



## Embrace Streamlines Process, Sales & Distribution Ensuring Profitability and Success for ESP Africa

“Embrace ERP has been a major contributor to the growth and profitability of our company.”

Andrew Grobler - Chief Executive Officer - Equipment Spare Parts Africa (Pty) Ltd



Embrace enables ESP Africa to successfully

- ✓ Manage 35 000+ different product lines items
- ✓ Control inventory in excess of US\$ 15 million
- ✓ Ensure the right stock at the right branch at the right time
- ✓ Profitably manage 9 branches and 3 repair centres throughout South Africa



Industry Sector

- Mining and Metals
- Sales and Distribution
- Spare Parts, Service and Repair



The Challenge

- Accurately track and manage landed costs
- Cater for alternate part numbers, substitutes and supersessions
- Support a comprehensive, easy-to-use catalogue system



The Solution

- Embrace end-to-end ERP with integrated Inventory Management, Sales, Distribution and Workshop Management
- Flexible, scalable, with extensive functionality and reporting tools
- Full visibility, inventory control and demand management



The Benefits

- Accurately track and manage landed costs
- Increase product profitability
- Boost sales by balancing supply and demand
- Access accurate and reliable information throughout the business
- Significantly reduce costs of IBTs (Inter-Branch Transfers)
- Deliver superior customer service

## The Company

ESP Africa (Equipment Spare Parts Africa) was established in 1980 and is the largest multi-brand supplier of replacement spare parts for earthmoving machines in South Africa. ESP's product range of aftermarket and replacement parts are suitable for popular makes of earthmoving machines such as Caterpillar, Komatsu, Volvo, Hitachi, Bell, Liebherr, O&K, Sumitomo, Hyundai and Doosan.

These parts include, undercarriage parts, ground engaging tools (GET), parts for earthmoving machines and heavy duty diesel engine parts. ESP recently launched its own brand of bucket tip castings and adapters, consisting of innovative designs to suit all applications.

ESP's Head Office is based in Isando, Johannesburg, South Africa. The company serves the aftermarket parts industry through an extensive network of 9 branches and distributors throughout South Africa, Botswana, Namibia and Swaziland. ESP also offers a complete undercarriage reconditioning service from its central workshops.

## The Challenge

Until the late 1990s, ESP had been using a computer system through a Bureau, with limited functionality. *"We reviewed our business needs, including, sales, distribution, planning, purchasing, service and accounting and realised that we needed more comprehensive and flexible software"*, says Mark Behrens, ICT Manager. Consultants were involved in evaluating several different ERP packages. *"Embrace emerged on top and was chosen for several reasons, including rich functionality, suitability to ESP's business processes, local support and customisation facilities,"* continues Behrens.

## The Solution

Embrace ERP, in its standard form, meets all South African specific business requirements and compliances, explains Behrens, adding that it is a comprehensive, solid, end-to-end solution, giving full visibility throughout the business; Embrace is extremely flexible with extensive functionality and reporting tools; it is easy to customise to meet ESP's unique requirements.

*"And to top it off, all of this was wrapped with affordable, reliable, local support,"* adds Behrens.

### “ Embrace ERP :

- *A comprehensive, solid, end-to-end solution*
- *Provides full visibility throughout the business*
- *Flexible with extensive functionality and reporting tools*
- *Affordable, reliable, local support*

Mark Behrens - ICT Manager - ESP Africa



*"We are driven by Sales and Inventory and Embrace is very strong in this area"*, continues Behrens.

Critical functionality in the Embrace Inventory Module for ESP includes **Alternate Part Numbers, Substitutes, Supersessions** and an extensive E-Catalogue.





ESP has a library of approximately **65,000 part numbers**, and more than **80,000 alternate numbers**. Alternate numbers result from multiple suppliers having their own part numbers for the same item. When performing an enquiry or ordering a part, a list of alternate references is displayed, from which a user can choose the correct part. Combined with a sophisticated substitutes system, when users enter an item, Embrace lists the substitutes or equivalent parts, displays them in price ascending order, with details distinguishing each part. Branch and Group stock are also displayed. **“The substitute system applies throughout the system, wherever a part number is input”** explains Behrens. If a part is obsolete or discontinued, it will display with a red background indicating that those items in stock can be sold but they will not be replenished. Different colour backgrounds are used to assist sales staff with market and product information.

