

Leatherman Tool Group



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Travis Pierce

IT Director, Leatherman Tool Group

OBJECTIVE

- Eliminate chargebacks and expensive consulting overhead by replacing a legacy EDI system with a robust, scalable and easy-to-use EDI solution that integrates seamlessly with Microsoft Dynamics AX

SOLUTION

- Implement a fully embedded EDI solution for Microsoft Dynamics AX that meets Leatherman Tools' evolving EDI requirements as well as those of their diverse retail customers in today's more complex omni-channel retail environment

BENEFITS

More Connected. More Supported. More Prepared for What's Next.

- High-volume throughput to support a growing trading community and increased transaction exchanges, including burgeoning demand for B2C distribution

BACKGROUND

Moving from a legacy ERP system to Microsoft Dynamics AX made it possible to replace a costly and unreliable "homegrown" EDI solution.

Leatherman Tool Group is a leading manufacturer of handheld knives, tool products and accessories. The Leatherman name is synonymous with rugged, expertly engineered multi-tools—a market the company pioneered with its Pocket Survival Tool in 1983.

Today Leatherman sells its products online and through major retailers worldwide. Leatherman proudly assembles all of their tools, about 17,000 per week, at their manufacturing facility in Portland, Oregon.

While Leatherman's products dominate the competition, they were challenged to maintain compliance with the evolving EDI requirements from some of their largest customers. One of the primary challenges was a twenty-year-old "green screen" ERP system coupled with a highly-complex, custom-EDI integration. This critical business infrastructure ecosystem was inflexible and could not adapt to meet the demands of today's omni-channel retail environment. Making changes to the EDI environment, such as adding new trading partners or new EDI documents, or even correcting mistakes to incoming purchase orders, required the costly services of highly-skilled IT consultants.

STARTING FROM SCRATCH

Leatherman wanted an up-to-date, easy-to-use solution that integrated seamlessly with Microsoft Dynamics AX.

When Leatherman chartered the strategic initiative to implement a new ERP solution they chose Microsoft Dynamics AX. Since their existing EDI solution wouldn't work with Dynamics AX and they did not want to perpetuate the challenges they had experienced with it, Leatherman was committed to implementing a new EDI solution simultaneously with a new ERP system.

According to Travis Pierce, IT Director, Leatherman had two major requirements for its new EDI solution:

1. It had to be simple to use so that business users could operate and manage it without having to be EDI experts.
2. It had to be robust and flexible enough to meet the diverse EDI requirements of Leatherman's 60+ trading partners, which include the world's largest sporting goods and home improvement retailers.

"What we were primarily looking for in our new EDI solution was the highest possible level of integration with Microsoft Dynamics AX," explains Mr. Pierce. "We knew this would make the system easier to use and provide flexibility without the need for customization."

HANDS OFF

Embedded integration between Dynamics AX and TrueCommerce EDI makes it much easier to meet the complex packaging and shipping requirements of major retailers.

Being embedded within Dynamics AX enables TrueCommerce EDI to deliver the most seamless integration possible, along with proven scalability to support the ongoing growth of Leatherman's existing trading partner community as well as emerging online sales.

For example, TrueCommerce EDI is able to automatically generate accurate ASNs directly from the shipment tables within Dynamics AX's warehouse management (WMS) module. "Our customers that require ASNs need us to provide a container ID and a count of how many units are in that container and so forth—

and we're getting all those details directly from Dynamics AX with no manual effort," Mr. Pierce clarifies.

Leatherman is currently exchanging order-to-cash documents with over 60+ EDI trading partners and that list is expected to continue to grow. "Very soon we'll have unattended processing of inbound and outbound EDI documents," states Mr. Pierce. The TrueCommerce solution offers full integrated document integration workflows which enables organizations to manage EDI by exception and focus on other priorities.

WE CAN HANDLE IT

No more expensive consulting fees thanks to TrueCommerce's robust and embedded turnkey solution.

Just two months after go-live with the new Dynamics AX ERP platform and TrueCommerce EDI solution, Mr. Pierce reports: "Already our customer service reps are handling all of our inbound EDI orders. They can go into Dynamics AX, check the EDI inbox through a nice graphical interface, and process any new orders." A business user will also take care of processing outbound documents.

If an EDI document contains an error, such as a missing ship-to address, users can almost always take care of the problem on their own. Everyday issues like these used to require expensive and time-consuming consulting services.

"With TrueCommerce EDI everything is graphical and no programming is required," offers Mr. Pierce. "If we run into a problem or need mappings for a new trading partner, TrueCommerce support takes care of that for us—no more having to pay expensive independent consultants."

RAPID ROI

Leatherman conservatively expects to recoup its EDI investment in twelve to eighteen months based on direct cost savings alone.

With Leatherman's old EDI system, third-party consultants had to handle any orders that may have had problems and this resulted in significant time and expense. Responsiveness to trading partners was also hampered by frequent system downtime. Besides paying consulting fees in excess of \$100,000 annually, the company also faced frequent chargebacks for issues such as late or inaccurate ASNs.

Based on their experience, Leatherman expects that the new system will virtually eliminate these costs. "Since going live with TrueCommerce EDI, we've already experienced a 75% reduction in EDI spend compared to the same period last year," Mr. Pierce figures. "If that trend continues our ROI will be very, very good."

Mr. Pierce conservatively estimates a return on investment within twelve to eighteen months. This estimate doesn't include "soft" cost benefits like greater overall productivity, lower training costs, reduced IT effort and the ability to shift one full-time employee from EDI to other activities.

Leatherman's EDI/ERP integration also delivers greater value from its investment in Dynamics AX. "We really wanted to get all of our information into one system, instead of scattered around in different spreadsheets and databases," says Mr. Pierce. "TrueCommerce EDI is well aligned with that goal because of its seamless integration with Dynamics AX."

ABOUT TRUECOMMERCE

TrueCommerce is the most complete way to integrate your business across the supply chain, integrating everything from EDI to inventory management, to fulfillment, to digital storefronts and marketplaces, to your business system and to whatever comes next. That's why thousands of companies across various industries rely on us.

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