



SOLUTION “CCV BUILDING MATERIALS TRADING” IN COMPANY METROS, S.R.O.

Company METROS, s.r.o. had chosen CCV and its CCV- building material trading solution based on the Microsoft Dynamics NAV platform because of its positive references.



About the customer

METROS, s.r.o. is a retailer and wholesaler of selected building and metallurgical materials. It is fully owned by the Metrostav a.s., one of the biggest and most stable building companies in the Czech Republic, that is part of the international DDM Group (Metrostav a.s., Doprastav a.s., Subtera a.s., Metrostav SK a.s.). Today the company employs almost 50 employees; their turnover is 800 million CZK per year.

METROS, s.r.o. runs a warehouse and garage in Horní Počernice on the Eastern fringe of Prague; however it mostly concerns itself with direct deliveries of building materials to the building sites.

Solution requirements

Because of its discontent with contemporary IS solution and ever growing competition on the building materials trading sector of the Czech market, the management of the company had decided to chose implementation of new IS, which would fulfil most of all the following criteria:

- Stable ERP system from a stabilized supplier which would leave space for potential expansion
- Modern system platform based on Windows
- High information security
- Fast ERP and user comfort
- Ability to assess business transactions and other data quickly and reliably
- Interconnectivity with other SW
- Coverage of all required departments within the company

CCV s.r.o. was chosen to do this task based on the decision made in a selecting procedure with 3 rounds and finishing with actual presentation of the IS in the customer's head office. CCV was chosen

to develop and implement all the modules based on MS Dynamics NAV system 4.0 and its own solution „**CCV – building materials trading**“.

Description of the solution, implementation

ERP MS Dynamics NAV system was implemented in METROS, s.r.o. together with „**CCV – building materials trading**“ solution, through which all specific requirements for a building material retailer and wholesaler could be easily solved. Due to previous implementations of “**CCV – building material trading solution**” in other companies and to the experience of the implementation team we were able to adjust certain fractional operations to the demands of METROS, s.r.o., so that they better fit the structure and the customers portfolio of the company.

- **Items code-list and its transfer to key partners**

Company METROS, s.r.o. needed a code-list so that it would fit the requirements of its key partners. Therefore the existing one was extended by sub code-lists such as SKP9, PRP6 etc. so that future information and support transfer to the partners was according to their requirements. Part of the Classification of part of the hazardous materials was also extended.

Transferred code-lists (created during the implementation) needed to be adaptable by the key partners for the use in their internal ERP systems. This process has been automatized, so its maintenance workers were no longer needed for ordinary transfers but only to solve occasional anomalies. The process was optimized so that there was no wasteful transfer of all data but only of the data that has been modified or newly created. Thus the system requirements for amount of data transferred through the channel was lowered. At the same time the time and calculation requirements of code-lists update at the partners' is also minimized.

- **Approval of purchase limits, purchase limits**

It was necessary to assign competencies of individual employees to avoid approval of a business transaction from the employee rather than the supervisor or manager. At the customers' side we have implemented a credit system that enables the company to assign a particular credit to a particular customer according to internal code of conduct and thus automatize the checking system that will ensure that this customer doesn't overrun their credit and thus threaten the financial stability of the company due to unpaid requisitions.

In this case the functionality of customers' credit system was extended by the possibility of assigning credit without the “re-topping up” option by paying an invoice for a requisition. In this area the system also can control whether a customer has any unpaid invoices, and then notify the warehouse worker or manager or directly prevent such transaction.

- **Discount management and assignment of minimal margins**

One of the specifics of building material trading is pricing. Each supplier sets the pricing policies individually. Some suppliers like to set the price individually to each customer others set the final price and individual contract conditions with suppliers are adapted through discounts.

MS Dynamics NAV system with the “**CCV – building materials trading**” solution is capable of handling both these pricing strategies on both sides: when purchasing products from the supplier and selling to customers. System can also be used for three different types of discounts, which can be added together, multiplied and also for the item discount, which is mainly used in the building materials trading industry.

