

Sage ERP



Harnessing the power of mobility to achieve growth



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Introduction

As mobile technology advances accelerate, the impact they have on the business world is reaching critical mass. Both small and mid-market companies in the manufacturing, distribution, and retail markets already depend on mobile technology, used on smartphones or tablets, to overcome the challenges of growth in an unsteady economy. Regardless of whether the business goal is to improve communications efficiency, productivity, or profitability or to simply grow, the company that fails to embrace mobile technologies and come up with a flexible and viable mobile strategy is doomed to fall behind the competition, surrendering hard-won market share.

Why growing a business can be difficult

Challenges in manufacturing

U.S. manufacturing experienced considerable turbulence for the better part of the last decade: Emerging economies such as India and China have shouldered their way toward the front of the pack of top-tier manufacturing countries, the devastating Great Recession stifled demand, and manufacturing employment plummeted in leading economies worldwide (Manyika, J. et al). Despite this challenging environment, manufacturing remains an important source of innovation and competitiveness, making significant contributions to exports, growth, research, and development. The companies that want to succeed and grow in the present reality can no longer rely on traditional responses, but must explore new ways of doing business and adopt emerging technology to meet their business needs so they can achieve their goals.

One persistent obstacle to growth is inefficiencies present in the traditional manufacturing system. The manufacturing industry has a very long and complex value chain brought about by global trade, extended supply, and shortened product lifecycles. To achieve efficiency and maintain their overall competitiveness, U.S. manufacturing companies have had to evolve into lean organizations, adopting corresponding principles at each step along the chain (Ramanathan, P). Today, information technology plays a key role in an organization's ongoing quest for an even leaner competitive posture, and the integration of people with enterprise systems at the point of activity is the next crucial step to improving performance and fostering growth; mobile technology will be the bridge that makes this level of integration a reality. Mobility is already pervasive in the general American consciousness on a personal level, and it's now permeating business. While there has been resistance to mobile technology in the manufacturing world for some time, this has been changing rapidly. Mobile technology continues to gain traction and is poised to play a major role in permitting real-time decision making and a collaborative environment by removing existing communication and data bottlenecks, creating levels of efficiency that were simply impossible until now.

Eaton Corp. is one example of a company that has embraced mobile technology by developing its own mobile application to enhance operations.

Eaton's \$4 billion vehicle group spent about seven months developing Powertrac, a mobile app that uses a global positioning system (GPS) on an iPad and a cell network to track the company's test vehicles. The company accesses data in real time to prevent problems and ensure driver safety on road tests. In the past, if a problem occurred, stranding a driver, personnel might not find out until hours after it occurred. Now, details are on hand immediately (Azevedo).

Even though the modern manufacturing workforce is primarily located onsite at the manufacturing facility, most of them are not desk bound. Production workers man the production line. Warehouse workers are constantly on the go, processing incoming shipments, replenishing the production line, or preparing orders for shipment. Regardless of a function's activity, be it planning and resource management, monitoring equipment and scheduling maintenance, or capturing data, employees from these various functions typically use paper forms to record information at the point of their activities; this information is then entered into an ERP system at a later time, usually on a desktop computer (Ramanathan, P.). This transfer of information is a duplication of effort, and not only is it inefficient and cost ineffective, but it is prone to data-entry errors that can have a significant negative impact on performance and, ultimately, profitability.

Manufacturers need a way for process owners to perform these activities more effectively and efficiently at the point of activity itself to allow for swift and informed decision making and a streamlined workflow. The question that industry executives are asking themselves is this: Is mobility the answer?

Kristin McClane, president of Milford, Ohio-based CIMx Software Inc., believes the answer is yes.

"If you're manufacturing an assembly of something and run into an issue, you'd have to contact a quality engineer to see what the problem is. And then in order for him to make a change, he'd have to go back to his PC (personal computer) at his desk, and that could take hours if he gets pulled on ten other fires on the way back there," McLane says. "With mobile, he could pull up a document on the fly. The speed of change is massive. The faster you can perform that quality check, the less money you lose" (Azevedo).

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President, Milford, Ohio-based CIMx
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Challenges in wholesale distribution

The U.S. wholesale distribution industry is also caught up in the postrecession malaise following the greatest financial meltdown since the Great Depression; the outlook for growth in the U.S. for wholesale distributors is cautiously optimistic in comparison to the overall U.S. economy. The industry currently encompasses about 300,000 companies; total revenues in 2013, as reported by industry analysts (MDM), grew by 5.4 percent to \$4.9 trillion, down from the double-digit increases that followed immediately on the heels of the Great Recession, increasing the urgency of competition over that diminished pie (The Frantz Group).

