use technology. They understand its capabilities and they want to use it much as they do in their daily life. They want to be able to use the same tools at work that they use at home.

This, Vasson said, is consistent with a general trend for metals companies to computerize a lot more of their business functions and to move from the much more paper driven environment that was seen 10 to 15 years ago to a more online environment day. He noted that in the past the bar that companies set was much lower, with people being happy if only certain functions were computerized. But those expectations have since increased substantially.

Still, Weymouth pointed out that fundamentally sales and fulfillment software is still very similar to what it has always been. "ERP is a very well established function. You take orders. You manage inventory. You ship the orders after doing the necessary production in between," he explained. "But where I think that it has been improved in in being able to adapt more to the velocity of metals production and in really tightening up the whole supply chain cycle."

Upell agreed, noting that one thing that metals companies are looking for is speed and accuracy, especially in quoting and order entry. This, he said, includes a greater use of barcoding tools to track their inventories. Some of this, however is just getting going for some products, particularly long products, where standardization has been more of a problem.

Also, metals companies are looking for software to do several things better, Godlan's Smith said. That includes the ability of a company's customers to find out as much as they can before they interact traditionally with the sales department through configuration and price quote solutions that more web-facing or public facing. This, he said, could help to shorten the sales cycle significantly.

Another side, Smith noted, relates to customer relationship management (CRM) functions, including being able to deepen the information that the sales force has relating to their customers. "The software helps the sales team to really understand their customers, to be able to better keep track of what goes on in a sales cycle including who they called on and what their demands were," and to be able to tie all of this into the back end so that the sales team can know what has been fulfilled and whether there

have been any problems in doing so. "This enables the sales person to be better equipped as the customer liaison to react appropriately. You need a system that is very flexible and one that enables the sales people to answer all of their customers' needs definitively," Smith said.

This could be achieved by certain new features that certain software providers are offering. For example, Enmark offers a Command Center tool which puts the data that the sales staff needs right at their fingertips. "There is also greater ability to do order entry through a web store or web portal, which allows you to drop the information directly into the company's ERP system, Bilek said, adding that there could be more use of application program interfaces (APIs) to allow for greater data integration.

"The history of getting data into an ERP system correctly has historically been a problem," Smith admitted, noting that software companies like Godlan are working on really cleaning up the "garbage in" portion of the "garbage in, garbage out" functions with the goal of making it easier to give the appropriate people the information they desire.

This includes the ability to pull information from many different sources. "Today's ERP, or fulfillment, system can't be an island unto itself within the organization. It must be part of the operating fabric of that business. That means that the ERP system must be connected to the company's engineering system, its quality system and to the external systems of a company's customers and vendors while being able to bring in information in a way that there isn't duplication," Smith declared. "They aren't just using a big typewriter. They are able to just enter information once so that it will be correct.

Vasson said that in an attempt to enable customers to interface with other systems, some software companies such as Invera have been looking to use more open architectures. "In general we have built a lot of flexibility into our systems," given differences in the products sold and services offered company by company, he said. "We have had to add a lot of options and interface points to handle those differences.

There has been increasing ability with newer versions of software to be able to do this right from a tablet, smart phone or other wireless device on the shop floor. Enmark's Bilek calls such shop floor reporting the technological Holy Grail.

Vasson agreed that there are many advantages to having the ability to enter data that used to be done later in the office right in the warehouse beyond just reducing the office's workload including improving visibility and enabling access to real time information. Also, it could have a massive impact upon warehouse productivity vs. having someone walk 10 minutes or so to the office terminal every time he picks certain products from the warehouse, which could be a hundred or so times a day.

Another innovation that is increasing real time data and enhancing visibility is increased use of electronic data interchange (EDI) functions. Weymouth said this is helping them to better link themselves with customers and suppliers so that they could get orders in real time, generate statuses and advanced shipping notices to their customers.

But perhaps one of the biggest changes in sales and fulfillment software has been a drive toward moving software to the Cloud and more Software as a Service (SaaS) and hosted environments. Weymouth said that by taking advantage Amazon and Amazon-like hosting solutions that has let companies to be able to offload the cost of their hardware.

In the past metals companies, which, in general tend to be resistant to take advantage of “bleeding edge” technologies, have been reluctant to go in this direction, as they perceived them as being somewhat risky, Weymouth said. But they have recently been more comfortable in doing so now that these technologies have become a little bit more mainstream.

Also, he said, there has been more demand for web-based software. “People want to be able to use the software that they use on their devices every day.” In fact, Weymouth observed that an increasing number of metals executives and other employees are using the same smartphones and tablets that they use at home at work as well.

Metals companies are also looking for the more analytics to give them more insights to what is going on with their plant, inventories and the fulfillment of customers’ orders. Weymouth noted that some metals companies are using these analytics to transform how they manage their overall business.

There will continue to be a need for software providers to provide options geared to greater mobility. “Whether it is for something in the warehouse, the office or in the field, executives, sales persons and line workers all want to be able to access mobile functions on the phones, tablets and PDAs for just about any situation,” Invera’s Vasson points out. This, Weymouth said, goes hand in hand with the growing push for more hosted and Cloud solutions.

Also going forward there will be more need for more variance, more options to tailor technology to companies’ specific needs. Smith noted that while the core software providers and the major provider of CAD products are trying to become more flexible, the real growth will be in specialized software that offers each company something very different that could be plugged into these core software system.

“There is no way that an Infor, a SAP or their like could be everything to everyone. But what they could do is provide a platform into which companies can plug their solutions into,” he explained.

Smith said that he is very optimistic about the future of sales and fulfillment software geared toward the metals industry. But it will continue to be more of an evolution than a revolution. “Not everyone will take advantage of it, but those who are looking to differentiate themselves from their competitors are likely to at least take a look.”

The important thing for them to realize is that this software is an investment in the future, not just a cost, Bilek declared.