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Bottoms up

Charmer Sunbelt, a major distributor of spirits, wines and other beverages, expects to raise its bottom line by more than \$8 million annually by revamping its enterprise software systems. Cheers!

JUST A FEW YEARS AGO, CHARMER SUNBELT REALIZED ITS BEST-of-breed software systems no longer fit that description.

"As someone at SAP once said, systems like that might have been best at one time, but they did not breed," recalls Bill Healey, corporate vice president and CIO for Charmer Sunbelt, the nation's second-largest distributor of wines, spirits, beers, water and other beverages.

After 15 years and lots of customization to fit a highly regulated industry, the systems that controlled its operations were not keeping pace with increasing industry sophistication. As the company grew, integrating the systems from acquired companies was also nearly impossible. Bottom line: The company needed to change the way it was using technology if it was to capture millions of dollars in opportunities it missed because of inefficient processes interfacing with the best-of-breed systems.

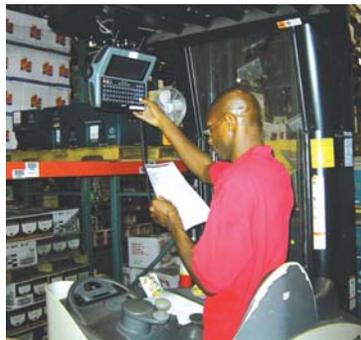
"We were facing the challenges of a much more sophisticated industry and needed systems that could provide levels of customer service that would differentiate us from the competition," says Paul Fipps, director of systems development.

In 2003, Charmer Sunbelt began investigating options to take its IT systems in an entirely new direction. After months of careful evaluation, the company chose to implement new enterprise systems from SAP throughout its 17-state network. It has since been steadily rolling out SAP in layers at the corporate level and at each of its 20 distribution facilities. Tampa received the first application, SAP WM (Warehouse Management), in August of 2004. The next modules installed there were Financials, Human Resources and Payroll. Other modules were eventually added, including Sales and Distribution, Materials Management, Incentives and Paybacks, and Controlling and Profitability Analysis.

Within the next two years, the full SAP suite will be operating system-wide.

"Our goal is to be soup-to-nuts SAP," says Healey.

Currently, the company is about half way through its rollout, but has already seen considerable benefits. The software provides faster and more accurate information, plus complete visibility into



inventory. Charmer Sunbelt has nearly eliminated mis-picks and substantially increased overall inventory accuracy. The software has additionally lowered operating costs by managing and automating processes within the warehouses. The Tampa DC alone will save \$270,000 this year in labor costs. Accuracy there has also jumped to over 99.8 percent. Spread out over the entire enterprise, Charmer Sunbelt expects to save nearly \$8.2 million each year going forward as a result of its SAP implementation.

Two other areas where the software has added to the bottom line are in depletion allowances and customer credits. Depletion allowances are rebates that wine and spirits manufacturers provide to wholesalers based on sales. Before SAP, capturing these rebates was a real challenge. With SAP, the process is automated and seamless, while providing complete visibility into the transactions that created them.

Managing returns has also improved. Customers receive volume discounts on their purchases, which need to be recalculated to account for returned items. With SAP, re-pricing of invoices is automatic at the time the product is returned to the warehouse. Accurate credits are generated automatically and can be released to customers quickly upon financial review.

"With the ERP system, we have total visibility now in what has happened to each customer transaction and what happened to the product," says Fipps. "We can see chargebacks at the line-item level. That level of integration is very powerful."

Many of Charmer Sunbelt's suppliers are also SAP users. The company is working toward closer information exchanges with those suppliers as a result of being on the same technology platform.

Asked to summarize the value proposition for a project of this size, Healey adds, "We have been able to drive inefficiencies out, substantially improve inventory and market data, and improve order fulfillment. I think that's a pretty powerful return on investment."

For more information on SAP's supply chain solutions, call (866) 609-1064 or visit www.sap.com

To watch a short video showing distribution operations at Charmer Sunbelt's Tampa, Fla., DC, go to www.dcelocity.com and click on The SPEED Challenge.