



PACIFIC COAST SUPPLY LLC

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	Mill products – building materials
Revenue	US\$450 million
Employees	1,400
Location	North Highlands, California
Web Site	www.paccoast.com
SAP® Solution & Services	SAP® ERP application

Since its founding in 1953, Pacific Coast Building Products Inc. has grown from a small lumberyard into a US\$1-billion company consisting of manufacturing, distribution, and contracting subsidiaries. This study focuses on Pacific Coast Supply LLC, one of Pacific Coast’s largest subsidiaries generating a significant share of its revenue. Pacific Coast Supply provides a full range of products and services, including roofing, wall systems, and customized manufacturing for building contractors and retail customers.

Key Challenges

- Inconsistent processes and pricing across locations
- Inability to analyze root cause of issues
- Lack of visibility into actual cost structure
- Limited market responsiveness in staffing and sourcing
- Reduced scalability for organic growth
- Difficult to train staff on disparate systems and procedures, further restricting growth

Why SAP Was Selected

- Provided foundation for long-term IT strategy
- Supported best-practice business processes in industry
- Reduced need for customization
- Facilitated rapid integration of new acquisitions
- Enabled synergies through shared services
- Enabled growth through automation

Implementation Best Practices

- Business-driven project with end-user participation
- Customization limited to a few interface enhancements
- External expertise leveraged when necessary
- Implementation delivered 3 months early, 7% under budget
- Rapid in-house skill building resulted in low total cost of ownership (TCO)

Low Total Cost of Ownership

- Support for 30% growth without increasing TCO
- Minimal integration requirements
- Most users operational within a day
- Upgrade to the latest release of SAP ERP Central Component in only 7 weeks with internal resources and without business disruption
- Rapid addition of composite applications

Financial and Strategic Benefits

- Significant increase in process consistency
- Minimal training requirements, making it easier to move staff between locations
- Increased efficiency, scalability, reporting accuracy, and responsiveness
- Greater customer satisfaction
- More responsive and more strategic sourcing
- Better positioned for rapid growth and acquisitions

Operational Benefits

Key Performance Indicator	Impact
Efficiency in data reconciliation, management, and reporting	14 FTEs redeployed
Maintenance and repair of rolling stock	\$550,000 savings
Inventory waste and obsolescence	\$200,000 savings
Administrative efficiency in store support and financial accounting	\$650,000 savings
Corporate visibility and responsiveness	Financials ready 4 weeks sooner
Purchasing error rate	-80%
Financial closing effort	-40% (to 3 days)



“With SAP, we are light years ahead in our industry – in terms of systems utilization, business process refinement, and standardization of best practices.”

Curt Gomes, President, Pacific Coast Supply LLC

“We have grown the most during down cycles, and with SAP we are perfectly positioned to quickly expand both organically and through acquisitions.”

Curt Gomes, President, Pacific Coast Supply LLC

Pacific Coast Looks to Replace Legacy Systems to Accelerate Growth

Since 1953, Pacific Coast Supply LLC has grown from a small lumber supply house to a full-service building materials distribution company, offering roofing, dry wall, masonry, and lumber products and services throughout the western United States. A strategic goal formulated during the 1990s was to accelerate growth through the acquisition of niche companies and organic growth into new markets. Pacific Coast realized that fragmented legacy systems were a significant hurdle to achieving this goal. Business functions and processes across operations were not standardized, or even automated, making it costly to scale, train staff, or integrate acquisitions. Without an accurate view into cost structure and pricing across locations, employee performance could not be compared or rewarded effectively. In addition, Pacific Coast was unable to respond quickly to market changes, which further increased costs. It became clear that the company needed to modernize its systems to grow.

Pacific Coast Partners with SAP

To support its growth plans, Pacific Coast partnered with SAP and implemented the SAP® ERP application. With a single platform and a single source of information, the company significantly improved decision making and market responsiveness. Real-time analytics and integrated custom reports significantly improved operational visibility for field managers and corporate staff. This resulted in optimal pricing and better control of labor and procurement costs. Pacific Coast was able to integrate its engineering applications and to tailor specific user interfaces to improve efficiencies. The platform supported the company’s growth by acquisitions, simplifying and speeding up the integration of disparate organizations into a cohesive operation. Significant back-office efficiencies enabled cost-cutting activities and prepared the company to scale its

operations in time for the expected recovery of the building products industry.

Efficient Implementation Leads to Long-Term Benefits

Pacific Coast management was solidly behind the implementation. The roll out of the SAP ERP application was a business-driven project with end-user participation. A critical success factor was the configuration of three tailored user interface screens, reducing the required level of training for all employees. These composite applications were implemented rapidly requiring minimal resources. The entire enterprise resource planning (ERP) implementation was completed three months ahead of schedule and 7% under budget. Pacific Coast rapidly built in-house SAP skills through training programs for both IT staff and business users, enabling continued low-cost support of the application.

By creating a cohesive ERP environment, Pacific Coast is ready to grow. Best-practice business processes are in place and functioning well. Standardized enterprise-wide reporting has improved the accuracy of financial analyses significantly. Distribution runs more smoothly, and customers can inquire about inventory availability in real time. For Pacific Coast staff, online availability of price history and visibility into sales orders help drive better pricing decisions. Customer feedback is picked up instantly and translated into responsive action.

Going forward, the company plans to expand its partnership with SAP. Management is excited about the opportunity to build new services and composite applications on the SAP NetWeaver® platform, further increasing user efficiencies and utilization rates. Most importantly, Pacific Coast is able to integrate acquisitions more rapidly and benefit from the resulting organizational and strategic synergies.