

TOP TO BOTTOM

we know

they know

END TO END

Wine Warehouse uncorks business success with SAP and IBM

Overview

■ The Challenge

Beverages distributor Wine Warehouse was expanding fast. With separate finance and order-entry systems, the management of stock, shipping, sales orders and invoicing was a disjointed process, with frequent mismatches between invoice amounts, goods shipped and inventory. Additionally, as the distribution partnership network expanded and new suppliers were added, a lack of ability to collaborate and share up-to-date information with customers became a potential barrier to growth. Existing software and systems lacked the flexibility and capacity to adapt to forthcoming business challenges.

■ The Solution

Wine Warehouse selected the IBM Express Food & Beverage Solution, a qualified SAP Business All-in-

One partner solution. The solution includes industry best practices specifically configured to support Wine Warehouse's business requirements. By working with SAP software consultants from IBM Global Business Services, Wine Warehouse was able to leverage the expertise needed to ensure that the full business benefits were realized. In addition, IBM was able to deliver an optimized SAP environment running on IBM Power Systems servers.

■ The Benefits

Access to accurate and timely financial and customer information, as well as an enhanced order-to-cash process, offers greater fulfillment percentages, more accurate invoicing and tighter stock control. Visibility of customer demand and accurate sales information allows Wine Warehouse to improve

its stock mix to meet customer requirements, with enhanced ability to meet demand fluctuations while increasing customer service levels. Consolidation to a single IBM Power Systems server has reduced infrastructure complexity and costs, with a single shared database and network that provides a more robust platform for running the business.

■ Key Solution Components

Applications: IBM Express Food & Beverage Solution, a qualified SAP® Business All-in-One partner solution, with sales and distribution, financials and controlling, materials management, and warehouse management applications
Hardware: IBM System p5™ 550 servers
Software: IBM DB2®, IBM AIX® 5L™
Services: IBM Global Business Services



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Shawn Michael, Chief Information Officer,
Wine Warehouse

Wine Warehouse was founded in 1973, and has grown to become a US\$300 million revenue company. Based in Los Angeles, CA, Wine Warehouse distributes wine, beer, spirits and other beverages, from two company warehouses in Commerce and Richmond, CA. The company offers more than 10,000 beverages and items of glassware for sale to license holders and restaurateurs.

As the company grew, the IT department successfully extended its existing order-entry business systems with new functionality precisely tailored to its needs. However, finance and other departments used their own, independent, systems – and sharing accurate data throughout the company was a considerable business challenge.

Sherwood Sterling, Chief Financial Officer, comments on the business proposition: “We were looking for ways to reduce costs and simultaneously enhance customer service, by streamlining business processes, and improving inventory and warehouse management.”

Shawn Michael, Chief Information Officer, explains the infrastructure challenges: “The legacy software would have required extensive custom development to achieve the technical changes needed, such as EDI integration, RF warehouse capabilities, and portal communication. Additionally, it might have taken many years to complete these modifications. For these reasons, we looked instead to implement a new, integrated ERP solution.”

The company worked with Bramasol, Inc., a certified SAP solution provider, to assist with selecting and sizing an appropriate packaged solution, and subsequent choice of implementation partner and platform.

Sherwood Sterling continues, “We selected the IBM Express Food & Beverage Solution, a qualified SAP Business All-in-One partner solution, because it contained a broad range of functionality that met our immediate needs, and provided a toolset that allowed us to create solutions for new business capabilities. The long track-record of success demonstrated by SAP removed our worries about vendor stability, and the integrated nature of the applications helped reduce our total infrastructure costs.”

Express solution for rapid deployment

Wine Warehouse engaged IBM Global Business Services for implementation and deployment services, choosing the IBM Power Systems platform.

IBM has developed industry-specific solutions based on SAP Business All-in-One that combine services and hardware as a single package, designed to make implementation as rapid and cost-effective as possible. IBM Express Industry Solutions for SAP Business All-in-One come pre-configured with industry best practices yet allow for customization for full flexibility and scalability, delivered rapidly and cost-effectively.

Using the IBM Express methodology, Wine Warehouse was able to involve users quickly, with a working system containing genuine company data. With the baseline configuration of SAP Business All-in-One for Food & Beverage already complete, Wine Warehouse was able to eliminate a great deal of the project time spent on general configuration and move rapidly to user familiarization and training, focusing on the detailed business requirements.

The solution was first implemented with preconfigured business processes and transactions covering Order-to-Cash and Procure-to-Pay. The SAP ERP

solution included sales and distribution, financials and controlling, materials management, and warehouse management functionality. In addition, the IBM Express solution provided templates, forms and accelerators such as guides, business process procedures, test scripts, and training documents.

