

IFS empowers 3,000 Derome AB staff across 145 sites to increase operational visibility and improve customer service



Following a major IFS ERP system go-live in 2020, timber industry leader Derome has successfully united 145 sites across Sweden, Norway and the UK with access to a single customer database and company-wide BI reporting.

With a declared business mission of ‘from forest to finished house,’ Derome is Sweden’s largest family-owned wood industry. The Derome group’s wide-ranging business portfolio is served by 22 production facilities across Sweden, Norway and in Germany. Operations include four sawmills providing timber processing and treatment; production facilities for trusses, biofuel pellets, packaging and prefabricated building components; a 50-branch merchant network for the construction trade; bespoke sustainable timber home design and construction; and management and rental of 1,600 dwellings and premises by its property division, Derome Fastighet AB.

Rapid growth

In 2019 the company chose IFS as its new business platform. Explains Andreas Foda, Head of IT for Derome AB, “Over the last five years, which includes the period when we started rolling out IFS in 2020, the group has grown from 1300 to over 3000 employees. Our main objective with the solution is increasing efficiency by tying together internal processes including finance, sales, manufacturing, logistics, and customer services.”

Replacing legacy platforms

Historically, the group’s timber department used timber sector functionality with IBS Enterprise 6 on an old AS400 system. Similarly, the merchant network was reliant on an ageing trade retail system. “With limited consultancy available for the sector, we realized we couldn’t develop what we needed on either of our legacy platforms,” says Foda.

Foda’s team evaluated eight systems and ultimately chose IFS. “Whilst the technical stacks were comparable in our final shortlist, it was clear to us that IFS was the most customer-centered as a company: they were keen to listen to our business needs and configure their solution for us,” he says.

About Derome

Established in 1946, Derome’s diverse business activities center around wood products, houses, construction elements, construction trade retailing, environment friendly bioenergy and property management.

The Derome Group has 3000 employees with 2022 revenues of around 12 billion SEK.

Derome

Providing sector-specific capabilities for handling forestry packages throughout the Supply Chain process, the IFS solution for Derome also includes Embedded EDI support, planning and execution capabilities within manufacturing, support for the retail process, including store management, and project management planning & execution.

Having set up the HR system for all users in IFS first, the company rolled out the full solution to its sawmill and construction store operations, with users rapidly approaching 2,200 over 7-8 months. Derome's wood divisions have been live with IFS for almost two years, with the company's network of 50 timber and hardware stores. The industrial trade stores will follow in 2023.

Single customer view

One of the biggest benefits Derome has seen since introducing IFS derives from having all the company's customer records within the same system. Explains Foda, "For the first time we're able to understand multi-layered customer relationships. For example, a customer who has perhaps completed a major forest sale with us in the past may walk in to one of our construction stores to make a purchase. Now, with a 360-degree view of customer data, we can identify individuals at the point-of-purchase and manage their account and invoicing experience with us accordingly."

Increased visibility

Demand forecasting and planning is now far more accurate. "40% of Derome's sawmill production is sold in our own hardware stores," says Foda. "Now with a unified database we can understand sales cycles and plan production and stockholding company-wide. Previously we would have to analyze this manually."

The data in IFS has also enabled the development of a web shop for customers. "They can log in to place, amend and trace orders and accurately check local stock levels in store in real-time. They can also contact our customer service agents," says Foda.

Thanks to the Aurena interface, staff are also able to access IFS functionality on mobile phones and tablets. "Employees can now use their smartphone to manage their timekeeping, and also to approve invoices," says Foda.

Part of the project implementing IFS has included standardizing both purchasing and invoicing company-wide. "The introduction of fully cross-functional processes is almost complete," says Foda. "The company has also fully embraced the use of Lobbies, with an external supplier developing some 200 dashboards," he says.

Benefits seen using IFS

- Consistent company-wide view of every customer
- Unified database and architecture across multiple operations and sites
- Accurate, automated demand planning and forecasting
- Simplified internal financial reporting
- Mobile-enabled access for staff
- Harmonized master data management process



Further digitization planned

The company is committed to further digitization and has recently launched an app for customers allowing them to see and track the status and location of orders that are out for delivery. “Geofencing allows us to display a map showing a lorry location in real time with an expected time for arrival, says Foda. “Almost all our construction customers are planning on just-in-time delivery for materials. We can ensure they have sufficient notice to prepare at their site for unloading.”

Looking ahead, Foda sees exciting opportunities through the ability to share data available within IFS with customers. “For example, if a construction company is ahead of schedule, they could see from the system what goods they already have on order and request a partial delivery of materials sooner. As a construction materials supplier, the data and information available within IFS can give us a competitive advantage in scheduling and logistics.”

Derome is currently running the latest on-premise version of IFS, and Foda is now considering moving to IFS Cloud during the next 2-3 years. “We have introduced a number of customizations, so are now reviewing our processes and integrations to get us to the point that we will be cloud-ready,” he says.

Implementation advice

The implementation project was delivered by IFS alongside Addovation as the principal partner. “It was one of the biggest ERP systems launching in Sweden that year, comprising several facets including the integration platform, the PIM platform, MDM platform, BI platform and new website and web shop too,” says Foda. “Given the scale and complexity, the fact that it was delivered pretty much on time and on budget within two years is testament to the whole team.”

What advice would Foda offer other companies planning to implement IFS? “To build the best internal team, we interviewed and selected those who were most enthusiastic to join working solely on the program. Successful candidates then recruited another colleague to work at least 50% of their time on the project.

“It’s far better to overestimate the internal project resource at the outset, because finding extra resource halfway through is almost impossible. Also make sure every team member knows they have a secure role within the company when the project is complete,” he advises.

The Moment of Service™

Despite the company’s success since implementing IFS, Foda believes the best is yet to come. “IFS means we can innovate quickly to deliver valuable customer-centric functions. Our mindset is focused around understanding what further data our customers will find helpful and delivering functionality that adds value for their own business. In a commoditized sector, it sets us apart.”



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Andreas Foda, Head of IT, Derome AB

Find out more

Further information, e-mail info@ifs.com, contact your local IFS office or visit our web site, ifs.com

