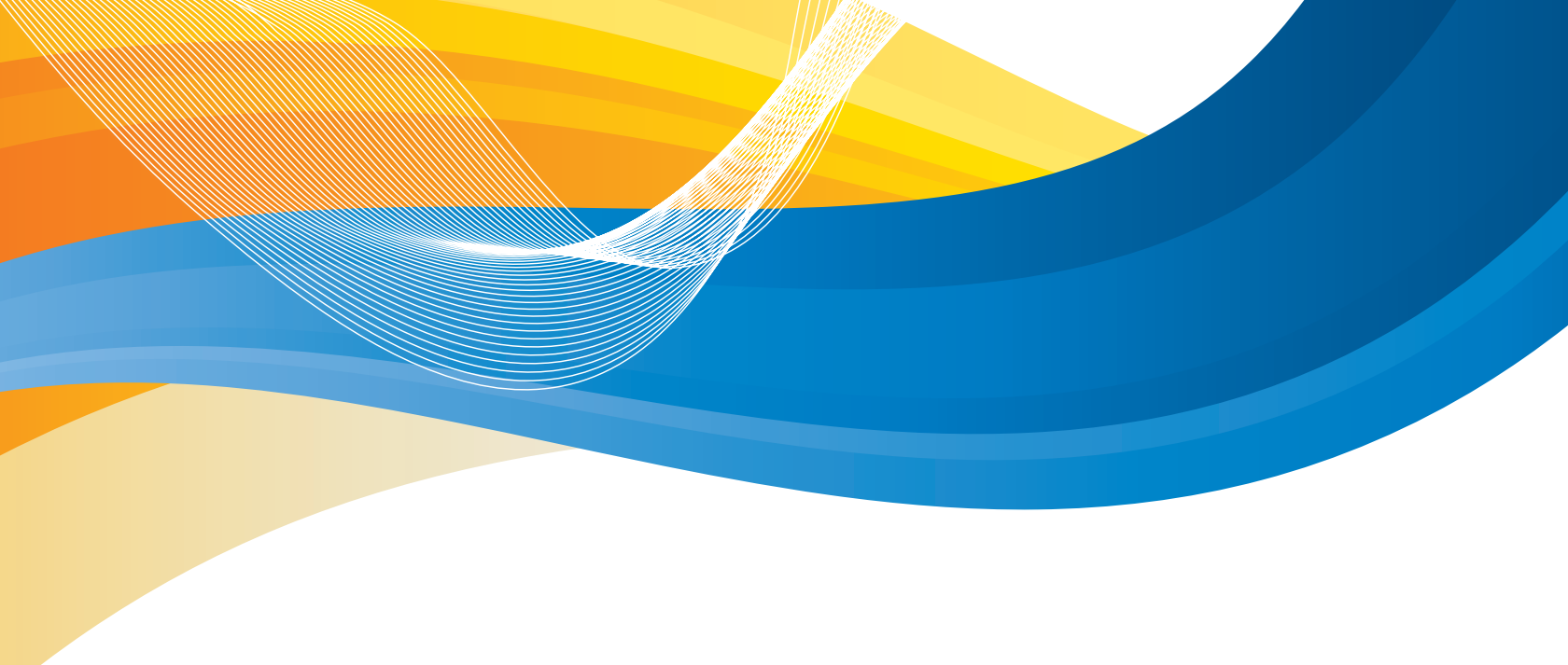


An Essent Case Study

The Holy Grail:

Automated Processing of Electronic Custom Orders





Poorly-formed purchase orders from distributors to suppliers are costing the industry millions of dollars in time, money, and customer dissatisfaction. Essent has the proven solution: Technology to make purchase orders so accurate that they can be automatically processed by computers, without a person ever having to look at them.

The need to manually process orders is a very old problem that has existed since the dawn of business.

As Lisa Horn eloquently communicated in *Write the Order Right* (PPAI Publications, Dec. 30, 2013), “While many things affecting prices are out of our control ... one thing is in our control. And it can improve — perhaps even dramatically boost — your bottom line. It’s nothing more than writing orders correctly. The fact is the majority of orders submitted by distributors to suppliers are error-laden and missing information.”

One supplier, for example, told Ms. Horn that it spent \$13,000 per day in man-hours to identify, revisit, and correct flawed orders. With a typical 5-day work week with 261 business days in a year, the labor amounts to roughly \$3.4 million per year for just one supplier to deal with flawed orders.

It’s not just a supplier problem, either. Poorly-formed orders are also a major blow to distributors. “Naturally, suppliers must cover these salary costs and they’re built into the product’s unit price, with any cost of inefficiency and redundancy being passed on to distributors — and their end buyer clients,” Ms. Horn notes.

In a \$20 billion industry, eliminating supply chain friction on an industry-wide scale will save, conservatively, hundreds of millions of dollars per year and benefit everyone: suppliers, decorators, distributors, buyers, and end consumers.

There is a huge need for orders that suppliers can simply process accurately, without intervention, without having to speak with the distributor for clarification, and without undue delay. Simply put, POs should be so accurate that they can be automatically processed by computers without a person ever having to look at them.

