

## DMS and IBM rev up business for Internal Engine Parts Group

*Speed is critical to supplier to improve sales, productivity and service*

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### Overview

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#### ■ Challenge

Managers at Internal Engine Parts Group needed to modernize their order-entry, warehousing and distribution systems to become more efficient and reach new markets.

#### ■ Why On Demand

In the highly competitive engine parts aftermarket, distributors need to respond rapidly to their customers, who are looking for superior products at lower prices.

#### ■ Solution

IEPG selected DMS Systems Corp.'s Distribution/Express system running on IBM middleware and the IBM @server® iSeries™ to reduce costs, increase productivity and maximize customer service.

#### ■ Key Benefits

- ROI in less than one year
- 10 percent reduction in overall sales expense
- Significantly higher inventory turnover
- 50 to 70 percent time savings for order staff
- Redeployment of personnel to key tasks
- 24/7 Web-based customer catalog access



Internal Engine Parts Group uses DMS Systems Corp.'s wireless warehouse solution to get more work done faster, more accurately and with fewer employees.

#### In need of an overhaul

The roar of a well-tuned engine is music to the ears of Alan Gartrell, chief administrative officer for Internal Engine Parts Group (IEPG).

Based in Meridian, Mississippi, IEPG supplies engine parts for passenger cars and light trucks, as well as for marine, industrial, agricultural and high-performance applications. IEPG's nine warehouses located across the Southeastern United States serve the needs of custom engine rebuilders, traditional auto parts operations and national wholesale and retail chains.

And there's plenty of need. The past decade saw some of the highest rates of new vehicle sales in the U.S., while vehicle scrap-age rates remained relatively

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*...Customers can now log on to our Web site to check parts availability and pricing, place orders, re-print invoices and monitor account balances."*

Alan Gartrell  
Chief Administrative Officer  
IEPG

## With IBM, DMS streamlines inventories, ordering and business processes for auto parts distributors

### On Demand Benefits

#### On demand benefits provided by DMS

- Reduced sales and labor costs for distributors
- 24/7 ordering, catalog viewing and service for customers
- Increased competitive advantage

#### On demand benefits realized by IPEG

- Cost reduction of more than 10 percent to fill orders
- Catalog applications that are always current
- Significant increase in inventory turns
- 50 to 70 percent time savings for order staff
- Higher customer service levels and satisfaction

constant. The result: an increase in the demand for engine parts caused by an expanding number of vehicles on the road and total miles driven. That has fueled the engine parts aftermarket, making it a fiercely competitive marketplace.

Not wanting to be left behind, IEPG's management realized that winning market share was going to mean driving down internal costs, increasing productivity and improving customer service.

Gartrell remembers the computer system IEPG implemented in the 1980s. There was no real-time order entry, inventory tracking or connectivity to the company's warehouses or its customer locations. Timely information was non-existent. "It was a paper-heavy, labor-intensive process that required thumbing through inches-thick catalogs, rummaging around a backroom for inventory, and manually ordering parts that often took several days to receive," he recalled. "Continuing to operate in this manner was ridiculous, so we looked around for a better solution and found DMS."

### A new way of doing business

From the very beginning, DMS' solution kept pace with IEPG's needs.

DMS Systems Corp. is a leading supplier of hardware and software solutions to automotive, heavy duty truck, RV and marine parts distributors. Its base system application, DMS Distribution/Express™, runs on the IBM @server iSeries server and allows distributors to efficiently manage mission-critical operations, such as order entry, accounts receivable, purchasing and receiving, and inventory management, at multiple sales locations.

On top of that, DMS offers add-on applications that, together, provide a fully integrated turn-key supply chain solution. For example, Qwik-Order™ is a Web-based "parts portal" that provides distributors with e-commerce capability. DMS developed this real-time ordering, cataloging and customer service application using IBM WebSphere® Application Server-Express and hosts each customized portal as a value-added subscription service. With Qwik-Order, customers can see and do almost everything that counter sales personnel can.

"DMS' product line has revolutionized the way we conduct business," said Gartrell, citing lower cost of sales, higher inventory turns and increased customer service as key benefits. He also noted the easy-to-use purchase forecasting, inventory balancing and management control functions that have helped IEPG handle its total inventory of more than 400,000 items.

