



DIGITALLY TRANSFORMING WHOLESALE DISTRIBUTION

A perspective for the C-suite executives

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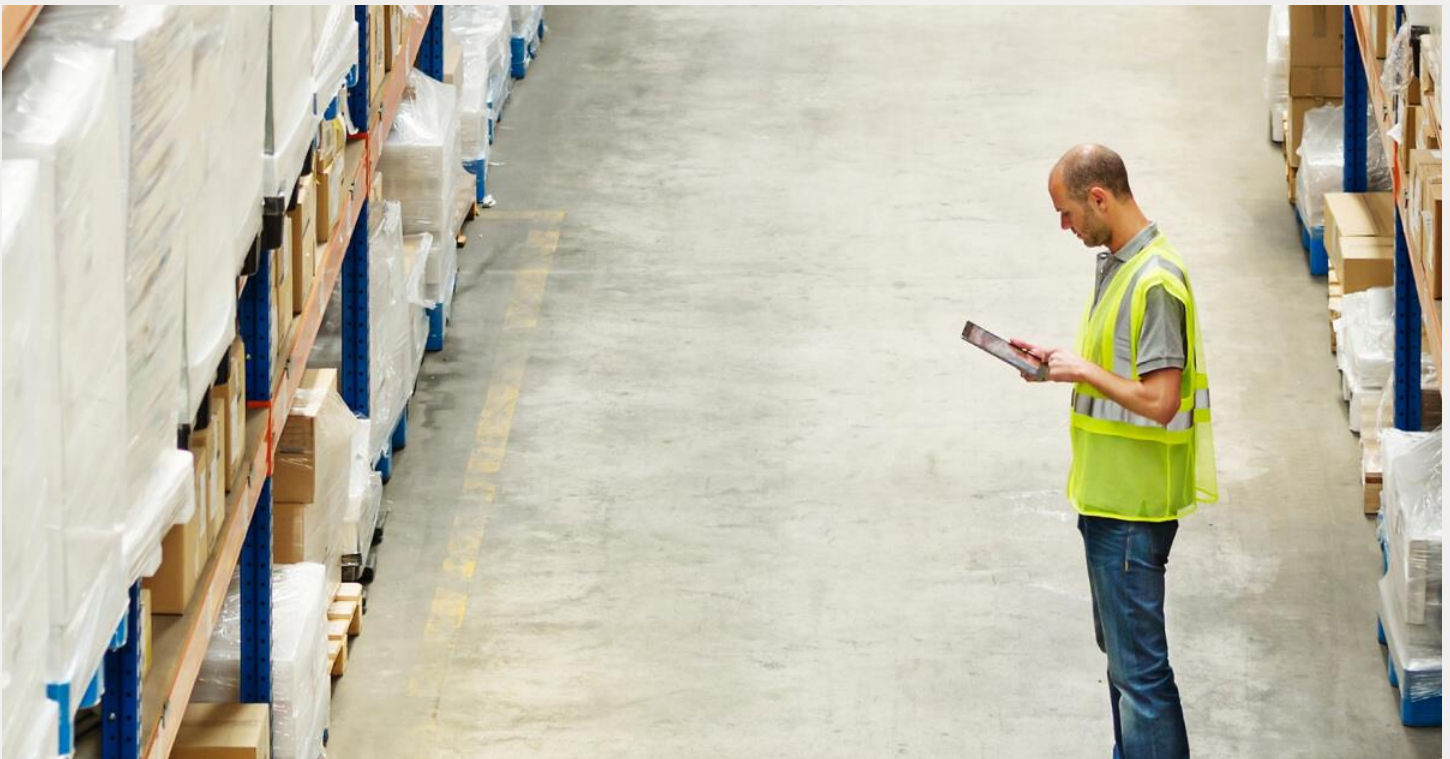


Table of contents

Purpose statement	Error! Bookmark not defined.
Disclaimer	Error! Bookmark not defined.
Introduction	3
Key imperatives for wholesale distribution	4
1. Exceed customer expectations	4
2. Optimize profit margin with intelligent process automation	5
3. Improve supply chain resilience	6
4. Outpace the competition with new business models	7
5. Elevate the employee experience and attract and nurture talent	8
Tying it all together	9

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Introduction

In the last few years, the wholesale distribution industry has confronted huge economic and social shifts that have brought extraordinary disruptions and surprising new opportunities. The pressure on wholesale distributors to do more with less has never been greater. Creating more value to customers while simplifying business processes is critical for long term growth.

Changing customer expectations driven by B2C customer preferences, including perfect orders, digital experiences, and sustainability practices, have pushed distributors to transform their traditional business processes in order to enhance the customer experience.

Rising costs, increased market competition, and shrinking profit margins requires continuous innovation to address customer specific solutions and operational efficiency.

