



Microsoft Retail Management System Customer Solution Case Study



Specialty Bicycle Retailer Chops Inventory, Lands Big Deals, Saves 10X Cost of System

Overview

Country or Region: United States

Industry: Retail

Customer Profile

Choppers U.S. in Upland, California, manufactures, finishes, assembles, and sells kits for bicycles that mimic chopper motorcycles. Sales average U.S.\$237, and most come from its Web site or by phone.

Business Situation

Owner Alan Discount had seen automation poorly done in large companies. He knew he'd integrate all his departments, plus Web site management, into one consistent interface—leaving no data isolated.

Solution

Microsoft® Retail Management System and NitroSell Commerce interoperate to track Web sales, order parts, and revamp Web site words and photos. Owner edits and publishes new product data in seconds.

Benefits

- Monthly sales up 500 percent
- 7 to 8 percent of Web visitors buy goods
- Inventory at \$400,000, not \$1,000,000
- Systems more efficient than two clerks and a Webmaster
- Standard reports plus integration to QuickBooks save 33 percent CPA costs

“Our hugest benefit was that Microsoft Retail Management System and NitroSell freed me up from retail chores so I could find, work on, and close our sales contract with a very large retail chain.”

Alan Discount, Owner, Choppers U.S.

Alan and Patti Discount started Choppers U.S. in early 2005 to manufacture parts and kits that affluent teens and X-Gens would use to build fashion bicycles that look like chopper motorcycles. Managing some 500 parts seemed easy until it became clear that they could be combined into seemingly endless permutations. Alan's experience reminded him that automation is no cure-all. He'd seen one eCommerce site cost nearly \$500,000, and then not share its information with other systems. A combined installation of Microsoft® Retail Management System and NitroSell products and services gives Choppers control over all their inventory permutations, helps predict what parts to order, reduces staff, and cuts bookkeeping costs. Choppers' eCommerce site was published rapidly and without false steps. Today, that site brings in most of the company's revenue and shares sales and customer data with Microsoft Retail Management System and projected future systems.



“Bicycle retailers often don’t realize that their store is *comparatively* broken. It makes them pedal way too hard for too many hours to do a nominal business. Microsoft Retail Management System fixes that.”

Alan Discount, Owner, Choppers U.S.

A few of the 500 SKUs that Microsoft Retail Management System helps staff gather and ship in thousands of product permutations.



Situation

Choppers U.S. in Upland, California, sells “chopperesque” specialty bicycles, kits, and parts that resemble the famous motorcycles that movies have brought into millions of homes. Owner Alan Discount foresaw this market and opened the doors to a 3,000 square-foot building in February 2005. Most of Choppers’ 500 SKUs of parts are proprietary or made in-house. Combinations and permutations of these parts can number into the thousands, so no two bikes need be exactly alike. One specialized front fork assembly has 50 sub-parts, so orders for complete kits can exceed 100 items.

Sales and Operations

Nearly all revenue comes from Web or phone sales to 300 dealers and several thousand retail customers; very little is from traditional walk-in sales. Many customers live in affluent and beach areas where stylish bikes start conversations. Thirty percent of sales come from Europe, and Asian sales are rising. Women and girls buy a rising percentage, but most buyers are males aged 12 to 20. Alan recently signed a contract to supply a special series of bikes to one of the United States’ largest retail chains.

Because many orders request only parts, not whole kits, the average sale is approximately U.S.\$237, still remarkably high for an unassisted online transaction. Monthly sales in 2006 are 500 percent higher than in 2005 and gross margins top 60 percent. Alan and his wife, Patti, are Choppers’ only fulltime employees, but independent sales representatives help boost income.

The Planning Stage

Alan applied his background in high-tech, dot-com management to planning the business long before its doors opened. “I had worked in companies with spotty automation. I’d seen companies delay automation then kick themselves when they saw that retro-automation costs and hurts twice as much. One company put \$200,000 into a Web site, another \$200,000 into its interface. Then it crashed unpredictably, and training took months because it was so illogically designed. Employees and customers were irate. Learning and ancillary costs were four times the software cost.

