

EPICOR

# Ten Must-Have Features of a Distribution ERP

*How to develop must-have requirements and selection criteria for your system*



DISTRIBUTION

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# How To Use This Book

If you are evaluating multiple vendors as you start your journey towards selecting and deploying an Enterprise Resource Planning (ERP) system, you'll want to make sure you fully understand how to develop the must have requirements and selection criteria for your system. Evaluating which solution is right for your company begins with an assessment of how you wish to drive tangible value today and in the near future:

- Which business processes drive your competitive advantage today and how do you optimize these processes with the new business system?
- Where do inefficiencies lie today in your business and how can your ERP system help you streamline those processes and make them more efficient and cost effective?

What are the new value-added services, new revenue sources or differentiated customer experiences you expect to add to your business in the next three to five years to increase customer loyalty and compete successfully against small and big distributors?

Answers to all of these questions will provide you with the roadmap you need to determine the capabilities you want in your ERP solution, as well as the guidance to choose the right vendor to achieve your growth objectives in the most efficient manner.

We'll help you understand:

- The baseline capabilities you need in a cloud ERP to streamline and integrate business processes
- Out-of-the-box capabilities (such as managed inventory or tool cribs) for a differentiated customer experience
- Value-added services that generate new revenue sources quickly by efficiently leveraging your ERP system without expensive custom services to integrate unvetted third party products (for example, service and maintenance, equipment rentals, eCommerce)
- Cutting-edge technology capabilities in areas such as mobile, cloud and Artificial Intelligence, which are used to not only make others more competitive but also improve their efficiency
- The product features and technology capabilities Prophet 21 provides





## Bread and Butter Distribution ERP Capabilities vs. Those That Differentiate You

There are a comprehensive set of baseline distribution industry capabilities offered by ERP vendors that are absolutely important for any small and mid-sized distributor. For example, you need baseline accounts payable, accounts receivables and general ledger capabilities in the financials module to run your business. In a similar vein, you need baseline inventory tracking capabilities, including forecasting, static and dynamic replenishment methods, serialization and cycle counting or baseline warehouse management features such as put-away, binning and picking in the solution to run your distribution operations. These are the baseline features that should be in any distribution product. You will find these features in most ERP products targeted towards distributors.

However, you are not just implementing a solution that maps to your business needs today. You are investing in a solution that simultaneously:

- Enables you to compete tomorrow through differentiated customer experiences with offerings such as managed inventory or same day shipment or customer-specific pricing.
- Allows you to add new revenue sources in the future such as maintenance services or rentals or eCommerce.
- Improves margins by implementing capabilities that build tighter linkages within your supply chain with capabilities like dynamic inventory replenishment techniques. You should be able to start with baseline capabilities in your ERP system and streamline your operations. Utilize the differentiating features in the product to achieve your growth objectives for tomorrow. There shouldn't be any need to customize your product or purchase additional products from other vendors, which is often required when your ERP is not built for the specific needs of distribution.

The top 10 capabilities listed in the next section are the ones that go beyond the baseline features. They are our customers' favorites, because it helps them improve margins, grow faster and compete more effectively against others in their industry big or small.



*“Prophet 21 has done a fantastic job of constantly providing our employees with timely access to information exactly when needed. It’s also given us the capacity to operate like a much larger organization and differentiate ourselves from the competition through the accuracies afforded through this technology. We have a very aggressive growth plan and Prophet 21 is fundamental to achieving those goals.”*

*Cohn and Gregory*

*Improve margins, grow faster and compete more effectively*



# Top 10

## Must-Have Capabilities in an ERP that Will Differentiate You from Your Competition

In this section, we share the top ten ERP capabilities that our customers use to differentiate themselves from the competition locally, regionally or nationally to win. These capabilities go beyond the baseline distribution features in an ERP system and are available out-of-the-box in Epicor® Prophet 21®. Many of these capabilities are not available in other ERP solutions that you may be evaluating. One of the primary reasons many distributors overwhelmingly choose our solution over other vendors is these capabilities. More importantly, this top ten list highlights the value-added services and differentiated customer experiences your peers/competitors in the industry are providing today using our solution.

# Capability One: OmniChannel Order Management

Prophet 21 enables an omnichannel order management process i.e. orders can be entered into the system via multiple customer touch points - at the store-front counter, in the office by sales reps via desktop or laptop, remotely by sales reps via a mobile computing device, or directly by customers over the web via eCommerce. The solution incorporates industry best practices and allows you to execute omnichannel orders with the following capabilities:

- Enter quotes and orders
- Convert quotes to orders
- Check stock
- Expedite orders
- Search price and availability requests
- View past invoices
- Verify shipping preferences
- and more

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*“We selected the Prophet 21 system because it was the most aligned to the requirements of our high-volume fastener distribution business. We carry more than 95,000 SKUs. At present, 30 percent of our sales come from eCommerce, and that statistic is growing.”*

