

## SAP Consumer Success Story Consumer Products



When **Pacific Cycle** transformed its business model from internal manufacturing to global outsourcing, it turned to the portfolio of solutions offered by **SAP®** for **Consumer Products** to integrate all operations and make its supply chain, distribution, and customer-service

processes more efficient. **Pacific Cycle** took advantage of **SAP Consulting**, the **AcceleratedSAP™** implementation methodology, and an **SAP preconfigured client** to roll out **SAP for Consumer Products** in only **77 days**, enabling the company to maintain service to its customers during its busy **Christmas season**.

## **PACIFIC CYCLE**

**SAP® FOR CONSUMER PRODUCTS ROLLED OUT IN LESS THAN THREE MONTHS – IN TIME FOR HOLIDAY SELLING SEASON**

Pacific Cycle LLC is a \$400 million company and the largest importer of quality bicycles in America, shipping one out of every three bikes sold in the United States. The company designs, markets, and imports its bicycles under the Schwinn, GT, Mongoose, Pacific, and Roadmaster brand names, using SAP for Consumer Products to manage its operations. This comprehensive solution portfolio enables Pacific Cycle to fully integrate its supply chain, helping it respond faster and more cost effectively to its customers, inventory levels, and fill rates.

“With such big brands and important retailers, we needed to streamline our supply chain model,” says Ed Matthews, director of information systems. “We transformed our business from internal manufacturing to global outsourcing. Our legacy system was designed and customized for our previous manufacturing focus. When we changed our business model, we chose SAP for Consumer Products to integrate all operations and make our supply chain, distribution, and customer service processes more efficient.”

**PACIFICCYCLE**



Pacific Cycle had to roll out SAP for Consumer Products fast to maintain service to its customers: big retailers like Wal-Mart, Target, and Toys R Us, along with sports specialty chains like Dick's and Sports Authority, and more than 1,000 bike dealerships.

"We have a big Christmas season and needed to have SAP for Consumer Products installed and ready before the season began in September," Matthews says.

SAP delivered.

"SAP brought a preconfigured client and we installed the system in 77 days," Matthews says. "We used the AcceleratedSAP methodology and moved rapidly through the blueprint, design, realization, and go-live phases. SAP brought best business practices and its expertise in how to install the solution. Our people brought their knowledge of our business and how to test the system against our needs."

The rapid rollout enabled Pacific Cycle to quickly integrate new businesses within the enterprise organization.

"We were able to incorporate two new businesses, Schwinn and GT, within two months of going live," Matthews says. "SAP for Consumer Products helps us to do more business with the same amount of people. That's really our goal here."

#### **SAP FOR CONSUMER PRODUCTS: NUMBER-ONE SOLUTION PORTFOLIO**

Pacific Cycle evaluated a number of solutions before determining that SAP for Consumer Products was the best choice.

"SAP was ranked number one by every one of our 13 business people who viewed the demos, from finance, customer service,

warranty, finished goods, sales, distribution, purchasing, and IT," Matthews says. "SAP for Consumer Products especially excelled in solutions for sales order processing, customer service, and warehouse management. It just did things better than the other solutions we evaluated."

Pacific Cycle runs SAP for Consumer Products solutions on Dell servers, the Microsoft Windows NT operating system, and Microsoft's SQL server database at its Madison, Wisconsin, headquarters. Some 170 users access the system there, along with distribution centers, comprising more than 1,000,000 square feet in Olney, Illinois, and Vacaville, California. The users and several satellite offices across the country are connected via a wide-area network as well as through dial-in and Virtual Private Network (VPN) access.

#### **INTEGRATION MEANS A MORE EFFICIENT SUPPLY CHAIN**

Customer orders come in by EDI, fax, and phone, with the majority by EDI because of the big companies Pacific Cycle serves. Orders

first go through an allocation process. Then SAP Warehouse Management – which is part of mySAP™ Supply Chain Management – produces a transfer order and the product is picked. Bicycle shipments are typically sent by external freight carrier to the customer site.

"In some cases, customers like Wal-Mart pick up their own goods at our warehouse," Matthews says. "Wal-Mart actually puts orders into its own system and these orders are transmitted to our system via EDI. We track all shipments in transit and put that information into accounts receivable."

Pacific Cycle maintains stock inventory for many of the large retail and sports specialty chains. Other customers choose to order in advance.

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*Ed Matthews, Director of Information Systems, Pacific Cycle*

“We run material requirements planning to balance inventory based on orders, lead times, and safety stock,” Matthews says. “We produce a plan against these orders and a purchase requisition that gets turned into a purchase order. This is sent by e-mail or fax to our outsource partner factories to drive their production schedules. Once products get shipped, we get an electronic advanced ship notice – along with any changes from the original requisition production order – so we can track all products and know exactly what is coming and when they will arrive.”

#### **DEPENDABLE INFORMATION DRIVES DECISION MAKING**

Pacific Cycle also uses SAP for Consumer Products to extract key information for decision making, such as profitability analysis.

“This enables us to determine how much the product costs, who our good customers are, and what products are most profitable,” Matthews says. “We also generate a daily sales report that is distributed over our intranet across the company.”

SAP for Consumer Products solutions have helped accelerate these and other processes at the company, like the month-end close.

“We can close our books a lot faster, since you don’t have to do all these month-end transactions,” Matthews says.

Pacific Cycle next plans to install SAP Business Information Warehouse, a component of SAP Business Intelligence.

“Looking at the future, we want our people to get advanced analysis to understand what the business is doing, versus just making sure transactions are taking place,” Matthews says. “The big things for us are being able to track inventory for our customers and reducing lead times and costs throughout the supply chain. We also want to understand fill rates – from our suppliers through to our customers. The goal is to reduce inventory as much as possible without affecting fill rates and customer satisfaction.”



Pacific Cycle is pleased with the role SAP has played in enabling this business transformation.

“SAP has lived up to every one of the commitments it has given us, both on the software and consulting side,” Matthews says. “I think the vision SAP has for going forward with SAP for Consumer Products and its overall enterprise business practices are right where we need to be. SAP is leading the way these days. With all the good solutions that SAP has, it is just a natural fit for what Pacific Cycle is doing in business today.”

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