“I saw late automation, no automation, and automation that couldn’t integrate different islands and departments of information. I vowed I’d do it right, so I put hardware and software into my initial business plan and budget. You can spend relatively little on automation and pay yourself back many times in saved labor and time.”

Solution

“When I heard how Microsoft® Retail Management System and NitroSell Commerce interoperate to help manage in-store and Web sales,” Alan says, “I stopped looking. We looked at other contenders but didn’t find one other all-encompassing, integrated retail/ Web solution for the price.”

Alan met Jim Morrison, Sales Manager of Netsys Incorporated in Fayetteville, Arkansas, while searching eBay for point-of-sale (POS) hardware. Netsys sells several retail systems, so Morrison listened carefully to Alan’s concerns, his plans for Web sales, and tight budget demands. Morrison knew Microsoft Retail Management System Store Operations would manage inventory, purchasing, customer histories, cash flow, and reporting in the store. He also introduced Alan to NitroSell Commerce, a Web-enabling product and service package that enhances and

integrates with Microsoft Retail Management System for highly efficient Web sales. "Their seamless integration was a heavy persuader," says Alan. "I'd seen other companies sink tons of unbudgeted money into ongoing software upgrades. But I knew Microsoft would always improve its own software, so I wouldn't have to."

Easy to Install and Use

"The demo CD of Microsoft Retail Management System showed me it would be easy to figure out and get started," Alan adds, "so I was very comfortable buying from Jim long-distance. We sent the POS terminal to Netsys for software installation and tailoring, then had everything set up an hour after getting it back. We got a complete one-lane wireless setup with receipt and label printers, dual flat-panel displays, barcode scanners, multiple machines, and an HP point of sale terminal for under \$10,000. Bank of America merchant services works smoothly with Microsoft Retail Management System, and they got us running very fast."

Morrison adds, "We're confident in offering Microsoft Retail Management System and NitroSell to faraway customers because both companies have excellent tech support if we're not available. The products are so flexible that we know they'll adapt to a wide variety of retail environments."

Morrison flew to California to train Patti and Alan. "I highly recommend that expenditure," Alan asserts. "Since then, I don't think I've opened up the manual five times, and I've never

needed the Help screens. Both systems are so logical and intuitive that they speed your learning curve. In a day, you can learn to process sales, check in stock, set up new customers and vendors, and update inventory on the Web. Additionally, the customer service we have received from Netsys and NitroSell has been outstanding!"

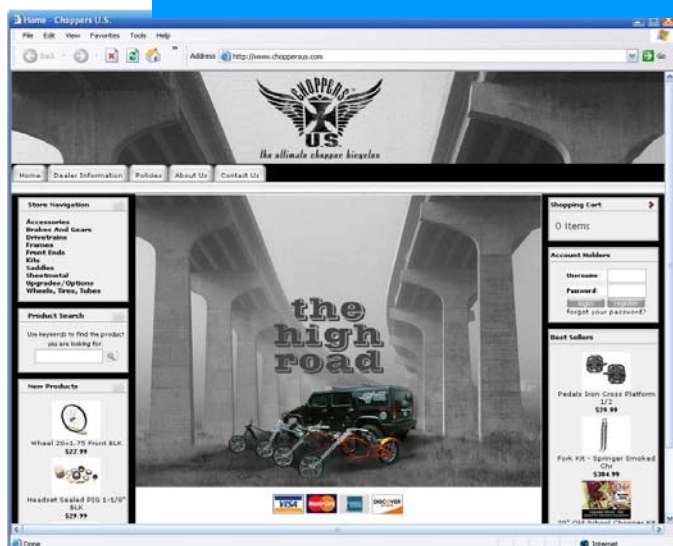
Like One Program

"NitroSell and Microsoft Retail Management System are so well married that we don't even think of them separately," says Alan. "We liked NitroSell's ready-made templates, but wanted our WebStore to be branded with our logo and style. We customized a NitroSell template with own graphics and a CSS stylesheet. We were surprised how far we could stretch its capabilities."

