

SAP Customer Success Story
Consumer Products – Fashion Bags, Backpacks,
and Accessories



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Richard Haugen, Chief Operating Officer, Yak Pak Inc.

AT A GLANCE

Company

- Name: Yak Pak Inc.
- Location: New York
- Industry: Consumer products
- Products and services: Fashion bags, backpacks, and accessories
- Revenue: US\$20 million
- Employees: 425
- Web site: www.yakpak.com
- Implementation partners: Praxis Software Solutions (now part of SAP); American Express

Challenge and Opportunity

Accommodate rapid growth (orders, ship-to points, and active customers)

Objectives

- Install a business system to grow sales without adding to back office
- Web enable sales force for remote operation

SAP® Solution and Services

SAP® Business One application

Implementation Highlights

- Installed software rapidly – in 10 weeks
- Included mapping of all business processes, data migration, and training

Why SAP

- Strong focus on small to midsize businesses
- Personalized attention
- Rapid ROI
- Scalable, easy-to-tailor software

Benefits

- ROI in 11 months; yearly savings of \$230,000 going forward
- Increase in Web site conversion rates (from 4.5% to 6%)
- 80% reduction in customer service costs for Web store
- 22% reduction in the headcount required to pack orders
- 10% reduction in mispacked shipments – 20% increase in volume
- 90% reduction in the time managers spend running reports
- 32% increase in the time sales reps can dedicate to sales
- Ability to generate order fulfillment reports in less than 30 seconds versus 45 minutes
- Ability to perform demand planning in hours versus days
- Faster inventory turns

Existing Environment

Non-SAP accounting software

Third-Party Integration

- Database: Microsoft SQL Server
- Hardware: HP
- Operating system: Microsoft Windows

YAK PAK

Leading Designer Powers Up Web-Based Customer Service and E-Commerce with SAP® Business One, Sees 11-Month ROI

The youth market is a moving target and Yak Pak Inc. is hitting the bull’s-eye with its fashion bags and backpacks. Over a three-year period, the company grew at a 35% compound rate, increased ship-to points from 15,000 to 75,000, and saw the number of active customers rise from 400 to 3,600. That’s when Yak Pak called for help, and the world’s leading enterprise software vendor came to the rescue with its SAP® Business One application.

“Our existing software could no longer meet our needs,” says Richard Haugen, chief operating officer at Yak Pak. “It was designed for a smaller company with a less varied customer base. Our business was changing – we had small customers, we had big customers, and we had a Web store. The system just couldn’t handle 75,000 separate ship-to points and customer EDI requirements. It ground to a halt.”

SAP Business One is a business management application built from the ground up to serve the needs of small and midsize companies. It supports critical business functions – sales and service, financials, purchasing, manufacturing, and inventory and customer relationship management – and offers a unified view of operations. An open architecture and standard interfaces simplify integration with non-SAP software.

Yak Pak put in SAP Business One fast, in 10 weeks, including integration to a non-SAP software warehouse system. Visibility into the business got an immediate boost. Says Haugen, “SAP Business One lets us see our business at any point in time. We can instantly view how many orders we’ve written. We can see the real-time status of every order in any warehouse. Purchasing, planning, and production people can see demand, procurement, and shipment status in real time. There’s no more guesswork. We are a fashion company and have to be nimble, so this has had a big impact on our business.”

The New York–headquartered Yak Pak next took advantage of the SAP Business One customer relationship management (CRM) and e-commerce functionalities. The software supports sales force automation and customer service via a Web interface

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Richard Haugen, Chief Operating Officer, Yak Pak Inc.

and provides tools for campaign and prospect management. SAP Business One also offers comprehensive, scalable functionality to create an online presence – including features such as shopping carts and customer support – and enables the creation of theme templates and designs.

The benefits flowed in as fast as the fashion bags flowed out. “We increased Web site conversion rates from 4.5% to 6% and reduced customer service costs for the Web store by 80%,” Haugen says. “We reduced the headcount required to pack orders by 22% and lowered mispacked shipments by 10%, while volume increased by 20%. We cut the time managers spend running reports by 90%. We increased sales reps’ available selling time by 32%. These and other savings produced an ROI in 11 months and yearly savings of US\$230,000 going forward.”

