

TECSYS Customer Success Story



WALTER Surface Technologies Achieves 98% Same-Day Ship Complete with TECSYS, Significantly Improves Order-To-Cash Cycle

“With TECSYS’ EliteSeries integrated DMS, WMS and TMS, we have integrated information for everything; you don’t have to wait for transfer of information and you don’t have to deal with incompatible files or technology between systems or interfaces. Orders are picked and packed at night and invoiced automatically; no waiting 24 hours or more to complete the cycle to do your invoicing, it is done right away.”

Marc Primeau
IT Manager, WALTER

At a Glance

Industry

Industrial Distribution

The Challenge

WALTER’s unique challenges encompass the full supply chain management cycle; from development to distribution and customer services across North America, Europe and South America, to improve the purchase-to-pay and order-to-cash cycles.

TECSYS’ Solution

TECSYS’ EliteSeries Warehouse Management, Distribution Management, Transportation Management, Demand Management and Business Intelligence.

The Benefits

WALTER has realized significant efficiencies and cost savings such as increasing fill rate to 98%, reducing billing cycle by 24 hours, increasing warehouse labor productivity by up to 15%, and being able to do more with less, even when they grow.

About WALTER

WALTER has been servicing the application needs of the metalworking industry for over half a century, establishing itself as a world-class leader in supplying premium quality products from high-productivity abrasives for cutting, grinding, brushing and finishing to high-quality and environmentally-friendly chemical tools for lubricating, cleaning and protecting metal surfaces.

WALTER has been providing cost-saving solutions for its customers from large to small industrial manufacturers across Canada and the U.S. The Company’s innovative products and solutions consistently exceed established safety and environmental standards and are designed to increase productivity, lower production and maintenance costs for its customers.

Since its inception, WALTER has launched some fifteen “first-of-its-kind” innovative products to the industrial market, beginning with the introduction of the cold saw, handheld mini grinder, and many other superior metal-cutting tools and environmental-friendly self-cleaning, protection and lubricating systems that were endorsed by talk show host, Jay Leno.

ISO 9001 certified since 1999, WALTER’s quality and customer focus are very evident, backed by its Raison D’être: ***To contribute to our customers’ success by helping them work better.*** With a goal: ***“To be the best-respected firm in our industry on a worldwide basis.”***

Undoubtedly, highest quality and superior customer service are the driving force at WALTER. Stringent quality control standards assure perfectly-manufactured products for exceptional comfort and control. The importance of high-quality customer service delivery, as well as their drive for improving response to customers and internal constituencies cannot be emphasized enough!

“When you think about customer service, you need to have high quality”, stated Marc Primeau, IT Manager, at WALTER.

Today, WALTER employs 300 people worldwide in Argentina, Brazil, Canada, Chile, Germany, Mexico, Switzerland and the U.S.A. The Company markets some 7000 products that range from grinding wheels, cutting wheels, and finishing discs to unique chemical tools for cleaning, degreasing, and surface protection.

The Canadian operation has four Distribution Centers (DC) strategically located across Canada. The central warehouse DC and the Canadian headquarters are in Montreal. The Company also has 3 regional distribution centers: Mississauga, Edmonton, and Vancouver, providing distribution and services to its regional customers.

About the Industry

Independent studies of the global market for industrial tools & supplies have indicated that this market is expected to reach over \$29 billion in 2009 from \$22.8 billion in 2004; 40% of this demand is generated in North America, while Europe and Asia almost equally share the remaining 60%.

The most important factors influencing the industry’s future direction are: increased globalization, blurring of traditional lines between customers, suppliers, domestic and foreign markets, and the accelerated development of information technology in supply chain management.

Challenges

WALTER’s unique challenges encompass the full supply chain management cycle; from research & development, to outsourced manufacturing partners in Europe and parts of Asia, to quality control and central warehousing in Montreal, to distribution and customer services across North America, Europe and South America.