Integration is so smooth that thousands of items in the Store Operations database can initially be put online in a few hours. Retail's constant changes in prices, photographs, and product descriptions are done in Retail

NitroSell Commerce products and services empower fast publication, instant updates, and fast, reliable servers for WebStores.

Choppers' NitroSell Commerce WebStore turns 7 percent of visitors into customers whose purchases average \$237. Shoppers can drill down three levels to find exact products.



“Without this system, I’d need two clerks at \$30,000 to \$35,000 a year to process orders, generate pick lists, track inventory, cut POs [purchase orders], and create accounting reports.”

Alan Discount, Owner, Choppers U.S.

Management System, then exported to the store’s Web site with a click. To ensure end-to-end compatibility and single-vendor responsibility, NitroSell hosts the Choppers WebStore on one of NitroSell’s secure Web farms, engineered to provide highly secure performance and zero down-time. These sites’ multi-homed Internet connectivity, enterprise-class security and hardware, and database and application clustering combine to maximize these benefits and deliver 365x7x24 availability and speed.

NitroSell’s Business Development Director, Tom Keane, added “It was a real pleasure Web-enabling Choppers. Alan really gets today’s need for multi-channel retailing, so he instantly saw the benefits of NitroSell Commerce WebStore working like a part of Microsoft Retail Management System.

Benefits

“Our hugest benefit was that Microsoft Retail Management System and NitroSell freed me up from retail chores so I could find, work on, and close a sales contract with a very large retail chain,” says Alan. “I can spend time on Web advertising, adwords, metatags, and hitting Internet message boards.”

“Our marketing site converts a very high percentage of Web visitors to buyers—far above what I saw in previous companies, which was 3 percent if we had a great month. Here, we get 7 to 8 percent, partly because we don’t disappoint visitors. Microsoft Retail Management System tracks our stock-outs, and we’ve configured our NitroSell WebStore to ask customers who

want such products to phone us. That puts customers in touch. We get their contact data and can put them on a waiting list or offer a substitute item. Web retailers, in particular, need a high CSI—customer satisfaction index—and we have it. That’s the single issue I really need to keep happy: the customer relationship.”

“The worst thing a retailer can do is to attract customers to a Web site, then disappoint them. That doesn’t happen here because the system tells us when to reorder what. Since we can calculate our lead-time from vendors, we have a 99.5 percent fill rate and nearly all orders go out perfectly the same day they’re received. Even though we have complex orders with hundreds of items, having a pick list in your hand helps us get it right.” A pick list is a list of items needed to fill an order.

“When previous customers call in,” Alan says, “Microsoft Retail Management System instantly tells us whether it’s a dealer or a retail customer, so pricing is automatically correct for everyone.”

Search engine optimization was high on Alan’s requirements list when he went hunting for a WebStore Solution and he was delighted how well NitroSell understood the importance of Web customers’ being able to find his WebStore. NitroSell goes to great lengths to ensure that all product information is Google, Yahoo, and MSN search friendly. Dynamic database-driven Websites have problems in this area. But NitroSell’s special techniques ensure that all product pages and data are registered with, and easily indexed by, the major search engines. Alan signed up for NitroSell’s low-cost Froogle integration feature, which uploads all product data and pictures to Google every three hours.

Keeping Money, Saving Time

“As a small business owner who watches every dollar,” Alan says, “I see dozens of ways

These “chopperesque” frames are tightly tracked and ordered in Microsoft Retail Management System to keep inventory 60 percent below untracked levels.



“Microsoft Retail Management System will save owners 75 percent of their time—even more if they run a WebStore. They can just ‘bolt on’ NitroSell Commerce.”

Alan Discount, Owner, Choppers U.S.

This fast-selling classic chopper bike will soon attract eyes and comments on a beach road or suburban side street.



this solution proactively helps us conserve cash. It's paid me back ten times its cost. "Currently, we have \$400,000 in inventory. Without the tight records and visibility in this system, that could be a million dollars. I can look at our inventory list and know what sub-parts make up the assemblies I see. This lets us pull sub-parts to build an assembly item that we originally thought was out of stock."

