

Business Drivers

- > Scalable to Support Future Growth
- > Improved Data Visibility
- > Operational Efficiencies

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- Jon Richey
Operations Manager



Profile in Brief

- > Leading designer and distributor of contemporary home furnishings
- > Distributes to specialty retailers and mass merchandisers
- > Global business with headquarters in Los Angeles, CA and factories in Indonesia and China

Growth Drives Need for ERP Technology

Modus Furniture International is a leading designer and distributor of contemporary home furnishings. For over 25 years, Modus Furniture has been recognised by specialty retailers and mass merchandisers for its high levels of service and high quality products available at competitive prices.

Modus Furniture was among the first furniture companies to source 100 per cent of its products through imports. As such, the company enjoyed a cost advantage that contributed to a growth rate of 30 - 50 per cent annually in recent years. Because of this rapid growth, Modus Furniture needed to scale its operations to continue to meet customer needs. Improved information visibility and enhanced operational efficiencies were the goal. To accomplish this, the company sought an ERP system to more tightly integrate its operations, including its 250,000 square foot warehouse in Fontana, California.

Disparate Systems Hamper Efficiencies

Disparate systems for operations and accounting limited Modus Furniture's visibility and access to enterprise-wide information. Offsite warehouse operations were not well connected to other operations. Yet, as an importer with long inventory lead times, Modus Furniture needed real-time insight into inventory status in order to meet customer needs and minimise carrying costs. Poor information flow between its systems hindered accounts receivable, collections, and invoice deduction performance. And, its home grown operational system lacked the scalability necessary to support the ongoing growth of its business.

As a result, Modus Furniture sought a single, integrated solution that could streamline all its operations and deliver real-time information visibility throughout its organisation. Needed was a comprehensive, flexible and scalable solution that would support rapid business growth. Just as critical to the organisation, was finding a cost effective, easy-to-implement solution that could be maintained without the need for additional IT resources.

The Solution: Apprise® ERP

After considering nearly a dozen different ERP solutions, Modus Furniture selected Apprise ERP for its ability to meet Modus' business needs without requiring costly customisations or additional IT resources, as well as its ability to more tightly integrate Modus' financial and operational processes across all locations.

"Apprise ERP offered the best out-of-the-box functionality to meet our business needs," said Jon Richey, operations manager for Modus Furniture. "We were able to implement the solution without the need for additional IT resources or costly customisations—especially in areas such as credit, collections, invoice deductions, container tracking and direct shipping—and we are seeing the benefits of tighter integration and improved visibility throughout our operations."

Additionally, the combination of scalability, seamless integration, real-time information visibility, and low IT resource requirements provided Modus Furniture with the lowest total cost of ownership (TCO).

Business Impact

- > Fully Integrated to Support Data Visibility
- > Increased Inventory Accuracy
- > Reduced Past Due Receivables
- > Low Total Cost of Ownership

Operational and Bottom Line Improvements

Modus Furniture has seen dramatic improvements in its operations and a direct positive impact on its bottom line since selecting and implementing Apprise® ERP. “The system took just 7 months to implement throughout our operations,” said Richey. “The process went well and was driven by a strong team from Apprise that helped us challenge our current processes so we could implement improvements.”

The system has enabled Modus Furniture to integrate its warehouse, which processes about 30 per cent of its orders, onto a common system for improved visibility. Receiving, putaway, bar coding, labelling, bin tracking, pick tickets and bills-of-lading are all automated for improved efficiencies. Apprise ERP’s strong direct ship capabilities also enable Modus Furniture to seamlessly manage its high volume of direct ship orders to larger furniture merchandisers, which account for up to 70 per cent of sales. Comprehensive inventory planning, forecasting, purchasing and allocation provide Modus Furniture with the tools it needs to better handle its import operations to ensure timely availability of products for all its customers. Within the first year, inventory accuracy improved from 80 to 95 per cent.

Automatic order acknowledgments to customers, with notifications to appropriate internal personnel, have reduced manual and often overlooked work processes and improved order accuracy. Improved communications and real-time data visibility in accounts receivable and collections have streamlined work flows, automated tasks, reduced invoice deductions and significantly reduced past due receivables.

“Before we implemented Apprise ERP, over 25 per cent of our accounts receivable were greater than 90 days outstanding,” said Richey. “With Apprise ERP, that number has literally dropped to zero.”

Apprise ERP’s strong import capabilities, coupled with its ability to efficiently handle the complexities of selling to various sizes and types of retailers, enable the solution to provide a strong “out-of-the-box” fit with Modus Furniture’s business model. As a result, Modus Furniture has been able to minimise the need for system customisations—lessening the time, money, and resources necessary to implement and maintain the system, and reducing the total cost of ownership.

Looking to the Future

As its operations continue to grow and evolve, Modus Furniture seeks to leverage additional capabilities within Apprise ERP. Modus Furniture plans to use the distribution resource planning (DRP) capabilities found in Apprise ERP to automate its forecasting, planning and purchasing processes, which will enable it to more frequently evaluate inventory needs in order to improve inventory turn over and reduce stock outs.

Additionally, the company is interested in new technologies to automate processes that are currently manually intense. In the future, Apprise® EDI Solutions will be adopted to automate data imports/exports with its trading partners, as well as Apprise® Wireless Warehouse to automate processes in the warehouse.

MODUS FURNITURE CUSTOMER CASE STUDY

Lastly, Modus Furniture intends to open a warehouse in Asia, which it plans to integrate within the Apprise® ERP system as an additional warehouse location. The recent expansion of Apprise into Asia, with the opening of an office in Nanjing, China, will enable Modus Furniture to work seamlessly with one partner for all its global distribution system needs and support.

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