In 1998, WALTER deployed TECSYS’ Distribution Management System (DMS) applications, which enabled the Company to streamline and improve its procurement, order management and financial management processes. At the time, the Company had a basic Warehouse Management System (WMS) and Transportation Management System

(TMS) that were not integrated with its distribution management application. With WALTER’s positive experience in using TECSYS’ EliteSeries, and the Company’s continued need for improvements and cost savings in its supply chain execution processes, particularly in the warehouse, WALTER’s management decided to move forward with TECSYS’ EliteSeries most recent suite of integrated enterprise applications: Distribution Management, Warehouse Management, Transportation Management, Demand Management and Business Intelligence.

“We needed to improve our processes and reduce our cost structure in the warehouse and out to our customers. As an outsourced manufacturer and as a wholesaler, we needed to manage both ends of the supply chain spectrum; Purchase-to-Pay (P2P), Order-to-Cash, and certainly everything in between our warehouse operations.”

***Marc Primeau
IT Manager, WALTER***

In recent times, there has been a major shift in the view of businesses’ financial executives for greater emphasis on how cash is been spent. To accomplish this, financial management require much more visibility of the complete spend cycle; from purchase planning to the end of the payment process.

“We needed greater control of cash management”, commented Primeau. “We needed to further standardize our purchasing processes and eliminate, as much as possible, the paper trail to become paperless. Most importantly perhaps, we needed to gain visibility across the total spend cycle, such as accruals, commitments, buying trends; in essence predictably and efficiently manage the P2P cycle”, concluded Primeau.



With more than one thousand resellers across Canada, and its continuous need to provide high-quality service to back its market-leading products, the Company needed a seamless supply chain technology.

“Integrated modules of distribution, warehouse and transportation management are essential to make everything work together with the least amount of disruptions.”

Marc Primeau
IT Manager, WALTER

WALTER’s supply chain execution challenges included:

1. Multi-operating environment:
 - a. Multi-warehouse – distributing from four warehouses across Canada.
 - b. Multi-regions – the ability to handle a number of business units and manage their profitability.
 - c. Multi-language – operating in eleven countries using five languages.
 - d. Multi-currency – using six currencies including Canadian and U.S. Dollars, Euros, Japanese Yens, Swiss Francs and British Pounds.
2. Be able to manage the full cycle of some 7000 products.
3. Be able to manage outsourced manufacturing with long lead times: between three and four months.
4. Support one thousand resellers across Canada.
5. Improve fill rate – achieve 98% ship-complete of orders the same day.
6. Improve the cycle-counting process.

7. Improve productivity in the warehouse.
8. Improve visibility – real-time visibility for management, customer service and sales.
9. Integrated technology – WALTER’s management did not want to deal with interfaces, incompatible technologies and costs associated with developing and maintaining interfaces.

These are considerable challenges, particularly that they are not a “Blue Sky” wish list, but the real needs of WALTER’s logistics management.

Solution

To respond to its challenges, WALTER decided in favor of TECSYS and deployed TECSYS’ EliteSeries fully-integrated suite of supply chain execution solutions that include Distribution Management, Warehouse Management, Transportation Management and Business Intelligence.

Today, TECSYS’ integrated EliteSeries effectively streamlines WALTER’s business processes that cut across the functional areas of the Company’s business and consolidates fragmented operations. As a totally integrated suite, the EliteSeries speeds-up the flow of business activity across WALTER’s organization, consolidates information, manages inventory, drives cost savings, and delivers superior customer service.

The purchase-to-pay capability automates the buyer-supplier value chain, providing increased corporate control, effectiveness of the buying process and provides flexibility to change and the opportunity to focus on core competencies.

“Purchase-to-pay is as important as order-to-cash. TECSYS’ EliteSeries has both effectively covered”, stated Primeau.

The EliteSeries Warehouse Management System industrial-strength solution empowers WALTER’s logistics management to gain control over customer’s service levels, throughput volumes, order turnaround times, as well as warehousing costs and profitability. The EliteSeries Transportation Management System optimizes the execution and visibility of outbound shipments with a fully-integrated, multi-carrier, enterprise-wide shipment processing solution. It provides WALTER with centralized control and automated



information distribution through Web-enabled technology and at the same time eliminates the costs and complexity of multi-site operations.

