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Daemar Inc.

Strengthens Inventory Management, Sales Analysis and Customer Service with Modular Software

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- *David Copping, VP of Operations
Daemar, Inc.*

One common determinant of success for distributors is an ability to closely control inventory, a task that becomes more complex with each product line, each customer and each facility a company manages.

Five facilities, each serving a distinct customer base

With five sales and warehousing facilities in Canada and the U.S., and 12 product lines representing approximately 53,000 SKUs, Daemar, Inc., an Ontario-based distributor of fluid sealing and precision component products, understands the challenge of managing product movement. Its facilities, which serve disparate regions across Canada and as far south as Atlanta, carry unique inventory mixes tailored to meet the requirements of a distinctive customer base.

“Ontario is largely automotive-driven, so we’re dealing with small parts at high volumes,” says David Copping, VP of Operations for Daemar. “Whereas, Edmonton is much like the Texas oil patch, dealing

with a lot of seasonal drives for incredibly large, non-standard inventory. Vancouver is primarily resource-based, serving bearing houses, mills and mines. Montreal is aerospace and bearings, and Atlanta is pretty varied.”

Of all industries Daemar serves, the automotive industry in particular places the toughest standards on its suppliers. EDI demands and ISO, QS and TS certifications, which require advanced product traceability and serialization capabilities, place tremendous strain on small and midsize companies, like Daemar, with lean IT and quality assurance infrastructures.

Focus on inventory management and sales analysis

But regardless of what drives Daemar’s operational challenges – automotive demands, far-flung geographies or diverse product lines and customer bases – tight control over inventory across all locations remains paramount for Copping. “Every minute we sit on inventory that’s not moving, it’s costing us money. Our ability to move product in and out in a timely manner is where we make our margins.”

That focus on inventory led to Daemar’s selection of Modular Software’s ERP solution in 2004, after an evaluation process that spanned more than three years and six ERP providers. According to Copping, Modular’s inventory solution, which focuses on EOQs, min./max. and seasonal items, has been critical in allowing Daemar to simultaneously decrease inventory investment while decreasing their number of stock-outs.

Hardware platform factored into the decision as well, and for Daemar that meant sticking with the IBM System i (AS400), with its 99.99% uptime. “We took a look at Microsoft Windows-based products, but it always came back to the fact that there was no way they could match the reliability of the IBM platform.”

Another advantage of Modular is its multi-branch and multi currency capabilities. “We didn’t want to paint the whole company with a broad brush,” says Copping. “A product that moves fast in Ontario may have zero movement in Vancouver, so it’s critical that we be able to handle each branch discretely, with each having their own fill rates and EOQs.”

Modular Software's inventory module also enables Daemar to manage product kits for particular customers. "Modular's inventory functionality is exceptionally robust, so we can build those recipes and get them out the door rapidly."

Additionally, Daemar relies heavily on Modular's sales analysis capabilities. Managers customize their analysis of sales activity to view long or short-term trends for a particular branch or class of goods, or they perform tightly focused reviews of activity at the customer, territory, salesman or product-level.

"The sales analysis also works

hand-in-hand with our Purchasing, allowing our purchasing team to identify peaks and valleys in product movement by division, product grouping or category," Copping points out. "So we're able to adjust on a daily basis to ensure that each branch is selling what's best suited for their particular demand cycle."

Increasing control without adding staff

Copping credits Modular with enabling Daemar to expand its enterprise-wide control while growing its business - without having to increase its IT staff. "Without Modular, the demands our automotive accounts alone put on our IT department would necessitate increasing our staff by 4-5 people," says Copping, who adds that though Daemar's sales have grown dramatically over the last 10 years the company has fine-tuned its inventory management to the point that their inventory values have remained the same and on-time deliveries have improved considerably.

"We rely heavily on Modular to make sure we have the right solution in place to cover our customer requirements," says Copping. "With their friendly, knowledgeable support staff and a robust ERP package, I feel confident recommending Modular software to anyone."