

TYPE
CASE STUDY

INDUSTRY
MANUFACTURING

LOCATION
AUSTRALIA

STM BRANDS INCREASES OPERATING MARGIN BY 20% WITH PLEX SUPPLY CHAIN PLANNING

STM Brands, founded in 1998, makes high-quality, award-winning accessories for tablets, laptops, and phones. With a worldwide retail presence and offices in Sydney, San Diego, London, and Kuala Lumpur, the company has a mission to provide the “Stuff that Matters for the doers of the world.”

RESULTS



Increased gross
profit margin by 5%



Improved operating
margin by 20%



Reduced use of costly
air freight by 50%



Decreased overall
freight to sales ratio by
25% year-over-year



With Plex Supply Chain Planning, we have dramatically improved our inventory turns and overall flow of goods. The additional insight helps us ensure we have the right stock, at the right place, at the right time — and importantly, by the most economical means possible.



ETHAN NYHOLM

Every business begins with a problem—or rather a solution to a problem. That’s exactly what Ethan Nyholm did when he founded STM Brands. Nyholm and his co-worker, Adina Jacobs, designed a bag that would not only protect his laptop, but also do it in a chic way. Years later, as business is booming, Nyholm noticed that the company spent a lot on costly air freight to get products to regions where demand was the greatest.

“When we identified our escalating supply chain costs, we knew it was time to find a better way of doing things—that became the catalyst to transform our supply chain planning methods and processes,” said Nyholm.

MOVING AWAY FROM SPREADSHEETS TO THE CLOUD

As the costs for air freight rose, Nyholm dug deeper and realized that the root cause was inadequate supply chain planning. In addition, spreadsheet-based planning didn’t give the business an accurate picture of its demand volatility.

“When we started to look at how much of a percentage of sales we were spending on air freight versus sea freight—it turned out to be 10:1, which was clearly digging into our margins,” Nyholm said.

The company had already selected Oracle NetSuite ERP to manage its business and was looking to fill in the gap between holistic supply and demand planning as well as cross-functional collaboration.

In searching for a supply chain planning solution, one of the key requirements was it had to integrate with NetSuite because as Nyholm put it, **“There was no chance that I was going to transfer data manually.”** The other major requirement was the solution had to be cloud-based because STM Brands had experienced the benefits of accessing information anywhere at any time from any device. **“It was important to go with a true cloud solution as opposed to a hosted solution,”** Nyholm added.



GAINING AN ACCURATE PICTURE OF DEMAND

Nyholm found Plex Supply Chain Planning (SCP) through NetSuite's application ecosystem, SuiteApp. He was struck by the software's visual representation of sales data by product and by location, as well as trends associated with those products.

One of Nyholm's favorite features of Plex SCP has been the demand forecast visualizations. **"Choice of forecasting algorithms on the demand side gives us the flexibility in forecasting, and the visualization of that forecast really allows us to see the**

trends and patterns," Nyholm said. "This was something that we never had before and something that has proven valuable to us. Looking at the past gives us better insight into what may happen in the future."

He also appreciates the ability to take a forecast for one product and apply it to another. **"One of the significant time savers with SCP is the ability to take the forecast or the past demand of one item and copy it to a similar, new product so I don't have to start from scratch."**



The Plex Supply Chain Planning implementation was very smooth. We started using the system to support our decision-making within a few short weeks.



ETHAN NYHOLM

President and Co-Founder,
STM Goods

MAKING DATA-DRIVEN INVENTORY DECISIONS

After seeing the wide range of capabilities, Nyholm decided to use Plex SCP for supply chain planning at STM Brands. Once the company looked at demand shifts, which in most cases are seasonal, another bit of insight came to light.

“SCP allows us to identify potential excess stock in the future and be more proactive in optimizing inventory, as opposed to waiting until it’s too late. Personal electronics is a very fast-moving market segment. If a phone form factor is canceled by its manufacturer like Samsung, Apple, or Microsoft, our product becomes a perishable good. We have to address it right away.”

Nyholm also said that he’s able to make more data driven decisions about his business than he was before Plex SCP. “If we know we are expecting a new deal for 3,000 units in February, we can prepare for it. SCP allows us to ask the

right questions about why, when, and how, which helps us plan around the peaks and valleys, as opposed to us relying on our intuition or gut.”

Making data-driven decisions has resulted in an increase of 20% in operating margin and a 50% increase in sales profits. Freight costs to sales are also down 25% year-over-year.

“We always thought about demand on a regional basis, like what is needed in Australia or in the U.S. With SCP, we’re able to look at the entire business holistically, including the movement of inventory between warehouses,” Nyholm commented.

COLLABORATING FOR A PROFITABLE FUTURE

To be even more competitive, Nyholm wants to build a dashboard that drills down into more specifics on potential areas of risk. He also plans to leverage the integration between NetSuite and Plex SCP to closely track orders and forecasts.



Nyholm also hopes to expand the use of Plex SCP into additional parts of the company, specifically making more use of the sales and operational planning capabilities. Since implementing Plex SCP, there has already been improved collaboration between the sales, purchasing, and production teams.

Previously, when a salesperson wanted to order additional quantities of a product, the purchasing and production

department would question it. Now, the teams can discuss the request against previous sales and projected forecasts to decide whether it's a wise move or not. According to Nyholm, "We are an even better team with SCP."

Nyholm said choosing Plex SCP was an easy decision. **"It's very easy to use, not only when you start to get into the details but also in the way you can configure SCP to match the way your business actually works."**

ABOUT PLEX

Plex, by Rockwell Automation, is a leader in cloud-delivered smart manufacturing solutions, empowering the world's manufacturers to make awesome products. Our platform gives manufacturers the ability to connect, automate, track, and analyze every aspect of their business to drive transformation. The Plex Smart Manufacturing Platform™ includes

solutions for manufacturing execution (MES), ERP, quality, supply chain planning and management, asset performance management, production monitoring, process automation and analytics to connect people, systems, machines and supply chains, enabling them to lead with precision, efficiency and agility. To learn more, visit www.plex.com