According to an industry overview, during the past decade the wholesale distribution industry experienced growth of nearly 50 percent, which was an above average rate when compared to other industries. In comparison to retailers, which showed 40 percent growth, and the U.S. economy that clocked in at 30 percent growth, the numbers for wholesale distributors are better than one might have anticipated, but they are still lagging as the economy shuffles along trying to regain its stride (The Frantz Group).

This slow state of industry recovery makes it critical for wholesale distributors to find ways to operate and compete more efficiently than their competitors in order to grow profitably. Much like the manufacturing industry, if wholesale distributors want to achieve meaningful revenue growth, particularly in a weak economy, they must improve upon already lean practices by harnessing real-time intelligence, making processes even more efficient at the point of activity, giving their field personnel the tools to become advocates, and improving the overall customer experience.

Achievable solutions

In addition to dominating the customer space, the Millennial generation is becoming more entrenched in the workforce as Baby Boomers retire in growing numbers; in fact, by 2020 researchers project that Millennials will make up nearly half of the entire U.S. workforce (Morgan). Therefore, the Millennials' attitudes and expectations are increasingly influencing how the business world operates, particularly in regards to mobile technology and the access to real-time data. In their role as the client, Millennials' expectations of instant responsiveness to their needs and their demand for quality goods and services at the lowest possible price set the bar for U.S. businesses. A mobile strategy that encompasses these expectations and that is both well-tailored to the organization and flexible enough to accommodate changes in technology and user demand is now an imperative if a business is to remain viable.

The ability of mobile technology to put the right tools and information where it's needed—in the hands of personnel at the point of activity—is becoming more indispensable for manufacturers, wholesale distributors, and retailers who are committed to staying ahead of the competition, or at least keeping pace with it. In fact, 70 percent of business decision makers are looking to leverage mobile and wireless technology in order to make their workforce more productive, processes more predictable, and their business leaner and more profitable (MA Staff).

Current research also shows that:

- 80 percent of businesses currently support workers using tablets, and 90 percent of organizations will support corporate applications on personal devices by 2014.
- By 2015, mobile application development projects targeting smartphones and tablets will outnumber native PC projects by a ratio of 4:1.

For wholesale distribution, an industry that relies heavily on collaboration and efficient logistics to work, mobile devices and mobile apps present potential benefits that should not be ignored. In a recent [mdm.com](#) study, core key business priorities for distributors included:

- Revenue growth.
- Increasing profitability.
- Customer retention.
- Better inventory management.
- Employee training.

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In this same report, mobility ranks right behind e-commerce and CRM systems in distributors' plans for technology acquisition during 2014, a definite sign of the growing importance that the industry places on mobile devices and mobile apps and the positive impact it can have on these core priorities (Garcia, J.).

Quite simply, more companies are beginning to see that mobile devices and mobile apps give them flexibility and a real-time responsiveness that they have never had before, letting them achieve more with less.

For example, in the hands of a company's field personnel, mobile devices and mobile apps provide an invaluable resource, giving them instant and up-to-date access to information that traditionally has been printed on specification sheets, catalogues, or in installation guides—information that was possibly out of date. Now field representatives are able to close more significant deals because they can use their tablet to access customer purchase history, show clients current product photos and product specifications, offer software-recommended cross sales, and guarantee availability of product in the warehouse, all while onsite. Not only do mobile devices and mobile apps connect to a cloud-enabled data system, such as an ERP solution, they enable sales personnel to close bigger deals and can take immediate payment and issue receipts, all of which feed the wow factor that customers crave, but don't necessarily expect, in their business interactions.

In the case of service-based companies, mobile devices and mobile apps improve the performance of their field technicians. Dispatchers efficiently schedule jobs and send updated job information to technicians' smartphones so work is done correctly and completed on time. The smartphone camera feature allows technicians to take before and after pictures of a job site and upload the files to the customer's history to document conditions and work completed. Mobile technology ensures not only efficiency, but also a higher quality of customer experience to secure repeat business and future recommendations.