*G L Huyett*

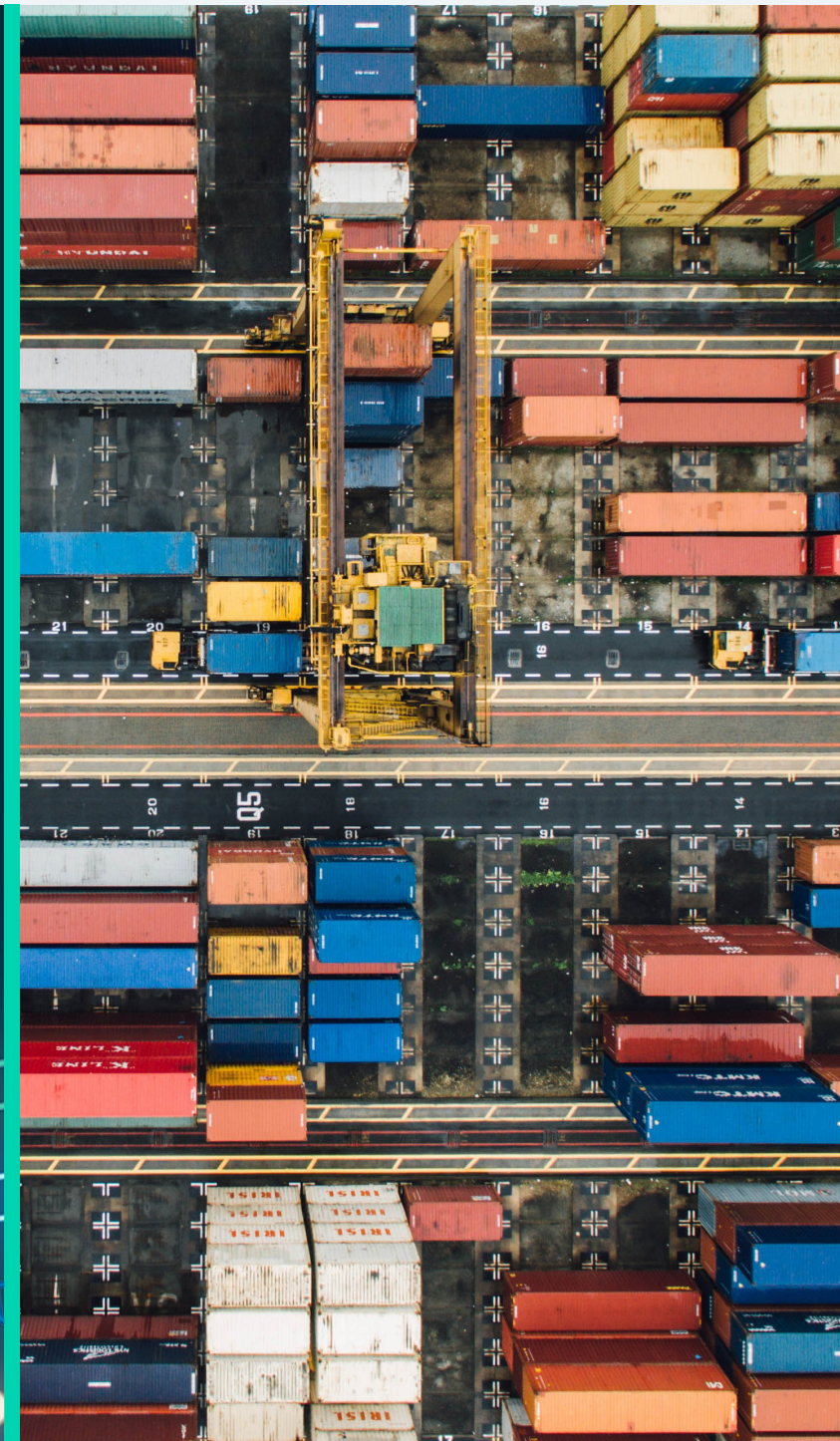


## OmniChannel Order Management

Whether you have a small counter or a large customer self-service area, you'll need point of sale and front counter capabilities to help your customers check out. Using Prophet 21, you can handle that early morning rush quickly and efficiently. You can help any customer on the spot by accessing your entire inventory from the Order Entry screen, offering a price, placing the order, and then accepting payment or recording the transaction for invoicing.

The system can easily handle scheduled orders, where customers place orders that will ship over time - delivery dates could vary from item to item or even within an item, requiring you to ship specific items or quantities on specific dates. Many distributors enter these as separate orders or track these orders outside their system, in spreadsheets or on paper because such capability is not available in their system. Prophet 21 allows you to easily handle these types of orders within its system and support this business practice

Whether you call it an "agent order," a "commission order," or a "manufacturer rep order," any order where you act as the sales representative for a certain manufacturer, supplier, or vendor requires special treatment. This can be a significant part of your business and Prophet 21 offers this capability out-of-the-box. Because Prophet 21 has the built-in ability to suggest accessory items and substitutions, you can grow your margins and make even your most inexperienced salespeople sound like seasoned pros. If evaluating other vendors, make sure you ask to see these capabilities to compare, and see if they are offered as standard, or require additional integration or licensing terms.





# Capability Two: Integrated eCommerce

Prophet 21's integrated eCommerce solution, called Epicor Commerce, enables you to increase sales, reach new customers, and shorten sales cycles for your products and services. You can quickly deploy a website that not only is intuitive and engaging to drive repeat purchasing, as found in popular B2C sites, but also contains B2B business capabilities. The result: you can fully support your customer's procurement processes. It also provides you access to templates, add-ons and tools, so you can deliver that rich customer experience on your website throughout their life cycle—from casual browser to satisfied repeat customer. You can easily manage multiple branded websites and catalogs and reduce the cost and time required to roll out new product lines on your website. You get an engaging website that becomes an eCommerce engine built on your ERP data, and an important tool for you to extend your reach, drive additional revenue from existing customers, and nurture customer relationships. It enables you to position your digital distribution business for the future.

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*“The very simple element of eCommerce is ordering a product. You need to have a quantity available, a price, and be able to handle credit cards. Epicor Commerce does a very good job of those fundamentals. The other side of eCommerce is the customer service, and with Epicor Commerce, our customers are able to log in, check their account balances, download their invoices, reorder an old order, check on their order status, click on the shipping information, and see when the product will get there. Since launching the redesigned website in October 2016, our website traffic has increased nearly 60 percent year over year. Organic traffic through Google and Bing is up nearly 130 percent year over year. Having a very well-organized catalog, eCommerce backend has certainly contributed quite a bit to that growth.”*

*Travis Scott, Director of Marketing | Industrial Specialties Manufacturing*

**EPICOR**

# Capability Three: New Revenue Source Enablement

Prophet 21 contains embedded capabilities that help distributors drive growth by enabling them to deliver new services to their customers. These include kitting and light manufacturing out of the box, eCommerce as a new sales channel, as well as service and maintenance offerings that allow you to increase customer loyalty, protect your customer base from being poached by competitors, add a new revenue source, and win new customers.

## Kitting and Light Manufacturing

Many distributors perform light manufacturing work and other value-added activities for their customers and partners, such as kitting, assembling, and processing products for customer orders. For distributors who perform a significant volume of such value-added work, Epicor offers integrated kitting and production orders with its system.

## Service and Maintenance

If you sell items that require attention after they've left the warehouse, service and maintenance capabilities help you add and grow that valuable service within your distribution business. With an integrated service and maintenance capability, you can keep track of service contracts, preventative maintenance schedules, warranties claim, serial number tracking and more while monitoring service technicians' schedules and open service orders. Essentially, it helps you manage the process from immediately after point-of-sale to the time-of-service.





