

How Distributors Can Maximize Their Digital Investment

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Introduction

Farmington Consulting Group (FCG) is the leading market research and growth strategy firm in the Electrical, Plumbing and HVAC/R Distribution Industries since 1982. FCG has worked with over 150 distributors, rep agencies and manufacturers. One key subject matter FCG has gathered insights on is the different areas in which distributors can make digital investments.

This report will cover eight specific digital areas distributors can invest in and highlight a proven third-party solutions provider in each area.

What is Digital Transformation?

A term that has become extremely popular in the Electrical, Plumbing and HVAC/R Distribution Industries over the past decade, digital transformation is simply the act of moving away from traditional forms of doing business. It's looking at how we can be more profitable using different types of new tools that become available to us. Digital transformation is a form of change management. From an internal perspective, it's examining how we can improve efficiencies. From an external perspective, it's identifying ways to better service our customers. Digital transformation is purely a business strategy enabled by technology.

Why Invest in Digital?

More than a recession or labor shortage or consolidation, the biggest threat to distributors today is disintermediation, or in other words, getting cut out of the transaction flow. The COVID Pandemic significantly accelerated customers' use of alternate channels to source products, and that trend has continued post-COVID. Non-traditional disruptors, such as Amazon, SupplyHouse.com, Automation Direct, Grainger, and Big Box Stores have become much more significant and viable competitors to traditional wholesalers. Distributors who do not invest in technology and do not continue to move down the digital transformation path are at risk of getting cut out of the transaction flow, primarily by the new-age buyer who in many cases is trying to eliminate the "middleman".

Distributors must invest in technology in order to:

- a) Combat disintermediation by staying relevant to their customers and competing with marketplaces.
- b) Become more efficient and proactive through automating internal manual processes to free up their people's time. Distributors must continue to find ways to gain efficiencies in their operations across their business to increase profitability and find additional ways to bring value to the channel, both upstream and downstream.

Top Eight Digital Investments Distributors Can Make

 Document Automation

 Pricing Management & Optimization

 Inventory Optimization

 Streamlined Communication Platform

 Customer Order Pickup Solution

 Product Data & Content

 Delivery Routing & Tracking Technology

 Warehouse Automation



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Document Automation

Every distributor has a portion of their sales staff tasked with manual data entry. Document automation is aimed at getting humans out of manually processing transactions and reducing the amount of time your sales staff spends on non-revenue generating activities.

FCG's Recommended Document Automation Platform Provider:



Conexiom provides distributors with a proven tool for:

- Sales Order Automation
- Vendor Order Acknowledgement & Advanced Shipment Automation
- Accounts Payable Automation





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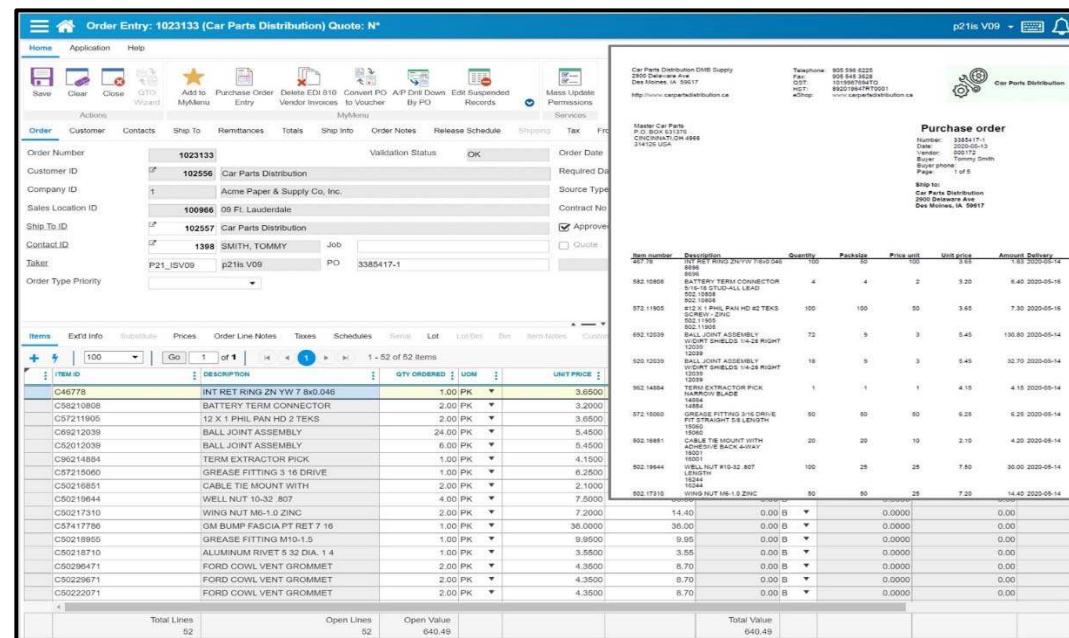
Sales Order Automation

There are three legs of digital transactions – EDI, E-Commerce and Digital Files. Conexiom provides a solution for sales order automation with digital files that removes many order entry tasks from a distributor's sales team and frees up their time to focus on more revenue generating activities.

