

SMB Tile Manufacturer Puts EDI on Solid Footing with SEEBURGER-Enabled Automation & Savings

FLORIM USA AT-A-GLANCE

CUSTOMER BUSINESS

TILE MANUFACTURER

TYPE OF PROJECT

EDI UPGRADE

SOLUTIONS

- SEEBURGER EDI ADAPTER FOR SAP NetWeaver XI
- SEEBURGER AS2 ADAPTER FOR SAP NetWeaver XI

BUSINESS BENEFITS

- NO MANUAL MESSAGE RETRIEVAL
- 85% LESS DATA HANDLING TIME
- \$6,000 ANNUAL VAN FEE SAVINGS
- IMPROVED CASH FLOW
- NO LATE-ASN CUSTOMER IRRITATION
- FEWER DATA INPUT ERRORS
- LESS EDI MANPOWER NEEDED

TECHNICAL BENEFITS

- ERP & EDI INTEGRATION
- EDI IN SAP TECHNOLOGY STACK
- INCREASED AUTOMATION
- MANUAL DATA VALIDATION ONLY FOR EXCEPTIONS
- IDOC P.O.'S NOT ERRORED OUT
- FASTER ASN & INVOICE GENERATION
- TO-THE-CENT BILLING ACCURACY
- SEEBURGER DEPLOYMENT ASSISTANCE

TECHNICAL ENVIRONMENT

- SAP R/3 ECC 5.0
- SAP NetWeaver XI
- Windows 2003 Advanced Server

Smaller manufacturers traditionally have either avoided EDI deployments or utilized EDI translators that fail to fully automate trading partner communications. Until 2008, tile producer Florim USA fell into the second category. The 250-employee company's POP mailbox-based EDI solution was not integrated with Florim's ERP system, forcing customer service staff to spend at least 30 minutes of processing time per order. Related delays in generating advance shipping notices and customer invoices frequently led to angry customers and later-than-expected customer payments. Upgrading to SEEBURGER's EDI platform slashed processing time to five minutes per order, solved the late ASN and late invoice problem, improved cash flow, eliminated \$6,000 in annual VAN fees, reduced errors, and helped streamline Florim's supply chain.

The Challenge

Inefficient B2B Communications

Florim USA is owned by the Florim Group, a global ceramic manufacturer headquartered in Italy. The company's Tennessee-based American arm operates the largest single-site tile manufacturing facility in the U.S., selling to large home centers that require purchase orders and related documents to be exchanged with suppliers electronically. Florim initially met that need with Sterling Commerce's Gentran:Director, but was handicapped by lack of integration with the company's legacy Infor BPCS ERP system.

"We had to log in to our EDI mailbox to get new purchase orders, print them, and enter them into our ERP system by hand. We also needed to manually validate every single Gentran-generated ASN and invoice because Gentran had no way of knowing about things like out-of-stock items when it automatically populated those documents," said Sajal Nath, Manager IT Operations, Florim USA.

The process was time-consuming, prone to errors, and created customer service and cash flow complications when customer service representatives were too busy to immediately handle validation chores. ASNs sometimes failed to reach their destination until a day or two after the actual tile delivery to the customer's warehouse. And invoices that were not generated promptly frequently missed the customer's billing cycle, forcing Florim to wait until the next cycle to get paid. "These things were not acceptable," Nath said.

The Strategy

SEEBURGER EDI Adapter

Florim USA took the first step toward resolving its EDI problems in July 2007 with an upgrade of its ERP system to SAP R/3. That migration – sparked by a need to update its nearly 10-year-old Infor system as well as an earlier SAP adoption by the parent company in Italy – prompted Nath and his team to reevaluate their EDI strategy. Their goal: to find a way to seamlessly integrate EDI operations with SAP business processes in order to reduce EDI-related overhead.

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Since Florim had deployed the SAP NetWeaver Exchange Infrastructure as its enterprise application integration software, the logical solution was to find an EDI adapter for SAP NetWeaver XI rather than implement a standalone EDI application. But the team had concerns about some of options – including one adapter that routed all messages through the vendor’s own Value-Added Network (VAN) and charged a fee for each transmission.

SEEBURGER’s relevant EDI adapter avoided VAN fees by securely routing messages over the Internet using the AS2 communications protocol. It was also natively integrated with the SAP NetWeaver XI technology stack, provided rapid implementation capabilities, and utilized the same B2B technology as SEEBURGER’s widely adopted and highly analyst-rated Business Integration Server. With deployment assistance from SEEBURGER consultants, Florim transitioned the first customer to the platform in October 2008 and immediately began seeing efficiency improvements.

The Benefits

85% Time Savings & More

As soon as the new EDI solution went live, users no longer needed to manually retrieve, print and input each customer order or validate each ASN and invoice by hand. With these changes, Florim’s processing time per order for customers whose transactions pass through the SEEBURGER adapter plunged from 30 minutes to just five. Now:

- The SEEBURGER adapters pass each incoming ANSI 850 purchase order to SAP NetWeaver XI, which in turn forwards it to SAP R/3.
- SAP translates the message into an iDoc and places it in a “To Be Processed” queue where it is cross-checked against SAP master data. Orders with no discrepancies are then processed automatically, eliminating manual intervention for 98% of P.O.s handled through SEEBURGER.
- Orders that fail the validation process because of issues such as wrong item numbers, wrong pricing, out-of-stocks, insufficient inventory and unknown store locations are flagged in a daily SAP report. Florim customer service representatives resolve the problem and then resubmit the order for processing.

- Whenever SEEBURGER receives information from SAP that an order has been shipped or an invoice has been created in the form of an iDoc, the EDI adapter automatically converts the iDoc and transmits an ANSI 856 advance shipping notice or ANSI 810 invoice without the delays previously associated with performing manual data validation at this point in the process. This workflow also avoids iDoc error messages that Florim received after migrating to SAP but before integrating its EDI and ERP processes via the SEEBURGER adapter.

SEEBURGER also automatically generates and sends ANSI 997 acknowledgements for each incoming transaction document routed through the SEEBURGER platform, and accepts and processes ANSI 824 application advice messages when an advance shipping notice is rejected by the customer.

“The increased automation we have been able to achieve with SEEBURGER has eliminated hours of work as well as delays in issuing ASNs and invoices. That in turn has enabled us to lower our customer service representative headcount, eliminated customer irritants, and improved our order-to-cash cycle,” Nath noted. “All processes occur seamlessly like clockwork because of the tight integration between our SAP database and business processes and our SEEBURGER EDI adapter.”

Other benefits have ranged from saving \$6,000 by eliminating the need for a VAN through SEEBURGER’s support for the AS2 communication protocol, to eliminating billing errors associated with the inability of Florim’s legacy EDI solution to support one customer’s three-decimal billing system.

All of these benefits were realized by transitioning a single customer to the SEEBURGER platform. As of early 2010, Florim was planning to bring at least two more customers on board by late Q1 or early Q2, with the cost savings and other advantages due to multiply with each addition. The company’s gains in upgrading its EDI technology showcase a fundamental truth: whether you’re a smaller tile manufacturer like Florim or one of the best-known brands in the world, being able to fully automate your supply chain communications pays off in multiple areas - including your bottom line.