*“Prophet 21 allows us to call up a service order and auto-populate it with ship-to, machine type, pricing, service agreements and other information, which has really streamlined our operation.”*

*Vicki Hafele, Chief Financial Officer | Duncan-Parnell Inc.*





# Capability Four:

## Warehouse Management System

Prophet 21 Warehouse Management System (WMS) brings a new level of accuracy to all your warehouse processes including receiving, cross-docking, put-away, adjustments, picking, cycle counting, and inventory operations. WMS enables warehouse employees to complete these warehouse functions using an iOS® or Android® device. The WMS module is fully integrated with the rest of the Prophet 21 system.

Some of the capabilities that our customers enjoy include its self-directed and system-directed methods for inventory management. The solution's system-directed method automatically suggests up to six bins, giving users the option of choosing an alternative bin location. WMS uses sophisticated algorithms to calculate their best placement in your warehouse.

Our customers also use WMS to enhance customer service by ensuring they get the right products shipped out on time, every time, while improving operating efficiencies through directed warehouse activities. For example, with WMS, they can save time by picking a single order, multiple orders for different customers, as well as transfer orders in a single pass through the warehouse. The system directs the picker via the wireless handheld device to the bin locations where the allocations have been placed and helps to ensure the correct bin is scanned, the correct item is scanned, and lot/serial is correct. Users can pick by zone or to pick the entire pick ticket.

Other ERP vendors offer generic warehouse put-away and pick capabilities. Either you must adjust your ambitions to fit into their offerings or buy a third-party warehouse management solution and integrate at your expense.

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*“When we implemented Warehouse Management System, our picking speeds and our efficiency just skyrocketed by 60 percent. That was a huge savings. Our quality went up and our customer satisfaction increased.”*

*Kipper Tool*



# Capability Five: Inventory and Pricing Optimization

Your single biggest business investment—the inventory in your warehouse—is at the heart of your company. Prophet 21 enables you to balance customer service needs while maximizing your return on investment—by increasing inventory turns and reducing your inventory investment.

Our customers take advantage of the multiple dynamic and static inventory replenishment methods within the Prophet 21 ERP, to optimize their inventory through the flexibility to lower carrying costs, minimize excess or obsolete inventory, improve cash flow, and increase customer service levels. These methods include:

## Up To Replenishment Method

This method is based on the principle of bringing the inventory to a specific quantity, based on a number of factors such as the item's lead time, the supplier review cycle, and the item's safety stock setting.

## EOQ (Economic Order Quantity)

This method is designed to achieve the lowest overall inventory cost, based on the carrying cost and ordering cost of an item. In Prophet 21 ERP, EOQ is implemented as a spin-off of the 'Up To replenishment method'. The first set of calculations in EOQ are exactly the same as 'Up To', then the EOQ formula is applied to determine the quantity to be ordered that provides the lowest overall cost.

## Sporadic Inventory Management

This is a derivative of min-max method, which identifies items with a sporadic demand pattern and adjusts their Min/Max levels accordingly to better manage inventory.

## Order Point / Order Quantity

This is another static replenishment method in Prophet 21 ERP, similar to Min/Max. In this case, the calculation works as follows: When the net available inventory falls to a certain level, purchase the amount specified in the system as Order Quantity.

## Min-Max

This is a static replenishment method - there is no accounting for lead time, usage, or any other dynamic variables. According to this method, when the net available inventory drops below the Min, you order enough to get back up to the Max.

## (Continued)

In addition, Prophet 21 offers capabilities for pricing optimization. For every product and every customer, there is a strategic price that produces the optimal gross margin—the highest margin you can obtain while retaining the customer’s business. That price depends on many factors, from the amount of business you do with a customer annually, to the price elasticity of an individual item. Epicor takes this highly complex task and simplifies it for you. The Strategic Pricing module analyzes your database for customer and order information and then classifies customers by type and size. It then leverages sophisticated algorithms to provide recommendations for pricing items by customer and product. The solution can also recommend optimal discount structures across customer and item categories, and pricing for specific customer/item combinations for your best customers.

Within the Strategic Pricing module is a full suite of analytical tools that let you see how well you are doing in charging optimal prices in many ways. The tools also let you examine another area where distributors often leave money on the table: shipping charges. Using the Strategic Pricing formulas, you can also ensure that you are neither ‘giving away’ freight nor charging so much for shipping that you lose customers.

*“We provide a superior value to our customer over our competitors, and I think Prophet 21 is the key to that. Things like inventory accuracy, shipping accuracy, and the ability to answer customers’ questions and meet their needs—those are all driven from the Prophet 21 system.”*

*Sterling Greni, VP of Operations | Midland Scientific*

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*“A mid-west manufacturer and distributor of non-threaded fasteners and specialty components reduced inventory by 20% and improved turns by 30% with Prophet 21.”*

*from GL Huyett*

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*“Distributors who implement strategic pricing have seen a 2-4 percent increase in their margins on affected items almost immediately. They also have maximized profits by squeezing higher gross margins out of less price-sensitive transactions.”*

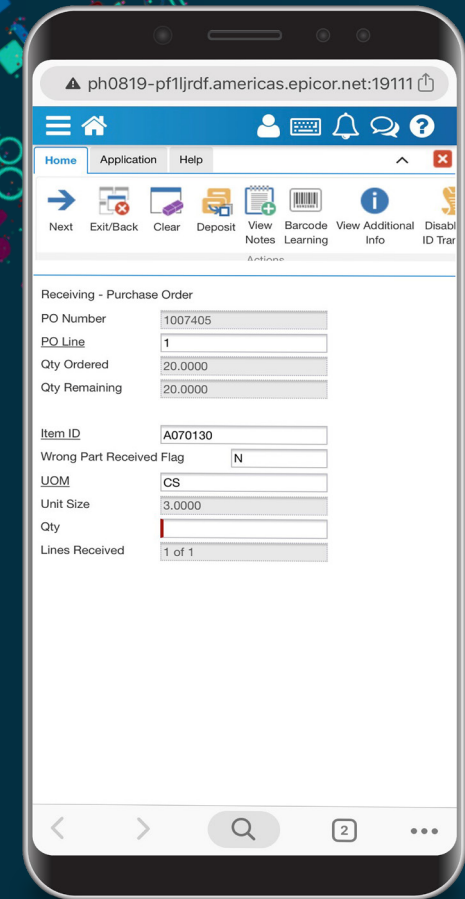
*SPARXiQ*

# Capability Six: Mobile Access

Prophet 21 includes mobile computing functionality that enables remote employees to download key data from the solution and upload new information such as orders, quotes, and signatures from deliveries. The solution supports iOS, Microsoft or Android devices (Figure 1). Your employees aren't stuck at a desktop station to get their job done!

