



## SAXON

## Peter Sachs Industries Pty Ltd

### Company background

Peter Sachs Industries (known as Saxon) is a wholly Australian owned and operated manufacturer of innovative and affordable building and plumbing products. Since the early 1950's, Saxon has specialised in the manufacture and marketing of electric water heaters, expanding into marine and solar water heater markets in the 1990s. The electric and solar products are marketed nationally and renown throughout the industry for their durability and environmentally friendly characteristics. Many boat builders, such as Riveria, use the marine product on their range of luxury cruising powerboats.

Established in Brisbane in 1897, Saxon originally manufactured gold panning dishes and Coolgardie meat safes. Subsequent expansion followed with the establishment of various businesses. These included the manufacture of wood and gas stoves, copper and enamel lined water heating products, hospital and farm equipment, rainwater guttering and down piping, fencing products, automotive radiators and parts, and a major supplier of nails to the Australian market. Saxon has also been involved in tasks of historical note, such as the casting of four ornate clock faces, each weighing 1.3 tonnes, for the tower of Brisbane's famous city hall.

Saxon has been successful in building and selling these various businesses. Direct involvement from the Sachs family has been a significant factor in this success. After thirty years of operating as a publicly listed company, in 1985 the company reverted to a private company, under direct family management.

### Market structure

The water heater market contains a small number of competitors with two or three very big players, such as Dux and Rheem, holding a substantial market share. Most other manufacturers are either niche manufacturers or smaller competitors with a limited product range that compete directly with bigger players. Saxon is among the top six manufacturers in industry and a major player in its local market in the state of Queensland.

### Saxon & SYSPRO

Saxon has been a SYSPRO user since 1993, starting with the 'Award 3.2' version before migrating to the "Impact Award" then 'Encore' version. Saxon is constantly looking for ways to gain greater leverage in its manufacturing process. Recently, the company migrated to the latest version, SYSPRO 6.0. Michael Sachs expresses the company's view that:


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*"We are always finding that not only are there new features internal to the SYSPRO modules but there are also totally new modules arriving on the scene."*

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Saxon has been using the 'Impact Award' version for many years and credits its reliability and stability. Saxon is evaluating the latest version of SYSPRO v6.0 and is currently exploring all the new features. Saxon now utilises fourteen modules with the addition of Office Automation and the SYSPRO Interface and EDI in 2003. SYSPRO is central to the manufacturing process, controlling all financials, WIP, MRP and purchasing.

Saxon is also preparing to trade electronically with some of its major



customers. Initially, this will involve sending invoices electronically in EDI format. The second stage will involve the electronic receipt of customer purchase orders and remittance advices.

## Optimal production scheduling

Although ninety-eight percent of all Saxon products are made to stock, a large degree of variation exists. The 'Saxon' and 'Truflow' brands are manufactured on site. Eight core models exist: 70L, 90L, 140L S/E, 140L T/E, 140L Squat, 180L, 280L and 400L. Some models also have energy efficient versions with thicker insulation to reduce standing heat loss and consequent energy usage. Some models also have a double thermostat to facilitate heater boosting in colder climates. Within each capacity type, there are different insulations, thermostats and element ratings. Michael Sachs, Director for Saxon says:

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*"We use SYSPRO MRP with our inventory process to carefully manage stock control and stock holdings to ensure we keep our inventory levels down whilst remaining flexible."*

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SYSPRO has been instrumental in assisting Saxon to minimise lead times. By utilising MRP, Saxon can scrutinise safety stock levels and policies relating to product classes. It can also maintain EBQ, pan size, buying rules, gross requirement rules, MPS item classification and forecasting issues, lead times, sub-contract operations and ordering issues. SYSPRO assists Saxon develop efficiencies in its manufacturing process by identifying 'bottlenecks' and delays. MRP is used to identify potential problems with orders placed on suppliers (raw materials) and orders placed on the factory (manufactured items). Capacity Planning effectively manages work centre loading.

Optimising inventory availability with the seasonality in demand is a major challenge for Saxon. Higher levels of safety stock are needed during winter months when demand is high than during summer months when demand lessens. SYSPRO enabled Saxon to meet this challenge.

Using the SYSPRO Report Writer, a Safety Stock Control Report was developed to compare historical demand with forecast demand and recommend optimal safety stock levels. This report feeds into Saxon's in-house forecasting system using specialised seasonal demand modelling. SYSPRO ensures Saxon's forecasting and production remains accurate which, in conjunction with its MRP, enables the ordering of correct quantities at the correct time.

The inherent flexibility of SYSPRO allows seamless integration with other systems, providing ongoing reliability with cost efficient system administration which, according to Michael Sachs:

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*"Works seamlessly, month after month."*

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Saxon plans its overall forecasting and production at the start of each month. Through ODBC, this system integrates seamlessly into and out of SYSPRO.

## Effective customer management

Saxon uses an indirect sales model selling to plumbers, maintenance technicians and new homebuilders rather than to the consumer direct. Maintaining a close relationship with these customer groups whilst ensuring the consumer also has a good experience with Saxon products is critical. A central tenet of Saxon's sales strategy is making contact with and influencing people who recommend Saxon products to others. Evaluation of the latest SYSPRO CRM version is also planned, as Michael Sachs confirms:

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*“This is definitely an area where the CRM module could benefit us. We do lots of seminars, product exhibitions, explanations and factory tours. We have found this approach has been responsible for helping us achieve solid, maintainable growth.”*

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## **Compelling value proposition**

Saxon continues to be impressed by the inherent flexibility of the SYSPRO product. The ability to switch options on or off and change the setup features as the business environment changes assists Saxon to maintain agile manufacturing capability.

