



WINE WAREHOUSE

TRANSFORMING BUSINESS CULTURE AND STRATEGY

QUICK FACTS

Industry

Wholesale distribution

Revenue

US\$300 million

Employees

500

Headquarters

Los Angeles

Web Site

www.winewarehouse.com

SAP® Solution and Services

SAP® Business All-in-One solution

Implementation Partner

IBM

Key Challenges

- Outdated legacy systems unable to support growth or effectively integrate with other applications
- Insufficient financial reporting, budgeting, and strategic planning capabilities
- Compromised quality of customer service as a result of insufficient visibility into inventory
- Untimely and inaccurate data to support decisions

Implementation Best Practices

- Ensure complete staff commitment and ownership of outcome
- Test thoroughly before going live to minimize disruptions to business and customers
- Invest significant management time in training
- Leverage a train-the-trainer approach to reduce costs and increase self-sufficiency

Financial and Strategic Benefits

- Enhanced customer service through tight integration of warehouse management and inventory control
- Improved cash flow and account management through greater access to account status
- Gained ability to catch order errors within hours instead of days based on real-time information
- Improved pricing strategy due to greater visibility
- Increased ability to meet demand while reducing handling costs through warehouse collaboration
- Realized significant value through new functionalities of solid platform

Why SAP Was Selected

- Longevity, track record of success, and future-proof technology
- Broad functionality to meet immediate and future operational needs
- Scalability for future growth
- Superior integration technology

Low Total Cost of Ownership

- Retired legacy systems and consolidated interfaces to reduce IT costs
- Lowered maintenance costs by using a central database and a single network
- Eliminated cost of upgrading legacy hardware

Operational Benefits

- Improved inventory and operations visibility to optimize performance
- Increased accuracy and timeliness of data to support budgeting, reporting, and strategic planning

Wine Warehouse distributes wine, beer, spirits, nonalcoholic beverages, and glassware from two warehouses, one each in northern and southern California. To grow business and maintain high levels of customer service, the company wanted to replace its legacy applications with an integrated software solution. The company selected the SAP® Business All-in-One solution and with it has established an infrastructure that will support growth and improve operations through real-time, end-to-end visibility.

Wine Warehouse

“Our SAP software has shown us how to work more effectively as a company.”

www.sap.com/contactsap

Greg Akins, COO (North), Wine Warehouse

Embracing Technology to Improve and Grow

To grow its wholesale wine and spirits distribution business and maintain high levels of customer service, Los Angeles-based Wine Warehouse wanted to make some changes. The company's mostly home-grown legacy applications had served them well, but lately it had become all too obvious that the company had outgrown them. The applications used a programming language no longer supported by any vendor. Also, the applications were operating at capacity, interfering with Wine Warehouse's ability to perform month-end transactions and effectively manage its two warehouses.

Wine Warehouse wanted an integrated enterprise resource planning (ERP) solution that would streamline business processes, improve inventory control and warehouse management, and help the company prepare for new technologies such as radio frequency and UCCnet.¹ After considering several software solutions, Wine Warehouse selected the SAP® All-in-One solution because of SAP's longevity and history of success and because the solution's functionality met the company's specific needs.

Implementing the Solution

Wine Warehouse selected SAP channel partner IBM to perform the implementation. As this was Wine Warehouse's first experience with ERP software, the implementation was a learning process for the company. Wine Warehouse stressed the

importance of establishing a clear blueprint of the exact scope, in terms both parties could agree to and understand, as key to a smooth implementation. Also, having a change management program to ensure end-user adoption was a must. This included regular meetings and ongoing communication to explain how and why things were changing. Adequate training was essential. Wine Warehouse adopted a train-the-trainer approach to develop in-house expertise that could be shared with associates.

Improving Business Processes

Since the SAP software implementation, Wine Warehouse has become a different company culturally and strategically. Mark Powell, warehouse manager at Wine Warehouse, states, “SAP has helped us improve our warehousing operations because we now have more discipline and accountability.” Inventory tracking has improved because of a tight integration between inventory control and warehouse management. There is better collaboration between the company's two warehouses, and Wine Warehouse has launched a program to improve inventory planning and allocation based on system capabilities. The integrated system has enabled employees to see how they need to work together as a group.

Greater inventory visibility means management can better match pricing to inventory. Using a wireless access solution, field sales representatives will soon have better access to accurate pricing, inventory, and account information at cus-

tomers sites to instantly address their needs.

Real-time order information has reduced order entry errors and improved error correction from days to hours. Improved accuracy, availability, and timeliness of data, and greater reporting capabilities support Wine Warehouse's budgeting and strategic planning initiatives. An accurate, timely view of customers and orders and regular updates on open invoices have enabled the company to improve cash flow. Ultimately, the company has gained a flexible and adaptable software foundation on which to grow its business.

Planning for the Future

Wine Warehouse will continue to improve business processes across the enterprise using specific solutions that can be bolted on to its SAP platform. The company is planning to implement radio frequency and product labeling functionalities and coordinate statewide purchasing and inventory allocation.

¹ UCCnet is a standards organization that provides a registry service for Internet-based supply chain management data for e-commerce companies and companies that have an e-commerce component.

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