Increasing selling time was especially crucial. “SAP Business One enabled us to increase sales without growing our back office to process the additional orders,” Haugen says. “A big challenge for a small company is boosting sales without losing margins. SAP

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Richard Haugen, Chief Operating Officer, Yak Pak Inc.

Business One enabled us to get to the point where we just add sales people. I don’t need more customer service or accounting staff just because of growth. In fact, we reduced headcount in both these areas while growing.”

All About Sales

Sales is the heart of Yak Pak’s operation – 60% of the company sells to customers like specialty boutiques and retailers, mall chains, and big box stores. The sales reps use SAP Business One to manage prospecting in their territories – calling, recording activities, and scheduling follow-ups. Managers run reports to monitor performance data. When a prospect becomes a customer, the historical data is automatically stored within SAP Business One as a new account.

“The account information is maintained in SAP Business One, while the sales reps use the Web as a primary interface with the customer to take orders and view order status,” Haugen says. “All the customer history and relevant information is there for quick and easy access. These are must-have features in SAP Business One – a prospecting tool for opportunity management where we can maintain 75,000 prospects and their marketing histories; and tight integration, so when a prospect becomes a customer we promote them to account status in SAP Business One.”

That integration extends to the e-commerce store. Says Haugen, “Orders placed on our Web site flow straight into SAP Business One. Once the order is picked, packed, and shipped, an automated delivery notice is e-mailed to the customer with the tracking information. The order is then invoiced and payment via credit card is settled in one operation. Our Web site used to be a monster to track. Now, from within SAP Business One, I can easily put things on or take them off the store. It saves so much time from a management standpoint. We’ve reduced the number of people and the amount of time that it takes to keep our site up and running, yet we’ve increased our revenue from it.”

With the SAP software, Yak Pak has been able to reshuffle its corporate structure. “SAP Business One has fundamentally changed the way we operate,” Haugen says. “We used to have all of our people in New York. Once we put in SAP Business One, all of a sudden our sales reps could do their jobs from any location. Now we have senior reps in New York, but most of our sales reps are at the factory in El Salvador, using SAP Business One to market to and service our customer base.”

Yak Pak’s customers notice the difference, too. Says Haugen, “Customers can get their order status while they’re on the phone with their rep. They get better in-stock information – the rep’s not telling them something’s available when it’s not, because the sales people can clearly see inventory, production, and other promised orders. Our reps now run a critical, time-phased order-fulfillment report for staggered deliveries in less than 30 seconds – a process that used to take 45 minutes. And we ship complete more frequently now.”

The Best Software for Growing Businesses

Yak Pak is pleased with the attention it got from SAP during the implementation. “I would never have thought a company as big as SAP would bother to send teams of people to a company our size, come into our office and ask people how they work, and sit and watch them use the software,” Haugen says. “SAP is very responsive to queries. Its emphasis on user-oriented features and functionality is quite impressive and reflected in the software. SAP focuses on providing the best software for growing businesses. As a customer, we love being the beneficiary of this single-mindedness.”

That lets Haugen himself be single-minded. “As COO, I spend a lot of time worrying about many different things. I do not spend any time worrying about SAP Business One. In many ways, this is perhaps one of the biggest benefits of our move to SAP software. Yak Pak management is now freed from having to worry about systems and their affect on our business, and we are instead able to focus on growing our business.”

Yak Pak plans to do just that, recently receiving a large investment that will allow it to expand its operations beyond New York, Houston, San Francisco, and El Salvador. Says Haugen, “Most companies have physical restrictions as to where and how they do business. With SAP Business One, we could have multiple warehouses all over the place and still manage all of the inven-

“SAP Business One has taken away the physical infrastructure limits to growth. The worst thing that could happen is that we grow so big that we have to go to the next level of SAP software. Great!”

Richard Haugen, Chief Operating Officer, Yak Pak Inc.

tory as one. It’s not this huge hurdle where you say, well, my goodness, how am I going to do this and that and the other thing? Now we say, just plug it in and hook it up. SAP Business One has taken away the physical infrastructure limits to growth. The worst thing that could happen is that we grow so big that we have to go to the next level of SAP software. Great!”

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