



Case Study

Switching on the Savings: A-D and affiliates gain supplier integration, support and competitive prices with electronic data interchange (EDI).

Representatives of Affiliated Distributors (A-D) and their affiliates: Becker Electric, Franklin Empire, and Fromm Electric share their story of how and why they decided to switch value-added network (VAN) providers. Each company is now using IDEA's Industry Data Exchange (IDX) for their EDI needs, and this study examines their transition to IDX as well as the results from their efforts.



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About IDX: Industry Data Exchange (IDX) is IDEA's B2B eCommerce solution that enables trading partners to securely exchange B2B documents electronically, replacing paper-based processes, streamlining order management and reducing costly errors. Unlike traditional value-added networks (VANs), IDX is an electrical-industry initiative, founded by electrical distributors and manufacturers. Through its web-based application, the IDX Tracker, users can track documents securely, access business metrics, and submit customer service requests online.

Background

Sometimes one conversation can lead to thousands of dollars in savings. That's what John Hanna, president and COO of Fromm Electric Supply, discovered when he sat down to discuss electronic data interchange (EDI) solutions with IDEA at an Affiliated Distributors (A-D) Network Meeting.

"We were excited to take a look at the EDI service integration with IDEA, because most other companies offering EDI transmission lack integration," Hanna said. Plus, he added, since Industry Data Exchange (IDX) is industry-owned, the company also wanted to support the industry.

Jumpstarted by that initial conversation, Fromm Electric Supply switched from its previous value-added network (VAN) to IDX in June 2010. As a result, Fromm is saving about 30 percent a year on its EDI transmission costs, reaping thousands in savings that can now be added to the bottom line.

"By using IDX, we can streamline processes, including ordering, invoicing and billing. As margins continue to shrink in our industry, we have to find ways to become more productive and remove some of these back-office expenses," said Hanna.

Flipping the Switch

Although Fromm Electric had already been reaping the benefits of eCommerce—fewer errors and more efficient document processing—the company decided to consider IDX at the suggestion of David Oldfather, senior vice president of A-D's Electrical Supply Division. Oldfather had seen the benefits of IDX firsthand since A-D headquarters began using it in 2007. With over 600 customers, A-D transmits a high volume of EDI 820 (payment order remittance) through IDX, both inbound from affiliates and outbound to its suppliers.

"Our situation is unique because of the way our business model is set up," said Susan Hilberts, EDI coordinator for Affiliated Distributors. "We needed a solution that could handle our volume and ensure that each customer was set up properly so that making the change to IDX would not affect our communications with customers."



about case study This study was conducted by a third-party consultant through a series of interviews in 2011.



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To ensure there was no downtime in the transition, A-D kept its other VAN provider in place and ran it in parallel with IDX for a brief period of time. However, that ended up being just a precaution.

“We didn’t have any issues that came up during the transition. IDEA’s staff was very knowledgeable about our systems and what we were trying to achieve. They made it as effortless as possible for us—in fact, they did the bulk of the work. As a result, everything went smoothly and it was a positive experience,” said Hilberts.

A-D’s relationship with IDX extends beyond its in-house EDI transmissions; the marketing group also recommends IDEA to its affiliates as an A-D-approved supplier.

“We’ve continued to work with IDX because of its ease of conversion for affiliates,” said Timi Pieretti, manager, IT applications for Affiliated Distributors. “IDX already has EDI integration established for a majority of our manufacturers—so it’s easier for affiliates to sign up and do business with their suppliers.”

Seamless Transition

That’s what A-D affiliates have been discovering: the migration to IDX is as simple as promised.

“I was surprised at how smoothly the transition went,” said Tom Snyder, MIS manager for Becker Electric Supply. “Usually when there’s a change like this, you are told how smoothly it will go and then when it actually happens, you find all the areas that require more tweaking than expected. However, the transition to IDX was different—everything went smoothly as promised and no issues popped up.”

With nine branches in Ohio, Indiana and Georgia, Becker Electric is currently using EDI with 40 suppliers, including Purchase Order (850), Invoice (810), Remittance Advice (820), Rebate Claims (844), Rebate Payments (849), Product Activity Data (852) and PO Acknowledgement (855). Understandably, Snyder, who also manages Becker’s Brookville branch, was hesitant to consider switching providers.

“There’s some work in notifying vendors and customers that you’re making a change and then working with them to make some changes on their end, so I was a bit nervous about it,” said Snyder. “Once we looked into IDX and saw the potential savings, we were comforted that we wouldn’t lose our EDI communications as we moved forward with the transition.”

