



## Weber Supply Group, Kitchener

### The Best Possible Service at the Lowest Possible Cost

Consider the benefits of an automated warehouse: quicker response to customer requirements, fewer order fulfillment errors, lower personnel costs and less paper handling.

How can automation deliver these benefits? Picture the following scenario.

Without paper, or even a computer keyboard, sales people and customers alike use portable laser scanners to read product codes on shelves and automatically reorder low stock items. Also, with **MROPsource.com**, Weber Supply's version of the popular Modular **CustomerLink** Internet eCommerce software, Weber Supply reduces customer phone calls and streamlines staff support by enabling customers to obtain information directly.

**MROPsource.com** is an *interactive* service module, which provides the customer, using a PC with a standard browser, real time feedback as they prepare their own quotation, sales order, inquire on order status, previous quotes and invoices, and view product pictures and specifications – at virtually any time of the day or night.

In the Weber warehouse, wireless radio frequency computer terminals direct staff to the items needed to fill the new order. After being checked with a hand held laser scanner, the items are put into a plastic reusable container, which is then placed on a conveyor that weaves through the facility.

Next, stationary scanners track the container's progress as it is automatically routed to join other containers making up the order. From the moment it is placed on the conveyor, until it reaches the shipping area, the container is never touched by human hands. Routing is entirely computer controlled. Finally, the computer system, with no manual intervention, generates a packing slip and invoice. All this done in a fully streamlined operation, with virtually no paper.

This sounds like the warehouse of tomorrow. It's not. It is the warehouse of today at Weber Supply Group, a full-line hardware wholesaler in Kitchener, Ontario.

Weber Supply's drive for the best possible customer service at the lowest cost is born out of necessity. The hardware distribution business has changed dramatically over the past few years.

Free trade has encouraged many formidable American competitors to look north in search of new markets. At the same time, new 'warehouse' retailers often prefer to deal directly with manufacturers, eliminating the distributor. To combat these potent forces, Weber Supply is determined to be the lowest cost distributor in North America. With the help of innovative warehouse automation technologies, it believes it has already achieved that goal.

## **The Growth Paradox**

Growth creates challenges. The last decade was a period of tremendous expansion for Weber Supply. The company's computer struggled to keep up.

"From 1983 until the mid 1990's we were running," said Lawrence Hallman, MIS Manager, "We continually added companies, continually changing things in operations, and continually upgraded our systems. As an MIS Department, we take great pride developing new and unique programs with added functionality. Yet, because of rapid growth and the need for program changes, the MIS staff were spending most of their time maintaining existing applications. Due to the additional operational programs and new warehouse automation, we were running into significant performance problems on our Unisys system. We urgently needed an alternative."

"We sat down with a group of our people, including end-users, and asked, 'if we could have the perfect computer system, what would it look like?'" said, Randy Weber, Chief Administrative Officer. "That exercise gave us a good idea of what we were looking for. As a result, we didn't have to review a lot of different alternatives. We quickly narrowed the selection to a very limited number of companies and said to them, 'this is what we want, what can you give us?'"

Several things were important to Weber Supply and stability was near the top of the list. "With the System 80 at the end of its time, stability began to be an issue," explained Hallman. "Increasing hardware problems, especially disk failures, and the time required to recover from them, placed an added burden on our MIS Department. This reduced the time we had to develop and implement new functionality for our users."

Along with stability, Weber Supply wanted a computer that was easy to run and would allow the company to significantly reduce maintenance and operation costs.

Imaging capabilities were also a consideration. The company wanted the option of being able to automate faxes and bring catalogue production in-house.

Ending the paper chase was another urgent requirement. Weber's facilities are very large, with space for an inventory of 50,000 items. Wandering around transferring paper was a tremendous drain on productivity. The company wanted a system that would allow its people to do everything right from their desktops.

Proven technology was also important. The company did not have the time to be testing ground for someone else's new hardware and software.

Finally, Weber Supply found everything they needed in Modular Software Ltd.'s **Matrix** distribution business software, the IBM iSeries Server and the team of IBM and its Business Partner. In addition to AS Server Advanced Series hardware and software, IBM also provided project management, networking and installation support.

At first, it was uncertain whether Jack Weber, the late Chairman, would allow the company to deal with IBM. "We didn't have a good experience with IBM back in the 1970s," explained Hallman. "We went through three or four computing platforms in four years."

"But, IBM has changed a lot," said Randy Weber. "I've never had so many calls from people saying 'are you satisfied?' and 'have we done what you've asked us to do?' I was very impressed. That's the way we try to run our business. We're not a very big IBM customer, but it's apparent that, from top to bottom, IBM cares."

