eCommerce in the Cloud: Why Retailers Benefit from Microsoft Dynamics AX On Demand

E-Retailer Success Story

In 2010, a leading, online, high-end home goods e-retailer needed to develop an IT strategy in response to explosive online sales and business growth. The company had been using a variety of homegrown systems, in combination with a third party fulfillment provider, to support their thriving business (300% annual growth).

The e-retailer needed a true enterprise and integrated ERP platform that could support their increasing sales and ever evolving brand and marketing strategy.

Utilizing enVista's Cloud Computing solution the e-retailer seamlessly transitioned from a legacy system and outsourced IT provider(s) to Microsoft Dynamics AX ERP without missing a sale.

Today, the $80M e-retailer is using its Microsoft Dynamics AX ERP solution to manage and fulfill every order. The integrated business management solution serves as the back-office hub of the e-retailer's entire operation, connecting their web site and shopping cart to Dynamics AX, thereby managing the entire supply chain from Order to Cash and Procure to Pay. In combination with Microsoft Dynamics AX and enVista's proprietary PCI compliance solution, credit card and address information are verified, transmitted, and allocated for each order to both the retailer's third party logistics (3PL) provider and more than 500 drop ship vendors. The 3PL firm receives web orders using the Microsoft Dynamics AX Application's Integration Framework (AIF). The drop ship vendors utilize Dynamics AX Enterprise Portal to receive their orders, packing slips, carrier compliance labels, and inventory position.

Benefits of Cloud Computing

The e-retailer opted for a Cloud Computing solution for several important reasons, including: the ability to rapidly scale the solution to changing business requirements; decreased IT costs based on less infrastructure and internal staff; and reduced internal responsibility for IT administration. Cloud Computing enables e-retailers to focus on their core competencies - marketing their products and building brand loyalty.

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Another primary benefit of Cloud Computing is that e-retailers can rapidly respond to changing customer demand by bolstering (or for that matter reducing) their ERP solution by simply altering their number of hardware servers in a matter of days, versus weeks. In fact, it took only five months to implement this e-retailer's entire customized solution, including 28 virtual servers.

> "We have been able to grow our revenues by several-fold in a very short period of time - with our ERP solution enabled by Dynamics AX and enVista."
>
> *CEO*
> *Leading home goods e-retailer*

The e-retailer's Cloud Computing solution requires very few IT staff compared to a traditional ERP system - a big area of cost savings for any e-retailer or small to mid-size company. The solution is completely virtual and is managed by enVista's Technology Infrastructure team. In the case of this e-retailer, three IT professionals are dedicated to supporting four unique Cloud Computing environments (Production, Usability, QA and Training). The IT team includes one internal client resource and two enVista associates. Remarkably, the Total Cost of Ownership (TCO) to support a thriving e-retailer business is less than $300,000 a year (not including internal resources). This is less than .4% of this e-retailer's total sales.

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Outsourced IT Management

The e-retailer opted to strategically outsource its IT Management to enVista's Technology Infrastructure team to reduce IT costs and administrative requirements.

Rapid Implementation – Agile Methodology

Immediately following the solution selection, enVista leveraged its agile implementation methodology to customize the Microsoft Dynamics AX solution to the e-retailer's requirements. Based on the dedication and expertise of enVista's developers and the system's inherent flexibility, enVista was able to deliver a highly customized ERP solution in only five months. To meet the e-retailer's requirements, enVista co-led multiple design sessions and meetings to flush out the business logic and integration to the e-commerce site. The team demonstrated the new functionality on a continuous timeline to the business owners for approval or changes.

Cloud Computing

Another key benefit of a Cloud Computing solution is the ability to rapidly begin solution development. enVista was able to create a temporary development environment within days of the solution selection in order to quickly make progress on coding, development and training. As a result, the e-retailer experienced faster time to value. Cloud Computing allows companies to immediately scale their IT needs (database, operating system and storage). Mere hosting is a thing of the past. IT managed service companies must have intimate knowledge of the application and architecture framework. Hosting has moved beyond simply confirming the green light is blinking on a server to ensuring that a customer's application is highly available and tuned for optimal performance.

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Comprehensive IT Expertise

Leveraging enVista, an e-retailer benefits from a team of IT experts who can grow with their business, without adding additional internal headcount. enVista consults, implements and operates IT solutions, and uniquely offers any e-retailer both application and infrastructure expertise. As part of this e-retailer's IT strategy and in conjunction with the ERP implementation, enVista implemented a new Altigen phone system and call center to improve the e-retailer's customer service. Simply put, the home goods e-retailer is deriving significant benefits and convenience from using one partner to manage all of its IT requirements.

24/7 Management

From order to cash (order integration, returns, virtual gift cards, inventory allocation, fulfillment and credit card reconciliation) to procure to pay (procurement, inventory management, and accounts payable), the e-retailer is completely reliant on its Microsoft Dynamics AX platform system to run its "back-office." By having a strong vision, the e-retailer runs it entire business with a customized e-commerce website, shopping cart and Dynamics AX. Thus, system uptime is critical. enVista manages and maintains the system 24/7, ensuring an uptime rate of 99.9%. In addition, enVista provides Disaster Recovery and the ability to transition the e-retailer's system (fail over) to another location in the event that a disaster occurred in its main geographic server location.

Summary

In summary, the Microsoft Dynamics AX platform is highly configurable and scalable, allowing any e-retailer to thrive. Its comprehensive functionality offers powerful global business management capabilities and improved customer service. An e-retailer should also consider an on- demand solution for significantly reduced IT costs, seamless information sharing with 3PL partners, and rapid scalability.

For more information on enVista's Services, please call 877-684-7700 or contact inforequest@envistacorp.com

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