# Mint Jutras

Making Enterprise Business Systems Pay Dividends

## SAP ANYWHERE MOVES BEYOND ECOMMERCE TO PROVIDE COMPLETE FRONT OFFICE

### MARKETING, SALES AND SERVICE FOR SMBS

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*At first glance SAP Anywhere might appear to be just another new eCommerce solution for online retailers. But if you dig a little deeper you find much more. Purpose built for the small to medium size business (SMB) with a digital presence, it is a complete front office solution. It is a multi-channel commerce and marketing platform designed to be mobile first, low-touch and easily extensible. It supports SMBs in their efforts to:*

- ➢ *Design and manage marketing programs and leads*
- ➢ *Manage inside sales and customer service*
- ➢ *Have visibility into what's being sold, through which channel*
- ➢ *Process online and in-store orders in one place*
- ➢ *Track and manage inventory*

*Yes, SAP Anywhere targets retailers, but also recognizes the evolution in the way products are bought and sold today. Not only do retailers sell through multiple channels (online, in store and anything in between), but also more and more manufacturers and distributors have at least one sales channel where they eliminate the middleman and sell directly to the consumer.  This places new demands on the business at the point of sale, demands typically not easily addressed by back office solutions such as enterprise resource planning (ERP).*

*SAP has taken a modular approach to satisfying these needs. Rather than building more complexity into the ERP solution itself, forcing upgrades or replacement, it loosely couples the front office to existing back office solutions. If you are an SAP Business One or SAP Business By Design customer, the integration is out of the box. But the platform approach of SAP Anywhere also allows it to be easily connected to any back office – virtually anywhere.*

### SUPPORTING ANY MODEL, ANYWHERE

When it comes to managing the sale of goods, retail and manufacturing/ distribution are typically worlds apart. In retail, at the point of sale you deal with cash, check or debit/credit card; the customer walks away with goods in hand and inventory is depleted. In manufacturing you process your customer's purchase order, create a sales order and subsequently ship and invoice, relieving inventory and creating accounts receivable. Later you receive cash

and apply the cash receipt against accounts receivable either on an open item or a cash balance basis.

Receiving cash in a traditional point of sale system in a retail environment, either in store or online is easy. Managing an open account is more difficult. For a manufacturer or distributor using an Enterprise Resource Planning (ERP) system, managing accounts and accounts receivable is standard practice. Processing a cash sale is more difficult.

In a retail store, the cash in the drawer is reconciled against the sales recorded at the end of the day. In a manufacturing or distribution environment shipments, invoices and cash receipts are reconciled at the end of the month. Yet in all cases, everything must be posted to the general ledger in order to create a balance sheet and profit and loss statement.

*So what happens when a manufacturer or distributor sells directly to a consumer? Does the manufacturer need to invest in a retail point of sale (POS) solution, an eCommerce solution, as well as a back office ERP solution… and then interface or integrate them all in the hope they will one day all work seamlessly?*

So what happens when a manufacturer or distributor sells directly to a consumer? It happens more and more today in showrooms and factory outlets, as well as online. In eliminating the traditional retailer, does the manufacturer need to invest in a retail point of sale (POS) solution, an eCommerce solution, as well as a back office ERP solution… and then interface or integrate them all in the hope they will one day all work seamlessly?

SAP Anywhere supports all these different environments at the point of sale without causing you to jump through hoops, automatically sending the necessary transactions back to ERP, whether you post an order, to be followed by shipment, invoice and payment or whether it all happens at once. And with SAP Anywhere, it's not just about being able to take cash for a product in hand. Manufacturers or distributors might have a virtual showroom from which you can place a more traditional business-to-business (B2B) order. The manufacturer or distributor might have the goods in stock to be shipped and invoiced, or it might take an order, source the product and have it shipped directly to the customer. SAP Anywhere supports any and all of these different business models.

*Different business models, different prices per channel, central or distributed warehouse? All of these options are supported by SAP Anywhere. Perhaps SAP should call it SAP Anywhere Anyhow.*

And these business models, and even prices, may vary by channel. Are you selling direct, through distributors or through online commerce companies like Amazon or Alibaba? Today are they all forced to use the same catalog and pricing? Or are you forced to create (maintain) separate catalogs for each? Can you tie a channel to a specific warehouse or fulfill all orders from a central distribution point or anything in between? If using a central warehouse, can you reserve inventory for a specific channel? All of these options are supported by SAP Anywhere. Perhaps SAP should call it SAP Anywhere Anyhow.

## CASE IN POINT: M.R.K.T.

MAD RABBIT KICKING TIGER (M.R.K.T.) is the perfect example of a company faced with the challenge of doing business in a variety of different ways.

The company designs and manufactures bags and accessories, including backpacks, briefcases, messenger bags, travel bags, totes, shoulder bags, sleeves and accessories. The founder, Tom Pen, entered the fashion accessory market somewhat by chance. A Harvard-trained architect, he noted the machine he used to make working models of his architectural designs was under-utilized. So he decided to make some smaller products using some unique fabrics. They were a hit and within six months, what started out as an extracurricular activity became a business. One of his architectural design customers was closing down a small store, which he took over. M.R.K.T. had its first retail outlet. Today it has 40 mono-brand stores, but also sells through larger retailers like Nordstrom's, Lord & Taylor and Urban Outfitters, as well as its own online store and other online channels.

