

CUSTOMER CASE

AHLSSELL GROUP

Ahlsell and Aptean make it easy to do business



ahlsell

makes it easier to be professional



Göran Näsholm
Group President and CEO



Gunnar Haglund
Vice President and CFO

Established in 1877, Ahlsell AB is a leading trading company in plumbing, heating, and electrical supplies for construction and installation professionals, and for do-it-yourself tools and materials to consumer retail chains. Ahlsell Group operates in the Nordics, Estonia, Russia and Poland with a sophisticated logistics network and runs a business-to-business store chain with 200 pro-marts. A focused growth strategy has taken Ahlsell to a market leading position, with sustained profitability based on a strong sales operation and highly efficient supply chain and IT solutions.

CUSTOMER DETAILS

- Wholesaler of construction tools, equipment and materials
- Operates in 7 countries with multiple product divisions and brands
- Annual revenue more than 2.3 billion EUR and 4 500 employees
- More than 100,000 products in stock

INDUSTRY

- Supplies for professional users doing electrical, plumbing, heating, cooling and sanitary installations, plus a broad do-it-yourself wholesale assortment

SOLUTION

- IMI Supply Chain with Advanced Order Management and Trading Partner Collaboration
- Pivotal CRM
- Event Management Framework

CHALLENGES

- Support aggressive business expansion and acquisition strategy
- Create uniform business processes across geographies and types of customers
- Enable sales and supply chain transparency across legal entities in six countries
- Extremely broad product assortment to manage

RESULTS

- One integrated best-of-breed system supporting all business units
- Highly scalable platform - more than fifty companies acquired and fully merged in ten years
- Single face to the customer with highly flexible pricing and delivery options
- Substantial reduction of IT and supply chain costs
- Benchmarked as leading solution in the industrial wholesale industry

CHALLENGES

Support growth by acquisition

Ahlsell set out to grow the business by acquiring selected local businesses in the right geographies and product segments. Each acquisition brings new business practices and established IT solutions. Ahlsell identified that synergies would be gained only if the acquisitions could be assimilated systematically and rapidly.

“Each new company we acquire is usually very proud of their existing ERP solution. That is good, but also a challenge. We need to make them feel that moving to our platform will mean a great step forward for their business.”

Gunnar Haglund
Chief Financial Officer
Ahlsell Group

Create common business processes

As Ahlsell was expanding the business it became increasingly important to find more synergies across the way the companies in the different countries operated. Each company and product division had built their credibility on strong local presence and ways of selling to the local market. But on a corporate level, Ahlsell was lacking integration between sales, order processing, purchasing and logistics, invoicing and distribution.

Sales and supply chain transparency

Ahlsell is renowned for its strong sales force with good customer relationships and extensive product knowledge. As part of modernizing the sales processes, Ahlsell wanted the sales force to focus more on developing the business, and less on repetitive order entry of serving customers with basic product information. Information about available inventory, pricing, and customer issues was not consistent, and not always available to the sales staff and definitely not to customers.

Broad product assortment

A wide product assortment is a requirement in the construction wholesale business, but it also creates challenges similar to the ‘long tail’ problem in retail (a large portion of the products are slow movers). Ahlsell carries around 100,000 items in stock and many more as special order items. Coordinating all items across regions was getting increasingly complex, and inventory levels were growing too high.

SOLUTION

Ahlsell has executed a rather aggressive growth plan over the years, expanding geographical presence as well as product assortment and market share. Each new acquisition brought new ways of working, and this of course challenged the devise “Ahlsell makes it easier to be a pro”. To grow rapidly and at the same time help hundreds of thousands of professional customers to improve and become more profitable requires innovation and change.

The IMI Supply Chain solution was implemented to help integrate sales, purchasing and logistics across all countries and product divisions. One single system instance supports six countries, each with a different language, and more than 3,000 concurrent users have access to real-time information about order status and inventory positions. This transparency is the corner stone for continuous improvements and for streamlining processes, and to minimize capital tied up in inventory.