The pace of business is reflective of the real-time digital environment and mobile streamlines it further. Employees in manufacturing and distribution work with complex machinery and systems and have multiple responsibilities, which includes keeping up to date with safety regulations and compliance issues. Mobile technology improves efficiency by allowing the training department to deliver key training and education material directly to employees at their workstations on their tablets to review at their convenience, eliminating the need to gather personnel into a classroom and thus reducing down time.

In the effort to affect lean processes, mobile devices and mobile apps enable real-time decision making at all levels of the operation. For example, maintaining accurate inventory is crucial to preventing stock overages and outs; with mobile devices mounted directly to forklifts, operators can input changes immediately so that the system accurately reflects them. It also enables just-in-time supply with workers able to monitor stock levels and order parts and critical supplies at the right time, preventing both outages and the carrying of excess inventory.

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Assembly line managers can monitor the line with a tablet rather than from a distant workstation, allowing them to be most effective by putting them where they need to be at that moment. Machines along the production line can send critical monitoring data to managers' smartphones to alert them to potential issues.

With a complex supply chain stretching from point of manufacture to point of sale, there are many critical locations along the way for things to go awry. Mobile inventory management tools provide managers with real-time visibility into supply-chain logistics at any point in the system whether the shipment is in a particular warehouse or en route to a customer. With automated alerts, managers can isolate a potential problem and take corrective action before it has a chance to cascade through the system and spawn more and potentially bigger problems.

Conclusion

The pace that businesses operate at continues to pick up, and the adoption of mobile and cloud-based computing will further accelerate it by making up-to-date information available in real time to even more people. As reported by industry analysts at both IDC and Forrester, as mobile devices become more prevalent (87 percent of connected devices sales by 2017 will be tablets and smartphones), they are making positive contributions to business by increasing efficiency and productivity (Columbus). Tablet sales, in particular, are soaring, forecasts suggest that tablet computers will make up more than 50 percent of all computers sold globally in 2014, and IDC estimates annual tablet shipments will climb to 350 million units by the end of 2017; Forrester forecasts that one in five tablets in 2017 will be an enterprise device as more businesses, across the full spectrum of industries, look for the competitive advantages and cost savings that are to be found in mobility. Royal Caribbean International, for example, recently purchased tablets for its fleet of cruise ships for use by passengers during their trips. A custom app gives passengers a schedule of all shipboard activities, lets them sign up for excursions, and even makes special offers tailored specifically for their interests. The company believes this added convenience improves the overall customer experience with a goal of increasing repeat business and referrals; furthermore, it has streamlined Royal Caribbean's hospitality efforts by making customers more self-sufficient, thereby reducing inquiries and freeing up staff to perform other duties (Inspired Mag).

The increasing adoption of mobile devices in the business world has unleashed productivity gains and cost savings that simply could not have been envisioned only a few years ago. Efficient electronic ordering and invoicing systems have begun to replace antiquated and costly paper-based processes. Companies, like U.K. retail chain Argos, that have traditionally relied on printed catalogs to display their products and printed order forms to sell them, are testing in-store tablets featuring cost-effective digital catalogs (Williams, H.).

The swift pace of modern business makes it imperative that companies adopt a mobile strategy that is both specific to the organization and adaptable enough to accommodate changes in technology, the workforce, and user demand. Low purchase price makes tablets and smartphones attractive assets, as does their ease of use, which means reduced support and training costs. Portability enables mobile devices to adapt to different environments and different functions whether it's as a point-of-sale device or a promotional tool. With a docking station, tablets can even become laptops for larger data entry tasks.

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With a mobile solution, decision makers need to accept the correlation between adaptability and simplicity. Technologies that introduce too much complexity are less adaptable and should be viewed with caution or rejected for simpler alternatives. Mobile device apps are simple by nature due to the need to work over networks of varying speed; this does not mean they are lacking in power, particularly when integrated with a business's other systems, such as a cloud-synched ERP solution where employees and customers benefit from an easy-to-use app at the point of interaction with the system doing the heavy lifting behind the scenes.

With apparent and distinct advantages to be gained, businesses that get ahead of the competitive curve by adopting a comprehensive mobile solution stand to strengthen their position with increased productivity, better service, and lower costs, while those that fail to address this shift in the competitive landscape will find themselves increasingly at a disadvantage and in danger of losing market share.

Businesses that get ahead of the competitive curve by adopting a comprehensive mobile solution stand to strengthen their position.

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6561 Irvine Center Drive
Irvine, CA 92618-2301

866-996-7243

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