Remote order entry integration reduces the time your salespeople spend on paperwork, lessens the risk of rekeying errors, guarantees accurate pricing/inventory information, and eliminates handwritten copies of orders. Prophet 21 Mobile Sales is a browser-based application that works on tablets and other mobile devices. It allows you to improve sales productivity by giving account visibility to your field sales team and remote staff wherever they have an Internet connection. Support team members in the field will be able to view, create, and edit account information, to quickly understand the current state of their customer's account.

Prophet 21 handheld bin management functionality allows inventory information scanned at the customer location directly into the ERP via a wireless connection. With this capability, our customers have enhanced the effectiveness of their VMI process. Electronic signature capture enables your drivers to view daily route information, maps, and access driving instructions from their cell phone. They can also access notes and drill into details for each delivery, and, capture the signature and name of the receiver. Drivers may also record any issues that may arise at a stop, i.e., location closed, no one available, damaged package, etc.



*Figure 1: Wireless picking screen in Prophet 21*

# Capability Seven: Personalize your Solution Without Affecting Application Code

One of the most unique capabilities of Prophet 21 ERP is its Epicor® DynaChange® extensibility suite, which lets you tailor your ERP system to fit your business processes without making any software changes to your system. It allows you to tailor your user interface, move or hide fields from your screens, create user-defined fields, edit or add new tabs of data, personalize menus, adjust popup searches, add metrics, and configure portals for each employee.

The DynaChange Business Rules module lets you even write your own business logic to conform to your company's unique processes. All aspects of DynaChange allow you to personalize Prophet 21 without affecting the application source code i.e., without writing custom code within your ERP application. As a result, migration to future releases is not affected by these configurations. And a power user can create these rules – you don't have to be a developer to take advantage of this capability. Below are some basic examples of DynaChange business rules that typical power users could feasibly write on their own to:

- Compete tomorrow through differentiated customer experiences with offerings such as managed inventory or same day shipment or customer-specific pricing
- Add new revenue sources in the future such as maintenance services or rentals or eCommerce
- Improve margins by implementing capabilities that build tighter linkages within your supply chain (for example: dynamic inventory replenishment techniques or optimizing pricing by customer tiers)

DynaChange Extensibility Tools allows you to adapt the system to your needs—not the other way around, building on and maintaining what makes your business unique. If you are evaluating other vendors, ask them to show how they support customization that does not require developer skills, and have the changes made carry over with upgrades.

*“DynaChange Rules allows us to configure Prophet 21 so that our business process procedures are followed each and every time guaranteed!”*

*Field Fastener*

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*“The extensibility platforms in Prophet 21 ERP allow users to actually modify or extend the business logic within their system for themselves, without outside help. We don't have to mess with the basic code. It is exciting.”*

*Marble and Granite*



# Capability Eight: Future Proof

Customers want to make sure that their ERP partner not only addresses their needs today, but also allows them to navigate the constantly changing technology and business landscape and stay competitive in the future. To ensure this, the visionary team behind Prophet 21 continues to innovate and ensure you have access to the latest relevant technologies. Below are some examples:

- **Epicor Virtual Agent (EVA):** Developed using Artificial Intelligence (AI) services from Microsoft® Azure®, EVA is a virtual assistant that helps users work smarter and accelerate the pace of operations across the business more easily. Its conversational user interface (UI) is based on natural language processing. EVA is context-aware—user commands can be brief, and it will understand what they mean based on what was said before. Users can access EVA from their mobile devices (see figure 2) and use it for a number of scenarios, such as helping an outside sales representatives obtain instant and easy access to product, price, and availability information and create a quote on a mobile device while in a meeting with their customer.
- **IoT:** The Prophet 21 Cloud IoT module uses the Microsoft Azure IoT hub to enable distributors to capture vast amounts of data from IoT sensors at their customer sites and analyze that data deliver value added services. For example, using this capability, you can connect with tool cribs and vending machines at customer sites and offer them value-added inventory management and replenishment services.

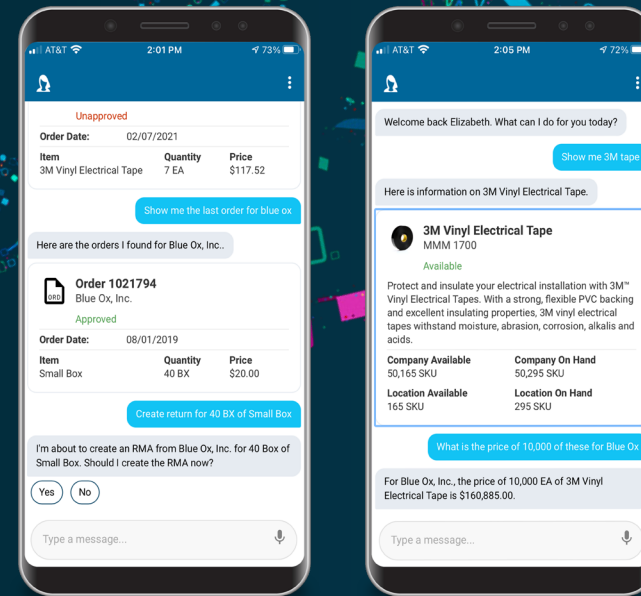


Figure 2:  
Epicor Virtual Agent

*“Since integrating vending machines with Prophet 21, the company has experienced 30% improved productivity—which represents millions of dollars in cost savings. We always want to give customers a reason to keep giving us their business rather than switching to new competitors, and in this case that was a smart, ‘sticky,’ just-in-time inventory management solution that offers ultimate convenience and can scale as they grow.”*

*Kipper Tool*

API Access to Easily Integrate: Companies often have a hybrid technology landscape. They most likely have a variety of software applications deployed in the cloud and on premises—typically from multiple providers. Seamless integration between Prophet 21 and these applications is vital to running the business. Prophet 21 in the cloud offers you two options to integrate your unique mix of software applications.

- API and Web Services—Your third-party applications may communicate with Prophet 21 in the cloud ERP business logic by using our Prophet 21 API. This is a standard integration framework that connects Prophet 21 in the cloud to other applications or websites.

