

WHITEPAPER

Microsoft Dynamics AX for the Furniture & Furnishings Industry:

How to Combat the Challenges of Growth in a Complex, Global, Omni-Channel World



Support your brand promise and growth with a Tier 1 ERP

A brand is a promise of quality, service, and value. Keeping that promise is the ultimate success factor of a brand-based company. This is especially true in the furnishings and furniture industry where a company's name may inspire generations of trust. To protect that trust, we recommend the Microsoft Dynamics AX ERP solution combined with Sunrise Technologies' experience from over 100 successful implementations to create a winning combination.

Among Tier 1 ERP solutions, Microsoft Dynamics AX is uniquely suited to the challenges faced by this industry. It can manage multi-dimensional product structures, multiple channels, and complex supply chains with ease. Additionally, it can handle a vast, international supplier network out-of-the-box.

When your brand is built on almost limitless configurations and choices, it is of the utmost importance to select an ERP system that can not only manage these complexities easily and efficiently, but also scale as your brand continues to grow. This whitepaper will dive further into industry challenges and explain how Microsoft Dynamics AX can support your brand, as you navigate the complexities of growth and expansion into new channels, markets, and product categories.

Furnishings and Furniture Industry Challenges & Solutions

Product Management Challenges - Upholstery and case good products inherent in the furnishings industry require a comprehensive, multi-dimensional product structure to correctly model the product variants (SKU's for various styles, colors, and configurations) with product classification, attribution, and categorization. Besides being multi-dimensional, most products are highly configurable and driven by the end consumer's specific requirements. Thousands of possible combinations may exist, especially with the fabric/leather selections for upholstery products. The combination must be intelligently managed to avoid excessive data maintenance on product variants and their respective Bill of Materials (BOMs) and production routes.

SOLUTION:

Microsoft Dynamics AX has a built-in configuration engine to configure the product bill of material and routing as customer transactions are recorded. While many other legacy systems have limitations in product hierarchies and multi-dimensional product management capabilities, Microsoft Dynamics AX includes this functionality out-of-the-box.

Omni-Channel Challenges- To grow and compete, many furnishings companies sell through multiple channels – wholesale, eCommerce, and retail. Traditionally, each channel runs on disparate software systems with limited, if any, interactivity. To see a full picture of the overall company health, businesses dedicate constant attention to master data synchronization and aggregation of business information across platforms. Most of the time, this process is manual, time consuming, and costly. This traditional setup also precludes any kind of cohesive, omni-channel customer experience—leading to frustration and negative brand perception.

SOLUTION:

Microsoft Dynamics AX supports an omni-channel furnishings purchase experience from day one. It is a single solution from wholesale to retail, with call center and EDI capabilities, a modern POS deployable on any device, and eCommerce integration capabilities. This single solution eliminates channel specific islands, providing true real-time business visibility and a 360° view of the customer.

Sourcing Challenges - With today's competitive low-cost, labor-intensive offerings, many furnishing companies outsource the manufacturing of their branded goods to companies overseas. In order to do this and still provide a high level of customer service, organizations can't just leave the supply chain unmanaged. In order to reduce the lead time and lower costs, a virtual management of the supply chain is absolutely critical. This includes tracking the in-transit or "on the water" inventory.

SOLUTION:

Companies that are able to virtually manage the full supply chain have significant gains in revenue and customer satisfaction. Microsoft Dynamics AX has comprehensive procurement and sourcing, and transportation functions that enable furnishing companies the insight required to run this virtual supply chain efficiently.

Manufacturing Challenges – Furnishings companies have various strategies for global and domestic manufacturing. Whether manufacturing high-end products or performing sub-assembly in US-based plants, managing such a manufacturing operation requires special attention to detail to ensure



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these facilities perform at a competitive rate. Detail material/labor variance analysis is needed to better understand and track the direct and overhead manufacturing costs. Such detail may require shop floor control, data collection, or deployment on production floor terminals or mobile devices.