Supply chain disruptions are making it difficult for wholesale distributors to satisfy demand and maintain customer satisfaction. Distributors will be able to address disruption by having deeper

Most of the distributors have grown through merger and acquisitions and that has created complexity in processes, siloed systems and manual processes. Inefficiencies and lack of visibility from **disparate home-grown systems** prevent distributors from scaling business and managing industry convergence.

Shortage of qualified **talent** to meet today's automation-driven distribution have pushed distributors to redouble efforts to find and retain talent for both front- and back-office operations.

Globally, wholesale distributors are experiencing seismic changes in how they operate. Many are rising to the occasion. Leaders in finance, operations, IT and HR play a critical role in managing change and driving innovation. The ability of the C-suite to partner with each other, as well as across the business, has become a prerequisite for well-informed decisions. This is causing them to move their operations to the cloud. Investment in digital transformation with a unified platform for enhanced visibility, flexibility and agility is just the first step. In this ebook, we'll explore how technology is helping C-suite executives seeking to increase revenue and create value for customers while minimizing operating costs.



Key imperatives for wholesale distribution

1. Exceed customer expectations

Wholesale distributors are now serving B2B buyers who want a B2C customer experience. They can no longer rely on the traditional “pick, pack, and ship” model. To keep their customers happy, leading wholesale distributors are moving to the cloud to be able to develop new business models, such as omnichannel commerce and fulfillment, direct-to consumer, and subscriptions services.

The key lies in integrating front-office and back-office systems. When you digitally connect data and processes across the entire company—from omnichannel sales, order management, procurement, and planning to warehousing, transportation, and workforce management—you can significantly improve the operations of your supply chain while up-leveling customer and employee experiences. Cloud based solutions allow wholesale distributors to:

- ✓ Provide omnichannel capabilities that let customers manage their purchases online or in person.
- ✓ Create and provide value added services such as kitting, store front, subscription, and recurring purchase functions.
- ✓ Simulate different fulfillment options and adjust on the fly using logistics network modeling tools in the cloud.
- ✓ Provide transparency and up-to-date communication about the product’s availability throughout the lifecycle of shipping and delivery.

Tramontina delivers higher customer satisfaction with Oracle Cloud

Tramontina, a leading producer of culinary products, chose Oracle Cloud ERP, SCM, and Oracle Cloud Infrastructure to manage demand, efficiently processing large order volumes and delivering higher customer satisfaction.



2. Optimize profit margin with intelligent process automation

With average after-tax profit margins of less than 2% for the wholesale distribution industry, maintaining lean organizational cost structures will remain a top priority for the chief revenue officers (CROs), CFOs and CSCOs.

Rising costs also have led to inventory shortages, fulfillment delays, and dissatisfied customers. Most of the distributors have grown through merger and acquisitions and that has created complexity in processes. To bounce back, COOs, CFOs and CIOs are looking to increase automation in order to optimize their processes, people, inventory and data in order fulfillment, warehouse management, rebate programs, and other areas. While traditional distributors are running costly employee-intensive operations, leading companies are adopting intelligent process automation. Advanced technologies such as the cloud, AI, machine learning (ML), and analytics can help distributors speed up business processes, better manage supply chains, cost-effectively improve logistics and increase efficiency.

Cloud solutions allow distributors to proactively manage their complex mix of channels, products, and pricing while gaining real-time visibility across their supply chains. By connecting supplier rebate programs, order fulfillment, and warehouse and logistics operations to their ERP financial systems, distributors can scale their business efficiently and drive profitable growth. This move also allows them to:

- ✓ Automate repetitive manual excel based process to free up expensive employee to focus on more cognitive tasks.
- ✓ Increase automation in order fulfillment, warehouse management, transportation management, and trade documentations including invoice processing.
- ✓ Reduce Order-to-cash cycle time.
- ✓ Deliver social benefits related to eco-efficiency through lowering carbon footprint, reducing fuel consumption, emissions, eliminating waste, and saving millions in operational costs.

Hormel boosts business performance with Oracle Cloud applications

With a cloud migration across HR, finance and supply chain applications, Hormel began automating its financial closes and optimizing business operations. Oracle Cloud Infrastructure's integration services quickly connected the data and applications, providing a single source of truth.

3. Improve supply chain resilience

To survive the next crisis, distributors must be able to respond quickly to changing demand, supply, and market conditions. CFO, CIO and COOs are investing in cloud solutions connecting their supply chains to create a resilient operating network. This enables them to optimize operations, enhance visibility across supply chain, help make better decisions around supply planning, procurement, inventory, demand forecast, logistics and workforce planning.

They must also remain resilient to achieve their performance targets while managing volatile supply and demand. At the same time, they face challenges to meet new expectations around environmental, social, and governance (ESG) standards and respond to climate change concerns. In a 2021 McKinsey & Company survey,¹ 22% of respondents said they generated value from sustainability initiatives over the past five years; nearly double that number (40%) expect to generate value in the next five years.