With the Conexiom platform, when a distributor receives an email from a customer with a PDF order, Conexiom utilizes its proprietary scanning technology to extract the data from the digital documents. Conexiom then converts and harmonizes that data into an order and sends it to the distributor's ERP system. The order is processed with order labels printed in the warehouse in under two minutes. 80% of the time the order is able to be processed with no person getting in the middle. In the cases where Conexiom identifies any discrepancies in the digital file during the conversion phase, the assigned distributor account rep for that particular customer will be notified and can go into the order and review said discrepancies.



- 1) Receive email with PDF order
 - 2) Proprietary scanning technology extracts data
 - 3) Converts & harmonizes data into an order
 - 4) Sends over to ERP
 - 5) Order processed with order label printed





Vendor Order Acknowledgement Automation

Another service that Conxiom provides for distributors is the automation of vendor order acknowledgements and advanced ship notifications in order to reduce operational discrepancies and free up distributor employee time. Distributors who are not consistently looking at order acknowledgements are leaving themselves wide open to errors, and distributors who are looking at them are having their people spend a lot of time on a non-revenue generating task that can be automated.

With the Conxiom platform, when a distributor cuts a purchase order to a vendor and the manufacturer sends back an order acknowledgement, Conxiom's technology checks for discrepancies between the order acknowledgement and the PO, and then updates the ERP system and notifies the user. When an advanced shipment notification is sent from the manufacturer to the distributor, Conxiom automatically updates the expected delivery dates in the distributor's system and notifies the user.

 [®]

Purchase Order Entry: 4011807 (Heatcraft Refrigeration)*

Actions: Save, Clear, Close, Add to MyMenu, Purchase Order Entry, Delete EDI 816, Convert PO to Voucher, Vendor Invoices, A/P Drill Down By PO, Edit Suspended Records, Mass Update, Permissions, Services.

Purchase Order Number: 4011807 Vendor ID: Acme Paper & Supply Co., Inc. Purchase Order Type: Regular Currency ID: US Dollars

Company ID: 1 Purchase Location ID: 100966 09 FL Lauderdale External PO Number: PO Entry

Vendor ID: 101176 Heatcraft Refrigeration Contact ID: 101176 Heatcraft Refrigeration Purchase Order Date: 11/05/2021

Supplier ID: 101176 Heatcraft Refrigeration Required Date: 11/19/2021

Division ID: 101176 Heatcraft Refrigeration Expected Date: Mid/yyyy

Buyer ID: 1358 Laabs, Steve Expected Ship Date: 11/19/2021

Purchase Group ID: Status: Approved

Print, Fax, Email, EDI, Auto Voucher Exception, Approved, Complete, Delete, Print, Fax, Email, EDI, Status: Approved, Transmit Form-based Doc. Links.

Extended Info

Item ID	Supplier Part Number	Price	Net Notes	PO Line Notes	Commitment Schedule	Release Schedule	Landed Cost	Document Links	Backorders	Purchase History	Vendor PFG Line	Vessel Details	Timestamp
ADT0655AK	ADT0655AK LOW PROFILE												
Supplier Part Number													
Order Quantity	1.00												
Order UOM	EA			Unit Size	1.0000								
Quantity Received	0.00												
Pricing Unit	EA			Unit Size	1.0000	Expedite Notes							
Unit Price	259.2000												
Required Date	11/19/2021			Source	PO Entry								
Expected Date	11/05/2021				Expected Date Updated								
Expected Ship Date	11/19/2021												
Supplier Ship Date	MM/05/2021					Shipped							
Acknowledged Date	11/05/2021					Acknowledged							

Order Acknowledgement

Order Number	Order Date	Order Type	Order Status	Order Status Date	Order Status Description
4011807	11/05/2021	PO Entry	Approved	11/05/2021	Approved

Freight Forwarder:

Line	Destination	Freight Class	Weight	Unit Price	Freight Total
1	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
2	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
3	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
4	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
5	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
6	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
7	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
8	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
9	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
10	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
11	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
12	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
13	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
14	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
15	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
16	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
17	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
18	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
19	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
20	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
21	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
22	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
23	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
24	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
25	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
26	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
27	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
28	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
29	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
30	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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32	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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35	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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37	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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41	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
42	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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46	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
47	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
48	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
49	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
50	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
51	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
52	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
53	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
54	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
55	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
56	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
57	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
58	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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64	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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66	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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79	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
80	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
81	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
82	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
83	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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85	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
86	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
87	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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105	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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113	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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115	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
116	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
117	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
118	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
119	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
120	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
121	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
122	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
123	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
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127	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
128	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
129	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
130	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
131	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
132	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
133	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
134	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
135	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
136	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
137	SHIP TO: 4011807 (Heatcraft Refrigeration)	100	0.00	0.00	0.00
138	SHIP TO: 4011807 (Heatcraft Refrigeration)	100			



Accounts Payable Automation

The final document automation service Conexiom provides for distributors is accounts payable automation. With the Conexiom platform, when an invoice comes in from a vendor, Conexiom extracts the data off of the invoice and bumps it up against the PO to ensure everything matches. The invoice then goes into the distributor's ERP system and waits until receipt of the product. If everything matches, then payment is put in status to be processed. However, the user will be notified if the distributor either over or under-received.