Essent® collaborated with industry supplier Hub® Pen Company and distributor MARCO® Promotional Products to do just that.

Automated order processing and ‘The Holy Grail’

At the inaugural PPAI Technology Summit in 2014, a speaker described automated order processing as The Holy Grail for the promotional products industry, a much sought innovation that had seemingly proven elusive.

Ken Phu, Vice President of Technology for Hub Pen, spoke next. "I guess we found The Holy Grail," Phu told the gathering. Hub Pen employs Essent technologies to receive Well-Formed Purchase Orders™ that allow for automated order processing.

Since the 2014 Tech Summit, Mr. Phu added, "At the inaugural PPAI Technology Summit, automated order processing was described as the Holy Grail because it achieves the efficiency that many in the promotional products industry have sought but few have found. We've already found it in Essent technology."

Supplier's Perspective: 'Much more likely to get more business'

Hub Pen reports that almost 100 percent of its orders with MARCO are processed seamlessly.

Hub Pen President Joseph Fleming said orders received from MARCO reach the production floor in about half the time because they bypass the order entry department and most of the proofing department. The orders are also more accurate, because there is no opportunity to introduce errors by re-keying information.

The speed and accuracy results in cost savings that are passed onto MARCO, Mr. Fleming said, generating repeat business for Hub Pen.

"Seamless order entry is a pretty easy sell — faster, more accurate, cheaper. If Hub Pen can make the relationship more profitable for the distributor, we are much more likely to get more business in the future," Mr. Fleming said.

"A big theme for Hub Pen is friction free," Mr. Fleming said. "Essent has made our interaction with Marco virtually friction free and we are really impressed with what Essent has delivered!"

Distributor's Perspective: 'One of the most seamless relationships in the entire industry'

Kimberly Scoville, CFO for MARCO, added, "With the Essent Product Configurator, MARCO has the ability to define a product configuration, allowing our end customers to configure a product at marcopromos.com or working directly with one of our customer service representatives.

"When the customer or our representative submits the order, artwork is approved and after a brief quality assurance process, MARCO generates the Well-

Formed PO in the Essent Business Management System and the PO is securely transmitted through the OrderTrax Network to the supplier."

"Our relationship with Hub Pen is surely one of the most

seamless relationships in the entire industry," Ms. Scoville said.

Since the Essent technology makes supply chain friction between Hub Pen and Marco virtually non-existent, the collaboration decreases expenses, saves time, and improves communications and efficiency. The initiative also creates opportunity and increases revenue because time and resources that otherwise would be used to process orders can now spent on more productive activities, like sales.

How it Works: The Mechanics of Integrating Partners

Essent developed a proven method to create, deliver, and process Well-Formed Purchase Orders to perform automated order processing.

The solution uses the OrderTrax® Network, the OrderTrax Connector™, and the Essent Product Configuration Engine™ to enable suppliers and distributors to automatically process purchase orders.

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Ken Phu
Hub Pen Vice President of Technology

The OrderTrax Network is the industry-standard trading network that uses EDI (Electronic Data Interchange) standards to allow trading partners to exchange electronic business documents. The OrderTrax Connector automates the exchange of these electronic documents using the trading partners' native business management system and preferred document format.

- The supplier defines products with their allowable configurations.
- Either trading partner creates product definitions with simple-to-understand Product Configuration Surveys that anyone, including end-users, can answer to define the custom product specifications. Only correct options may be selected, assuring Well-Formed Orders.
- The Essent Product Configurator creates Well-Formed POs based on the product configuration and the answers provided by the buyer.
- The OrderTrax Connector connects Supplier and Distributor ERP/Business Management Systems to the OrderTrax Network, filling in the missing pieces of the document depending on the capabilities of the business system.
- The OrderTrax Network securely routes the electronic PO from the distributor to the supplier.
- During the process, OrderTrax automatically converts the electronic document to a format compatible with the trading partner's business management system.
- In the case of a Purchase Order, the supplier's ERP system receives the document in the proper format with all of the product configuration information necessary to automatically and seamlessly process the order.

The solution employs proven security protocols, adheres to popular EDI standards like the industry-standard ePSA format and ANSI X12, and observes the business rules of the trading partners.

The process represents the ultimate in collaboration. It's natively intuitive and easy to navigate because it requires no manual processes.

Automated Order Processing is Available to Everyone

Since the Essent technology makes supply chain friction between Hub Pen and Marco virtually non-existent, the collaboration decreases expenses, saves time, and improves communications and efficiency. The initiative also creates opportunity and increases revenue because time and resources aren't devoted to order processing.

Automated order processing holds similar potential for trading partners throughout the industry and, if implemented industry-wide, would reduce industry costs by at least millions annually. Future phases of the project are to pair more promotional products trading partners for automated processing.

"Due to the needs of the industry, Essent designed a flexible, scalable solution that enables trading partners to integrate the way their systems allow and still have Well-Formed Orders," Essent Vice President of Research Steve LUISER said. "You can trade this way with everybody."

Essent designed the solution to be easily adaptable to fit the size and needs of every company. Automated order processing from Essent is ready to eliminate supply chain friction for trading partners throughout the entire industry.



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