

Case Study

CEDC



High-proof efficiency

CEDC Group deployed the Emigo mobile system delivered by the Szczecin-based company Sagra Technology to unify operating processes of 17 distribution partnerships. The organization has improved sales efficiency and streamlined stock and receivable management. It has also begun high-precision measurement of return on property and marketing investments made for the benefit of customers

Consolidating distribution in the consumer goods markets entails not only expansion of scale. It is not enough to sum up the turnover and revenue to

improve the long-term opportunities of a company carrying out the consolidation – especially as takeovers generate risks and costs. The determinant of a successful consolidation is qualitative transformation of the existing resources and the potential, in order to finally improve not only scale, but also efficiency. Such a definition of consolidation was clearly understood by William Carey, the father of the powerful distribution and manufacturing group Central European Distribution Corporation (CEDC), which in 2008 made a turnover of approx. USD 1.65 billion.

One of key areas of efficiency in distribution is acquisition of orders as well as related marketing operations,

including customizing the portfolio to the current market needs, measuring results of promotional campaigns, analyzing competition activities, customer relationship management, etc. Sales efficiency also means the ability to plan and account for its costs – which cannot be ignored, considering the fact that the CEDC Group employs over 500 mobile sales representatives. In order to consolidate and improve this area of operation, the company decided to deploy a dedicated IT solution.

Distilling the expectations

The CEDC Group management wanted to deploy an existing and proven solution. At the same time, it had to be customized to their specific operating needs. First of all, the company looked for a provider with significant experience in supporting consumer goods distribution. However, the possible partner had to be able and willing to customize the delivered system to CEDC's specific business model and functional requirements. The list of detailed requirements and expectations was very long, which resulted from both the actual needs and CEDC's business philosophy.

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Kraj: Poland
Sektor: FMCG
Implementation: 2007

Customer Information:

Central European Distribution Corporation (CEDC) manufactures, distributes and imports alcoholic beverages (BOLS, Żubrówka, Absolwent and Soplica vodkas in Poland, Green Mark and Parliament vodkas in Russia and Royal Vodka in Hungary), as well as exports them to over 40 countries across the globe, including the USA, England, France and Japan.

Software and Services:

Windows Server 2003
SQL Server 2005 Standard Edition
SQL Server 2005 Compact Edition
.NET Framework, 2.0
.NET Compact Framework 2.0
Windows Mobile 5

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had to provide full support of mobile needs, including accepting orders, settling customer accounts, marketing operations, merchandising, reporting, managing the portfolio, promotional campaigns, pricing, sales conditions, non-commercial collateral, etc. What is more, the system had to cover all sales channels, i.e. shops of various sizes and catering facilities,” explained Piotr Majewski, IT Business Support Manager, CEDC Group.

FMCG distribution is an area in which flexibility is priceless. Apart from the requirements concerning the existing

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set of features, CEDC expected the system to be easily customized to its needs, which can change rapidly in the distribution market. A lot depends on the ability to implement changes quickly, e.g. customer satisfaction, rotation of goods in the warehouses, liquidity, and finally profitability.

“The ability to add new features, modules and algorithms

was an undisputable requirement, but we also wanted to be able to make changes virtually on the fly, without any programming, with the use of configuration mechanisms. This requirement raised the bar for potential providers significantly, because it called for a rock-solid and state-of-the-art technology basis,” said Tomasz Monczak, CEDC IT Director.

Eventually, CEDC chose the bid submitted by Sagra Technology from Szczecin. Its mobile Emigo system satisfied many of CEDC’s requirements, even in the standard software version. Of course, upgrades and modifications were also necessary, but their scope was significantly narrower than in the case of software offered by competitive bidders. Also, Sagra had many years of experience in partnership with distribution companies operating in the consumer goods markets.

A sip of data from a hip flask

One of the main goals of deploying the Emigo system by the CEDC Group was to cut down the duration of sales representatives’ visits at customer sites. Shorter visits mean that during a working day each sales representative can visit more customers, so the company may expect a higher turnover, and the sales representatives – a higher commission. Cutting down the duration of visits largely depends on the efficiency of carrying out their invariable, repetitive stages. And this efficiency results from the sales representative’s knowledge of the portfolio, customer, promotions, procedures, etc.

