

## Changing the Focus

### From purchasing to processes

For the past few years, IT, e-Business and Marketing departments focused on customer initiatives, while an under-current was building. Percolating beneath the surface are initiatives that address processes within the industry.

E-commerce is more than online buying. Nowadays, more dollars are being invested in system integration to streamline channels.

Given the need to reduce costs, to do more with less, and to be more responsive, core issues are receiving more attention – from improving product data quality and integrating systems with customers to becoming seamless with suppliers.

#### Step 1: Data is Key

E-commerce's **primary stumbling block** is the amount of scrubbing and cleaning of data in legacy systems that distributors have undertaken to enable synchronization of systems and ease of translating product information. Hundreds of thousands of dollars, if not millions, have been spent by distributors, to get "good data".

This "content" is product information, which originates with manufacturers and was the reason for IDEA.

Historically the purview of Trade Service Corp., now I2, the mantle has moved to **manufacturers providing information directly to the IDW**. The process has been slow, but is accelerating as manufacturers understand distributors' needs, such as

- standardized product codes which distributors use to track sales
- attributed content
- and fields which are specified by the IDW

as well as the need to be responsible for their own data.

Distributors are increasingly talking about the need for quality data and that the IDW is their preferred vehicle for obtaining this data. Distributors want more manufacturers to populate, and support, the IDW.

This initiative is critical to distributors' e-commerce efforts, and more importantly, to reducing channel costs.

#### Step 2: Use What We Have

Jack Justillian, COO of Maurice Electrical, defines e-commerce as "commerce between me and my suppliers, inclusive of the use of EDI and VMI." While the company understands the need for online customer capabilities, significant opportunity exists for streamlining interaction with its suppliers.

"At a minimum", says John Wilson, Manager of e-Commerce and Business Development for OSRAM Sylvania, "we want our partners to connect with us on the **key B2B transactions**, with the primary transaction being POs. Every distributor whose operating system offers EDI should be using it, and the IDX2 from IDEA provides a low cost 'VAN' for distributors."

**EDI** proponents state that changing manual procurement processes to EDI can **save 70%** of PO processing costs.

Art Cook, president of Buckles-Smith, sees the **IDX2** as having "the potential to **save us tens of thousands of dollars** a year in VAN charges."

#### Step 3: Integrate

While only 8% of contractors surveyed by Electrical Contractor magazine use project collaboration software, 36% of contractors with 50+ employees are collaborating online with customers and suppliers. This indicates a willingness to use technology.

Tradepower is piloting initiatives to **integrate distributor business systems with contractor accounting systems**.

Called PowerLink, the system enables contractors to place orders via phone, fax, counter or online without a P.O. The distributor keys the order into their system and the distributor's system automatically sends a PO Acknowledgement to the contractor's system. Contractors append information to the PO, and the PO is created in their system, enabling the order to be approved

and paid. No contractor keying, improved accuracy, less discrepancies.

Tradepower is piloting the program with a few contractors who do business with WESCO, GE Supply and Platt Electric. The software is system agnostic.

Jack Justillian envisions the PowerLink concept becoming a standard contractor expectation, however, using accepted standards. "The EDI standards are already in place for this to happen and someday we could make it seamless from the manufacturer, through the distributor, to the customer, with the initiator being the 856 (shipping notice)." He believes that if NECA, the IEC, NAED and IDEA endorsed standards, this could become a reality, with the IDX2 becoming the pathway.

Some distributors are **integrating with suppliers**, and other distributors, to gain access to more products and to streamline administrative tasks. Through inventory sharing programs and implementation of EFT initiatives, paper, time and costs are being cut.

Prophet 21's Trading Partner Connect initiative and NxTrend's eBuy Center are growing in usage.

### ***Build the Foundation***

For e-commerce to accelerate within the industry, the foundation must be built. Product data and integration are essential to reducing channel costs and enhancing the customer's e-experience.

Sounds basic? The key is delivering on the basics, and then building beyond.

While distributors have built effective websites, the first steps for the future include data standardization, channel integration and getting customers to your site.

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