A screenshot of a computer screen displaying the Conexiom AP Drill Down By PO interface. The main window shows a table of purchase order items for vendor ID 101176, specifically for Heatcraft Refrigeration. The table includes columns for Company ID, Item ID, Description, Type ID, Quantity, Unit Price, Freight Amount, Purchase Amount, Purchase Account, Account Desc, Job ID, and Item Type. The data shows several items, including Freight Variance - Inventory and SMO76AE. Below the table, a detailed vendor invoice from Heatcraft Refrigeration is shown, including shipping information, item descriptions, and a breakdown of charges. The interface has a standard Windows-style header with tabs like Home, Application, Help, and various toolbars and buttons.



Pricing Management & Optimization

Pricing is a critical aspect of any distribution company. Pricing Management & Optimization is targeted at taking the manual process out of pricing, centralizing all pricing information and developing customer-specific pricing strategies that are supported by data.

FCG's Recommended Pricing Management & Optimization Provider:



PROS is a pricing management & optimization tool that provides distributors with data to make better pricing decisions through AI-based price recommendations. With this software, distributors can centralize all of their pricing information with their intuitive cloud-based system, as well as have it integrate with their ERP system on both inbound and outbound.

PROS. SMART PRICE OPTIMIZATION

ALL SEGMENTATIONS ▾ RESULTS ATTRIBUTES DATA MAPPINGS REPORTS ANALYTICS ADMIN GLOBAL CHANGES MANAGER

Anderson Distribution's Potential Uplift within Industrial Business Line

We've analyzed historical trends, market conditions, seasonality, and win-rate elasticity, to identify areas of opportunity and growth.

You could get **\$1.66M** ADDITIONAL REVENUE OVER THE NEXT 3 MONTHS which is **3.2%** REVENUE UPLIFT Based on **\$52M** REVENUE IN THE LAST 3 MONTHS

Your top products
Based on historical data

\$503k	Testing Supplies
\$245k	Steel Pipe
\$98k	PVC Pipe
\$79k	Fasteners
\$64k	Chemicals

Potential Uplift
This chart shows how your \$1.66M of uplift is comprised of targeted price changes that optimize revenue.

Category	Value
Increases > 5%	\$333K
Increases < 5%	\$116K
Decreases < 5%	\$216K
Decreases > 5%	\$98K

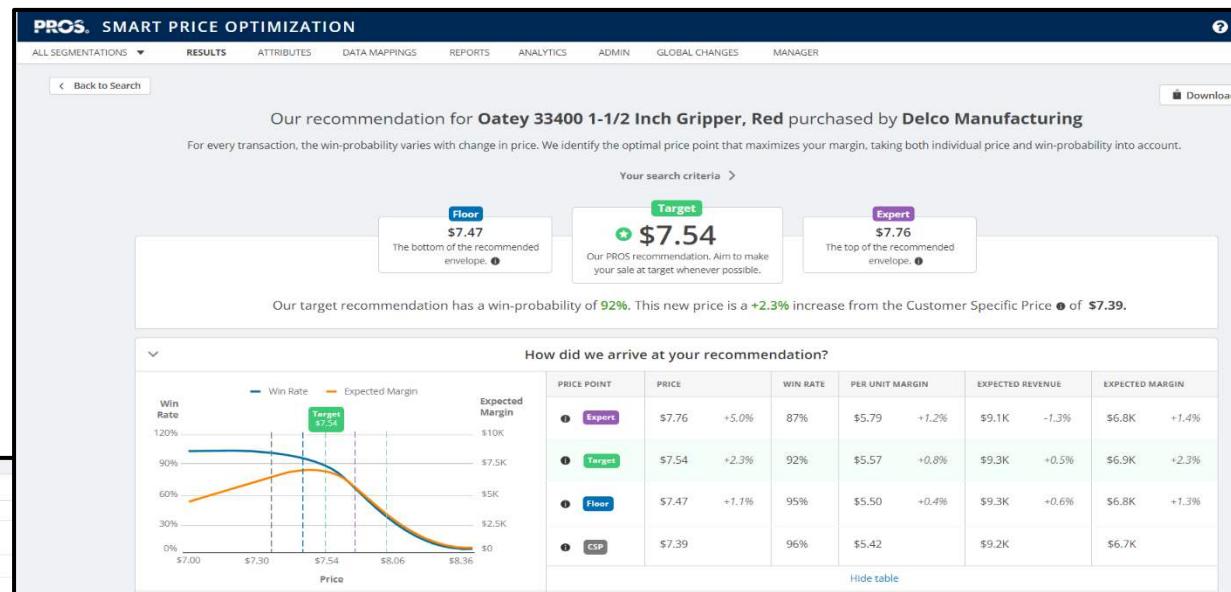
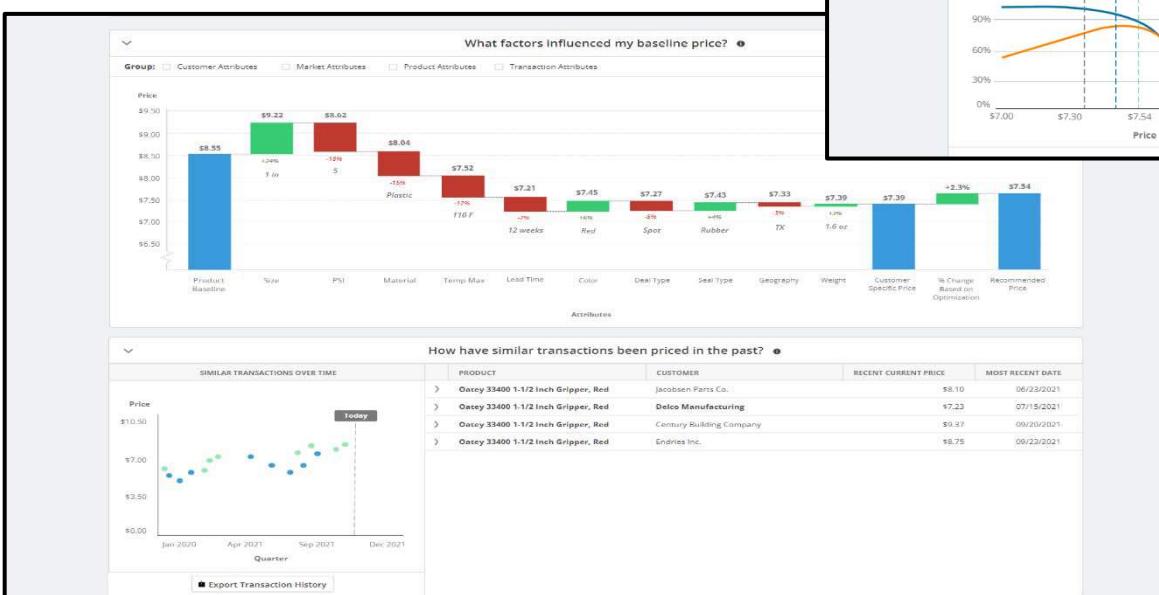
Price Change Direction
Every transaction has a new recommended price based on similar peers and the win-probability of that transaction. This chart shows the direction of price changes.

