



Utility Safeguard

www.utilitysafeguard.com



At A Glance:

- **Company:** Utility Safeguard
- **Location:** Southampton, PA
- **Industry:** Wholesale-Distribution / Electronic Commerce / Retail
- **Challenges:**
 - Create a Web site that can handle thousands of rapidly changing product pages without eating into profit margins
- **Other software considered:** QuickBooks, Yahoo! Store
- **Results with NetSuite:**
 - Saving up to \$100,000 on Web store transaction fees, plus another \$100,000 in maintenance costs
 - Saving \$70,000 a year in IT costs
 - NetSuite-FedEx integration increasing productivity by 50 percent



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The Results:

A cost-effective Web site wasn't simply a luxury for Utility Safeguard; it was a necessity. With NetSuite, it is also a reality. Utility Safeguard saves between \$50,000 and \$100,000 a year just in transaction fees on its Web-based sales — fees it would have had to pay if it had opted to run its site through Yahoo! Store or eBay. By enabling easy site modifications and updates, Utility Safeguard saves another \$100,000 in site maintenance costs. Add to that another \$70,000 a year in IT costs eliminated by NetSuite, not to mention a 50 percent increase in productivity by having NetSuite integrated with FedEx Shipping.

"The best part about NetSuite is its ASP model," says Jim Graham, CEO of Utility Safeguard. "I can run my whole business on \$300 Dell PCs. I don't need an IT department, and I don't need someone to manage my IT."

Integrated sales and payment capabilities have not just saved time, but also risk. "Not once have I had any kind of fraud with credit cards," says Graham. "NetSuite doesn't let a customer checkout without pre-authorizing their card." NetSuite's scalability has proven another key benefit: "We're doing about \$1.5 million in annual sales, but I expect to double that this year without adding any back-office staff," says Graham. "That wouldn't be possible without NetSuite and FedEx."

The Challenges:

Selling products like marking paint, barricade tape, and warning flags, Utility Safeguard lets its customers — mainly companies in the construction and utility fields — improve their margin of safety. But in building its Web store, Utility Safeguard couldn't sacrifice its own margin of profits. Given the nature of the safety products business, that was going to be a challenge. "We're selling commodities at really low margins," says Graham. A Web site would not only have to be an efficient sales channel - but one that was cost effective, too.

At the outset, a cost-effective Web site seemed out of the question. Graham looked at Yahoo! Store, but it charged a transaction fee that threatened to wipe out Utility Safeguard's profits. "It would have cost us \$50,000 to \$100,000 per year in commissions," Graham says. "It would have killed us."

 Find out more: contact NetSuite, Inc. at 1 877 NETSUITE or visit www.netsuite.com



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When Graham discovered NetSuite in December 2001, he also discovered his solution. "Right away, I thought, this was going to solve all of our problems," recalls Graham. Not only would he save transaction fees — and save his margins - but he would be getting integrated accounting features, as well, something Utility Safeguard also needed, having previously considered QuickBooks. "The number-one thing we wanted was a Web store, but with NetSuite, it's like we're getting the back office piece for free," says Graham.

The Solution:

Since it launched, Utility Safeguard's NetSuite-powered site, together with FedEx, has proven cost-effective in a variety of crucial ways. Product additions and updates are fast and simple — vital for a business with over 6,000 Web pages and close to 4,000 SKUs. "We can add many different items to our site every night without much effort," says Graham.

By having Utility Safeguard's Web store include back-end accounting and order processing — integrated with FedEx Shipping — NetSuite has also simplified drop shipments, which account for roughly 50 percent of Utility Safeguard's sales (the company is a distributor for manufacturers including Sherwin-Williams and Energizer). "I can have multiple suppliers on a single order," says Graham. "The order comes in through the site, I'll see it on NetSuite and click the approve button, never having to rekey the name and address. If there are drop ships from five different suppliers, NetSuite will automatically break up the order and send out five different purchase orders to my suppliers, and each of those will include the specific FedEx tracking. It's great — NetSuite together with FedEx is saving us a ton of time."

Mixed orders — those consisting of both drop ship items and items from Utility Safeguard's own inventory — are also handled with ease. "NetSuite will tell me which parts of the order we need to fulfill ourselves and which parts get drop shipped," says Graham. "The billing and payment process is exactly the same no matter if the items come from our warehouse or a supplier's warehouse. So for the customer — and for us — it's all seamless."

Utility Safeguard has also been using sales data to create marketing campaigns. This, too, has to be done in a way that drives orders without eating into profits. "NetSuite has allowed us to target campaigns based on the specific criteria," says Graham. "For example, we can send a five-percent-off coupon to everyone except our big customers, who have already negotiated deals where another five percent savings will hurt us." By providing this kind of flexibility, NetSuite lets Utility Safeguard worry less about its own safety, and more on its customers'.

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