



MEXGROCER.COM

ONLINE GROCER SUPPORTS RAPID BUSINESS GROWTH WITH SAP® BUSINESS ONE

QUICK FACTS

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Nacho Hernandez

Cofounder and Vice President
MexGrocer.com LLC

Company

- Name: MexGrocer.com LLC
- Location: San Diego, California
- Industry: Consumer products – food
- Products and services: Online grocery store – Mexican products
- Employees: 10
- Web site: www.mexgrocer.com
- Implementation partner: Vision33, Inc.

Challenges and Opportunities

- Support in-house inventory management and fulfillment operations
- Streamline processes across all business functions
- Improve support for management decision making
- Enable future business growth
- Implement a solution that requires minimal in-house IT resources
- Integrate with Yahoo! Store and Amazon Seller Central for order processing

Objectives

- Consolidate business data in a single solution
- Integrate processes throughout the entire order life cycle
- Eliminate manual procedures
- Increase visibility of business information
- Establish a solid IT infrastructure

SAP® Solutions and Services

- SAP® Business One application
- SAP Business One Software Development Kit
- SAP Ramp-Up program

Implementation Highlights

- Completed the deployment within 3 months
- Implemented the latest version of the application, before its mass release
- Utilized online training materials

Why SAP

- Positive experience using SAP solutions in the past
- Confidence in the SAP brand
- Access to extra resources and support through SAP Ramp-Up
- Ability to scale the solution as the company grows

Benefits

- Improvement in operational efficiency and productivity due to automated, streamlined processes
- Enhanced business insight, with faster access to up-to-date management information
- Ability to provide better customer service
- Foundation for future business expansion

Existing Environment

Intuit QuickBooks

Third-Party Integration

- Hardware: Dell and Hewlett-Packard
- Operating system: Microsoft Windows XP
- Database: Microsoft SQL Server 2005



MexGrocer.com

When Internet grocery company MexGrocer.com LLC made the decision to bring its logistics operations in-house, it faced major challenges in terms of IT and how to keep accounting current and manage inventory. The assortment of spreadsheets and manual processes the company had been using was no longer up to the job and would prevent MexGrocer.com from achieving the productivity levels it needed to grow the business. Clearly, the time had come to acquire new software.

Based in San Diego, California, MexGrocer.com has shipped goods to every state in the United States – to over 60,000 customers in 16,000 cities. The company, founded in 2000, has experienced a solid compound annual growth rate of approximately 32%. To support its continued expansion, the company implemented the SAP® Business One application – improving MexGrocer.com’s operational efficiency, enhancing customer service, and creating competitive advantage.

Mexican Food at the Click of a Mouse

For generations, members of the Hernandez family have been involved in bringing Mexican food products to the U.S. market. MexGrocer.com, the latest venture of father-and-son team Ignacio and Nacho Hernandez, carries on this family tradition. The company offers its customers the opportunity to purchase premium products and ingredients – ranging from everyday staples such as rice and pinto beans to specialty items such as mole sauce and a large assortment of chili peppers – over the Internet.

Initially, MexGrocer.com outsourced its order fulfillment operations through a third party. However, following a dramatic increase in storage and fulfillment costs, the company decided to bring its inventory in-house. “The move just made sense,” comments cofounder and vice president Nacho Hernandez. “It wasn’t only for financial reasons – we also realized that with the growth we were experiencing, our customer service would begin to suffer if we weren’t on hand to oversee day-to-day operations.”

Bringing Logistics In-House

Although the change was a welcome one, the shift away from outsourcing did present significant challenges for the company. Staff reliance on manual processes slowed down order processing and extended the amount of time that customers were kept waiting. In addition, a lack of integration between information sources made it difficult to keep track of sales transactions or manage inventory effectively.

As Hernandez explains, acquiring an integrated business software solution was an urgent requirement: “In order for us to continue growing at the same pace, getting a better grip on the business was a must,” he remarks. “We needed joined-up processes and easy access to real-time information. Only then would we be able to make better and faster decisions and run the business more efficiently.”

A Trusted Brand

The company looked at a number of software options. However, Ignacio Hernandez’s previous positive experience with a large-scale SAP implementation at another organization influenced the decision to implement SAP Business One at MexGrocer.com.

“We were very comfortable with the SAP brand,” says Nacho Hernandez. “And we knew that although we are a small business at the moment, with SAP Business One we would have the flexibility to build on the solution and scale it up as we grew.”

MexGrocer.com decided to take advantage of the SAP Ramp-Up program to implement the latest version of SAP Business One – ahead of its public unrestricted release date. “We wanted to use the very latest technology to gain a competitive advantage over other online grocery stores. The SAP Ramp-Up program helped us to do just that by giving us access to the latest technical innovations offered by SAP,” remarks Hernandez.