The most recent addition to IEPG's system is DMS' wireless warehouse solution, called Qwik-Scan™. Through the use of Symbol Technology's wireless hand-held RF barcode scanners, IEPG has seen significant improvements in warehouse employee productivity. "We're tracking inventory more accurately, reducing warehouse errors and doing a much better job of getting merchandise both on our shelves and out the door," said Gartrell. "In addition, we've been able to re-deploy at least one person in many of our warehouses, cross-training those individuals to do other jobs."

IEPG runs Distribution/Express and its add-ons on the highly scalable IBM iSeries 720, allowing the company to handle an ever-increasing workload.

### Shifting into high gear with e-commerce

But it was the implementation of e-commerce that really got IEPG into high gear and set the stage for future growth. "Customers can now log on to our Web site to check parts availability and pricing, place orders, re-print invoices and monitor account balances," said Gartrell.

IEPG has also placed its engine kit catalog online, allowing customers even greater access to the products they need. As the number of customers using the catalog grows, so will IEPG's savings. In fact, to encourage usage, the company recently put in place a discount for customers who conduct business over its Web site.

All of this has resulted in a decrease in the number of orders IEPG associates handle by phone and fax. According to Frank Davis, marketing manager for DMS, manual order processing can account for 12 to 18 percent of a transaction's gross margin. With online ordering, that number can drop dramatically to 1 percent or less.

IEPG's experience bears that out. After going from an estimated 6 percent manual processing cost to about 1 percent for an Internet sale, the company is looking to move 20 to 30 percent of its current sales volume through its Qwik-Order portal within a year.

And it's not only the parts distributor that benefits. Davis said the average shop spends at least two hours a day sourcing and ordering parts on the phone. "E-commerce takes that time down to minutes, freeing up customers to focus on more important aspects of their business."

Electronic capabilities have opened up the global market to IEPG, which once served a limited region. "We will continue to serve our core market in the Southeast, but with e-commerce in our business plan, our overall service area will greatly expand," Gartrell predicted.

### Getting mileage from IBM

IEPG's success is one more proof point for Davis. "We're giving our customers the tools to increase revenue and customer satisfaction, while driving down the cost of sales," he said. "And we're doing it with leading-edge technology from IBM. IBM's iSeries servers and WebSphere products are excellent and allow us to build and deploy

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## Key Components

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### IBM

#### Software

- IBM WebSphere® Application Server-Express
- IBM WebSphere Application Server
- IBM DB2® Universal Database
- OS/400® Operating System

#### Hardware

- IBM @server iSeries with POWER5™ microprocessor technology

### DMS

#### Software

- Distribution/Express™
- Qwik-Order™ Internet Customer Ordering
- Qwik-Scan™ Wireless Warehouse Barcoding
- Qwik-Look™ Business Intelligence Dashboard
- Qwik-Cat™ Automotive Electronic Catalog

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## More about DMS

Offering software and hardware solutions since 1986, DMS Systems Corp. is headquartered in Rocky Mount, North Carolina, with four regional support offices in the U.S. that serve its customers.

DMS founder and president, Grady Davis, grew up in the auto parts distribution business and was a pioneer in developing software specifically for this vertical market. Today, the company is rapidly growing its customer support and sales teams to meet the rising demand for supply chain solutions from warehouse distributors across the U.S.

the end-to-end solutions distributors need.”

DMS’ commitment as an IBM Business Partner was also important to IEPG. “We knew about IBM’s reliability and high level of service, and our decision to choose DMS was influenced by its close relationship with IBM,” noted Gartrell.

Recently, DMS was invited by IBM to participate in the ISV Advantage Initiative for Small and Medium Businesses (SMB). The program offers selected ISVs IBM technical and marketing support to speed the development and deployment of solutions in the \$300 billion SMB technology market.

DMS has also opted to participate in IBM PartnerWorld Industry Networks for ISVs – Web-based communities that integrate and organize the PartnerWorld experience by industry. DMS chose the Industry Network for Automotive and will receive industry expertise, technical assistance, networking opportunities, and marketing and sales support from IBM. Other networks available include banking, financial services, retail, health care/life sciences, insurance, telecommunications and government, with more to come.

“Our participation in the IBM PartnerWorld Industry Network for Automotive will significantly increase our exposure to new distributor opportunities, allowing both DMS and IBM to gain market share in this highly competitive market,” said Grady Davis, president of DMS.

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Frank Davis  
Marketing Manager  
DMS Systems Corp.

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#### **For more information**

Please contact your IBM sales representative or IBM Business Partner.

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