“The engagement with IBM Global Business Services was excellent,” says Sherwood Sterling. “The IBM team worked exceptionally well with the Wine Warehouse team, and the knowledge transfer has been a great success. Some of the original documentation provided by IBM is still used for day-to-day operations, a hallmark of well-designed and clearly defined systems and processes.”

Rock-solid infrastructure

The solution is hosted on an IBM System p5 550 server running IBM AIX, with IBM DB2 handling some 150GB of production data. Around 150 users access the SAP applications, across the headquarters site and the two company warehouse locations. A second p5-550 supports development and test activities.

“The IBM Power Systems servers have been rock-solid,” says Shawn Michael. “The p5-550 servers and AIX simply keep on running, allowing us to focus fully on the business issues.

“Transitioning to state-of-the-art ERP software is the biggest benefit,” he continues. “The SAP applications provide Wine Warehouse with a common environment for integrating operations across the company and a stable platform capable of meeting the demands of business growth without technical constraints. IBM Power Systems servers give us the ability to extend the application footprint without disruption, providing a flexible, scalable foundation for growth.”

Focusing on business results

Wine Warehouse has experienced something of a transformation. In the past, customer invoices were based on the sales orders, which frequently did not match what was actually shipped. With the SAP applications in place, sharing the same core data, the complete order-to-cash process has all but eliminated invoice inaccuracies. Sales orders automatically generate pick lists and packing lists for delivery, and invoices are validated against this data.

Mark Powell, Warehouse Manager at Wine Warehouse, states, “Since the SAP software implementation, Wine Warehouse has become a different company culturally and strategically. SAP and IBM Global Business Services have helped us improve our warehousing operations, introducing greater discipline and accountability.”

The former system allocated each stock keeping unit (SKU) to a specific bin, regardless of the actual location of the goods (a bin might be full and excess stock kept elsewhere, or a bin might be shared by two SKUs). Keeping track of inventory relied heavily on the warehouse staff, who simply remembered where pallets of goods were actually stored. If goods appeared to be out of stock, the company would risk losing a sale or making only part order fulfillment, with subsequent costs for completing the delivery.

Wine Warehouse, using the SAP applications and the single shared database on the p5-550, is now able to track every product and location. Short fulfillment has been almost eliminated, and inventory reporting is always up-to-date.

Mark Powell comments, “By using the SAP inventory control and warehouse management applications, Wine

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Warehouse is now able to fulfill a higher percentage of customer orders. Total inventory held has increased as the business has grown, while the improvements in mix based on accurate customer order information have allowed us to decrease overstocking and run a more efficient operation.”

Enhanced visibility of inventory allows the Wine Warehouse team to focus strategic decisions on how to meet customer demand in the most cost-effective manner, only moving stock between warehouses to meet specific orders. With immediate, real-time reports on sales and stock levels, management can vary pricing based on demand, maximizing revenues. Field sales representatives have started to utilize direct, wireless access to this pricing, inventory and account information, helping them offer confirmed deals to customers, on-site.

Real-time, accurate information

The solution enables a complete picture of customer activities to be created, and on the procurement side similar visibility has been enabled with the Procure-to-Pay process. This ensures that Wine Warehouse has a clear view of business processes, with shared information throughout the company. Shawn Michael comments, “One side-effect is that we have found teams from different departments now spend more time talking about solutions to business problems. They no longer operate on isolated data, and they now understand the impact of decisions on other divisions, which is an important change in our business culture.

“For example, we share order, price and delivery details with customers to gain immediate confirmation that everything is correct at the point of data entry. This collaboration helps to

reduce errors and offer better service to customers, and this is replicated within and across all Wine Warehouse departments.”

On the financial side, managers now have a clearer picture of sales, demand, and forecasting, helping with business planning. For example, the regular updates on paid and open invoices, and on purchase ledger and other commitments to payment, help executives improve cash flow and manage business costs.

Shawn Michael adds, “Flexibility is another key business benefit. Where previously the IT department would labor to write, test and deploy code, we will now be able to simply select existing solutions from the SAP portfolio – for down-payments or credit extensions, Web portals, product labeling, EDI and business intelligence projects. In this way, we can solve business challenges rapidly and effectively. In turn, working with IBM Global Business Services, business processes can be reviewed and enhanced – helping Wine Warehouse focus on what we do best.”

He concludes, “With the IBM Express Food & Beverage Solution, Wine Warehouse has gained a flexible and adaptable software foundation on which to grow its business. The underlying IBM infrastructure and the advice and support from IBM Global Business Services have provided a secure and long-lasting foundation that will support our continued expansion plans.”



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