“Integrated DMS, WMS and TMS means integrated information for everything; you don’t have to wait for transfer of information and you don’t have to deal with incompatible files or technology between systems or interfaces. And, when you upgrade, you don’t have to worry about disparate systems’ incompatibility or the additional cost and waste of time”, stated Primeau. “Integrated systems are fantastic and very fast – orders are picked and packed at night and invoiced automatically; no waiting 24 hours or more to complete the cycle to do your invoicing, it is done right away”, concluded Primeau.

Benefits

WALTER has made major strides forward in its supply chain operation since deploying TECSYS’ integrated supply chain execution suite of applications.

“Yes it was painful during the deployment process, but now, no one wants to go back the way it was done before”, stated Primeau.

The Company has realized significant benefits. Below are some of the highlights of the measurable hard benefits realized so far:

| Key Performance Indicator | Increase/Decrease |
|-------------------------------------|-------------------|
| Fill-rate increase to 98% | ▲ 39% |
| Billing | ▼ 24 hours |
| Backorders | ▼ 90% |
| Average backorder as % of sales | ▼ to < 1% |
| Monthly cycle-count variance | ▼ to 0 |
| Labor productivity in the warehouse | ▲ to 15% |

In addition, customer service representatives have better live customer information such as order status. As a result, orders that are received by 3:00 p.m. are shipped the same day.

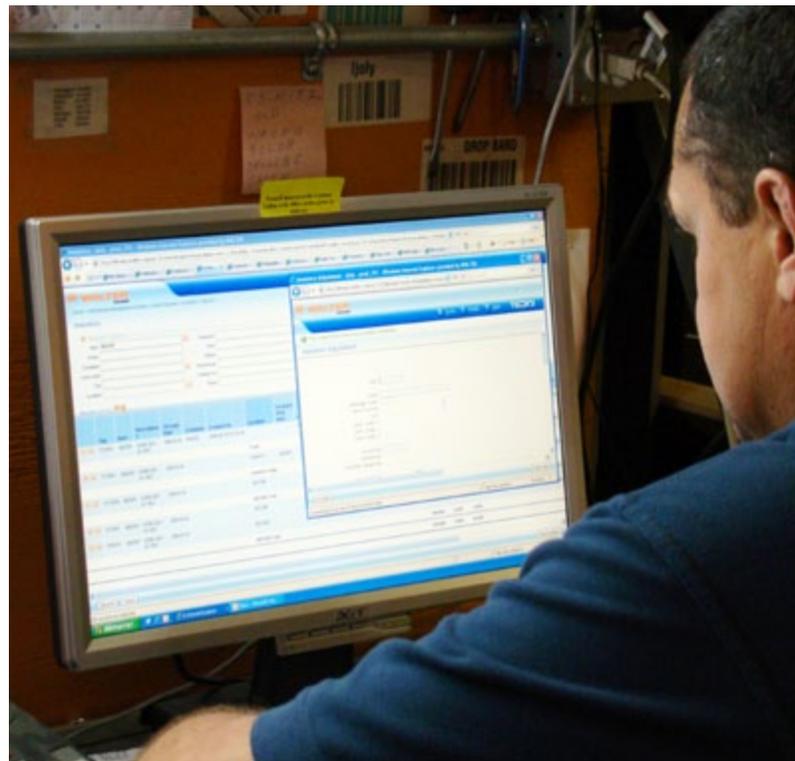
Management has much more accurate information, and in real-time:

- Better control of discounts
- Better and more accurate average cost and gross margin
- More control on three-way match such as the ability to do better reconciliation of product cost, freight and delivery
- Much more accessible information
- Sales query on available inventory, info on products and status of orders

“With the uniqueness of TECSYS’ iTopia technology, everything is so flexible, easy to access and personalized to your job and individual preferences.”

Marc Primeau
IT Manager, WALTER

TECSYS’ iTopia® takes data that companies already have and turns it into focused, useful information. iTopia technology is adaptable to users’ environment, and is sensitive to each individual’s personal needs. As iTopia is used more and more, this intelligent technology quickly tailors itself to the preferences and way of working of each individual user, and presents that information exactly how they like to see it.



“With TECSYS we are able to do more with less, even when we grow. The increase in space and the additional products to handle, does not automatically translate into more resources in the warehouse and administration. With the EliteSeries, we will be able to handle the additional load, no problem!”

Marc Primeau
IT Manager, WALTER



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