



Snapshot

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Food for Thought: The iSeries and ISVs Recreating the Food Distribution Industry

By Jim Balderston

The IBM eServer iSeries, together with ISVs and business partners specializing in food distribution, offers these distributors the ability to scale their operations cost-effectively to take advantage of new revenue opportunities. By building on a heritage of integration, simplicity, and manageability, the eServer iSeries can help companies simplify their IT infrastructures and reduce operating costs while creating competitive advantage. The iSeries simultaneously supports multiple operating systems including i5/OS, Linux, AIX 5L, and Windows (through the IXA or IXS) as well as Java, WebSphere, and Lotus Domino environments. Built-in security features can help businesses meet regulatory requirements and safeguard data across all of these environments.

The food distribution industry faces a raft of competitive challenges, largely because most of its products are commodities of one sort or another, and many are perishable. As such, operational efficiencies and rapid communication with a growing pool of customers and suppliers through robust and standards-based IT deployments become pivotal to business survival. Since many food distribution operations cover markets from regional to global, the challenges with delivering goods and achieving customer satisfaction are substantial.

IBM iSeries Tradition in the Food Distribution Industry

The eServer iSeries and now the eServer i5, in conjunction with IBM partner ISVs and Business Partners, have had notable success in the food distribution market. Thirty of the top fifty global retailers are iSeries customers, as are six of the top ten U.S. grocery chains. In 2004, 37% of new iSeries customers were in distribution industries, with nearly half of those in wholesale, 21% in retail, 18% in consumer products, and 15% in transportation.

Integrated Distribution Solutions / Best Practices Built on iSeries

IDS is an international ISV based in Omaha serving the food and beverage distribution industry through five major U.S. offices. The company has 160 employees servicing more than 750 installations of its products. IDS has been an IBM partner since the late 1980s and is presently a Premier Business Partner, a member of the ISV Advantage Agreement and Strategic Alliance Agreement, and a member of IBM PartnerWorld for developers. IDS is also an IBM reseller via Arrow Electronics and serves as the prime contractor for its clients.

IDS counts among its clients 56% of the top fifty food service distributors, 20% of the top fifty grocery distributors, and 36% of the top fifty consumer goods distributors. IDS customers distribute virtually all types of products found in a modern supermarket, including pharmacy goods and liquor and wine.

IDS has developed best practices based on the iSeries, including delivery and warehouse automation, business intelligence, CRM, supplier relationship management, and regulatory and industry compliance.

- Delivery automation captures delivery and pickup data and customer signatures, drives productivity analysis, generates invoices, and track drivers to improve efficiency as well as productivity.

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- Warehouse automation optimizes location management and task assignments while providing realtime integrated inventory data. IDS also offers material handling automation and RFID readers and tags.
- Business intelligence allows IDS customers to create integrated reports and improves data warehousing.
- The CRM practice focuses on customer service through PCs, the Web, and PDAs. It provides more granular point-of-sale information as well as integrating scanners and data from other sources.
- The SRM practice provides centralized purchasing, forward buy analysis, demand planning, vendor income tracking, supplier B2B/EDI/EFT integration, and vendor/buyer performance analysis, among other features.
- IDS solutions comply with the 2002 Bioterrorism Act, country-of-origin labeling, Sunrise 2005, UCC/EAN Compliance, Sarbannes-Oxley, HACCP compliance and the ability to trace food from “farm to fork.”

Affiliated Foods Midwest

Affiliated Foods Midwest is a Nebraska-based wholesale grocery distributor that services 850 independent retail grocers in twelve states. The company, founded in 1931, is a member-owned cooperative with approximately \$1 billion in sales annually, and operates two distribution centers employing 800 people.

AFM describes itself as a 24/7/365 business delivering high levels of warehouse accuracy and services to its customers. The company takes great pride in its customer satisfaction levels but was faced with the need to upgrade its IT infrastructure from a custom system that would limit future development and growth. Options included Linux, UNIX, Windows, and/or a combination of ISVs. AFM decided to recommit to IBM hardware and implement IDS offerings as a replacement for its existing custom software environment.

AFM replaced a number of AS/400 and other servers with two iSeries 825s. The IDS component allowed AFM to implement ERP, CRM, SRM, warehouse and labor management, and business intelligence. The company also instituted a Symbol RF backbone with forklift-mounted and handheld scanning equipment, added a voice-based picking system, refreshed desktop systems, and deployed Lotus Domino for workflow and collaboration.

Dunkin' Donuts

The Midwest Atlantic Distribution Center (MADC) for Dunkin' Donuts franchisees decided to implement a voice-automated data system with VoxWare technology to serve 1,700 stores in eight states with more than 1,200 SKUs. The MADC found that its new system reduced inventory time from 1.6 weeks to 1 week, and its new environment produced 99.93% accuracy in inventory and distribution. Next, MADC was tasked with putting this data to use.

IDS implemented an ERP solution on iSeries for the MADC, incorporating its voice-based data streams with IDS ERP best practices to manage its product inventory. Because of the MADC experience, two other Dunkin' Donuts distribution centers in the Midwest and Southeast opted to link to the MADC using IDS technology which allows regional centers to provide backup for the others.

What Does it All Mean?

The eServer iSeries and eServer i5 offer the food distribution industry the expertise of ISVs such as IDS to revolutionize the industry in ways that hold margins firm, allow greater revenue opportunities, and lay a foundation for growth. IDS solutions running on iSeries combine business-critical operations and provide cost savings by means of server consolidation. iSeries offers ISVs and their customers the opportunity to plan for future IT deployments with confidence that the platform will scale smoothly to handle these new business-related computing loads.

IDS is an example of an ISV that employs advanced technologies such as RFID, voice recognition systems, ERP, SRM, CRM, and the like to give their customers distinct and valuable competitive advantages that allow them to overcome the difficulties selling commodity products in an increasingly consolidating market. The iSeries' capacity to integrate these various technologies onto a single platform gives both IBM and its ISV partners a powerful set of value propositions now and well into the future. Food distributors and software developers seeking a competitive edge with their applications are well advised to consider the value proposition of the IBM eServer i5.