



Microsoft Dynamics Customer Solution Case Study

FESTOOL

New Online Capabilities Boosts Business Potential for United States' Power Tools Distributor

Overview

Country: United States

Industry: Distribution

Customer Profile

Tooltechnic Systems, LLC, is the United States' distributor for Festool.

Headquartered in Germany, Festool is the seventh largest power tools manufacturer in the world.

Business Situation

Tooltechnic's previous financial system was unable to support existing business requirements. It needed an integrated system that was scalable and flexible to grow with the business.

Solution

Tooltechnic implemented Microsoft Dynamics NAV to integrate its business processes internally and used an e-commerce solution, NAV-to-NET, based on the Microsoft® Dynamics™ NAV platform.

Benefits

- Almost Doubling of Sales Year-On-Year
- Streamlined Order Process Boosts Productivity
- Online Sales Increased Tenfold
- Enhanced Customer Service
- B2B Developments Support Partner Business

“In the area of e-commerce, we are outperforming most Festool subsidiaries around the world as a result of the best practices we have achieved with Microsoft Dynamics NAV.”

Lars Fackler, Manager Sales Office West, Tooltechnic Systems, LLC

Tooltechnic Systems, LLC, is the United States' distributor for Festool. Headquartered in Germany, Festool is the seventh largest power tools manufacturer in the world. Tooltechnic's existing enterprise resource planning (ERP) system did not meet the needs of its business and was not capable of supporting future plans. As business increased, Tooltechnic needed to integrate and streamline its financial processes and, as a result, decided to implement the Microsoft® Dynamics™ NAV business management solution. Working with Microsoft Gold Certified Partner SCS since 2002, Tooltechnic has been able to almost double sales, year-over-year, for the past three years. Tooltechnic subsequently extended its online capabilities with an e-commerce solution based on the Microsoft Dynamics NAV platform, from one of SCS' partners, Digital Vantage Point, also a Microsoft Certified Partner. Since the new website went live in March 2005, Tooltechnic has achieved a tenfold increase in online sales and a return on investment within the first three months.



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Lars Fackler, Manager Sales Office West for Tooltechnic Systems

Situation

Tooltechnic Systems, LLC, is the United States' distributor for Festool. Headquartered near Stuttgart, Germany, Festool is the seventh largest power tools manufacturer in the world. When Tooltechnic Systems first brought Festool products to the United States in the late 1990s, it used People's Choice as its ERP system. It soon became clear that the system wasn't supporting the needs of the business.

Lars Fackler, Manager Sales Office West for Tooltechnic Systems, says: “People's Choice couldn't handle multi-currencies or multiple warehouse locations. It wasn't flexible enough to cope with the various discounts we offered for dealers who expected to know what was happening with their invoices and what was happening with their commission cheques. We couldn't adapt People's Choice to our own business model, or modify it to the way we wanted our business to be. We needed a flexible, back-end system that would grow with us in the long term.”

Solution

As an extensive user of Microsoft technology, Tooltechnic was confident that a Microsoft-based solution would provide support for its business into the future. It quickly decided that Microsoft® Dynamics™ NAV was the best business management solution for its business.

Fackler says: “Microsoft Dynamics NAV was selected because of its scalability and flexibility. We desperately needed a system that would grow with us, rather than restricting business. Microsoft Dynamics NAV proved to be the right choice.”

Tooltechnic chose to work with Microsoft Gold Certified Partner SCS. It completed the implementation of Microsoft Dynamics NAV 2.6 in 2002, including training and customization of the solution. The system had

eight users and was used for all general accounting purposes, sales and receivables, inventory and basic distribution.

Darren Atkins, SCS Account Executive, says: “Tooltechnic had specific industry requirements which needed to be met, including customized order taking, freight calculations and handling of return orders. We also handled integration with its specific database for shipping goods based on zip code information, as well as interfacing with its remote warehouse system locations at the West and East Coast to ship and track products.”

SCS provided all individual end-user training, in addition to training on Dynamics NAV's unique Designer Tools, helping to ensure Tooltechnic could handle minor customizations themselves. This provided them with a greater understanding and hence better control of the system. Tooltechnic was able to extend its use of the system and move ahead with SCS to upgrade Microsoft Dynamics NAV to version 3.6 in 2003, as the basis for its new website plans. Tooltechnic's existing website operated on a Linux server, with their product catalogue on a server in Germany.

Fackler says: “If the website went down, we couldn't get timely or effective local support for the Linux server. The online catalogue management was centralised and hosted in Germany. This meant that cookies and shopping carts got lost and we couldn't change online catalogue information ourselves. Due to the fact that we only offer 20–30 percent of the items available in Germany, we often encountered products in our online shop that we weren't selling in the U.S. We also often encountered problems with wrong prices and incorrect specifications for our products. The major drawback was that there was no integration with our backend system. We had to print out orders

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Lars Fackler, Manager Sales Office West for Tooltechnic Systems

and re-enter them. This was definitely not seamless e-commerce.”

Fackler continues: “We created a vision of what we wanted to accomplish online, and how it could be integrated and synchronized with Microsoft Dynamics NAV. After months of our own research, we went to SCS. We always approach SCS with problems or scenarios and they saved the day by introducing us to Digital Vantage Point.”

The online project was scoped out by SCS, who recommended its partner, Digital Vantage Point, a Microsoft Gold Certified Partner, as best able to meet the e-commerce needs of Tooltechnic.

