

VEROMATIC INTERNATIONAL

The indispensable business machine

"We have to buy parts before we have a purchase order. It needs careful management. That's why the forecasting and planning modules are so useful to us. When an order's received we can now give a delivery forecast that's accurate to within one day."

Herbert Stronk, SALES AND MARKETING DIRECTOR, VEROMATIC INTERNATIONAL

When the department photocopier breaks down it's an inconvenience. But when the coffee machine fails, there are often complaints to management. On such threads and absurdities hang the future of many a business. One man who understands these facts of life better than most is Kees Verhoef, Managing Director of Veromatic International.

Established in 1991 with a staff of four, Veromatic began life in the Netherlands as a manufacturer of table-top vending machines. It focused initially on the Dutch market and has grown continuously over the past ten years, moving to a new building in 1996. Now it has customers throughout Europe and some as far afield as the United States and Asia.

"People buy our products because they are both stylish and well made," says Verhoef. They probably need servicing about twice a year and in designing them we set out to make life easy for the service technicians. That's probably our key differentiator. Another is price. We're not the cheapest but we are good value. People are prepared to pay for reliability.

Veromatic sells exclusively through distributors and it has just one distributor per country, so it has a very simple and direct communication chain. Operating in a niche market, Veromatic has recently experienced a surge in demand. It is currently developing new product lines and it is also in discussion with distributors in Australia and South Africa.

Technical limitations

As the company grew, it became clear that its original software was inhibiting rather than facilitating the manufacturing and supply processes.

"We have a large number of customers in different countries," says Verhoef. *"We build to the customer's specification, so every machine needs tailored software, special labels and individual colors. To do that you need a good production system and ours couldn't cope with the number of variables. We needed to track the ordering and delivery of individual parts, and to manage the whole production cycle more efficiently."*

Glovia solution

Veromatic selected Glovia as the replacement for its ageing production system and Verhoef set a three month deadline for implementation, which began in September 2000. He did not expect to achieve a complete transition to the new system in that time, but to begin a phased implementation that would be completed within about six months.

"It was a very ambitious program," says Verhoef. *"Many people would have done the financials first then the logistical side and so on. We decided to compress the time frame and do everything at once. We went into it with our eyes open. We assessed and accepted the risks and talked things through with the Glovia consultant - then we picked off the problems one by one."*

In summary it sounds easy, but this was a very courageous decision on the part of Verhoef and his team. They were even prepared to halt production for a day or two to resolve issues if necessary. And the approach paid off because they achieved Verhoef's target dates.

"We had a Glovia consultant with us every day for the first few weeks, then this was reduced to one day a week and now it's one day a month. Day to day issues we resolve via the Glovia help desk, and this works very well. Of course, when we look back on the project there are things we would have done differently, but overall we were very happy with the implementation."

Glovia is used for purchasing, for stock control and for tracking customers' orders and product deliveries. One of Verhoef's objectives for the Glovia solution was to reduce stock holdings from nine weeks to six. Already this is down to eight weeks and is delivering financial benefits to Veromatic.

The big picture

For sales and marketing director, Herbert Stronk, Glovia is already delivering a number of important benefits such as customer profiles. *"We now know who our biggest customers are, what they buy and what they want to buy. And we have a breakdown of sales, earnings and profit per customer. It's a tremendous asset to our sales and marketing people. Before, we used to obtain this information by talking to customers but it was never recorded on the system. Now we capture it once and for all."*

Glovia is also helping Veromatic to improve and fine tune its customer service, and to streamline the supply chain. *"The products we manufacture have a 10 to 12 week lead time,"* adds Stronk, *"but our customers expect their machines to be delivered within 6 weeks. That entails forward-loading. We have to buy parts before we have a purchase order. It needs careful management. That's why the forecasting and planning modules*

are so useful to us. When an order's received we can now give a delivery forecast that's accurate to within one day." Glovia also gives Verhoef, Stronk and the management team a clear, instantaneous view of the business. It saves time, and the accuracy of the information improves decision making.

"The software's very flexible," says Verhoef.

"You start off with the basic package but you soon find out that there are things you want to do differently. It's no problem as Glovia is easy to customize."

One thing that both Veromatic and its customers appreciate is Glovia's multi-language capability. Order confirmations, acknowledgements and invoices are all issued in the appropriate local language. *"We can also give them more information on their invoices,"* says Stronk, *"which adds to the feel good factor."*

Business development

In the present economic climate it's very difficult to guess how markets are likely to develop. One thing that Glovia has already done for Veromatic is to increase their overall efficiency by giving the management team greater control of all the manufacturing parameters. They now know the true cost of sales, they have a distributor interface designed for growth, and they have the forecasting tools needed for business development.

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