The solution also supports full visibility across all sales channels, and customers can use a self-serve eCommerce solution with online product catalogs and webshop features. Ahlsell's internet store gives access to precise and prompt information about assortment, campaigns, pricing, delivery options and order tracking via real time integration to Advanced Order Management. With more than 16,000 customers visits and over 5,000 orders placed daily, it is one of the larger eCommerce sites in the Nordics. Total transaction volume is 150,000 sales order lines per day.

“For Ahlsell, the vision is clear for the future; we need a solid platform for communication and interaction with our customers, suppliers and partners. We believe that the Apteian solutions will continue to help us meet the future needs of our organization and their partners.”

Peter Joelsson
IT Portfolio Manager
Ahlsell Group

A key step followed shortly; to add a new CRM system that could unify the sales and go-to-market approach across all regions and districts. The implementation of Pivotal CRM allowed integration of data from several different systems and created a true single face to the customer approach. The sales organization is now geared with a full picture of customer buying patterns, service levels, proposals and invoices, which help sales reps to proactively focus on developing the business with each account.

RESULTS

One integrated solution across all business units

A main advantage for Ahlsell is the ability to run one system across all legal entities and languages. It has effectively allowed Ahlsell to restructure the supply chain with centralized warehouse operations, control the sales pipeline and demand information across regions, and to centralize product management and purchasing decisions. As all these decisions can be based on real-time information, Ahlsell has been able to cut inventory levels with 30% in 5 years, and at the same time continue to grow the business.

Highly scalable platform

Ahlsell Group has acquired more than fifty companies in ten years, and all have been merged onto the Apteian solution within less than a year.



“We have created a process to onboard new companies within 3-6 months after the acquisition – to get them off their earlier IT solution and onto our platform. This works so well thanks to the flexibility in the Aptean solution and consultants that allow us to adopt the best of the practices new companies add.”

Gunnar Haglund
Chief Financial Officer
AhlSell Group

Single face to the customer

Customers have several options to interact – they work with their local sales reps on how to develop the business together; they have access to product information, their own pricing agreements, proposals, order entry and delivery status via the integrated eCommerce solution; they can shop in their local AhlSell pro-mart, or they can integrate with their own systems fully via EDI messages. The centralized approach has allowed AhlSell to make information available on-line for internal users as well as customers.

For the customer, it means consistency across sales channels, and real-time access to everything they need as a professional buyer/user – and in their own local language.

The single face to customer approach combined with highly flexible pricing and delivery options with short lead times has taken AhlSell to a leading market position (in the largest market Sweden, AhlSell is number 1 or 2 in its focus segments).

Reduced IT and supply chain cost

AhlSell's IT department is small, and strictly focuses on being a professional buyer.

“We work in close cooperation with Aptean to constantly review and refine the way the solution is used. This has created a very efficient model for us, and the IT and Administration costs as percentage of revenue have decreased year over year.”

Kenneth Larsson
CIO and Head of Group IT
AhlSell Group

One example of IT and supply chain efficiencies is that AhlSell has fully automated supplier invoice matching and processing. As several thousand supplier invoices are received daily it gives tremendous savings compared to the earlier manual processes.

Benchmarked as the leading solution in the industrial wholesale industry

Ahlsell's centralized wholesale operation is considered one of the most efficient and modern in Europe. With the Aptean solutions Ahlsell controls and synchronizes sales, purchasing and logistics operations that allow for very late order stop times and high service levels from strategic and centralized warehouse locations in the Nordics and Baltics. When Ahlsell changed ownership, the new owners did a thorough investigation to benchmark Ahlsell against its competitors. A comparison that showed unique competitive advantages gained from the way Ahlsell's software solution supports the business.



“We have achieved a unique competitive advantage with Aptean’s IMI Supply Chain and Pivotal CRM solutions, both from a customer service and a cost perspective.”

Göran Näsholm
CEO
Ahlsell Group



More than 5,000 customers around the world rely on Aptean to give them a competitive edge. By providing innovative, industry-driven enterprise application software, Aptean helps businesses to satisfy their customers, operate more efficiently, and stay at the forefront of their industry.

For more information, visit: www.aptean.com