

# Times & Trends

OBSERVATIONS ON OUR INDUSTRY

## THE NEXT FRONTIER

If electrical distributors established a direct link to the business systems of electrical contractors, they could help them boost their profits.

■ Electrical distributors continue to refine the electronic business network linking them with electrical manufacturers and independent manufacturers' reps. The cost savings available through e-business tools such as the Industry Data Warehouse (IDW) and the IDX2 value-added network (VAN) developed by the Industry Data Exchange Association (IDEA), Arlington, Va., have helped the electrical market become more efficient.



But this electronic network should be extended to electrical contractors and other end users. Most distributors' customers rekey the invoices they get by fax or snail mail into their own business software

packages. It's an enormously time-consuming task that takes back-office personnel thousands if not millions of keystrokes. Manual keyboarding introduces untold numbers of data errors into the accounting systems of customers and costs them time correcting mistakes, cripples their productivity and reduces their profits. Relatively few electrical contractors now ask distributors for the ability to download their invoices and other business data in a format that would be directly importable into their business systems.

That's unfortunate, because this direct link from the business systems of distributors (and up the supply chain to reps and manufacturers) to electrical contractors could have mammoth implications: more accurate data, savings in operating costs and profit improvement. It's a huge deal, and the first person, company or organization that develops a dependable, affordable 24/7 online system that can provide direct, real-time data downloads for the contractor-distributor connection may have a "first-mover advantage" that could be tough for a competitor to overcome.

In "The Paper Trail Continues" (page 48), Allen

**By Jim Lucy, Chief Editor**

Ray, president, Allen Ray Associates, Arlington, Texas, and David Gordon, principal, Channel Marketing Group, Raleigh, N.C., report on what they discovered about the need for this electronic link in a recent survey of electrical distributors. Relatively few distributors now offer this electronic connectivity to their customers. Although many respondents recognized the inefficiencies of the current paper-based transaction process, because their customers weren't demanding an electronic alternative, they haven't hurried to make an investment in one.

There has been at least one industry effort to make this connection. With visions of a digital electrical marketplace, in 2001 TradePower Inc., Linthicum, Md., crafted a system that linked distributors using its Trade Services Systems business software to contractors using estimating software produced by its Estimation division. Traser pricing and product database published by Trade Service Corp., San Diego, Calif., was the common language. That effort ultimately failed because it was a bit before its time, but it was the earliest effort to make this connection.

Then as now, the biggest challenge seems to be that the business software developed for distributors and contractors reside in three separate silos that don't really talk to each other very much: contractors' estimating software packages; contractors' business accounting software; and distributors' business software. One of the reasons these software packages don't communicate very often is because they don't all speak the same universal product language.

Perhaps end-user software companies will one day provide this critical link by signing on with IDEA and adopting the product-data descriptions and other e-business communications standards it engineered for IDEA and IDX2. Maybe a new player will rock the electrical market with a revolutionary e-business technology that creates new digital ties to bind electrical contractors more closely to electrical distributors and other players upstream in the supply chain. It will be an interesting show to watch. □

### CORRECTION

In the article "Standby to Lift Off," (*Electrical Wholesaling*, October, 2006, page 50), Charlie Habic, vice president of Gillette Manufacturing, Elkhart, Ind., was incorrectly identified as the vice president of Detroit Diesel Corp., (a subsidiary of Gillette Manufacturing). *Electrical Wholesaling* apologizes for the error and regrets any confusion it may have caused.