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Anjit Bose, Director of Information Technology,
DITAN Corporation



AT A GLANCE

Company Name

DITAN Corporation
United States
www.ditan.com

Industry

Logistics service providers

Key Challenges

- Forge tight links with suppliers, manufacturers, retailers, and distributors
- Improve competitive differentiation

Solution and Services

- GEMS *mService*, a qualified mySAP™ All-in-One solution for SMBs
- SAP® Best Practices for Logistics Service Providers
- SAP Enterprise Portal, a key component in the SAP NetWeaver™ platform

Implementation Highlights

Implemented solution in just 3 months using SAP Best Practices for Logistics Service Providers

Key Benefits

- Speeds deliveries
- Reduces inventories
- Cuts transportation costs
- Improves customer service
- Saves customers (in some cases) millions of dollars annually
- Provides customers with clear and complete view of supply chain
- Improves ability to expand business into new product categories

Hardware

Dell Power Edge and IBM xSeries 440 servers powered by Intel Xeon processors

Operating System

Microsoft Windows Server 2003

DITAN CORPORATION

DITAN ROLLS OUT GEMS *mService*, A QUALIFIED mySAP™ ALL-IN-ONE SOLUTION, IN THREE MONTHS TO RAPIDLY REPLENISH FAST-SELLING GOODS FOR RETAILERS

DITAN provides direct-to-store distribution of time-sensitive products, typically those with a short life cycle and highly volatile demand, like video games, movies, music, toys, and books. DITAN implemented GEMS *mService*, a qualified mySAP™ All-in-One solution, in only three months, using SAP® Best Practices for Logistics Service Providers and preconfigured solution components.

Global Enterprise Management Solutions, or GEMS, is an SAP business partner, headquartered in Dallas, Texas. It assists both small and midsize businesses (SMBs) as well as large organizations in the service provider industry.

GEMS *mService* is a solution based upon mySAP All-in-One, a prepackaged, industry-specific version of mySAP Business Suite, with built-in content, tools, and methodologies for cost-effective implementation. SAP designed the mySAP All-in-One solutions to meet the needs of SMBs that require a high level of industry-specific functionality. At DITAN, the solution enables a rapid-replenishment supply-chain business that speeds deliveries, reduces inventories, cuts transportation costs, and improves customer service.



“This is an industry driven by new product launches. When a game or an entertainment software product release comes out, 40% of sales occur in the first three days after it hits the shelf,” says Matt Scanlan, chief operating officer and executive vice president at DITAN, which is headquartered in Sayreville, New Jersey. “In the traditional business model, it often takes 12 days to 15 days for product to get from the vendor to the retailer’s shelf. We are able to ship orders the same day we receive them and deliver them the next day, dramatically increasing inventory turns for the retailer and the content provider.”

That’s not just a couple of orders, either.

“When a new title is introduced, it’s not uncommon to ship to 18,000 individual addresses on the same day,” Scanlan says. “We processed more than 67 million units in 2003 and expect to process over 80 million in 2004. With the GEMS *mService* solution, we are running at 99.997% inventory accuracy and 99.998% order fill rate.”

DITAN uses the GEMS *mService* solution to forge tight e-business links with suppliers, manufacturers, retailers, and distributors. For example, a video game publisher sends a warehouse notification as games are about to launch, then DITAN sends advance shipment notifications (ASNs) to the appropriate retailers; DITAN also accepts retailer purchase orders when the publisher does not have the infrastructure to do so. DITAN sends both parties electronic confirmation, creates an internal sales order and delivery order, picks and packs, and optimizes freight delivery. It then sends a shipment confirmation back to the publisher that includes all information on the order, right down to package-level detail.

“The retailers don’t have to carry huge inventories, because we replenish to demand so quickly. That saves inventory carrying costs,” says Dorothy Ashford, DITAN’s director of sales and

marketing. “They don’t have to mark down product to move excess stock. And more product can flow through the channel while the product is hot, because we replenish directly to the actual stores that are selling it.”

For DITAN customers, the benefits are substantial and measurable.

“DITAN can save our retail customers several million dollars annually,” Scanlan says. “The GEMS *mService* solution enables us to integrate seamlessly with our customers, and makes it very easy for them to do business with us.”

“The GEMS *mService* solution has helped distinguish us from our competition,” Scanlan says. “Almost 100% of our customer presentations are at the C-level or above. When these executives look at DITAN’s distribution capability and the information-technology solution that powers it, we hear how sophisticated and impressive our systems are.”

COMPLETE E-BUSINESS CAPABILITIES

DITAN runs the GEMS *mService* solution for 100 users on Dell Power Edge and IBM xSeries 440 servers powered by Intel Xeon processors, using the Microsoft Windows Server 2003 operating system and Microsoft SQL Server database. The e-business integration with suppliers, manufacturers, retailers, and distributors encompasses business processes such as order processing, shipping notification, and invoicing, and includes electronic data interchange (EDI) transaction sets (940, 850, 945, 997, 856, and 810, among others).

DITAN chose the GEMS *mService* solution, in part, because of its out-of-the-box e-business capability.

“SAP has very strong links with EDI,” says Anjit Bose, director of information technology at DITAN. “We knew that our Gentran solution from Sterling Commerce for data exchange works exceptionally well with the SAP back end. We also went with SAP because it is a world leader, provides 24x7 support, and is in this business to stay.”

In addition, DITAN began working with GEMS to extend its competitive differentiation with SAP Enterprise Portal, a key component in the SAP NetWeaver™ platform.

“The SAP portal solution gives our customers a single end-to-end view into the production and distribution information they need,” Scanlan says. “GEMS is helping us expand that, so we can also tie transportation companies on both the front and back ends of the supply chain into the portal.”

The goal is comprehensive information transparency.

“We have developed a ‘glass’ supply chain,” Scanlan says. “We provide the customer clear visibility into the supply chain, from initial purchase order for components, to actual delivery, to final sell-through at the individual store level.”

IMPROVED INFORMATION VISIBILITY/INCREASED BUSINESS

DITAN is counting on this visibility to increase business.

“Rolling out our portal has enabled DITAN to uncover new business opportunities with our customers,” Scanlan says. “We have also been able to expand our business into new product categories that exhibit short life cycles and volatile demand, and require first-to-market delivery and rapid replenishment.”

In addition to expanding its business, the GEMS *mService* solution has positioned DITAN to provide even more value-added services to its customer base. This is crucial to an SMB business that focuses on rapid growth.

“The GEMS *mService* solution enables us to ‘stretch’ our business model, to move up vertically through the customer’s supply chain,” Scanlan says. “We partner with some very large corporations. This solution allows us to go out and sell turnkey solutions – not just distribution, but also component sourcing, building finished goods, moving finished goods from a production environment into our warehouses, and taking orders from customers and shipping to retail stores.”

“The GEMS *mService* solution has helped distinguish us from our competition.”

Matt Scanlan, COO and Executive VP, DITAN Corporation

That’s the kind of no-inventory strategy that DITAN’s customers want.

“The GEMS *mService* solution and SAP Enterprise Portal, combined with our distribution model, enables our customers to manufacture and distribute to demand,” Ashford says. “We’re connecting the dots across the supply chain to facilitate collaboration and efficiency. Simply put, our model enables our customers to reduce demand uncertainty and drive costs out of the chain.”

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