

More Efficient Online Shoe Reseller Boosts Profits Thanks to Acumatica



OVERVIEW

Shoebacca started as a Mom and Pop reseller on eBay, selling athletic shoes, and eventually graduated into a fast-growing online retailer reselling name brands at competitive prices through its own website. When its infrastructure couldn't support the rapid growth, Shoebacca implemented Acumatica, which streamlined its inventory and automated many accounting and warehouse processes.

KEY RESULTS

- Integrated online store, warehouse management system and financial software
- Gained better control over inventory
- Automated many accounting functions, streamlining operations
- Eliminated IT capital costs and need for on-premises data center
- Eliminated need for in-house development team

SITUATION

Shoebacca was formed by brothers Marc and Robert Schlachter, who started selling used brand name shoes to underprivileged families at local markets near Irving, Texas in 2002. At that time, they also shipped truckloads of shoes overseas to third world countries. Their shoe-selling effort soon grew into an eBay endeavor, and in 2007, Shoebacca became a standalone entity with its own website and online store.

Today, Shoebacca offers the latest in shoes, apparel and accessories from brand names such as Adidas, Converse, Asics, Puma, Reebok, The North Face, Sketchers and New Balance. Like many startups, the company ran operations with several software packages, including NetSuite, which weren't integrated. In addition, Shoebacca had developed its own warehouse management system.

"A lot of ETL work had to be done to get data back and forth between the programs, which created some challenges," says IT director Thomas Finney. "Every transaction had to be loaded into accounting and then out for reporting. Our WMS was a home-grown solution, and we wanted to move away from home grown applications and standardize

SOLUTION

To build a next generation platform for growth, Shoebacca executives considered three options: they could continue to develop a custom platform in-house, build upon Oracle NetSuite or switch to Acumatica.

"We wanted a fully integrated solution that could handle our e-commerce solution, Magento; a warehouse management system and finance, one that could handle a high degree of customization," Finney says. "It also needed to scale and be flexible to meet our needs as we kept growing."

They soon realized Oracle NetSuite didn't offer the functionality they needed, and off-the-shelf solutions would be more cost effective than developing custom software. "One of the big issues with NetSuite was the lack of full integration, and we had an issue with Parent/ Child relationships on the SKU level," says Ryan Schlachter, Shoebacca president.

In addition, "all of the WMS solutions we looked at were batch processed," Finney adds. "So we had difficulty with the lack of timeliness of getting data into and out of NetSuite, which would mean we couldn't be operating in real time. NetSuite also lacked the level of customization that Acumatica provides, so we would have had fewer options in the future to customize it to suit the specific needs of our business."

Company

Shoebacca

www.shoebacca.com

Industry

Retail and eCommerce

Location

Irving, TX

Application Replaced

Oracle, NetSuite

Products

- Acumatica Financial Management
- Acumatica Retail Edition
- Acumatica Distribution Edition
- Acumatica Customer Management
- Acumatica WMS/RMS
- Kensium Solutions, Magento/Acumatica Connector
- Velixo Excel-based Reporting
- Braintree Credit Card Processing

Operate in RealTime, Grow Affordably

Oracle NetSuite, which charges a per-user license, was also expensive. Shoebacca has 40-plus employees, all of whom would use the system going forward. “Our vision for growth was that we could grow rapidly,” Schlachter says. “In the last few years, we’ve achieved significant growth and we see that continuing.”

“Since everyone is a user, we saw that as we continue to grow, and add employees and warehouse users, it would become extraordinarily costly to stay with NetSuite,” Finney said. “We were being charged a full license for users who were not really using the software, just using it in the WMS. We would be paying the same amount as for someone in accounting.”

Acumatica, being more resource-based with unlimited user licensing, was affordable and more attractive. “We saw far more potential with what Acumatica could provide us,” Finney says, adding they went live in early 2014.

Shoebacca operates two entities, the retail business and a wholesale business, and carries some 750,000 SKUs. Each SKU also has a number of other data points associated with it, creating a very large database that needed to be loaded into Acumatica.

“We also have a fairly reasonable volume in our sales, so we have a lot of transactions,” Finney says. “and because the way we do business, we cut some very large deals at times, so we have purchase orders with a large number of products on them.” The company transfers inventory between its retail and wholesale entities and also has to process returns, sales and restocking transactions. In addition, Shoebacca has drop ship deals with more than 75 partners, Schlachter says.

BENEFITS

Improved Inventory Management Increases Profits

Acumatica, which is integrated with Fusion’s warehouse management system, has given Shoebacca much better inventory management control that allows the company to operate in real-time. “Every time inventory is moved, the transfer is documented, which allows us to have tighter control over where the product is and how much we have, which has helped with shrinkage and quality control,” Finney says. “Because we can sell in real time, we can sell with lower buffers and sell through inventory with less overstocking.”

Since all systems are integrated, they can automatically process purchase orders with drop ship vendors and ship them, which has improved the system. “Before it wasn’t as fast or integrated as cleanly,” Finney says. The company also has much deeper insight into its inventory, allowing them to sell product out of their 500,000 square foot warehouse before selling drop ship merchandise, better controlling their costs, he adds.

Shoebacca executives can make better purchasing decisions and maximize sales thanks to Acumatica. “Now, we don’t sell out of our best moving products and can create space for them by not restocking slower moving items, which helps drive better profits,” Finney says. “We are also building additional automation into our accounting processes to drive more efficiency.”

Eliminated Internal Development Costs

Moving to cloud-based Acumatica allowed Shoebacca to dramatically decrease money allocated to sustaining an in-house development team of 7 and the capital costs associated with hardware and software needed to support such a team.

“At one point we had 7 to 8 developers and now we have two in IT,” Schlachter says. Adds Finney, “Because we are utilizing the cloud, there are no servers or data farms to maintain and less time spent managing capital expenditures.” Finney’s IT team can focus on company development rather than IT maintenance, freeing time to produce greater efficiencies and profits, he says.



“Acumatica has really allowed us to focus on our business—which is selling shoes—instead of focusing on IT and development.”

– Ryan Schlachter,
President,
Shoebacca

Third-Party Flexibility, Customization in Acumatica

Finney praises Acumatica's ease of use, and open nature that allows third-party development and customization of Acumatica to the way Shoebacca and others operate.

Acumatica also provides a strong but flexible foundation for growth. "Acumatica can be molded to our specific needs, which allows us to achieve the highest degree of efficiency and automation that provides for a better bottom line," Finney says.

"Acumatica has been behind our success and their support team has been integral in making sure that we've been as successful as possible. I would definitely recommend Acumatica to someone looking for a new ERP solution. Acumatica would be a great asset to anyone trying to expand its eCommerce platform."



“Acumatica allows us to connect with third-party solutions to a degree that other ERP solutions don't have. It allows us to build in functionality in a way that best fits our business needs.”

– Thomas Finney,
IT Director,
Shoebacca