"I came from another company that was an IBM customer and my impression was that IBM was high performance but also high price," added Jeff McCuaig, Chief Financial Office. "Going through this exercise and looking at the numbers my impression has changed. The price per unit of computing power has improved dramatically over the years. Today, IBM is much more price competitive."

On the software side, Modular Software's Canadian base was an advantage for Weber Supply. "I was concerned about dealing with a non-Canadian company," said Randy Weber. U.S. based software is often weak in handling uniquely Canadian requirements, such as GST, PST and HST. Modular dealt with all the Canadian issues that their American competitors didn't handle."

## **Comprehensive Software**

**Modular's Matrix** is uniquely designed for simplicity of operation. First time users can quickly navigate through the system using features like hot-keys transfers between graphical programs, windows, menus and operator prompts. And, the system performs many internal administrative procedures itself, with utility programs automatically handling all daily, monthly, and yearly housekeeping routines.

**Matrix** covers virtually all distribution management software requirements, including: purchasing, order processing, quotations, accounts payable, accounts receivable, general ledger, inventory management, and sales analysis. It also easily integrates with existing PC applications, fully leveraging companies' desktop technology investments. Further, **Matrix's CustomerLink** and Electronic Data Interchange (EDI) facilities are an instant on-ramp to the information highway, helping to eliminate the paper flow between companies.

“The software is very comprehensive, giving us everything we need,” said Hallman. “And, because it’s menu driven and consistent throughout, **Matrix** software is very easy to use. Once you’ve learned how to use one module, you know how to use every other module.”

## Meeting Deadlines

Weber Supply did not give the team much time to install the solution. To take advantage of a long weekend and what is usually a slow period, Weber insisted on an August installation date. The team had just three months from contract signing to system installation. And, the switch over had to happen in a single long weekend.

“It looked like an impossible deadline, but we did it,” explained Michael Bontje, Modular’s V.P., Customer Service. “It took people from all four companies in the team, including the President of Modular Software, camped out in Weber’s facility to make it happen, but the system was ready to run after the August first weekend.”

The conversion to **Matrix** and iSeries went smoothly, but the choice of start-up dates put the new system through a more aggressive test than originally planned.

“What we thought would be the best time for the installation, in a way, turned out to be the worst,” said Randy Weber. “August is normally our slowest month so we thought we’d have a chance to ease into the new system, but it wasn’t to be. That August and September were the busiest months we’ve had in five years.”

The system got a trial by fire and passed. “We probably couldn’t have handled it with the old system” Hallman said.

## Return on Investment

The technology is paying big dividends for Weber Supply. With Modular’s **Matrix**, iSeries Server and Weber Supply’s radio frequency picking system, the company believes it can now increase sales volume by 50% with **no increase in staff**.

“We measure productivity by picks per hour,” explained Randy Weber. “Under the old system our people could pick about thirty items an hour, today it’s in excess of one hundred items an hour. And, those picks are now much more accurate because the system directs our people to the right location.”

The new system also delivers significantly lower costs. Three years ago Weber Supply used \$ 250,000 in forms, now that is down to \$ 85,000. With **Matrix**’s ability to display reports directly on the screen, the company expects to lower paper costs even further in the future.

Paper is only one of the savings. IBM iSeries Server's ease-of-use features mean that Weber Supply now needs fewer computer operators. And, the versatility of **Matrix** allowed the company to significantly lower personnel costs in a number of operational areas. iSeries' integrated database, system management and operating system also helped to lower software acquisition and maintenance costs. As well, iSeries consumes significantly less energy and floor space than the old system.

"The new system paid for itself the day it went in," explained Randy Weber. "We're cash ahead every month just on the reduction of maintenance cost alone."

Employee productivity has been enhanced with improved response times. With the old system, some functions took two to three seconds when loads were light, or two to three minutes when the computer was busier. Today, iSeries Server completes those functions in less than a second.

IBM iSeries Server offers a number of advantages. Its room for growth within the product line means that Weber Supply will be able to expand their business without the need for new software. The iSeries also connects seamlessly with most other computer systems. That means that Weber Supply has been able to tie the iSeries into the Internet, PC LANs, customer and supplier EDI systems through Modular's inexpensive EDINet hosted service, and the PC driving their radio frequency picking system.

The ability to communicate with customers and sales people through a number of means is important to Weber Supply. Its system must be able to accept an order **regardless of how it arrives** – Internet, fax, paper, hand held computer, EDI, or any other computer format. **Matrix** comes with facilities for all of these methods and Modular readily adapted their programs to accept orders from Weber's hand held computers.

"Anything we sell, our customers can buy somewhere else," said Randy Weber. "So, everything we do has to be built around providing the best possible service at the lowest possible cost." Modular Software and iSeries are helping to provide the superior service and lower cost that keeps Weber Supply ahead of the competition.

For more information or to discuss your specific needs, please contact:

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