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Sage puts expansion on the horizon for electronics company

Sage X3 enables Fouani Nigeria to capitalise on a boom market.

Established in 2001, Fouani Nigeria is part of the Fouani Group of Companies, which has been trading in West African markets for 50 years. The sole Nigerian distributor for Korean giant, LG Electronics, it is headquartered in Lagos with 33 retail outlets and seven distribution centres in major Nigerian cities. Sage X3 helps the company to continue its rapid expansion whilst maintaining company structure and operations.

With a product range that includes air conditioners, refrigerators, TVs, and a wide selection of other white goods, Fouani imports components from suppliers in Korea and China, assembles them at one of West Africa's largest plants, then redistributes them to wholesalers and retailers. The company employs 800 people and currently has over 50% of West Africa's electronics market. Its customer base includes multinational conglomerates, SMBs, banks, schools, universities, as well as private individuals.

Company
Fouani Nigeria

Location
Lagos, Nigeria

Industry
Manufacturing, Distribution, Electronics

System
Sage X3

Release
Version 11

Partner
Spring Business Solutions

The challenge

Ironically, Fouani's success proved to be one of its major challenges.

"The Nigerian economy has been growing rapidly for the last 17 years, and our business was also growing very fast," says Managing Director of Fouani Nigeria, Mohammed Fouani. "There were years when growth was over 300%. We reached a level where we had to limit our growth because we understood that a fast-growing business without a proper structure would collapse. Even though we were profitable and healthy, we actually stopped some lines of business."

Fouani realised that it had to strengthen its internal systems if it was to sustain this massive growth. Its legacy business software had too many limitations in the amount of data and number of users it could accommodate. It also lacked the functionality and security to support growth.

"We had started to lose control of things like inventory and customer accounts receivable, and we were seeing big discrepancies," explains Fouani. "Sometimes there would be up to 4% of our inventories missing, and our accounts receivable figures would not properly reflect the situation. With so many sales points, we were looking at variances of 10% plus or minus, and this is a ratio that no-one can afford. We knew that things were just about to fall apart, so we had to make fast decisions."

> "After implementing Sage, we are reviving lines we previously stopped and are imminently introducing a new order line. With this strong platform, the sky is the limit."

Mohammed Fouani, Fouani Nigeria

The solution

After evaluating many solutions in the market, Fouani Nigeria decided that Sage X3 was the best fit for its needs.

"When we went for Sage X3, our main interest was security in terms of making sure that our data was intact, did not crash, and was delivered to the right person at the right time," explains Fouani. "I could not see any other software that would give us the comfort we had with Sage."

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Fouani adds: "We used Sage partner, Spring Business Solutions for the implementation which was far easier for us than we expected. We customised the product so users were only concerned with their own domain. This made it simple. Some users have a menu of only three options that are specific to the field they operate. Security and access levels are limited to their zone only."

To combat fraud, Fouani has also used Sage to implement a transparent tracking system that gives a clear vision into the status of every order. Customers are automatically notified by SMS and email at every stage of the transaction from online orders to delivery.

"The Sage platform is flexible enough to meet all kinds of requirements for any organisation. It gives our users comfort and ease of use, and gives management security and peace of mind," says Fouani.

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The bottom line

With the Sage platform, Fouani now confidently predicts three- to four-fold business growth in the next ten years.

"Previously we had to limit our future to our capacity," says Fouani. "Today, it's irrelevant. We know we are sitting on a very strong platform and the sky is the limit. For example, studies show that the penetration of washing machines is less than 3% in Sub-Saharan homes. In the next ten to 15 years, that can easily grow by more than 30 times; and it's the same for many other products like laptops, monitors, and other electronic gadgets."

The future

Fouani is now hungry for growth. "After implementing Sage, we are reviving the lines we previously stopped and are imminently introducing a new order line," says Fouani. "The future is huge."

Because it gives an exact and clear picture of this big organisation from many different angles, Sage has improved Fouani's forward planning. The system provides sound forecasts of what is going to happen in terms of finance, inventory, and production capacity, making predictability more solid and effective.

"In our group, Nigeria was the first to use Sage X3. Today we are implementing it in Liberia and another four countries in West Africa. We also have users sitting in Dubai—and in the next 18 months, the whole group will be on board. This is our mid-term plan." Fouani adds: "With new Sage features and updates coming out every year, we will make use of them and develop our business accordingly."