Simple Integration

Fromm Electric Supply had a similar experience when it migrated to IDX. With 11 supply branches and three design centers throughout Pennsylvania, the distributor has 16 of its top 20 line volume vendors on EDI. What results is a volume of over 60,000 lines per year and includes EDI transactions 850, 844, 820, 852, 867, 855 and 810.

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Timi Pieretti
Manager, IT Applications
Affiliated Distributors



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“The conversion to IDX was very transparent; we encountered no issues and experienced no business disruption,” said Sean McKee, director of information systems, Fromm Electric Supply. “The process was very easy and only took a day or two to get things going.”

Fromm’s president and COO Hanna agreed, “Our transition took less than a week, which is pretty cool. In today’s technology world, nothing takes less than a week.”

Canadian distributor Franklin Empire Inc. was impressed with the IDEA team, despite encountering a few bumps in the road when it made the switch to IDX a year ago.

“Our experience was largely excellent—a nine on a scale of ten. The implementation team on the IDX side made it as simple as possible, and I was impressed,” said Bob Shapiro, president of Franklin Empire. “We’re doing EDI transactions with at least 30 trading partners, so I expected some issues and that’s what happened. It’s not that I doubted the technology, but there is somebody at the other end of equation on trading partner side that impacts whether this goes 100 percent smoothly or not, and that’s not always in our control.”

Shapiro gives kudos to IDEA’s implementation team, saying that they took care of the communication to the trading partners, did all the appropriate testing and “were proactive from start to finish.”

Savings and Service

Meanwhile, Franklin Empire is reaping the benefits of lower costs for EDI transactions through IDX.

“Our costs are considerably less than what they were, and the other potential benefits that will come when we are able to start to use the IDW to do price updates,” Shapiro said.

Others point out that IDX’s lower cost, coupled with its superior service, is a winning combination.

“The significant reduction in cost without major additional costs to convert made it an easy choice to switch to IDX from our previous VAN provider,” said Fromm’s McKee. “The service IDX provides is stable—we haven’t experienced an issue since our conversion.”

“IDEA staff not only executed the project, but I felt like someone was paying attention,” said Shapiro. “They didn’t just sell me a service and then walk away and hope that the conversion would go through. They were involved 100 percent, and they stayed with it until it was done. They definitely have the technical competency on hand.”

Since switching to IDX four years ago, A-D headquarters has received exceptional service.

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“Right now I’m not an **Industry Data Warehouse (IDW)** user, but one day I will be. Using IDW to obtain the content that I need to sell, not only pricing information—but also French and English descriptions—would be very important to me. And accessing product information from one resource, integrated with IDX, would have a terrific impact for our company.”

Bob Shapiro
President
Franklin Empire

“We’ve had 100% uptime on IDX,” said Pieretti. “The level of service has been very good, including technical services. We’ve found that they are quick to respond with any changes to mappings. Overall, IDX offers high support levels at a competitive price point.”

A-D has also experienced optimal results with affiliates.

“IDEA has excellent customer service, and they’re very good at helping anyone I refer to them in timely manner. Once affiliates are set up with EDI, the customer service continues to be great. I know that I can recommend them with confidence,” said Hilberts.

Hilbert also points out that IDEA’s online application, the IDX Tracker, brings added value. Customers can look up and track documents securely, access business metrics, plus submit customer service requests online. According to Hilberts, this enables IDX customers to be self-sufficient and access detailed information for more efficient customer service.

Community Benefits

Ultimately, IDX offers another way that A-D affiliates can unite to compete more effectively and keep revenues in the industry.

“As A-D brings us together, we gain economies of scale. Not all affiliates have IT departments as large as national chains, but by going through A-D, we are given comparable resources with those national chains to remain competitive,” said Hanna.

By working together, A-D and its affiliates are leveling the playing field for independents by developing a community of best practices and competitive discounts.

“We’ve built a community relationship between IDEA, Activant, A-D and our affiliates that enables information sharing,” said Hilberts. “We have this great resource in IDEA that we can call anytime to help with our questions and assist affiliates in getting a reference or recommendation on a product that they’re using.”

Unlike traditional value-added networks (VANs), IDX is an electrical industry initiative, founded by electrical distributors and manufacturers.

“The more we can do amongst ourselves to benefit the industry is a benefit to all of us. I’m not sure how many other distributors are aware of the savings they could get by switching to IDX,” said Snyder. “Once we made the move to IDX, it was one of those things we said to ourselves, ‘Why didn’t we do that earlier?’ Because it was easy, the transition was smooth, we had no downtime and the savings are exactly what IDEA told me it would be.”



about idea IDEA, a business-to-business solution and professional service provider, was born of the electrical industry in 1998. IDEA was founded through a partnership rooted in the collective leadership, vision, wisdom and expertise of NAED and NEMA members.

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