Data you uploaded: 24,838 transactions, 3,206 products, 502 customers, 24 months of data



PROS takes historical transactions and applies models to recommend customer-specific pricing and product-specific pricing. Factors such as product size, material type, lead time, and historical sales are factored in the pricing calculations. The software provides distributors with three different price levels by SKU, by customer – a Floor Price, a Target Price and an Expert Price – and gives the win probability, expected margin and sales rep commission earnings at each price level. Distributors then have visibility to how often each sales rep in their company is pricing at the Floor, Target and Expert levels.

Distributors utilizing PROS experience a 2-5% margin improvement and a 3% average revenue uplift.





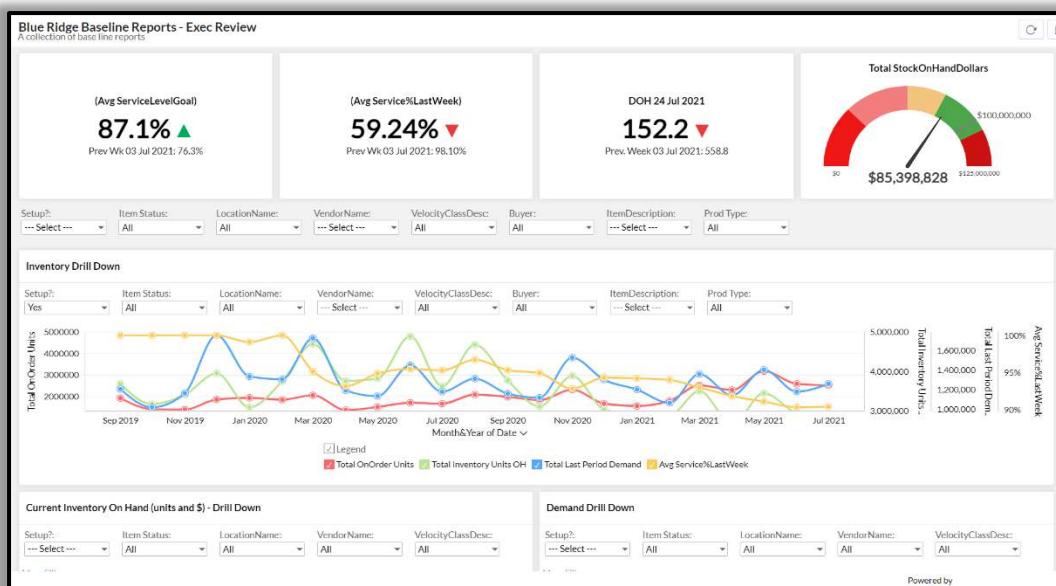
Inventory Optimization

A distributor's second greatest asset is the inventory of products that it stocks. More and more distributors are looking for ways to become more dialed in and strategic when it comes to managing their inventory. Inventory Optimization is critical in order to effectively manage and leverage inventory through demand forecasting and replenishment planning.