The major reason for Saxon continually investing in SYSPRO over the last ten years is the view there is no other product in the ERP software market that matches the level of features and functionality for the price. Michael Sachs' view is:

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*“I'd challenge anyone to find another ERP package that for the price is as comprehensive and configurable as SYSPRO. That was something that really impressed us. No matter what requirement we threw at it, SYSPRO could do it.”*

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More than ninety percent of daily use of SYSPRO by Saxon staff is handling customer enquiries. Most enquiries are handled directly from the screen, highlighting SYSPRO's ability to access query information quickly and easily. This improves Saxon's customer response times and reduces the cost to serve through the access of accurate information online.

The selective use of SYSPRO's data history options enables Saxon staff to tailor which customer data should appear on-screen. It also provides the capability to access information at a summarised level and then quickly 'drill down' to individual transitions. The way SYSPRO tightly

integrates with all modules and interfaces with external data sources is also proving valuable. Michael Sachs comments that:

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*“It is very flexible software. We didn't find any circumstances we had to change what we were doing to suit the software. We could always configure the software to match what we were doing and we had some very specific requirements.”*

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## **Increased flexibility**

Over the last ten years, Saxon's manufacturing volumes, product mixes and material requirements have changed substantially, as Michael Sachs remarks:

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*“What was not a requirement five years ago is now becoming one and the beauty of it is we know SYSPRO has the functionality so we can start using it if we want to.”*

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Saxon has found the wide range of SYSPRO modules available has allowed it to adapt quickly to new manufacturing situations. For example, load levelling was identified recently as a requirement in the manufacturing process. In the near future, Saxon will acquire SYSPRO's 'Load Levelling' module to address this specific need.

Another emerging requirement for Saxon is in the area of budgeting. Previously, Saxon kept budgets only at the product class level. Although keeping budgets at the customer level provided a valuable source of customer intelligence, it proved too difficult to set up and maintain. However, with SYSPRO 6.0, Saxon is now able to automate the process of setting customer level budgets every year. The 'custom keys' feature in SYSPRO's Sales Analysis module, enables individual quantity budgets to be set and maintained at the customer level.

This has opened up a completely new and increasingly important area of control for Saxon. To maximise sales force productivity, Saxon must be able to provide its sales staff with current customer intelligence such as satisfaction level, their purchasing history to date and their performance month-to-date, prior to making contact. One of the major advantages for Saxon of using SYSPRO 6.0 is the increased flexibility it has brought to the monthly budgeting process. Through easy budget maintenance and reporting, Saxon has also found its overall productivity has also benefited. As Michael Sachs notes:

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*“I think, as an organisation, we are making some real improvements in the area of budgeting using SYSPRO, even in this financial year alone.”*

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Over the last ten years, Saxon has experienced a substantial increase in productivity. While the company has been

growing at between 5 and 6 percent per year, staff numbers have remained relatively static, only increasing in areas directly related to driving company growth such as sales representation.

In the future, Saxon believes SYSPRO's .NET® capability will deliver further gains by enabling increased automation of business processes and greater access to the data through business objects. This will enable Saxon to develop greater customisation within SYSPRO, quickly configuring the system to match its changing business requirements while remaining software version independent.

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Syspro Software thanks Peter Sachs Industries for sharing its business experience and success in using SYSPRO.

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ANZSIC: C2769 – Fabricated Metal Product Manufacturing. Key words: electric, solar and marine water heating manufacture. Market Stream Analysis: 2A

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## About Syspro Software

SYSPRO software is a complete, best-of-breed solution that delivers outstanding value based on exceptional price/performance and functionality. The software caters to the specialised needs of over 6000 companies in more than 50 countries and remains a key component to these companies seeking to enhance profitability in an evolving supply chain-based economy.

The SYSPRO product offering includes a choice of more than 40 application modules, ranging from accounting, sales, purchasing, inventory, ABC (Activity Based Costing), Web Services, APS (Advanced Planning, Scheduling), Remote Site Interface to Engineering Change Control (ECC), CRM/SRM (Customer Relationship Management /Supply Relationship Management), EDI, Bar Coding, and Product Configuration. All modules are scalable and interactive in a client/server environment.

SYSPRO software is designed to leverage the strengths of Microsoft® solutions including the .NET Framework™ and other technologies to optimize the abilities of manufacturers (repetitive, custom, quick-

turn and mixed mode) and distributors. The software supports Microsoft® SQL Server 7.0 and runs on Microsoft's Windows 2000, Windows XP, Windows NT and Windows 98, in addition to Novell®, LINUX and various flavours of UNIX. The software adheres to exacting standards, such as IAS, XBRL, and FASB 52 for financial transactions.

SYSPRO software enables companies in a variety of industries to maximize the planning and management of business processes to better position themselves in their respective markets, ensure customer fulfilment, and ultimately, to improve bottom-line results.

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