



Services: Integrated Fulfillment with SAP Business ByDesign, Trading Partner Intelligence Industry: Consumer electronics

Trading Partners: 60+ retailers, including Best Buy, Dick's Sporting Goods, eBags, FNAC, Dixons, Fred Meyer, Journey's, Rite Aid, Scheels All Sports, Staples and Target

Case Study: Skullcandy

Skullcandy is one of today's hottest and most innovative brands in headphones and audio products. Known for Supreme Sound, bold color schemes, loud patterns, unique materials and creative packaging, the 10-year old company has grown at around 30 percent year-over-year. Its products can be found at retail stores that range from big box stores such as Best Buy, Target, and Staples to leading boutique, snow, skate, and surf shops that cater to action sports and music enthusiasts. Rising order volumes, new global markets and a varied trading partner base required automating manual order entry processes, integrating directly into its SAP Business ByDesign system.

Improving Skullcandy's Trading Partner Relationships



RETAILERS



SUPPLIERS



3PLS

Teaming with SPS Commerce

In 2007, several major retail chains began selling Skullcandy's audio products. The company looked to SPS Commerce to help them comply with their customers' trading requirements through a cloud-based solution. SPS Commerce's web-based EDI service, Fulfillment, was an easy-to-use and cost-effective solution for Skullcandy. The company began exchanging Purchase Orders, Invoices and Advance Ship Notices (ASNs) with customers to meet the company's immediate EDI needs.

The following year, Skullcandy deployed SAP Business ByDesign as its first enterprise ERP solution. This cloud-based system offered the company better control of its operations and data. At this time, Skullcandy was doing EDI with approximately 20 retailers. In 2012, Skullcandy started an initiative to dramatically reduce manual order entry to streamline the order fulfillment process and better manage increasing order volumes. By deploying SPS' Integrated Fulfillment solution for SAP Business ByDesign, the company has automated EDI operations and exchanges orders, shipping notices, and invoices from within its SAP system with its retail customers and third party logistics provider, UPS.

Today, Skullcandy has more than 60 trading partners, with the high volume customers connected by SPS' integrated service for hands-free sales order configuration.

"Automating our order fulfillment process with SPS' integrated service prepared Skullcandy for our on-going growth and continues to scale with us as we add new customers," said Mark Hopkins, director of information technology at Skullcandy.

“SPS not only provides us with innovative technology but also an unmatched depth of expertise in the retail industry.”

- Mark Hopkins, director of information technology, Skullcandy

Realizing New Efficiencies

So far, about 40% of the company’s revenue volume runs through SPS’ Integrated Fulfillment solution. The integration has eliminated a large amount of the company’s manual order entry, improved the accuracy of its documents and shortened the fulfillment cycle as orders are received at the warehouse in minutes, not hours or days.

For example, one of Skullcandy’s retail customers, Dick’s Sporting Goods, submits purchase orders by store, resulting in hundreds of orders to enter and fulfill. Prior to deploying SPS’ Integrated Fulfillment solution, these orders took multiple hours to enter

directly into the SAP Business By Design system. The orders are processed immediately and sent to the warehouse to ship.

“When deciding whether to automate our EDI operations, we simply looked at our growth and order volume and the decision was clear. We had to automate and SPS made it easy,” stated Hopkins.

Skullcandy continues to grow and adds more trading partners each month. With each new trading partner, the company provides SPS with the retailer name and SPS takes care of all setup and testing. Skullcandy is live with new trading partners in one to two weeks.

Recently, the company’s account managers began using SPS’ Trading Partner Intelligence service to analyze Point-of-Sale (POS) data from large retail customers. They are monitoring and measuring the impact of new product packaging and recent product resets, as well as analyzing overall sell-through across their customers’ stores.

Supply Chain Results

“The automation provided by SPS has allowed us to focus our efforts on more value-added activities for our retailers,” explains Max Gravitt, director of sales and retail operations. “In the last year, we have won ‘Vendor of the Year’ honors for five of our strategic customers. This is in large part due to our ability to focus on businesses and relationships while we trust the trading transactions to SPS Commerce.”

An example of the how SPS has streamlined Skullcandy’s sales order entry process took place recently. A retailer sent Skullcandy 404 separate Purchase Orders that needed rapid fulfillment. Prior to integration it would have taken the better part of a day to enter and release the orders to UPS for shipment. With the integration between SPS Commerce and SAP Business By Design, the orders were automatically processed and just 30 minutes after being sent, the retailer’s orders were at Skullcandy’s warehouse being fulfilled.”

“Skullcandy could never have turned around these orders so rapidly without the integration provided by SPS Commerce and our Business By Design Solution,” continued Hopkins. “They enabled us to respond quickly to our customers’ needs and the mechanics of getting the orders in to the system worked smoothly.”

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In recent years, Skullcandy has expanded its markets to include a direct presence in Europe to support new customers such as FNAC, Dixons and others. The company has expanded its use of SPS' EDI services to support international growth as well.

“As our organization expands into new markets, SPS is there to support us,” commented Hopkins. “SPS is our global integration partner and offers us a single-point of contact to address any EDI needs or challenges. Our relationship with SPS has saved us significant amounts of time, as SPS' staff manages the numerous relationships needed to ensure ongoing compliance with our retail customers. They make our lives much easier!”

About SPS Commerce

SPS Commerce perfects the power of your trading partner relationships with the industry's most broadly adopted, enterprise retail cloud services platform. As a leader in on-demand supply chain management solutions, we provide prewired, proven integrations and comprehensive retail performance analytics to thousands of customers worldwide. With a singular focus on the retail marketplace, we revolutionized traditional EDI systems by developing a platform that enables highly cost-effective and reliable trading partner collaboration. SPS Commerce has achieved 48 consecutive quarters of revenue growth and is headquartered in Minneapolis. For additional information, please contact SPS Commerce at 866-245-8100 or visit www.spscommerce.com