

A close-up, black and white photograph of a metal dial padlock. The dial is prominent, showing numbers 1 through 0. The lock body is metallic and has a textured surface. The background is dark and out of focus.

Case Study

Allegion New Zealand

A decorative graphic consisting of a series of five light blue chevrons pointing to the left, followed by a larger light blue arrow pointing to the right.

Locking out the paper

Electronic data interchange has delivered efficiency gains for security hardware supplier Allegion and its big retail clients...

Paper is a pretty remarkable technology that has lasted around two thousand years, but it has its limitations. That much was becoming clear at security hardware provider Allegion, which sought to improve the efficiency of its procure to pay processes with key clients. By implementing a cloud-based electronic data interchange (EDI) system, it has achieved a more tightly integrated supply chain and substantially accelerated the pace of business.

That's because information that flows electronically is more accurate, much faster and doesn't require the exchange of papers or the intervention of people. The solution, provided by EDIS tech, is almost like email is to post - except it connects the business systems of Allegion with those of its key customers.

Headquartered in the USA and listed on the New York Stock Exchange, Allegion employs over 8,000 people in 120 countries. It produces locks, door handles and related security hardware. In New Zealand, the company's major customers

include Bunning's Warehouse, Mitre 10, Placemakers and ITM.

The fax faux pas

Jason Tung, IT Support Officer at Allegion says the preponderance of manual work involved in processing orders was the primary motivator for the project. "When you're receiving up to 50 orders a day, that means a lot of paperwork and a lot of manual data entry. That also means a lot of opportunities for mistakes to be made. We wanted to replace this paper-driven process with a solution which would automate the procure to pay process," he explains.

Recognising that there is an issue is the first step to solving it. The second is getting the appropriate expertise on board - and for that, Allegion looked to EDIS tech. "A year after upgrading our core business systems, we explored the possibility of moving to EDI with key clients. Understanding our own capability was important, as we knew what we could do and also what we could not;

that's where EDIS tech plays a key role, bringing the technology and expertise to make it happen," relates Tung.

EDIS tech provides a platform widely used by New Zealand retailers, suppliers and exporters, which facilitates the secure exchange of information between the business systems of various parties over the internet. By exchanging order and invoicing data in this way, paper is taken out of the equation, improving speed and accuracy.

"THE COST OF RUNNING EDI IS FAR LESS THAN HAVING STAFF WASTING THEIR TIME CHECKING ORDERS AND ENTERING DATA MANUALLY."

Jason Tung, IT Support Officer, Allegion

Getting the first customer on board was always going to be the biggest challenge, continues Tung says. "You're starting from scratch. You need to get the customer on board and then you need to set up mapping of documents and systems, establishing what data is to be interconnected and where it is to be stored. This is a specialist task and we just didn't have that capability in house."

It was, Tung remembers, a major learning curve. "With that first customer, which was Bunning's, we required a lot of support. That's where the assistance of an experienced and trusted partner really came to bear, helping to identify problems, such as data in the wrong format, and iron them out."

Establishing connections between itself and Bunning's took some three months, says Tung. However, when the next customer was brought on board, the process was considerably easier and faster. "Getting Mitre10 onto the EDIS tech system took perhaps one month. Most of the file definitions established with Bunning's could be reused, and, as we now have some experience in using the system, we are able to solve a lot of the minor problems in-house."

Efficiency and cost reduction

Tung readily admits that moving from the old way of doing things with paper, to an electronically driven system, is far from easy. "When you've been doing things in a way that everyone knows, it's

a job to convince the company that EDI is the way to go. However, in the medium to long term, the cost of running EDI is far less than having staff wasting their time checking orders and entering data manually. Now, the system takes care of it."

The obvious benefit is that there are no more errors in data entry; visibility is also brought to the process. It's a significant advantage, because for all its virtues, the fax machine is fallible. "When that was the primary method of receiving orders, if the line went down, if it ran out of paper, or even if someone accidentally binned an order, it wouldn't get into our system. That meant customers would call to find out where their order is, resulting in rush jobs and expensive overnight courier fees."

Reduction in paper and associated consumables use is a given, as orders no longer arrive by fax and invoices are no longer printed and posted. But Tung says the biggest saving is that customer service representatives no longer spend their time keying in orders. "Where each person may have spent two hours a day or more entering information, that's gone to zero. And entering this sort of information is work that no-one should be doing," he explains.

Similar benefits accrue to Allegion's customers, making the process of bringing them on board easy. "With EDI, customers get their invoices immediately and they can electronically confirm

everything right through to payment. That means more efficient workflows and less paper for them, too."

The longer the system is in use, the easier it becomes for Allegion's staff to use it. As it readies to bring Placemakers, ITM and its Australian Retail customers on board with the EDIS tech system, Tung says both will be added simultaneously. "It just gets easier and easier as we now know what to expect, we know what to look out for, and we know the benefits that moving away from paper brings. And the more clients we have on board, the greater the value this system delivers," he concludes.

CASE STUDY

Allegion New Zealand

AT A GLANCE

INDUSTRY

- Retail

BUSINESS OBJECTIVE

- Improve efficiency and accuracy by eliminating order re-keying.

SOLUTION

- EDIS tech B2B EDI.

BUSINESS BENEFITS

- Automation of procure to pay process.
- Improved accuracy and visibility.
- Reduced manual workload.
- Reduced cost of order processing.



95-96%
OF ORDERS
SHIP DIRECTLY

EDIStech

Unit 29, 2 Bishop Dunn Place,
Botany South, Auckland 2013

PO Box 217193,
Botany Junction, Auckland 2164

w www.edisolutions.co.nz

p +64 9 271 0316

e info@edis.co.nz