



MIAG Profits by Linking CRM to Supply Chain Finance

Sugar® the Key to Managing Suppliers and Bank Partners across 18 Countries

Company Profile

Headquarters

Baar, Switzerland

Founded

1974

Company Description

MIAG provides working capital management solutions to customers within and outside of METRO AG a diversified, global retail and wholesale group based in Düsseldorf, Germany. Measured by revenue, Metro AG is the fourth largest retailer in the world.

Website

www.miang.com

Solution

Sugar Enterprise™

Solution Partner

Aoba Hopkins

MIAG is a wholly owned subsidiary of METRO AG, a diversified, global retail and wholesale group based in Düsseldorf, Germany. Measured by revenue, Metro AG is the fourth largest retailer in the world. MIAG provides supply chain financing solutions to METRO AG suppliers. After deploying Sugar in November 2010, MIAG and its partner Aoba customized Sugar and have improved several areas of MIAG's operations including email marketing, pricing approval, customer issues resolution, and bank partner collaboration.

Business Challenges

MIAG processes more than 45 billion euros worth of annual supplier payments for its group sales lines and parent company, the European conglomerate METRO AG. MIAG also extends METRO AG's credit rating to suppliers through a service called supply chain financing.

Supply chain financing enables the group's suppliers to borrow money from METRO partner banks at favorable terms. So, as banks tighten their lending requirements in response to financial uncertainty and tighter regulation, supply chain financing via MIAG keeps the wheels of commerce oiled for METRO AG. "MIAG facilitates access to credit," explains Jimmy Wong, Division Manager/Strategic Marketing for MIAG. "We leverage our payments expertise and our bank relationships to extend our credit rating to our suppliers and reduce our supply chain risk."

MIAG provides supply chain financing solutions to METRO suppliers with a team that covers 18 countries. "Before MIAG had a CRM system," continues Wong, "each salesperson kept his own Excel spreadsheet to keep track of which suppliers had accepted contracts and to perform revenue projections based on this Excel data."

But economic uncertainty made MIAG's sales process more complex. "As supplier margins decreased, it became more important to address our supplier's clear financing needs," notes Wong. MIAG needed its sales reps to gather more information about interactions with its suppliers. "We needed to know how many suppliers we were meeting and monitor the kinds of messages that worked best to promote sales," says Wong. "That's not a job for Excel, especially when you want a report that summarizes your sales efforts across 18 countries. For that, you need CRM."

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Jimmy Wong, Division Manager/Strategic Marketing, MIAG



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In addition, supply chain financing is a dual sales process—bank to supplier and MIAG to supplier—with two price components and lots of paperwork. “We need to constantly monitor three parties: banks, suppliers, and our sales people,” notes Wong. “There could be bottlenecks anywhere and this is happening simultaneously in 18 countries.”

The Solution: Sugar Enterprise

MIAG first considered Salesforce.com for its CRM provider. But a favorable mention of SugarCRM in a Wall Street Journal article led Wong to investigate further. “Onsite hosting was a big factor in our decision,” recalls Wong. “There is a major focus on corporate governance and data privacy among companies in Germany. Hosting our CRM system onsite would address those concerns at METRO AG.”

During the evaluation phase Wong worked with Aoba, a Sugar solution partner. Aoba was realistic in its assessment of MIAG’s requirements. “Aoba didn’t over promise, which was refreshing,” Wong says. “And they were very accommodating in terms of meeting corporate requirements. We were also drawn to Sugar’s flexibility, which would allow us to build custom functionality.”

Although the flexibility to integrate Sugar with other systems was a selling point, MIAG elected to initially forego integrations to simplify its deployment. MIAG went live with its Sugar solution in November 2010, only six months after signing its contract with Aoba. “We wanted a quick set up,” Wong says. “Knowing that we had a flexible platform, we decided to let user demand trigger our coming integration efforts.”

Business Benefits

Once MIAG’s team became familiar with its basic Sugar implementation, MIAG worked with Aoba to customize the solution. These customizations have resulted in a more focused sales process and improved issue resolution for client services. And, MIAG’s email marketing, lead follow-up, and opportunity management are more disciplined, streamlined, and effective.

MIAG has a base of 1,500 to 2,000 suppliers per country, with basic contact information already available. When MIAG sets up a financing sales program, it tiers pricing based on the demand for financing among a country’s suppliers. Prior to deploying Sugar, the company didn’t segment its suppliers and sales efforts were not tailored to those tiers. “Our sales guys were more or less just rolling into the market and knocking on doors,” says Wong. Now with Sugar, MIAG’s sales team creates tier-specific email campaigns that explain the pricing options. These campaigns drive qualified leads to seminars and allow for follow up via phone or scheduling one-on-one meetings.

The Sugar pricing approval system ensures the sales team always has access to accurate prices, which in turn protects the company’s operating margins. The system automatically approves deals that meet established guidelines. Pricing that falls below guidelines triggers an email to an approver. Sugar has also improved management of MIAG’s partner bank activity. Once a supplier is engaged, any change to sales status generates an automatic update to the partner bank.

There’s no doubt in Wong’s mind that Sugar has improved tracking, visibility, and follow up across MIAG’s sales activities. And steps are already being taken to deepen Sugar’s involvement in the business, including the controller’s office, human resources, and MIAG’s partner banks. “We’re just finishing the legal documentation that will allow us to exchange information with our partner banks through the CRM system,” concludes Wong. “I don’t want to get too ambitious and ahead of the curve, but I could see our 18 sales lines potentially wanting to integrate with Sugar as well.”

About MIAG

MIAG provides working capital management solutions to customers within and outside of METRO AG. It is our aim to reduce the trade risks of suppliers to METRO AG, while facilitating the growth of their business and their trade with METRO AG. Our business strategy is consistently customer-centric, ensuring that our partners can realize the full benefits of our services.

About Aoba-Hopkins Information Management Ltd.

Aoba is a professional services firm that provides process improvement services while leveraging information technology tools. It provides implementation services for SugarCRM in Hong Kong and China. Our service capability allows us to tailor a CRM system through configuration, external integration, add-on modules, or customization to fit business needs.

