

Sage ERP X3 | Case Study

Pébéo Paints a Streamlined Operation with Sage ERP X3

Pébéo was founded in Marseille, France in 1917. Initially, the company manufactured paints for the marine industry. But Pébéo's direction changed after the Second World War. Instead, the company began to sell pigments and watercolors to co-operatives, for which they quickly became well-known. The company has since established a strong market presence in the leisure-art sector, producing and distributing paints for all types of base materials: paper, linen, fabric, glass and ceramics.

The central production facility is situated in Gemenos, near Aubagne, France, and the group also has a number of foreign subsidiaries. Pébéo employs 210 people; 160 in France and 50 internationally. While they formerly dealt primarily with bookshops and office supply stores, today the company sells through resellers, wholesalers and 15 large retail chains. In 1999, Pébéo achieved annual revenues of \$30M, of which 60 percent were exported outside of France. The company has experienced strong growth for the last 12 years, and this trend appears set to continue in the mid-term.

With its positioning as a general supplier of paint, Pébéo also sells third-party related accessories under its own brand, including paint brushes and spatulas. Their product base of approximately 8,000 general products actually entails managing about 30,000 unique part numbers, as each product is color-coded and contains a variety of ingredients. Since Pébéo ships over a million lines annually, having a system that can readily accommodate large volumes is critical to their business operations.

Pébéo has realized significant improvements in sales, purchasing, production control and accounting.

1990: Pébéo selects the Prodstar system

Before 1990 the company used a locally-developed solution for distribution and accounting. After relocating to Gemenos, the board decided to significantly upgrade its business information system. Prodstar, at the time a leading IBM-based enterprise system for process manufacturing, was selected because of its close fit for the paints industry. "Both functionally and technically, Prodstar seemed to be a solid product," explained Jean-Claude Lange, IT Manager at Pébéo. "Besides, we were reassured by the number of sites already using the software. With the help of the Prodstar reseller, we quickly installed the distribution modules and followed up with the manufacturing side of the system. Over the next several years, we took advantage of all new versions and releases offered by the vendor, utilizing each new feature that was offered. All of our subsidiaries are equipped with Prodstar distribution and we hooked each of them into our manufacturing site."

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2000: Decision made to implement Sage ERP X3

In 2000, Pébéo installed Sage ERP X3. A few years earlier, Sage had acquired the Prodstar company and technology, and re-architected the Prodstar functionality into its modern development environment. There were several reasons for Pébéo's choice. At the time Prodstar was implemented, the information system had not been fully integrated across Pébéo's network of users. By introducing other management and office tools into the software mix, the technical platform became a hodgepodge of Unix and Windows-based products. Numerous interfaces were introduced to cover both platforms, but the total information systems operation eventually became difficult to manage.

"With Sage ERP X3 and Crystal Reports, we converted to a single platform approach," explained Lange.

In addition, Pébéo explored conducting an ambitious business-to-business project with an eye towards taking advantage of Sage ERP X3's dual e-business approach.

"To adopt a B2B business model, we had two options ... to replace the existing system with another vendor's package, essentially throwing away all the work we'd accomplished ... or leave everything in place. We decided to conduct a thorough review of our entire information system infrastructure to see what was possible."

"Sage ERP X3 – developed to a large extent on the basis of Prodstar – conformed to what we were already using from a business functionality standpoint. Additionally, the manufacturing functionality was improved even more and actually, we saw that we could make improvements in all areas. Finally, our successful 12 year relationship with the Sage ERP X3 team gave us confidence to move ahead."

Pébéo's Sage ERP X3 e-Business Project

Pébéo's implementation involved establishing a corporate intranet that networked its international subsidiaries, while regularly gathering ongoing business transactions and data into a centralized database.

"With Sage ERP X3, our company's information base is now centralized in Gemenos and no longer scattered across the world. Consequently, we no longer need to maintain stock and software externally. The subsidiaries continue to be autonomous, but their data and management tools are more local. We've eliminated

problems with data transfer, the subsidiaries no longer make substantial technical requests, and they need only have a PC and Internet connection to make it all work."

The previous setup also created problems when it came to doing any type of financial consolidations. This was also addressed with the move to Sage ERP X3.

"Generally, Sage ERP X3 allows us to centralize our IT environment and eliminate all of our previous interfaces. Another objective was to improve the quality and accuracy of our sales process, which was somewhat behind our other business processes."

Equally important was the ability for sales representatives to use laptops and an Internet connection to enter orders at their customers' place of business, eliminating faxing and duplicate data entry, while gaining considerable time savings.

Future Objectives of the New System

- Business-to-business development at various levels
 - Between the production site and the subsidiaries
 - With certain customers
 - With the production site and sales representatives
- Development of business intelligence tools
- Integration of financial analysis

Ongoing Objectives

- Reduce the number of intermediate processes
- Achieve an improved information flow throughout the company, via an extended intranet (a critical success factor)

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Headquarters
Marseille, France

Industry
Producer and distributor of paints for all types of base materials: paper, linen, fabric, glass and ceramics

Revenues
\$30 million

Employees
210

- Have a fully integrated system
- Develop on a standard software platform (Sage ERP X3 integrates with previous versions of Prodstar and other applications)
- Cover the following functional areas: production, distribution, purchasing and financial management, using the Oracle RDBMS

Summary of Results and Benefits

- Integrated workflow helped streamline operations
- Data from Microsoft Office products was compatible with Sage ERP X3 without requiring an interface
- The capability of using Sage ERP X3's integrated development toolset for making customizations
- For the sales function: reduction of the number of lines captured, better document management – fax and e-mail
- For production control: integration and planning within ERP, integrated scheduling, the ability for online product catalogs
- For the purchasing function: easier to control invoicing and the links with ERP and Microsoft
- For accounting: the existence of accounting analysis and multi-legislation accounting