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## Automotive Parts Manufacturer Boosts Performance with Compiere ERP

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### INDUSTRY

Manufacturing

### Business Overview

PerTronix, based in San Dimas, Calif., is a manufacturer of nearly 6,000 high-performance automotive exhaust and ignition products. PerTronix maintains 5 facilities encompassing manufacturing, distribution, and sales throughout California and Mexico, and serves 1,200 customers in both the wholesale and distribution industries.

### Challenge

PerTronix was plagued by inefficient order processing and time-consuming billing. The company lacked a consolidated view of data across their multiple locations because of its outdated and disconnected ERP systems. It was not integrated, and order management, billing and inventory management processes were inconsistent.

Data updates were time-consuming, error-prone processes because they required multiple entries across the company's various systems. For example, order processing required multiple steps to check available inventory at the originating location, and the process was duplicated at the San Dimas headquarters.

*“One of the biggest benefits we received from Compiere was its flexibility. The increased data visibility and process standardization have proven that Compiere’s ERP is a system that can serve our current needs and adapt easily for those of the future.”*

### Steve Reh, PerTronix’s IT manager

Petronix also maintained two sets of customer master records because ignition and exhaust products were shipped from two different locations, each with separate ERP systems. When customers ordered both ignition and exhaust products, this process introduced additional inefficiencies by requiring each location to send out a separate invoice to be paid separately by the customer. If the customer only sent one check for the two invoices, the billing department had to manually allocate the payment to the two invoices.

While exploring ways to eliminate inefficient processes and centralize data across all locations, PerTronix learned that one of its three legacy ERP systems would no longer be supported. As a result, PerTronix’s IT manager began looking into an ERP system to replace their existing three systems with a modern, enterprise-class solution that could support both their centralized operations - such as order processing and accounting functions, and decentralized functions such as inventory management and shipping.

### Solution

Initially, PerTronix's IT manager researched third-party support options for its existing ERP system, but the fees were well above the price the company was paying the current vendor. As the search expanded, upfront costs for implementation, consulting and training from vendors including Microsoft, Infor and SAP were tens of thousands of dollars more than PerTronix had budgeted. When adding the licensing and support fees, it became clear that the company would have to look for a more cost effective alternative.

PerTronix then came across Compiere, an open source ERP solution. At first, the IT manager was uncertain about an open source offering because he and his IT staff had limited experience with open source tools. But he was soon convinced that Compiere's robust functionality, flexibility, affordability and ability to grow with the company provided a strong alternative to the big-name vendors he was also evaluating.

PerTronix selected Compiere Partner KnowledgeBlue to configure and customize Compiere for its business needs. Specifically, PerTronix required unique customizations, such as batch invoicing for repeat customers and automatic price list updating across all locations and distributors.

### Results

*Cost Savings:* The most immediate benefit PerTronix experienced with Compiere was significant cost savings. Compiere's licensing, training and implementation costs were half or two-thirds less, and on-going support costs were 40 percent less than the company was paying previously.

In addition, Compiere's business model ensured that users of the technology would continue to see research and development enhancements and professional support services through Compiere and its partner community.

*Customer Service Improvements:* With Compiere in place, PerTronix has greatly improved customer service because of increased inventory visibility across all five locations and streamlined order processing and invoicing. The once time-consuming order-to-cash business process has been streamlined – customers call or fax orders into one location where it is logged into Compiere and is immediately visible across all facilities, and manual data entry has been eliminated.

*Supporting Growth:* Since the initial implementation of Compiere in 2006, PerTronix revenue has grown 20% and SKU's have grown by 45%. The company has expanded its locations from two to five, including manufacturing, distribution, and sales offices. Compiere's flexibility and adaptability enabled PerTronix to easily integrate new locations into the system.

*Improved Inventory Management and Production Planning:* PerTronix has improved inventory management with Compiere by utilizing minimum/maximum and safety stock rules to make sure inventory is available for both manufacturing and customer orders. For example, with an enterprise view of on-hand, in-process, and on-order materials, manufacturing managers are better able to plan batch runs to improve efficiencies and inventory availability.

*Labor Savings:* One of the PerTronix's goals for its new ERP system was the flexibility to easily generate price changes across all locations and distributors, which PerTronix can now accomplish by updating Compiere's single, integrated database. For example, the previous manual price change process to 48 price lists encompassing 6,000 products was so labor-intensive that it took 6 people 2 days to complete once a year, often during the New Year's holiday. Updating price lists has been reduced from 80 hours to 5 minutes. The new process allows PerTronix more pricing flexibility, enabling price changes as needed with no disruption to daily operations.

The company has also vastly improved its reporting to customers. Compiere has enabled PerTronix to cut hours from generating year-end order summaries for each customer. Creating export paperwork has been reduced by 85%, month end sales summary reports from 10-12 hours to 5 minutes.

Previously, generating summary reports required an additional 10 hours each month due to the legacy software's limited reporting capability. It is now done on-demand with no manual activity.

*Cost Effective Customizations:* PerTronix has made various customizations in Compiere with the solution's model-driven application dictionary, allowing them to make changes and add capabilities without programming. One such customization was adding a table to the export information database to generate export paperwork automatically instead of typing in data by hand. The custom table not only improves paperwork accuracy and saves 30 minutes per order; it drives the export year-end summaries for each customer and saves another two hours per customer per year. In total, PerTronix has added more than 75 custom tables with one IT business analyst on an as-needed basis using the application data dictionary to tailor Compiere.