FCG's Recommended Inventory Optimization Provider:



Blue Ridge is an integrated business intelligence tool with KPI modeling and reporting that helps distributors increase forecasting accuracy & turns, reduce transfers, eliminate gut buying and improve safety stock strategy/exception management. This proven inventory optimization solution gives distributors real-time visibility to their on-hand inventory, items that are on order, average service levels and demand forecasting.





Blue Ridge extract data from a distributor's ERP every night and provides a daily dashboard for the Purchasing Department that prioritizes workflow for each buyer (i.e. open order alerts, low stock alerts, demand alerts) based off of service level goals, stock status, etc.

The dashboard includes sections for Daily Alerts (Open Order Alerts, Orders, Low Stock Alert, Demand Exceptions, Item Alerts), Analytics (Forecast Accuracy, Inventory Level, Service Level, Overstock, Inventory Turns, Demand Exceptions), and a large bar chart for Forecast Accuracy.

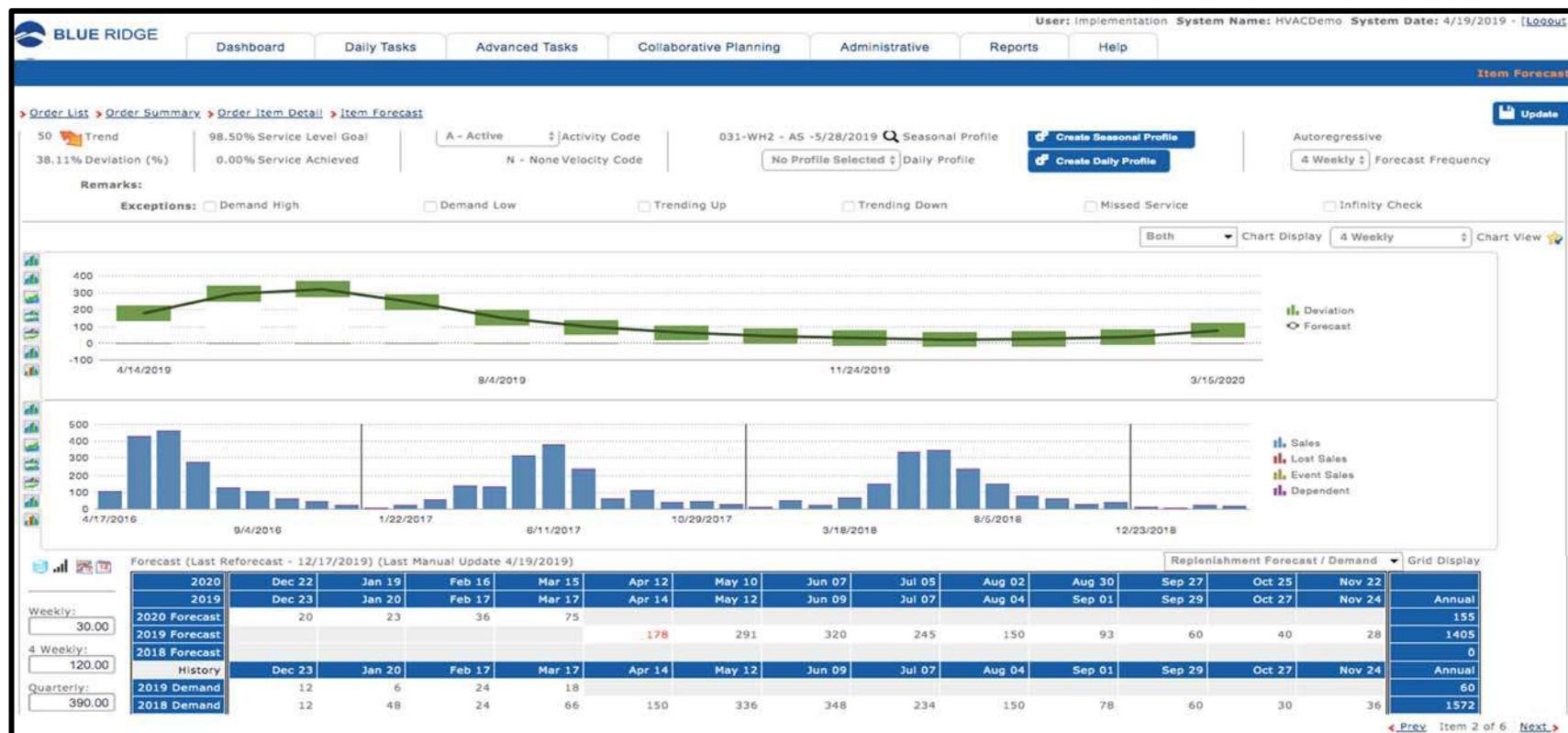


Blue Ridge's Order Item Detail gives the user a full view of how an item's Suggested Order Quantity (SOQ) is calculated. Dynamic safety stock and reorder points are updated nightly based on order cycles, forecasts, deviation of demand, buying multiples, and lead times. Distributors can utilize this inventory optimization solution to have awareness of 52-week forward-looking projections.