By making strategic technology investments and moving to the cloud, you can reduce energy consumption by 65% and carbon emissions by 84% or more, according to Accenture research.³ You can also create resilient, sustainable supply chains to meet the following challenges:

- ✓ Find patterns and insights in the entire distribution network to achieve optimal inventory levels and on-time delivery.
- ✓ With cloud-based demand and replenishment planning, predict consumption and accurately plan restocking while using advanced forecasting and automated decision-making systems to minimize stockouts.
- ✓ Buyers work Bench solution can help in generating optimized demand plan, procurement plan and inventory plan.

Wolseley boosts supply chain visibility with Oracle Cloud

Wolseley enhances visibility across its inventory sites. Wolseley estimates that its move to Oracle Cloud SCM has improved its on-time/in-full delivery helping boost company revenue by millions of pounds.



¹ McKinsey & Company, "[How companies capture the value of sustainability: Survey findings.](#)" April 28, 2021.

³ Accenture, "[The green behind the cloud.](#)" September 22, 2020.

4. Outpace the competition with new business models

Inefficiencies, manual processes, and lack of visibility from disparate home-grown systems prevent distributors from scaling business and developing new business models, such as omnichannel, direct-to consumer, and subscriptions, which distributors will need to keep pace with their competition.

Advanced technologies such cloud, AI and data analytics will be table stakes for COOs, CSCOs and CFOs who seek to outpace the competition. Moving to connected cloud solutions allows them to:

- ✓ Launch new business models, like omnichannel commerce, and generate new revenue streams to drive growth and profitability.
- ✓ Cross-functional teams have access to unified data across business processes to gain a holistic view of customers, orders, inventory, and pricing and uncover profitability drivers rather than guess work.
- ✓ Introduce new services based on information about customers' demand, segment, available capacity and end-to-end inventory visibility.
- ✓ Retool the supply chain with the speed, visibility, and flexibility necessary to serve multiple channels consistently and effectively.

Industrial distributor optimizes 75K shipments a day with Oracle Cloud

With a menu of 1.4 million products, a \$5.3 billion industrial distributor chose Oracle Cloud Warehouse Management to support rapid expansion of same-day delivery of roughly 75,000 shipments to 50 distribution centers and 100,000 vending machines.

In 2021, nearly 21% of distributors reported that ecommerce sales accounted for 20% to 30% of total revenues.

Modern Distribution Management - "The Growth of E-Commerce Investments in Wholesale Distribution" 2021

5. Elevate the employee experience and attract and nurture talent

Continuing challenges with recruiting, training, and retaining the right talent, as well as labor shortage in the entire back-office organization was made worse by the pandemic and an aging workforce. The competition for top talent is fierce. To meet growing labor requirements, companies need strong recruiting, HR and talent management tools to capture the skills that define the most critical roles, and the key qualifications that best differentiate talent both external for recruiting but also internal for re-skilling and up-skilling. The perception is that the wholesale distribution business is complex, manual and disparate systems. The CHRO and HR executives who seek to attract and retain talent and re-skill the workforce must elevate the employee experience by automating business operations and providing employees modern tools and technology to perform their tasks.. Digital technology solutions can provide personalized employee programs to provide specific and immediate assistance to employees. Automated digital platforms can ensure compliance with regulations and safety.

Investing in the right technology allows them to:

- ✓ Recruit the right talent, and onboard quickly with personalized, embedded, guided learning.
- ✓ Understand talent pipelines and pools to prevent shortages.
- ✓ Use workforce planning to design the optimal resourcing strategy.
- ✓ Run business on a single platform and minimize complexities.
- ✓ Ensure compliance with regulations and safety standards.

Mouser Electronics unified finance and HR to support growth

This global distributor of electronic components is using technology to increase efficiency. Mouser Electronics is investing in state-of-the-art solutions and systems to help it work smarter across all areas of the company and keep employees engaged.

Organizations that invested in digital transformation technologies in 2020 saw a 20% increase in employee productivity.

—IDC, [“Employee Experience and Customer Experience – What is the Connection?”](#) September 17, 2021.

Tying it all together

Ultimately, wholesale distributors that will be most successful at managing change are the ones that tackle it head-on. Leaders in the industry are turning to connected cloud applications to:

- Enhance customer satisfaction with a unified platform that integrates front-and-back-office processes and data
- Optimize profit margins with intelligent process automation.
- Improve supply chain resilience and sustainability by connecting their entire network.
- Outpace the competition with higher-margin business models and new revenue streams.
- Improve recruitment and retention of talented employees suitable for new digital transformation roles.

The pace of change isn't diminishing anytime soon. But when armed with the right technology, you'll be ready to turn that change into opportunity.

See how Oracle Cloud solutions help
wholesale distributors digitally
transform to meet new challenges.

Visit the site <https://www.oracle.com/industries/wholesale-distribution/>

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