Michael Kulik, President, Digital Vantage Point, says: “Our expertise is in e-commerce. Since 2000, we have focused our business on the Microsoft Dynamics NAV platform, extending its capabilities to meet customers’ specific e-commerce requirements. The strength of Microsoft Dynamics NAV is its flexibility and ability to manipulate data and content. As a result, our product, NAV-to-NET, is intuitive without being too complex or too expensive. It was the perfect web solution for Tooltechnic.”

Tooltechnic upgraded its infrastructure for the e-commerce solution, which now consists of Microsoft Windows Server™ 2000, Microsoft Information Internet Server, Microsoft SQL Server™ 2000 and added Microsoft Dynamics NAV’s Application Server as middleware. With a similar look and feel to Microsoft Dynamics NAV, end-user training on NAV-to-NET was straight forward. Because there was little customization required, the product was quick to implement and within budget. The new website went live in March 2005.

Benefits

Almost Doubling of Sales Year-On-Year Achieved by Adding Only Minimal Staff

Since implementing Microsoft® Dynamics NAV, Tooltechnic has been able to almost double its sales every year for the past three years, by adding only minimal staff. Tooltechnic has used technology to handle its growth, keeping costs lower and improving profitability.

Fackler says: “We have been almost doubling sales every year since the implementation of Microsoft Dynamics NAV. We have been able to achieve this growth by using Microsoft Dynamics NAV as our back-end system to accommodate our new requirements and ever-growing distribution network, rather than adding new staff.”

Streamlined Order Process Boosts Productivity

Using Microsoft Dynamics NAV as the backbone for managing all financial processes, Tooltechnic has achieved a transformation in the way it runs its financial operations. By automating its core processes such as online ordering, productivity has been improved within the organization.

Customers go directly to the website and place orders real-time, which go directly into Microsoft Dynamics NAV’s database and are sent real-time to the warehouse for fulfillment. Orders show up in Microsoft Dynamics NAV right away, as the front-end of its website is integrated and synchronized with Microsoft Dynamics NAV on the back-end. The online catalogue and e-commerce part of the new website are now completely managed through Microsoft Dynamics NAV. By automating the ordering process, the problem of multiple entry has been removed because there is no need to print off an order and re-enter it.

“With Microsoft Dynamics NAV as the central data source, everything is maintained smoothly.”

Lars Fackler, Manager Sales Office West for Tooltechnic Systems

Using NAV-to-NET, end-users can manage the website themselves. Any updates on pricing or product information take place in Microsoft Dynamics NAV, and are immediately reflected on the website. Tooltechnic uses Microsoft Dynamics NAV's Application Server to translate between Microsoft Dynamics NAV and the website. By driving everything out of Microsoft Dynamics NAV, it reduces the need for data management and system management.

Fackler says: “Microsoft Dynamics NAV is at the center of our solution. Online orders flow through Microsoft Dynamics NAV, which holds all product information. With Microsoft Dynamics NAV as the central data source, everything is maintained smoothly. There is no need for duplicate entry. This alleviates all additional work and the business is more productive.”

Online Sales Increased Tenfold with Enhanced Customer Service and Online Shopping Features, Delivering Return on Investment within Three Months

The benefits of a streamlined ordering process and enhanced online shopping features have had an immediate impact on its customers. Within one month of going live, online sales has accounted for a steady 10 percent of business. Before Tooltechnic went live with its new website, online sales accounted for only one percent of sales.

Fackler says: “We achieved a full return on our investment in the e-commerce solution within three months. The customers' shopping experience has been enhanced. The shopping process is very intuitive with a straight forward checkout process.”

With the new system in place, Tooltechnic captures all customer information, which is then matched to an existing customer table. If it is identified as a new customer, the system immediately creates a new customer

card. Customers can track order history, track status of orders, add wish list features to their online account and even update it.

Fackler continues: “Customers in the United States have high expectations and demand a high level of service, so we're pleased that three-quarters of our online business is repeat business. Premium customer service that matches the premium quality of our products is the main focus for us. In the area of e-commerce, we are outperforming most Festool subsidiaries around the world as a result of the best practices we have achieved with Microsoft Dynamics NAV.”

B2B Developments Support Partner Business and Manage Future Growth

The combination of the e-commerce solution with the Microsoft Dynamics NAV platform has resulted in a solid infrastructure from which Tooltechnics can expand into new areas.

Fackler says: “Ensuring our distribution network can benefit directly from our online capabilities is the next phase of business. Dealers will be able to access the website, manage their customers, place orders directly through the website and even look up tracking numbers within the order history.”

Fackler continues: “We have a premium strategy which is to develop high-quality products with unique features. We have to be able to distinguish ourselves by the service we offer to our dealers. We want to offer the benefits of our online infrastructure to our dealers, making it easy for them to do business with us and helping make us the tool brand of choice.”

For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to: www.microsoft.com

For more information about SCS products and services, visit the Web site at: www.scs-mbs.com

For more information about Festool products and services, visit the Web site at: www.festoolusa.com

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to: www.microsoft.com/dynamics

Software and Services

■ Products

- Microsoft Dynamics NAV
- Microsoft SQL Server 2000

- Microsoft Windows Server 2003 Standard Edition

■ Technologies

- Microsoft Internet Information Server

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