- Epicor Automation Studio—A cloud-based enterprise integration platform as a service (iPaaS) to automate the connections of Prophet 21 things to other things outside of Prophet 21, as well as automate between things inside the Prophet 21 platform. Using little to no coding, Citizen Integrators can easily integrate and automate scheduled and event-triggered workflows and robotic process automations (RPAs) between apps, data, and Prophet 21 with Epicor Automation Studio, powered by Workato.



*“I think the best thing about the Prophet 21 API is that Epicor is opening the door to developers to do more outside of the system.”*

*Marble and Granite*

# Capability Nine: Cloud on Your Terms

Prophet 21 in the Cloud offers both tangible and intangible benefits, providing a very compelling reason for you to move from your current on-premises system(s) to our cloud-based ERP system. With this change, you can focus more on running your business today in a cost-effective manner, while ensuring the system can scale to support your future needs. Prophet 21 in the Cloud runs on Microsoft Azure, an open, flexible, enterprise-grade and industry-leading public cloud computing platform. By leveraging this proven foundation to build and deploy, Epicor brings to distributors a secure, reliable and highly scalable cloud ERP solution (Figure 3). Finally, Prophet 21 in the Cloud lets you have a myriad of various flexible options, so you can run in the cloud on your own terms. Following are the examples of these flexible options:

## Dedicated Database Delivers Security and Better Performance

Most SaaS solutions are architected such that data from multiple customers points to the same shared database instance – i.e. multiple customers end up sharing the same physical database. However, with Epicor, each customer gets their own dedicated database. By architecturally offering each customer their own database instance, we ensure that not only is your data secure, but that your system performance is not affected by the data intensive activities, such as reporting or analytics, being performed by other customers on their own system. In an ERP cloud where the database is shared, the potential exists for security and performance to be compromised.



*“Moving to the cloud with Prophet 21 takes away the cost and burden of maintaining our server and allows us to fully focus on the business. We’re now able to access the system anywhere— allowing us to be more productive.”*

*Kregg Cheek, President | LH Industrial Supplies*



Multiple Cloud Environments With every purchase of Prophet 21 in the Cloud, customers receive three cloud environments for their use — Production, Pilot (Play) environment. Additional environments are available for purchase on a monthly or fullterm basis.

- Production environment – This is your live environment where users transact every day.
- Pilot/Play environment – This is your staging environment where you can test and even train users on pending upgrades or other changes without affecting your live Production environment, transactions, or data.

#### **Automatic Upgrades with Flex Option to Defer Upgrades for up to 120 to 90 days**

One of the top reasons why business leaders choose cloud applications is because of the regular updates issued by the vendor. Epicor issues twice-a-year version upgrades of Prophet 21 in the Cloud and minor updates on a regular, established basis. We automatically update all cloud environments at no additional cost as part of our commitment to keeping customers current with the latest product, performance and security innovations. Prior to each upgrade affecting your live Production environment, Epicor updates your Pilot environment so that you have time to explore what's new without impacting your Production system. We recommend that you test and confirm important business processes work as expected in your Pilot environment before your Production upgrade. For those customers who are subject to business constraints that may prevent them from upgrading on schedule, Epicor makes available the Epicor Cloud Flex Option for Prophet 21 in the Cloud. This offering allows subscribers to defer the twice-a-year version upgrades for up to 120 to 90 days.

## Microsoft Azure as the Foundation

### Security

- Data encryption
- Dedicated database
- Best-in-class password policies
- Security testing of environment
- Industry standard security certifications

### Availability and Reliability

- 99.5% SLA
- Scheduled maintenance windows
- Disaster recovery
- Rolling data backup & storage
- Reliability center

### Scalability

- Azure-powered Up/Down scaling
- Modular system
- User extensibility

### Flexibility

- Three to two cloud environments
- Automation upgrade w flex option
- Cloud storage add-on

### Accessibility and Extensibility

- Browser and OS choice
- Concurrent users
- API/Integration framework
- Configuration

*Figure 3: Core Capabilities of Prophet 21 Cloud*

*Ask other vendors how their cloud ERP provides flexibility with upgrades, delivers standard multiple cloud environments, and supports dedicated database with replication and local storage option.*

# Capability Ten: Industry Knowledge

The Prophet 21 solution has been developed to manage the requirements of distribution industries including:

- Consumer packaged goods
- Electrical
- Fasteners
- Fluid power
- HVAC
- Industrial
- Medical supply/pharmaceuticals
- Paper and packaging
- Pipe/valve/fittings
- Petroleum
- Plumbing
- Safety supply
- Tile and flooring
- Welding supply/Packaged gases

Thousands of distributors currently use our solutions to manage and grow their business. These include half of the Electrical Wholesaling's Top 200 and Supply House Times' Premier 150, as well as over a third of the Industrial Distribution's Big 50 and The Wholesaler's Top 100. We have worked closely with these customers over the years to better understand their unique business requirements, and then have built those features in our product. As a result, Prophet 21 reflects the best practices in the distribution industry, esp. as it relates to small and mid-sized distributors. Our consultants, as well as our implementation partners complement our product with deep experience doing implementations in the distribution industry. Other ERP products, such as NetSuite®, offer solutions that have had their start as horizontal products not specifically built for distributors. Then they have added light weight/cross-industry order management, inventory and distribution capabilities and a veneer of industry marketing to call their product a distribution industry solution. But it is not. If you are evaluating multiple ERP products, we suggest you compare the distribution-specific capabilities in each of the products.



## Critical Industrial Distributor Requirements

- Quotes and orders
- Front counter
- Scheduled orders
- Order history/previous requests
- Customer-specific pricing
- Contract pricing
- Document links
- Accessory and substitute items
- Manufacturer's rep orders
- Customer-and vendor-managed inventory
- Crib integration
- Vendor pricing updates
- Rebate management
- Lot tracking
- Serial number tracking
- Service and maintenance
- Financials

There are many other reasons that more distributors choose us over any other ERP vendor. When you speak with our customers, it will be evident how we understand the needs of distributors, and how we partner with them to deliver success every step of the way. Our solution enables them to not only make their business more efficient and agile, but also improves their end customers' experiences. We position them for growth as well. We are there for them, when, and where, they need help. This may be either learning new features or help with a support issue. We have the largest on-line training of any ERP vendor selling to distributors. And, whether you purchased our solution directly from us or from one of our resellers, you can directly call us with a support issue. Unlike our competitors, such as NetSuite®, we don't require you to go through your partner or require them to be on the phone with you to resolve a support issue. We stand behind our products from initial sale, through implementation to support, and every step along the way. Our goal is to deliver quality products built for distribution, not sell volume solutions that require you to pay handsomely for service, support and configuration.