In its early stages, M.R.K.T. produced its first products in a small workshop in Shanghai, China, but today it uses a network of suppliers around the world for both materials and production. As a contract manufacturer, it must manage a global supply chain. The company also sells through wholesale distributors, as well as direct. So it faces all those different combinations of cash sales, accounts receivable, as well as the challenges of global trade.

In the very beginning, it was easy enough to manage all these different channels and unique requirements with a spreadsheet. But soon M.R.K.T. was feeling the strain of managing eCommerce, as well as the wholesale business. And soon it had inventory everywhere.

Solutions started to proliferate. The team implemented a warehouse management system (WMS) to manage inventory levels and locations. They started using Shopify to power the online store. While those orders came in online, those from distributors and retailers came in through EDI. There was no single point of entry, and soon they learned they really didn't want to manage a variety of different solutions.

As a fast growing company in a consumer market, M.R.K.T. had to look first at its externally facing functions. M.R.K.T. needed a better "front office." That's where SAP Anywhere came in. Although the team is still working with SAP on channel management tools, the goal is to converge all its sales channels through SAP Anywhere. An interface pushes orders to the WMS, where they are picked, packed and shipped, and then pushed back to SAP Anywhere where they are automatically invoiced. In this way, Shaun Nath, Owner and CEO says, "SAP Anywhere almost functions as an ERP, but not quite. But it is nice, easy to use and friendly – almost like ERP but presented in laymen's terms. We simply can't afford to have to train our staff on old, clunky technology. We're moving too fast."

M.R.K.T. is indeed moving quickly. It has doubled in sales each year for the past three years. It sells in 20 countries today and plans to be in 50 within three years. And yet, it still manages some of its back office functions manually

with the help of spreadsheets, including the purchase of direct materials. So it will eventually need to fill those gaps with a full ERP. Will that ERP be one of SAP's own? Perhaps SAP Business One or SAP Business ByDesign? The jury is still out on that and Shaun has looked at some niche solutions designed specifically for the fashion and accessories industry, but also admits that the "out of the box" integration with an SAP ERP is very appealing.

And so is the Software as a Service (SaaS) model. With its anticipated growth, scalability will be a key consideration, along with some of the other key facets of SAP Anywhere.

## FLEXIBILITY IN PAYMENT

SAP Anywhere can also accept a variety of payment methods common in a combination of online and physical retail outlets including in store, showroom, warehouse or simply "in person" transactions (think about a service technician selling a spare part). These payment methods include cash, debit card and stripe (payments infrastructure).

In a physical setting, the application itself supports bar code scanning directly from the mobile device on which the sale is captured, without any added hardware. Or you can add an external scanner connected via Bluetooth. In addition to the scanner you might also connect a printer and make use of cash drawer functions that allow the use of any personal computer with a "locked" cash drawer, all while keeping track of total sales for any day broken out by payment method.

## CUSTOMER LEAD GENERATION

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Completing a sale is great, but not necessarily unique to SAP. However, there is more to the front office function than just selling. The front office is also tasked with creating demand and acquiring new customers. These marketing functions are typically supported by separate applications, if at all. Many SMBs today see digital marketing as an affordable alternative to more traditional software to manage marketing campaigns. But they then struggle to tie these digital campaigns back to the transactions for closed loop marketing.

The next area of investment in developing SAP Anywhere is in the realm of digital marketing. Look for instant integration with Constant Contact and Mail Chimp, both of which can track clicks and other campaign statistics. Next on the docket are search (think Google ads) and integration with social media to integrate campaigns into Facebook, Pinterest, Twitter, Instagram and LinkedIn.

## WHERE AND WHEN?

SAP Anywhere isn't available everywhere… yet. It launched in Beijing in October, in partnership with China Telecom, followed by the United Kingdom

in March. Next on the docket: the launch in North America at Sapphire Now 2016 in May. But it will need to continue to expand geographically if it wants to achieve its goal of 100,000 customers within five years. Along with that customer count goal comes an annual revenue goal of $200 million. Because this solution is completely cloud-based, all sales will be by subscription.

If you do the math, this means average annual revenue per customer of just $2,000, making it quite affordable and appealing to the SMB market.

## IN SUMMARY…

*The Internet levels the playing field for expansion and growth.*

SAP seems to have very aggressive plans for SAP Anywhere, targeting growing SMBs interested in having more customers. And today, who isn't? The Internet levels the playing field for expansion and growth. But growing your customer base today also requires a digital presence - one that is very carefully orchestrated from lead generation to customer acquisition to customer retention. Don't settle for just one piece of the puzzle. Make sure you start down a path that can take you Anywhere you want to go. Perhaps SAP Anywhere can help.

*About the author:  Cindy Jutras is a widely recognized expert in analyzing the impact of enterprise applications on business performance. Utilizing over 40 years of corporate experience and specific expertise in manufacturing, supply chain, customer service and business performance management, Cindy has spent the past 10+ years benchmarking the performance of software solutions in the context of the business benefits of technology. In 2011 Cindy founded Mint Jutras LLC (www.mintjutras.com), specializing in analyzing and communicating the business value enterprise applications bring to the enterprise.*