“Once sales representatives begin a customer visit, they should know whether the customer is entitled to credit to order products, and what the limit of this credit is. They should be familiar with the portfolio and have access to detailed information on current promotion campaigns for customers of a specific profile. The role of sales representatives as customer support specialists also requires them to know the products usually ordered by the customer, which allows them to quickly prepare

an offer at the point of sale. The time gained by this efficiency may be used for presenting new products or promotions,” explained Piotr Majewski.

The Emigo system allows the CEDC Group representatives to use orders placed by customers in the past as templates on the basis of which they create a current order. In many cases all they need to do is to agree upon the quantities. If they need to find an additional product, Emigo provides them with an extremely flexible portfolio search engine by product groups, brands, categories and user-defined criteria.

Pocket terminals supporting Emigo allow sales representatives to send the order for processing even if they are still with the customer, or immediately after the visit. Data is entered digitally from pull-down lists and dictionaries, which eliminates errors and painful verification of data. “Cutting down the duration of visits results from yet another factor. The fact that data is immediately entered in a digital form saves time. Sales representatives do not have to call and wait until the warehouse confirms availability of products – this information is stored in Emigo,” said Tomasz Monczak.

“Orders placed by sales representatives via Emigo are automatically entered into our warehouse management application. The two systems are integrated closely enough for the person responsible for orders to press Enter twice to generate a DN document and an invoice for a customer, based on the order,” added Piotr Majewski.

Fast-flowing communication

The other important reason for deploying Emigo at the CEDC Group was the need to associate the sales operations with the broadly defined market development within a single solution. Usually both of these areas function independently, but coordinating them can bring

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tangible benefits.

There are more reasons for joining sales and merchandising features within a single solution. By linking the sales and marketing features within a single solution, each visit at the customer site broadens CEDC Group's knowledge of the current market situation. And if you detect market changes early enough, you can adapt to them more easily. In reality, even a day or two can make a big difference.

"The relationship with a customer has many dimensions, but we should see it as a whole. We sign contracts with customers, ensure availability of products, we rent to them various, often expensive technical equipment... From the business perspective, this is an investment which must be properly supervised and eventually should bring some return. We want to know whether customers use the equipment in compliance with the contract, whether they fulfill their obligations as regards the display of products and promotional campaigns, whether they place the expected number of orders, etc. In the long run, careful observations allow us to determine whether or not the investment is profitable, and what the level of our commitment in a relationship with this customer should be in future," said Piotr Majewski.

The CEDC Group is the first alcoholic beverage distributor in Poland to launch a customer loyalty program – Kalejdoskop (Autumn 2009). Emigo was an ideal solution to support this initiative – mainly due to the possibility of combining the orders with marketing. The company's benefits were twofold. First of all, it obtained access to the needed functionality without any significant investments. Furthermore, all the operations are carried out within a single context, which makes it easier and cheaper (without any integration) to interpret the outcomes of actions carried out in relation to customers in various areas.

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Higher-proof

The Emigo deployment project was launched in late summer of 2007. Facing integration challenges, functional upgrades and testing lasted 12 months altogether. In the summer of 2008, the system was launched in the production environment of all 17 partnerships, with

the total number of 100 distribution branches. Up-to-

date and reliable sales data provided by Emigo are the basis for the CEDC Group's decisions related to the current operating tactics in the market. Emigo provides current information to a group of privileged employees responsible for individual product groups.

"From the current perspective, we may say that we have found a solution that satisfies our needs, and at the same time ensures flexibility. The purchased subscription provides us with access to new features designed on an ongoing basis, but Sagra can also cope with unusual needs, should they arise. The system gives us plenty of independence – we can shape processes ourselves, define tasks and activities, e.g. customer surveys. Moreover, we can freely modify parameters, algorithms, organizational structure description, privileges, data scopes, etc. This is really valuable," said Tomasz Monczak.