## Summary

Purchasing an ERP solution is a strategic decision. You need a partner who knows your business, and who has people that have walked in your shoes and can relate to your pains as well as your ambitions. As you evaluate us, we invite you to take a close look at the depth of our products, the success our customers have achieved by implementing our solution and the partnership we offer. When you evaluate various products, don't just compare the baseline distribution capabilities. Think about what new value-added services, new revenue sources or differentiated customer experiences you expect to add to your business over the next three to five years, so you can increase customer loyalty, compete successfully against other distributors—both big and small, and grow your business. Identify the product features you would need to support those initiatives and make sure your current vendor provides those features in the product set. Otherwise you will have to purchase, integrate and upgrade third-party products at your expense when you have limited resources that you want to deploy strategically. Also, you are in the distribution business, not in the system integration business.

***“No one outpaces Epicor. They have the leading offering in the industrial distribution space and working with them has definitely made our business more successful. Any company will benefit from their industry knowledge base.”***

*John Wiborg, President | Stellar Industrial Supply*





# Appendices (1/8): Overview of Prophet 21

In the section above, we discussed our top ten capabilities of Prophet 21 that our distribution industry customers have come to love. These capabilities, coincidentally, are not available in other cloud ERP systems that sell generic solutions with a veneer of industry capabilities. With over five decades of experience, Epicor helps distributors grow sales, improve margins and increase productivity with an (ERP) system that keep them healthy and thriving in today’s highly competitive marketplace. Prophet 21 ERP solution is a leading ERP solution for wholesale distributors that combines proven distribution expertise with a modern cloud-based technology stack. Prophet 21 is a purposebuilt ERP solution for small and mid-sized distributors. Thousands of distributors have successfully

deployed the solution as their core business system. The figure below (Figure 5) highlights the fact that small and mid-sized wholesale distributors overwhelmingly choose Epicor over any other vendor. Over 100,000 users are currently using the Prophet 21 solution in these companies. In addition, Epicor is either a member of or a preferred provider to more than 40 industry associations and marketing or buying groups, such as A-D, CDI, CTDA, DPA, Eaton, FPDA, HIDA, IDC-USA, STAFDA, TUG, NAW, NAED, ISA, and IDEA. If you are a member of these associations and trade buying groups, you may be eligible to get a rebate when you purchase Prophet 21.

Segment	% who use Epicor
Electrical Wholesaling Top 200	56%
The Wholesaler Top 100	53%
Industrial Supply Top 20	70%
Industrial Distribution Big 50	58%
Distribution Trends Top 50 HVACR	60%
Supply House Times Premier 150	63%

Figure 5: Chart Showing Adoption of Epicor Among Various Distribution Industry Segments

*“We provide a superior value to our customer over our competitors, and I think Prophet 21 is the key to that. Things like inventory accuracy, shipping accuracy, and the ability to answer customers’ questions and meet their needs those are all driven from the Prophet 21 system.”*

**Sterling Greni, Vice President of Operations**  
| Midland Scientific

# Appendices (2/8):

The following graphic (see Wheel: Figure 6) shows the various modules of Prophet 21 that are fully integrated with each other and highlights the breadth (i.e. scope) of the solution. It supports all the core business processes (such as order management, inventory management, procurement, warehousing, financials, ecommerce etc.), as well as value-added business processes (such as distributor managed inventory, kitting and light manufacturing, service and maintenance, rentals etc.) for a wholesale distributor. The various sections in this eBook will also highlight the depth of the solution—i.e. the specific industry best practices embedded as features in each of the modules of the solution (such as multiple inventory replenishment methods, directed put-away and automated picking, front counter order management, pricing optimization etc.)