"Without this system, I'd need two clerks at \$30,000 to \$35,000 a year to process orders, generate pick lists, track inventory, cut POs [purchase orders], and create accounting reports. Microsoft Retail Management System takes the manual labor out of knowing what you have so you can order the right things. It keeps records of prices you paid previously, so you can compare. It's also very fast at cutting POs.

"The inventory system is fabulous. Even though a customer selects three products, that means we might find and ship 40 items.

This automatically generates a pick list that specifies every part we need to fill the order."

Choppers speeds service and cuts shrinkage by bar-coding all parts in a logical numbering system. The SKU number tells staff what the part is, and even customers know its patterns.

Alan says his CPA "loves the reports it turns out. I download our sales and receipts into QuickBooks. The finished reports it generates save me a third of my accounting costs."

NitroSell's Speed and Ease

"NitroSell thought of everything. It's very easy to build a site and change it as business evolves. NitroSell's

Content Management System lets me add new tabs and pages specific to us. It makes the site easy to navigate and order from. It avoids upsets by not selling out-of-stock items. It encourages phone communication from customers. Then it dumps all your Web orders into Retail Management System so you see sales totals and the inventory consequences of your day's sales."

"The NitroSell user interface is so easy and tightly integrated that when we create new items in Microsoft Retail Management System, they're on our WebStore within an hour of opening the box. Then I go to the message boards; advertise new arrivals, and new Web money starts flowing in."

Experience Is the Best Teacher

"I learned by my own and others' pain," Alan points out. "Retailers should select a system proved in situations similar to their own."

"Too many bike stores are slow to change," he says. "Our industry always introduces improvements in accessories, machinery, and materials, and we all sell these to our customers. Yet, for ourselves, we often have an 'if it ain't broke, don't fix it' attitude. Bicycle retailers often don't realize that their store is *comparatively* broken. It makes them pedal way too hard for too many hours to do a nominal business. Microsoft Retail Management System fixes that.

"If you've disciplined yourself to the demands of running a store, you can learn automation. Microsoft Retail Management System will save owners 75 percent of their time—even more if they run a WebStore. They can just 'bolt on' NitroSell Commerce. Count up the cost of the hours you put in, and what you pay staff. Yes, there is a time investment up front, but you get paid back fast and handsomely."

For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to: www.microsoft.com

For more information about Netsys Inc. products and services, call (479) 283-1709 or visit the Web site at: www.netsysincorporated.com

For more information about NitroSell, Ltd. products and services, call 011+ 353 (21) 453 6124 or visit the Web site at: www.nitrosell.com

For more information about Choppers U.S. products and services, call (909) 946-5888 or visit the Web site at: www.choppersus.com

Microsoft Business Solutions Retail Management System

Microsoft Business Solutions Retail Management System offers a complete store automation solution for small and medium-sized retailers, streamlining point-of-sale (POS), customer service, and store inventory management, and providing real-time access to key business metrics. Microsoft Retail Management System is a comprehensive solution for single-store and multi-store retailers that empowers independent proprietors, store managers, and cashiers through affordable and easy-to-use automation. Microsoft Retail Management System has the flexibility and scalability to grow with a retailer's business. It works with the Microsoft Office System, Microsoft Windows® Small Business Server, and leading financial applications to provide end-to-end support from the cash register to the back office.

For more information about Microsoft Retail Management System, go to: www.microsoft.com/businesssolutions/retailmanagementsystem

Software and Services

- Microsoft Windows XP Professional
- Microsoft Office System
- Microsoft Retail Management System

Services

- Bank of America merchant services

Third-Party Software

- NitroSell Commerce Web Services

Hardware

- Sony Vaio PCV-A11L server
- Hewlett-Packard rp5000DT point-of-sale terminal
- Metrologic MS8520 Voyager scanner
- Epson TM-T88III thermal receipt printer
- Cognitive Solutions barcode label printer
- Cherry 7000 compact POS keyboard with magnetic stripe reader
- MMF cash drawer

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