System was further modified so that the company's management could set the minimal margins, which is always applied when selling any product. While selling the system will ensure this minimal margin and if a seller allocates such discounts to a customer that allow them to go below this minimum margin the system will prevent such transaction from happening. Discounts and prices agreed in the contract with individual suppliers and customers are maintained in the system which will

automatically fill in the price when any partner is making an order. Discounts can have limited durability so it becomes possible to hold sales etc.

- **Withholding**

In the MS Dynamics NAV system we have incorporated an agenda of withholding, which allows the company to withhold a certain amount of financial capital on the suppliers or customers side to provide a guarantee of the quality of the material, work etc.

- **Transit orders**

It is a commonplace in the building materials trading industry today that orders are dealt with through transit orders mainly due to high expenses on storing and transporting goods which are minimized in this type of order. In this type of order the customer orders goods from the retailer who orders them from the supplier. The supplier then sends the invoice to the retailer but delivers the good directly to the customer. The retailer consequently also issues an invoice to the customer.

MS Dynamics NAV system together with the “**CCV – building materials trading solution**” has an agenda ready to semiautomatic processing of such types of business transactions. The salesman issues an order in the MS Dynamics NAV system and then, when the supplier delivers the goods to the customer, the salesman once again via one single operation issues an invoice and completely processes the order.

- **Double and triple sided inclusion**

Double and triple inclusion agenda is included in the system. Due to this innovation the customer is able to suggest and execute any balance comparison of any kind with their business partners.

- **“Economies of pallets”**

System also provides the customer with the balance of delivered and required pallets of goods. The customer is then able to assess the number of purchased and sold pallets and thus keep track of the status of their “pallet account” in relation to their suppliers and customers. That helps them to avoid excessive ordering or insufficient supplies of pallets and/or purchasing/selling under disadvantageous conditions. System automatically adds and accounts for the state of attrition of each pallet to its packaging. That means the return of packaging is re-compensated for by the price discounted by the price of attrition. Pallets are listed as items.

Applied technology

The implementation used the existing infrastructure of METROS, s.r.o. For employees we used their IT equipment i.e. PCs with the Windows 2000/XP platform. For the system database we used MS SQL 2005 system.

System implementation

Analysis at the end of January 2007 was the first phase of the system implementation. Having received the approval for analysis we have worked out the system proposition and consequently carried out the actual implementation of MS Dynamics NAV. As agreed in the contract test operation of the MS Dynamics NAV system commenced on 1st May 2007 in the METROS, s.r.o. when the use of the old IS was terminated and all data was gradually transferred into MS Dynamics NAV.

Today the system is fully operational and the project has moved onto the phase of maintenance and expansion. Since the completion of this project was successful our companies have agreed to extend our business partnership by implementing “**CCV – building materials trading solution**” in **METROS SK**.

Benefits of the solution

- **Evaluation of business transactions**

MS Dynamics NAV has brought the possibility to evaluate individual business transactions, salesmen, branch offices, groups and subgroups of goods etc. in real time. This fact facilitates decision-making in key operations.

- **Better service for key customers**

Items code-lists automatic actualization, better reporting, ability to extend and order through the ERP by the customer are only a few of the new innovations and improvement brought by the new system.

- **User comfort and feedback**

Users operate in user-friendly and intuitive environment, which is similar to other Microsoft applications such as the office pack MS Office, MS Outlook etc. That facilitates orientation within the system and the user is able to apply knowledge of other Microsoft products. Last but not least the user can transfer and reproduce data from MS Dynamics NAV in other applications due to their close cooperation.

- **Transit order**

Automatized process of transit ordering provides faster processing of such orders and thus makes their evaluation and processing more efficient.

Customers feedback

We would describe “CCV – building materials trading solution” as supplier’s comparative advantage which led to CCV winning the selecting procedure. That very selecting procedure had been running for 6 months consisting of 3 rounds, where we evaluated many credentials of proposed solutions and finally based on the presentation of individual IS had chosen CCV. The actual implementation went on for circa 4 months and we would regard our cooperation very positively. The approach of the implementation team was professional; deadlines were always kept despite the long distance between our head offices. Negotiations were also carried out in the spirit of correctness and productivity. We have reached a balanced contract advantageous for both sides.

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