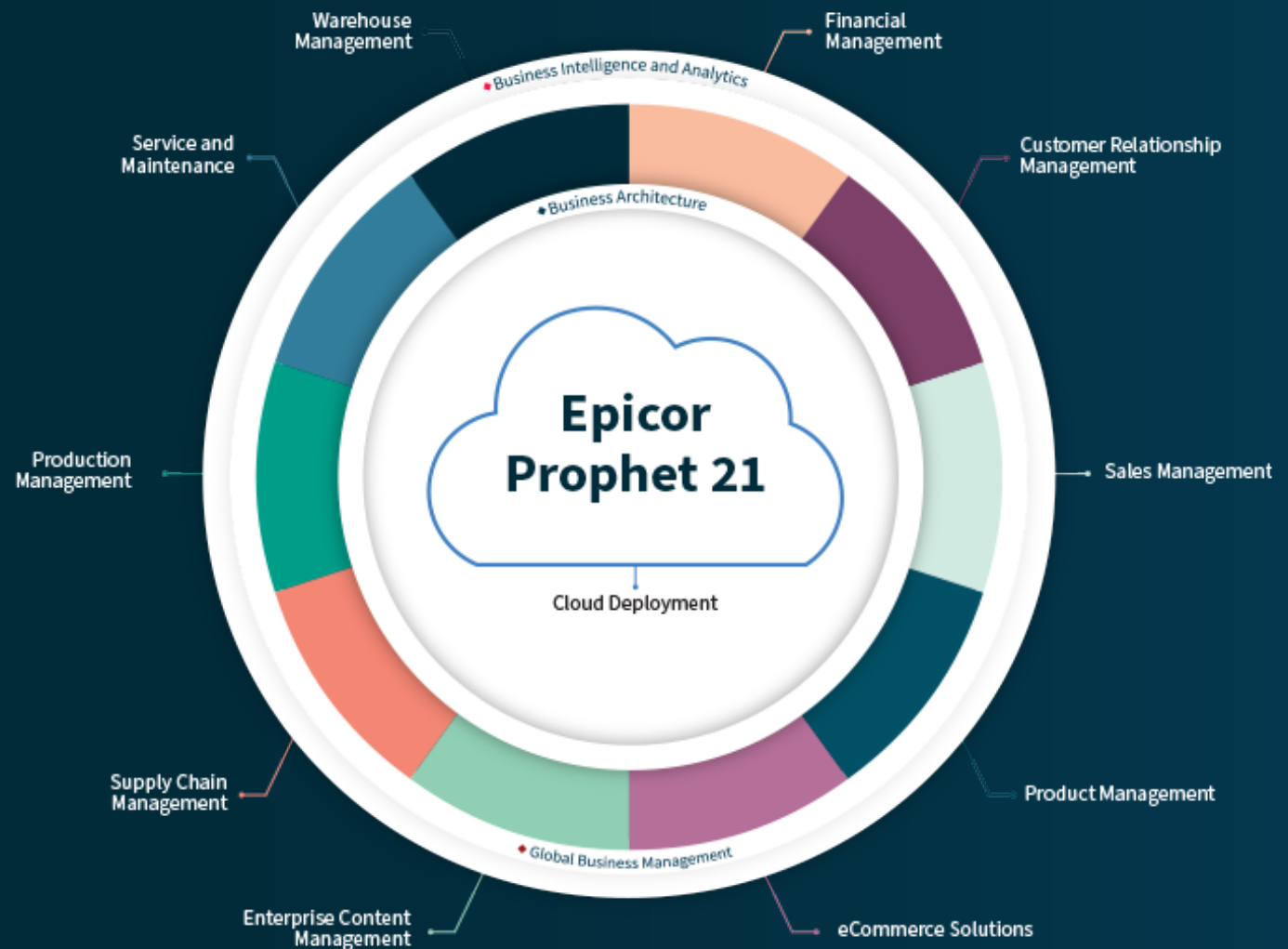


Figure 6: Key Modules of Prophet 21 - A Cloud ERP System for Small and Mid-Sized Distributors and Wholesalers

# Appendices (3/8):

The Prophet 21 is a very comprehensive industry solution with core set of modules listed below (detailed feature list in Appendix A):

## Customer Relationship Management (CRM)

Prophet 21 CRM helps you manage prospects, customers, and contacts—from opportunity, to quote, to order.

## Inventory Management

Comprehensive inventory management capabilities allow you to balance your customer service needs while optimizing inventory carrying costs and turns.

## Order Entry

Whether orders are entered at the counter, within your office, remotely via mobile computing device, or over the web via ecommerce, the information goes directly into your Prophet 21 solution for faster processing—eliminating manual work and rekeying errors.

## Warehouse Management System

Warehouse Manager is a paperless warehouse solution for Prophet 21 that brings a new level of accuracy to all warehouse processes, including receiving, cross-docking, put-away, adjustments, picking, cycle counting, and inventory operations.

## Purchasing

Prophet 21 centralizes the purchasing process, enabling you to optimize buying power and inventory levels—whether you have one warehouse or dozens.

## Pricing

Prophet 21 gives you the flexibility to set prices as you see fit, ensuring you maintain your margins while meeting customer and market demands.

## Financial Management

Prophet 21 comes packed with important features that allow you to run your company's finances within the ERP. You can receive up-to-the-minute financial statements, track outstanding customer invoices, and integrate your inventory receipts and purchase orders to streamline your AP processes.

## Service and Maintenance

Prophet 21 Service and Maintenance capabilities manages the process for those items that require attention after they've left the warehouse.

## Reporting and Analysis

Prophet 21 solution enables stronger, fact-based decisions with built-in standard reports, “as of” reporting, and analytics tools, while Epicor Data Analytics (EDA) provides interactive dashboards and analysis of data—letting you quickly see important information about how your business is performing.

# Appendices (4/8):

## DynaChange

This capability allows you to take external business rule logic and apply it within the Prophet 21 solution.

## API

The Prophet 21 API gives you tools to easily integrate outside applications with other applications outside of your ERP.

## Cloud

Powered by Microsoft Azure, the Prophet 21 Cloud ERP not only delivers on your security, reliability and scalability needs, but it also offers rich and flexible managed services capabilities that allows you to manage your cloud ERP on your own terms.

*“The fact that the people at Epicor live and breathe distribution shows in the products”.*

*Kevin Reidl, Executive Vice President  
Hodell-Natco Industries, Inc.*

We continue to make these products even more rich with every release by seeking input from our customers. We have created a Customer Advisory Board (CAB), where business leaders advise on overall priorities. We also receive input from members of the P21 World Wide User Group (P21WWUG). Every member of this group is from the distribution industry. We complement these with customer focus groups, value exchange workshops, product surveys and user groups – all focused on the interactions with customers and prospects from the distribution industry. In short, we live and breathe distribution industry every single day. Whether orders are entered at the counter, within your office, remotely via mobile computing devices, or over the web via ecommerce, the information goes directly into your Prophet 21 solution for faster processing—eliminating manual work and rekeying errors.

Epicor also continues to keep its solutions current with the technology changes in the industry, so you don’t have to worry about technology transitions. Prophet 21 combines proven distribution expertise with a modern technology stack—including HTML5®, Angular JS®, .NET®, and SQL Server®. Prophet 21 cloud is powered by Microsoft Azure, an open, flexible, and enterprise-grade public cloud computing platform. With hundreds of data centers around the world and millions of servers, Microsoft Azure® is one of the world’s leading and trusted public cloud platforms for the enterprise. By leveraging this proven foundation to build and deploy, Epicor brings to you a secure, reliable and highly scalable cloud ERP solution. It then provides a



myriad of flexible options for your cloud managed services, so you can run your ERP system in the cloud on your own terms.

Epicor is owned by one of the largest private equity companies, KKR, since 2016. This financial backing enables Epicor to continue to invest in its product—both in its technology and feature development, so you have a best in class distribution industry specific capabilities that leverage the latest technology trends and make you future-proof.

# Appendices (5/8): Details Key Modules in Prophet 21 for Distributors

Here's a look at the complete set of capabilities that Prophet 21 offers. You will find that it has a comprehensive set of capabilities, that has made it the leading system that most small and mid-sized distributors run their business on. Below is a list of key features by modules.

## Customer Relationship Management (CRM)

Prophet 21 CRM helps you manage prospects, customers, and contacts—from opportunity, to quote, to order.

- Track prospect and client information
- Contacts integrated with fax and email
- Track opportunities
- Access key information from one screen
- Customer Master Inquiry
- Sales Master Inquiry
- Create and follow upon tasks
- Multiple ways to lookup customers

## Order Entry

Whether orders are entered at the counter, within your office, remotely via mobile computing devices, or over the web, the information goes directly into your Prophet 21 solution for faster processing—eliminating manual work and re-keying errors.

