MERCOR LIGHTING GROUP
STANDARDIZING BUSINESS PROCESSES TO GAIN CONTROL

QUICK FACTS

Industry
Wholesale distribution

Revenue
Around CA$20 million (€12.5 million)

Employees
Around 40

Headquarters
Toronto

Web Site
www.mercurylighting.com

SAP® Solutions and Services
SAP® Business One application

Implementation Partner
Implanciel

MERCOR Lighting Group, a leading Canadian distributor of lighting products, is the result of a merger between Mercury Lighting and Eclairage Corlite. To enable a single view of operations and support continued infrastructure growth, the group chose the SAP® Business One application. By introducing standardized business processes, it has been able to improve financial management as well as the client-supplier relationship. Its national lighting team now relies on the software to support daily tasks.

Mercor Lighting Group

Key Challenges
- Consolidate inventory management and go-to-market strategies across 2 companies
- Increase precision of inventory management
- Improve the client-supplier relationship
- Integrate processes groupwide
- Standardize financial reporting
- Improve ability to support growth, including company's 5- to 10-year expansion plan

Implementation Best Practices
- Fast deployments across 2 locations in 12 months
- Phased implementation, precluding need to alter MERCOR's unique business processes
- Train-the-trainer approach, helping to ensure user buy-in

Financial and Strategic Benefits
- Increased profitability by 6% in 1st year through improved sales management
- Reduced invoicing costs by US$7,000 to $8,000 a year
- Improved costing of products to accommodate currency fluctuations
- Standardized finance, procurement, and inventory management processes
- Dramatically decreased time and effort required to generate financial reports
- Improved ability to accommodate growth and integrate acquisitions

Why SAP Was Selected
- Strong references from suppliers, partners, and clients
- The SAP® software's proven technology and scalable functionality
- Comprehensive, integrated, feature-rich functionality
- Support for MERCOR Lighting Group's growth strategies
- Ability to efficiently install and maintain software

Low Total Cost of Ownership
- Greater efficiency in IT systems without increasing IT support costs
- Elimination of legacy systems
- Need for only 1.5 full-time equivalents for IT support
- Zero downtime with excellent system availability and performance
- Ability to reuse processes and templates

Operational Benefits
- Improved management of multilocation inventory; reduced annual inventory costs by 10%
- Simplified transfer of inventory between Toronto and Montreal locations
- Optimized procurement processes and improved ability to audit suppliers
- Aligned business strategy with overall processes
- Reduced task redundancies in financial processing
- Increased visibility of operations throughout the enterprise

SAP Business Transformation Study
Wholesale Distribution

www.sap.com/contactsap

MERCOR's Growth Story

Toronto-based MERCOR Lighting Group is a leading distributor of lighting products for residential, industrial, retail, and commercial customers. Canadian clients account for approximately 90% of MERCOR's revenue, with the remaining 10% originating from the United States. The result of a 2002 synergistic merger between Mercury Lighting and Eclairage Corlite, the group has dramatically increased its market share over the last few years. However, due to the highly competitive nature of its industry, MERCOR realized it had to standardize business processes across its two companies to ensure ongoing success and profitability. Specifically, the company needed to integrate its IT and increase visibility across its supply chain to enable better decision making.

A Solid Partnership with SAP

After a thorough analysis of several software providers, including Microsoft and BAAN, MERCOR chose SAP and its SAP® Business One application. The software provided the automated functionality the company was looking for – enabling access to real-time, accurate data; full visibility across all business processes; and a single version of truth.

Initially, the company was concerned that an SAP solution might not be a good fit for its needs as a midsize company. However, it did want all the benefits that an integrated solution could provide.

MERCOR wanted to standardize inventory management; eliminate errors due to cumbersome, manual processes; improve the client-supplier relationship; and enhance its competitive edge by enabling superior customer service through faster, more efficient business operations. Impressed by SAP's stability as a company and the software's proven technology and ability to support growth, the company determined SAP Business One was the right choice.

MERCOR decided on a phased deployment approach, beginning with Montreal and then moving on to operations in Toronto. Its implementation partner designed templates that could be used companywide and in new locations in the near future, accelerating deployments. The implementation team also helped ensure user buy-in by adopting a train-the-trainer approach.

Significant Benefits

With SAP Business One, MERCOR was able to streamline inventory management across locations while ensuring accurate data. It improved inventory visibility, reduced data entry errors, and simplified inventory transfers between locations. This has led to a significant reduction in annual inventory costs.

It also improved its procurement processes and can now audit suppliers to pick the most suitable ones at any given time, based on predetermined macros. This enabled MERCOR to fulfill orders more effectively, which in turn helped improve customer satisfaction and retention.

MERCOR has also eliminated most redundant tasks in financial processing, which means users can generate reports in less time and with less effort. Another benefit: the ability to link costing to currency fluctuations. The company has also reported major savings in invoicing costs and a significant increase in profitability through improved sales management.

Furthermore, it has improved the overall visibility of operations groupwide and can now accommodate future expansion and integrate acquisitions far more easily.

A Bright Future Ahead

With robust IT in place, MERCOR Lighting Group has brightened its growth prospects and can look forward to executing its mid- and long-term expansion strategies with confidence.

THE BEST-RUN BUSINESSES RUN SAP™

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