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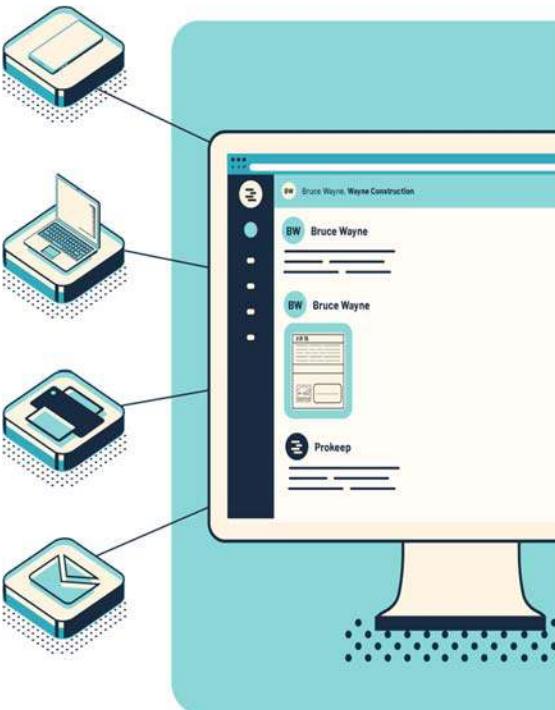
The Blue Ridge system uses pattern recognition logic and historical trends to forecast product demand. This enables the distributor to move away from a reactive approach and move towards proactive purchasing/inventory management.



Streamlined Communication Platform

In today's world, distributors communicate internally with their employees and externally with their customers in a number of different ways. Managing all those different forms of communication can be quite difficult and many distributors are turning to a Streamlined Communication Platform in order to bring all communication into one central inbox.

FCG's Recommended Streamlined Communication Platform Provider:



Prokeep provides distributors with centralized communication and a unified inbox for text, email, webchat and internal messaging. So that instead of having to manage multiple communication avenues, it's all streamlined into a single messaging platform. Prokeep has functionality for 3rd party integrations to sync data/contacts and provide customers with automated order updates. Distributors can take advantage of this software to create communication automation both internally and externally.

It is imperative to communicate with your customers in the way that they want to be communicated with. As the world becomes increasingly mobile-centric, one of the most effective functions of Prokeep is the capability for broadcast text promotions. Distributors can text out marketing campaigns, deals, event invites, or incentive opportunities to as many (or as few) of their customers as they like. Prokeep allows customers to reply to your announcement. Their response goes directly into the Prokeep platform where the distributor's team can continue the conversation.

On top of the ability for proactive messaging, Prokeep provides a distributor with centralized communication records and customer service reporting that your company can look back on to call out data on messaging frequency and average response times.

Customer Order Pickup Solution

Time is money and distributors must find ways to get their customers in and out of their branches as quickly as possible. Well, what if the customer doesn't even need to come into the distributor's building to pick up their product? Product pickup lockers are becoming a more and more popular alternative delivery method.

FCG's Recommended Customer Order Pickup Solution Provider:



With Apex's web-based product lockers and cages, distributors can reduce lines/congestion at their counters, increase productivity of their staff and give their customers fast 24/7 access to pick up their products. Apex integrates into a distributor's ERP and has its own ship via. The locker notifies the ERP when product has been loaded and a unique locker code is sent to the customer to let them know that their order is ready to be picked up in the secure locker – no need for the customer to stand in line and wait for an associate to become available.





In addition to reducing the customer's wait time to pick up items, it's great for those customers who want to pick up product after hours. With Apex's locker pickup software, distributors also have the ability to pre-stage/pre-load top-use products for potential after-hours or weekend emergencies. These lockers/cages can also be set up on-site at customer locations for delivery of product.





Product Data & Content

The largest digital investment most distributors make is in their website. The two biggest factors that determine whether a distributor's website is effective and user-friendly are: a) search filters and b) product data & content. How rich and clean a distributor's online product data & content is can make a distributor's E-Commerce offering.

FCG's Recommended Product Content Management Solution Provider:



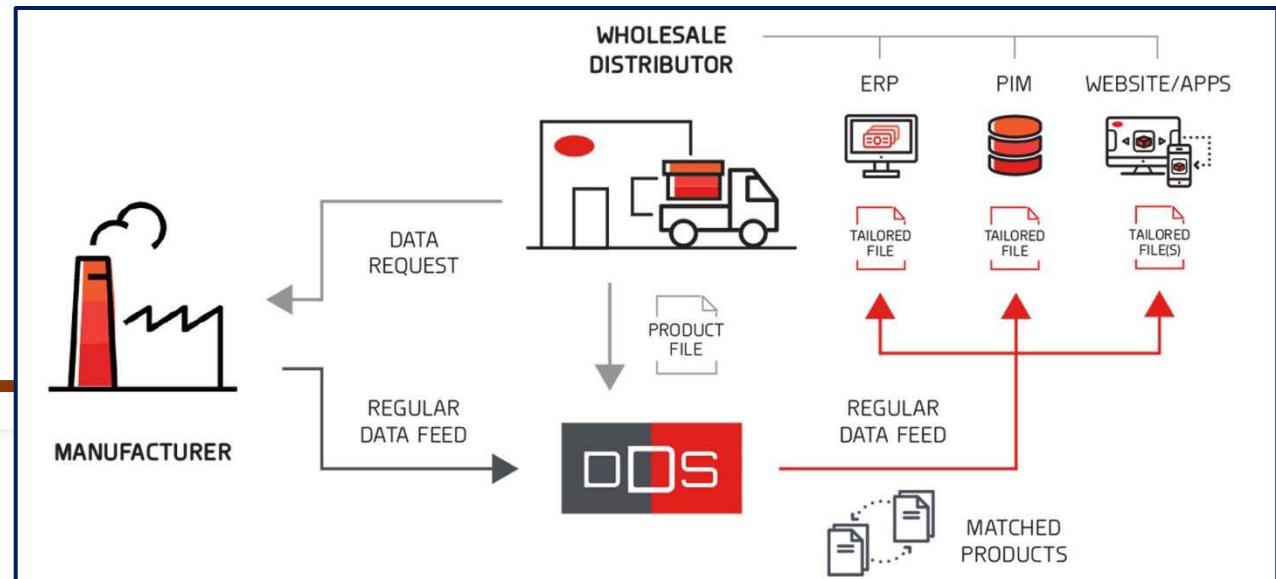
DDS (Distributor Data Solutions) was created by two distribution industry veterans to provide electrical, plumbing and HVAC distributors with a solution for E-Commerce data. Many distributors still utilize product files in their ERP systems, which tend to be incomplete and unorganized. DDS provides distributors with a PIM plus a data feed to take the place of those product files stored in the distributor's ERP.

DDS recently partnered with Trimble to form the largest data pool in North America. The company's product content management solution for distributors, called CONTENT/io, has 10,000,000 rich SKU's covering 1,600 different brands and is constantly adding to their offering. DDS integrates into OVER 300 unique distributor or software platforms and typically covers 90-95% of the manufacturers that a distributor offers on their website.

CONTENT/io consists of images, installation/marketing videos, attributes/values/specs, technical documents, marketing documents, 360 spins, CAD, BIM, and more. The DDS data feed has scheduled automated updates from its manufacturer partners, so distributors can be assured that they always have the latest product content and data on their site.



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DDoS PRODUCT MANAGEMENT

PRODUCT MANAGEMENT > VIEW PRODUCTS

Search by term, manufacturer, id, upc, mcn, category, etc... Search

Show Edited Products Only

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Distributor Product ID
839145

Name
#0 Phillips Pocket Clip Screwdriver

MCN
P12

Categories
Tools > Power Tools > Screwdrivers
Tools > Hand Tools > Screwdrivers

UPC
092644321191

Manufacturer
Klein Tools

Description
Proudly made for professionals by Klein Tools. This #0 Phillips-tip pocket clip screwdriver features nickel-chrome, precision-forged and polished blades with black tips. The smooth ComfortGrip handle fits comfortably in the palm of your hand.

SPEC SHEET

Features

- Round-shank, Phillips-tip screwdriver with convenient pocket clip
- Nickel-chrome, precision-forged and polished blades with black tips
- Chrome-plated shaft helps prevent corrosion
- Meets or exceeds applicable ASME / ANSI specifications
- Internal flanges provide solid, twist-resistant shaft anchor
- Made in USA
- Tough amber, smooth ComfortGrip handle fits in the palm of the hand comfortably

Warnings

- Do NOT use to pry or chisel.
- NOT insulated. Will NOT protect against electrical shock.

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Delivery Routing & Tracking Technology

One of the most essential services that a distributor provides for their customers is their delivery service. Sorting through order tickets and manifesting is a messy and cumbersome process for a distributor to set up their delivery routes. Delivery Routing & Tracking Technology can help distributors to optimize their delivery routes and maximize their fleet effectiveness.

FCG's Recommended Delivery Routing & Tracking Technology Provider:



Innovo is a delivery routing & tracking technology that automatically optimizes and builds delivery routes based on customer scheduled/requested delivery times, geographic location, business hours, etc. With the ability to schedule deliveries for specific times or windows and the ability to re-sequence stops within a route or move from one route to another, Innovo still gives the distributor flexibility to make adjustments and exceptions while handling the bulk of the manifesting process independently.



With Innovo, distributors can increase delivery efficiency, as the software provides driver sequencing of orders with turn-by-turn directions. Real-time, web-based GPS tracking allows the distributor to see where all their drivers are and access live estimated and actual delivery times. Innovo also shows average stop time and any variance that the driver took from the set route, which increases driver accountability.



innovo



In addition to optimizing routes and increasing delivery efficiency, Innovo gives distributors the ability to increase transparency with pre and post-delivery notifications sent to customers. Text and email notifications can be sent to customers based on route and traffic information. Distributors utilizing Innovo have access to a live site that their customers can visit to see where the truck is on the route, eliminating calls from the customer to the distributor on "Where is my delivery?".

Innovo also provides comprehensive reporting on critical business analytics, such as route profitability, per stop profitability, revenue per delivery and cost per mile. Many distributors utilizing Innovo have been able to reduce their gas mileage and even drop a truck from their routing based on maximizing their fleet effectiveness.