### The Benefits

**E-cat** is the ESP Catalogue System in Embrace, which for ease of use, has been structured similar to a multi-level Bill of Material (BOM). Different BOMS are entered so that users can locate a product using different criteria. For example, using a car part analogy, the user enters the Make (Toyota), then Model (Corolla), then Year (2000), then Item (fuel pump). Alternatively, the user could look at fuel pumps, then Toyota, then 2000.

“**Embrace has strong landed costing capabilities to help us track the progress of imports and to capture all costs related to each imported item.**

Keith Currin—Purchasing Manager - ESP Africa

### Superior Customer Service

**“E-cat is an essential sales tool, used extensively by the sales force, enabling them to advise and assist customers with their purchases. It is fast, easy to use and integrates with the sales order entry system,”** adds Behrens. Through an interactive phone call, sales staff can enter a customer sales order, interrogate the E-cat system from the item entry line, search and drill to the E-cat parent, and then select items from the E-cat system to be added to the order. **“This makes adding components for service, repair or overhaul of equipment straightforward and efficient, and enables us to provide a superior customer service,”** he adds.



### Increased Product Profitability

**“ESP’s products are very price sensitive and Embrace allows us to manipulate selling price and margins,”** states Behrens. He explains that they rarely do across-the-board price increases and most items are re-priced individually when shipments are in transit, based on information input into Embrace. Their pricing model based on “OHIT” (On hand plus In Transit) costs as the financial liability is raised as the part is shipped. More than 90% of ESP’s stock is imported, so the exchange rate is monitored frequently and updated in Embrace.

**“Margins in the aftermarket parts industry are extremely tight, so the ability to accurately and quickly analyse costs and adjust prices in the marketplace is essential,”** states Behrens.

### Accurately Track and Manage Landed Costs

**“Embrace has strong landed costing capabilities to help us track the progress of imports and to capture all costs related to each imported item,”** states Keith Currin, Purchasing Manager. Detailed costing information, which includes all tariffs and surcharges, is derived through tools such as landed cost tracking, which enables ESP to accurately capture all shipping and freight costs.

### Boost Sales by Balancing Supply and Demand

Requests for parts not on the system are automatically recorded and subsequently analysed. Dependent on the frequency and quantity of the requests, parts are added to inventory. Quantities requested is also recorded e.g. if a customer wants 16 but there are only 6 in stock, he may buy all 16 elsewhere. Embrace records the user, the time and date, to avoid misuse or duplication.

The information is analysed regularly and stock quantities are adjusted accordingly. Having the right inventory in the branch is critical.

### Automated 24/7 Order Placement Reduces Costs

Customers are able to order on-line, using Embrace e-commerce. The Embrace sales order screen enables quick and easy quote entry and management, and preloads all the customer's details as he logs in.

Colour indicators display stock status for order lines, i.e. green, blue, yellow, and red so customers can easily see the status as each line is entered. Quotes can be stored and amended and once confirmed, Embrace e-mails the customer, confirming his order number as well as the ESP sales staff who then pick, pack and ship the order. **"This has reduced the cost and time of order processing for large customers,"** says Mark Behrens.

### Manage Movement of Goods across Multiple Locations

Besides using the Embrace "mail facility" to notify sales and customers on order status, ESP also uses it to notify branches about IBT's (Inter Branch Transfers). It is critical that branch staff are advised immediately if a transfer request has been cancelled or amended. Behrens explains that there are a huge amount of transfers between ESP's 9 branches with daily deliveries to each branch from Isando. IBT's are absorbed as overhead and are an expensive cost of business.

**"We have reduced costs on IBTs' and increased sales by ensuring the right stock, at the right branch, at the right time."**

Mark Behrens-ICT Manager -ESP Africa

### Boost Sales and Profitability

ESP Isando is the largest branch and is where all surplus stock is held. All other branches keep approximately six weeks stock. **"With the high number of line items sold from each branch, it is critical to have an efficient distribution system to ensure stock availability in each branch,"** says Mark Behrens. To effect this ESP leverages the Embrace automated branch replenishment tools, which tracks usage per item, per branch and replenishes branch stock accordingly.

**"The automated branch replenishment system has represented substantial savings for ESP, especially on transport and on time. We have reduced our overall costs on IBTs' and increased sales by ensuring that we have the right stock at the right branch at the right time!"** says Behrens.

**"EMBRACE has been a major contributor to the profitability and growth of our company. Our return on investment has been substantial with Embrace having more than paid for itself",** lauds Andrew Grobler, Chief Executive Officer.