- Enter quotes and orders
- One screen quote/order entry
- View customer past orders and quotes
- Accessory, Substitute and Non-stock items
- Price and item availability requests
- Quote conversion to order
- Release schedules/blanket orders
- Kitting and production orders
- Multiple location processing
- Serial and lot tracking
- Front counter sales
- Return Material Authorization (RMA)
- Unlimited item information
- Shipping
- Signature Capture

## Inventory Management

Balance your customer service needs while maximizing your return on investment with advanced inventory management capabilities.

- Multiple inventory replenishment methods
- Dynamic purchasing methods
- Advanced demand forecasting
- Seasonal usage forecast
- Regional distribution centers
- Transfer surplus items between branches
- Bin management
- Lead-time per-item per-location
- Convert non-stock items to stock items
- Container receipt tracking
- Vendor-managed Inventory
- Distributor-managed Inventory
- Vendor returns
- Sporadic inventory management



# Appendices (6/8):

## Purchasing

Prophet 21 centralizes the purchasing process, enabling you to optimize buying power and inventory levels—whether you have one warehouse or dozens.

- System-recommended replenishment
- Choose from multiple purchasing options
- Generate purchase orders for rush and drop shipments
- Compute landed cost
- Distribute freight to item cost by weight and/or quantity
- Track vendor rebate programs
- Create and track vendor RFQs

## Warehouse Management System

Warehouse Manager is a paperless warehouse solution for Prophet 21 that brings a new level of accuracy to all warehouse processes.

- Picking
- Receiving
- Cross-docking
- Put-away
- Real-time cycle counting
- Label printing and bar coding
- Tagging/license plating
- Bin replenishment

## Pricing

Prophet 21 gives you the flexibility to set prices as you see fit, ensuring you maintain your margins while meeting customer and market demands.

- Comprehensive pricing matrix
- Flexible pricing
- Contract-/job-based pricing
- Promotional pricing
- Second pass discounting
- Changes and exceptions
- Sales analysis
- Pricing service
- Strategic Pricing

# Appendices (7/8):

## Financial Management

Prophet 21 comes packed with important features that allow you to run your company's finances within the ERP. Receive up-to-the-minute financial statements, track outstanding customer invoices, and integrate your inventory receipts and purchase orders to streamline your AP processes.

- General Ledger
- Real-time information
- Transaction drill down
- Create financial reports
- Export financial data to Excel®
- Accounts Receivables
- Online cash collections
- Designate customers' invoice preferences
- Apply cash receipts to multiple invoices
- Convert foreign currency
- Automatic invoice reconciliation
- Accounts Payables
  - Automatically reinstate vendor invoices for payment when voiding checks
  - Pull up inventory receipt by the external purchase order number
  - Set default purchase accounts
  - Bank/cash account reconciliation
  - ACH check processing



## Service and Maintenance

For those items that require attention after they've left the warehouse, Epicor offers Service and Maintenance.

- Track service contracts
- Service orders
- Preventative maintenance schedules
- Warranties
- Service technicians' schedules





### Reporting and Analysis

Prophet 21 solution enables stronger, fact-based decisions with built-in standard reports, “as of” reporting, and analytics tools, while Epicor Data Analytics (EDA) provides interactive dashboards and analysis of data—letting you quickly see important information about how your business is performing.

- Access hundreds of standard reports
- Import/Export data
- Real-time analytics and reporting
- Dashboards
- As-of reporting
- Print preview

### API

The Prophet 21 API gives you tools to easily integrate outside applications with other applications outside of your ERP.

- Prophet 21 API—a stateless REST API that works with most of our systems using a metadata model
- Entity API—a very specific set of stateless, fit-for-purpose REST endpoints using strongly typed business object models
- Interactive API—a revolutionary technology allowing developers to interact with a stateful Prophet 21 session
- Data Services API—allows secure reads from your Prophet 21 database using OData protocol

### DynaChange

This capability allows you to take external business rule logic and apply it within Prophet 21 solution.

- Conversion rules—e.g., automatic currency conversions
- Validation rules—e.g., creation of alerts or error messages if specified data requirements are not met
- Asynchronous workflows— inserting triggers in Prophet 21 to automatically initiate a specified workflow such as a P.O. approval process

# Appendices (8/8):

- Prophet 21 API—a stateless REST API that works with most of our systems using a metadata model
- Entity API—a very specific set of stateless, fit-for-purpose REST endpoints using strongly typed business object models
- Interactive API—a revolutionary technology allowing developers to interact with a stateful Prophet 21 session
- Data Services API—allows secure reads from your Prophet 21 database using OData protocol

## Cloud

Prophet 21 Cloud offers the richest cloud capabilities in the market.

- Powered by Microsoft Azure
  - Secure
  - Data encryption at rest or in transit
  - Dedicated database
  - Robust password policies
  - SOC II certification
- Reliability
  - 99.5% SLA
  - Scheduled maintenance windows
  - Disaster Recovery
  - Reliability center/Monitoring
- Scalability
  - Azure-powered scalability
  - Concurrent user-based licensing model
- Accessibility and extensibility
  - Browser and OS choice
  - API integration framework
  - Epicor Virtual Agent, powered by AI services from Microsoft Azure
  - IOT module uses the Microsoft Azure IoT hub
- Flexibility
  - Three cloud environments (production, play and month-end)
  - Automatic upgrades with flex option to defer upgrades for up to 120 days
  - Replicated read-only database
  - Data download option
  - Cloud storage add-on



## Support

Epicor offers two levels of service and support options to our customers

- Essential Support: 24X7 for Priority 1 cases, business hours for Priority 2 cases
- Pro Support option: 24X7 for Priority 1 and Priority 2 cases

# EPICOR

We're here for the hard-working businesses that keep the world turning. You're the companies that make, move, and sell the things we all need. Trust Epicor to help you do business better. Your industry is our industry, and we understand you better than anyone. By working hand-in-hand, we get to know your business almost as well as you do. Our innovative industry solution sets are carefully built to fit your needs and respond flexibly to your fast-changing reality. We accelerate ambitions, whether you want to grow and transform, or simply become more productive and effective.

That's what makes us the essential partner to the world's most essential businesses.

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