SOLUTION:

Unlike other Tier 1 ERP solutions that only include these essential functionalities as an add-on, Microsoft Dynamics AX has all these manufacturing functionalities within its core offering.

Logistics Challenges - Moving products or raw materials through the global supply chain can be costly —therefore logistical issues quickly become a factor in rising operational costs. A tight management of transportation helps ensure that freight costs are minimized. Moreover, landed cost components must be analyzed and variances must be reported to ensure that the margins don't get hit by logistical challenges.

Furthermore, logistics planning does not stop once goods are received. Each customer delivery must be planned and scheduled based on each customer's unique and specific requirements, as well as being flexible in case delivery details need to be changed mid-shipment. Thus, logistics must plan to ensure the correct shipping carrier arrives at the right outbound dock at the right time, to keep customers satisfied with on-time delivery.

SOLUTION:

With built in transportation management planning functionality, Microsoft Dynamics AX helps companies run their logistics efficiently and deliver customer value on time so they can keep their brand promise.

Planning Challenges- With long lead times, planning becomes a key function. Being able to forecast and convert that data to a supply plan months ahead of when the true customer demand will be realized is mission critical. This makes intelligent allocation of supply-to-demand an important differentiator of the best Tier 1 ERP solution for a furnishings or furniture company.

SOLUTION:

Included in Microsoft Dynamics AX are excellent supply chain planning tools that peg supply against the demand and monitor the in-balances within the supply chain across all levels, including purchasing, transfer orders, and production.

Financial Visibility Challenges- Real-time, integrated financial management capability is key to running an efficient supply chain and omni-channel distribution network. Variances on purchasing (PPV), production (material versus labor), and logistics (landed cost components) should be tracked by division, product, plant, work center, vendor, etc.

Corrective actions can only be taken in a timely manner if these supply chain transactions are accurately reflected in the financials in real-time. The more systems involved in providing this data, the more difficult and time consuming accessing this information can be.

SOLUTION:

The comprehensive financial management functions in Microsoft Dynamics AX, combined with powerful financial dimension features, enables companies to get the most out of their operations.

Microsoft Dynamics AX + Sunrise Technologies

Furnishings companies trying to manage all of this supply chain complexity without a global, Tier 1 supply chain ERP solution like Microsoft Dynamics AX struggle to uphold the brand promise made to consumers. Microsoft Dynamics AX is the powerful yet affordable ERP solution that is a great fit for the furnishings industry. In fact, it has the power and flexibility to support your brand's growth into new product lines, channels, and global markets—today and 10 years from now. Couple that with decades of experience and exclusive solutions like the **Sunrise Supply Chain Solution for Furnishings** and **QuickStart**, and Sunrise can help you get to value faster.

ABOUT THE SUNRISE SUPPLY CHAIN SOLUTION FOR FURNISHINGS:

The Sunrise Furnishings Supply Chain Solution for Microsoft Dynamics AX includes advanced forecast netting, soft allocation, and actionable insights that allow you to spot problems will before they materialize. Built on over twenty years of experience, this is a smarter supply chain solution built to handle the modern, complex furnishings industry.

ABOUT QUICKSTART:

Get to value faster with QuickStart for Microsoft Dynamics AX furnishings and furniture industry implementations. This Sunrise exclusive comes with pre-configured, industry-specific templates for implementing best practices. Companies that use QuickStart hit the ground running, saving time and money, as well as ensuring they have easy-to-follow documentation for years to come.

About Sunrise Technologies

Sunrise Technologies is the premier provider of Microsoft Dynamics AX for residential and commercial furnishings and furniture brands. Sunrise has been delivering game-changing, omni-channel, global, Tier 1 supply chain solutions since 1994. Serving every aspect of the furniture and furnishings industry, Sunrise Technologies offers one-stop, end-to-end solutions for ERP, BI, and tailored 24x7 **Global Support** offerings that provide a cost-effective extension of your IT team.

The roadmap for Microsoft Dynamics AX is extensive and our industry experts will work with you to implement the capabilities that best fit your needs. As a global systems integrator operating out of North America, Europe and Asia, we are everywhere you do business.



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