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Nacho Hernandez, Cofounder and Vice President, MexGrocer.com LLC

Smooth Implementation

MexGrocer.com approached Vision33, Inc. for help with the implementation. Vision33 consultants took part in detailed discussions with the MexGrocer.com team to define the project objectives and then planned a phased implemen-

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tation over a three-month period. “It was important to minimize disruption to day-to-day operations, so we didn’t want to use a ‘big-bang’ approach,” says Alex Rooney, vice president of Vision33. “By phasing the implementation, MexGrocer.com could manage the transition without slowing the business down.”

Hernandez feels that the successful implementation owes much to the professionalism of the consultants at Vision33, a participant in the SAP PartnerEdge™ program. “The deployment was controlled and well organized,” comments Hernandez. “Every-thing went very smoothly, and that wouldn’t have been possible without Vision33. They did a wonderful job.”

The strong support provided by SAP Ramp-Up was also a critical success factor for the project. Involvement with the SAP Ramp-Up program ensured that Vision33 had a direct line to local

product experts and members of the SAP Ramp-Up organization. When an issue did arise, consultants at Vision33 were able to flag the query as an SAP Ramp-Up issue, establishing a three-day deadline for its resolution and expediting project completion. “We worked closely with the support team on a couple of areas,” says Haley.

“They were very responsive, and that helped us to get the project back on track quickly.”

For Hernandez, knowing that MexGrocer.com had the support of the SAP Ramp-Up organization was reassuring. “As this was an early rollout of the latest version of SAP Business One, we knew we might encounter some technical issues during implementation,” comments Hernandez. “However, the Vision33 consultants were able to access expertise at SAP to find fast and effective solutions. This was well handled thanks to the involvement of SAP Ramp-Up.”

End-to-End Processes

Thanks to integration work completed by Vision33 consultants using the SAP Business One Software Development Kit, order data from MexGrocer.com’s Web site now flows directly into the SAP Business One application. The

information is then processed automatically through every stage of the order fulfillment cycle – from accounting and inventory record updates to picking and packing details. Finally, a seamless link to shipping software provided by the courier company enables MexGrocer.com to dispatch orders without the need for staff to manually rekey address details the way they did before.

Although the implementation represented a significant change for the company’s employees, training provided by Vision33 ensured that the MexGrocer.com team was up and running quickly. This was backed up by online videos and other training materials focusing on the latest version of SAP Business One, which were made available to MexGrocer.com through the SAP Ramp-Up organization’s online education portal. “The quality of the training from Vision33 was excellent, and the online material from SAP Ramp-Up was really well put together,” says Hernandez. “There will always be a learning curve at the beginning of an implementation like this, but it didn’t take long for us to get accustomed to using the software.”

Delivering Competitive Advantage

With seamless, end-to-end business processes in place, MexGrocer.com can now manage its operations more efficiently and increase its productivity. “At present, we typically fulfill 50 to 200 orders per day. However, we now have infrastructure that will allow us to scale up to fulfill 500 orders a day when we need to (after that, we will



need a bigger warehouse). Without SAP Business One, this simply wouldn't have been feasible," says Hernandez.

In addition, real-time access to key information is providing MexGrocer.com's management with improved decision-making support. "By consolidating all of our data, we

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have better insight into the business and save a lot of time," remarks Hernandez. "With SAP Business One, we know exactly what we are selling and when specific products need to be replenished – and we don't need to wait until the end of the month to find out if we are meeting our financial goals."

Another plus is the enhancement of MexGrocer.com's customer service as a result of improvements in operational efficiency and information management delivered by SAP Business One. Hernandez believes that this is a source of significant competitive advantage: "We are definitely providing a better experience for customers, and that has a positive effect in terms of loyalty," he explains. "Ultimately, if customers are happy with our service, they will purchase from us again – and tell their friends."

Foundation for Growth

Hernandez predicts that MexGrocer.com will need to continue to develop its IT infrastructure as the company grows. However, he feels that SAP Business One has provided a sound foundation for future business expansion. "SAP Business One has given us a solid, scalable base that will support us for many years," comments Hernandez. "Because SAP Ramp-Up made the latest version of SAP Business One available to us prior to its mass release, we have been able to extend our usage period of the solution to the maximum."

Looking forward, Hernandez concludes: "We are comfortable we've made the right choice in running our business on SAP software, and with Vision33 and the SAP Ramp-Up organization on hand to advise us as we grow, we are confident of a bright future."

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