Warehouse Automation

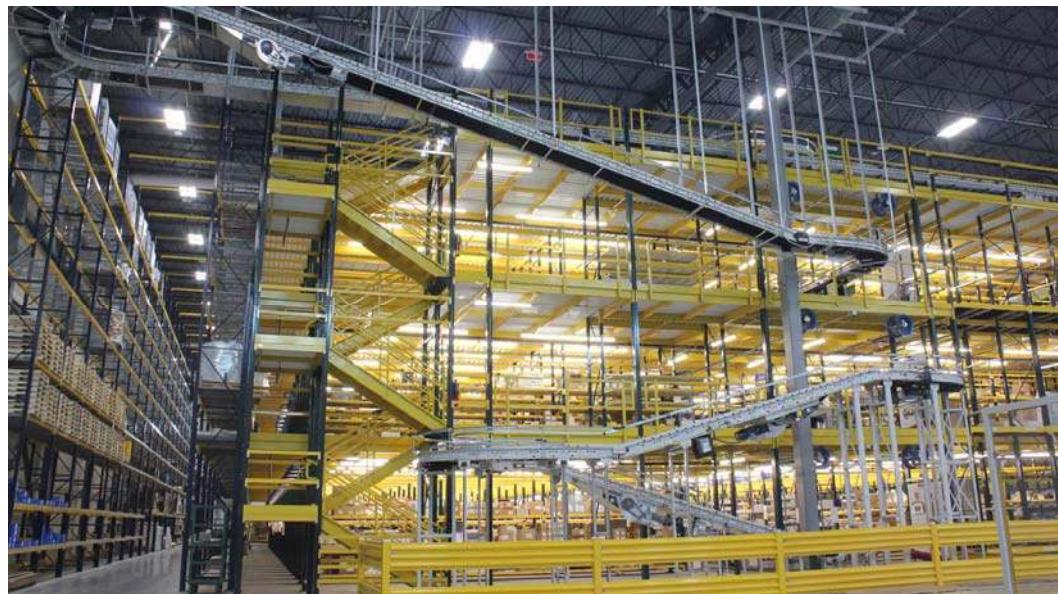
Many distributors have adopted RF scanning technology to increase accuracy in their warehouses. However, there are much more advanced forms of Warehouse Automation available in the market to take a distributor's warehouse operation to the next level.

FCG's Recommended Warehouse Automation Provider:



With Dematic's SMART Conveyor Technology, distributors can reduce storage footprint by 60%, optimize space 3X compared to traditional racking, increase picking speed up to 25% and increase picking accuracy to 97%+.

Dematic's state-of-the-art systems give distributors the ability to automate their warehouse, as well as pick, pack and ship products with speed and accuracy, using modern technologies and methods.



Dematic optimizes the receiving and put-away process with their SMART Conveyor Network that allows automatic transport to strategic locations in the warehouse. The item velocity, size and weight determine the appropriate location for storage.

When an order is received, Dematic creates a barcode attached to an order carton that is then entered onto the SMART Conveyor Network. The distributor's warehouse staff does not need to travel around the warehouse looking for items in the order. Instead, the order carton is automatically conveyed to zones in the warehouse where order fillers are positioned. Scan validation at multiple points directs each order carton to the appropriate zones, ensures accuracy and allows real-time tracking.

When an order carton arrives in a picking zone, the items for the order are placed inside. Then it's moved back onto the Dematic SMART Conveyor Network. Order cartons only travel to zones where there are picks.

The order carton automatically travels to the packing area to be packed and sealed. Each order carton is scanned and weight checked on the fly to confirm order accuracy. At shipping, the cartons are scanned prior to sorting. Dematic's steerable wheel sorters divert order cartons to the appropriate shipping door or will call staging area.

With Dematic, distributors can transform their warehouse into an automated order fulfillment center that produces unmatched productivity.





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FCG's Recommended Digital Solutions Providers

 **conexiom**  Document Automation

 **PROS**  Pricing Management & Optimization

 **BLUE RIDGE**  Inventory Optimization

 **PROKEEP**  Streamlined Communication Platform

 **apex ORDER PICKUP SOLUTIONS™**  Customer Order Pickup Solution

 **DDS**  Product Data & Content

 **innovo**  Delivery Routing & Tracking Technology

 **DEMATIC**  Warehouse Automation

Conexiom – <https://conexiom.com>

Apex – <https://apexorderpickup.com>

PROS – <https://pros.com>

DDS – <https://distributordatasolutions.com>

Blue Ridge – <https://blueridgeglobal.com>

Innovo – <https://goinnovo.com>

Prokeep – <https://prokeep.com>

Dematic – <https://dematic.com>



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Summary

Distributors Must Invest in Digital Technologies to:

- Become More Efficient & Proactive
- Combat Disintermediation
- Compete with Marketplaces
- Remain Relevant to the New Age Buyer
- Continue to Be Manufacturer's Preferred Channel to the Market

As outlined in this report, there are many different technological investments that distributors can make to move their company further down the path of digital transformation, other than just simply having a workable website.

Distributors who make substantial investments in technology and have a well-laid-out digital strategy will ultimately surpass their competitors who are less technologically progressive and forward-looking.

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