



Lawson M3: Delivering What Food Distributors Need

Industry Feature

Having plentiful food supplies on supermarket shelves and restaurant menus is something generally taken for granted. But supporting this availability is a complex and highly competitive food distribution market. At Lawson we understand that food distribution is a fast and increasingly demanding business.

Food distributors have to maintain high customer service levels, with strong sales and marketing tools for their products and solutions. They must also be able to execute high volumes

of orders and deliveries reliably and efficiently, in a short time window and on extremely thin margins.

Regardless of what you distribute, Lawson knows that you need to accurately manage and predict demand for your products at all network points.

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Equipment Renter Powers Ahead with Lawson

Customer Feature

Hewden, the UK's number one equipment rental provider, is now live with the Lawson M3 Enterprise Rental Management Application Suite. The solution provides Hewden with a fully integrated end-to-end solution, replacing the company's standalone legacy systems and was simultaneously

launched at all of Hewden's more than 120 depots with 300 users spread throughout the UK following a three-phase implementation plan during 2007.

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What's Next Tour: Actions Speak Louder than Words

Harry Debes, President and CEO

One of my goals is to meet with as many of you as possible over the course of the year. I'd love to meet with all of you one to one, but often a group meeting will have to do. Now in our second fiscal year as the new Lawson, the pattern we have established for our group meetings consists of our "What's Next Tour" that takes place in August-September in Australia, Asia and Europe.

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Three Proven Ways to Break Growth Barriers in Wholesale Distribution

Industry Perspective with Ian Wahlers, Director, Lawson Distribution Industry Solutions

As stated by Dr. Adam Fein, founder and president of Pembroke Consulting, in a new report entitled "Growth Strategies in Wholesale Distribution," "top-line revenue growth in wholesale distribution is derived from a deceptively simple combination of selling more products and/or services (volume), achieving higher prices for those products and/or services (price), or a fortunate combination of both factors."

In a nutshell, this translates into "selling more to current customers" or "adding new customers." It may sound like a simple strategy, but there are serious barriers to growth in today's marketplace and successful players will have to find a method to steer around them.

The report reveals that senior management from wholesale distributors, in the United States, Europe, and Australia and New Zealand (ANZ), agree that growth is essential for company success. However, there were a wide range of views on the best and most pressing approach to adopt in achieving that growth.

Growing Sales to Existing Customers

Seventy percent of wholesale distribution executives view current customers as their most important source of growth over the next five years. But simply hoping to sell "more of what

you have to whom you know" is clearly not good enough. A strategic approach must be adopted to ensure "sales opportunities are exploited."

Lawson believes there are a range of tools and disciplines available to the modern distributor to help know your customer better and to build more profitable relationships. With the right tools in place to manage information, distributors can build genuine partnerships with their customers, secure in the knowledge that bad-debt customers can be identified while making it easier and more attractive for profitable clients to do extra business with them.

Think carefully about pricing strategies, including the best way to introduce promotions and other incentives. Ensure that no business is left on the table by controlling individual product agreements rather than using blanket customer terms and conditions. Store, analyze and utilize information about your customers—their preferences, their current needs, their previous buying patterns and so on. Make it easier for your customers to do business with you via the introduction of advanced internet capabilities including web shops and self-service facilities.

BARRIERS cont. next page

Register Now: CUE 2008 Will Be in Las Vegas March 17-20

Registration is open now for CUE 2008, which will be held March 17-20 at the Venetian Hotel in Las Vegas (<http://www.cueinfo.com>). This year's CUE promises to be the best ever and who knows, maybe Elvis will make an appearance. CUE gives you the chance to:

- Ask questions of industry experts and get the answers you need to make a difference
- Learn new things about your Lawson software with hands-on training
- Investigate what it takes to design an upgrade and determine what's best for your company
- Participate in product and technology education sessions for new and seasoned users
- Gain an in-depth understanding of the Lawson applications and technologies you already own via power training
- Network with other Lawson customers who face similar industry challenges and opportunities
- Have a lot of fun!



Three Proven Ways to Break Growth Barriers in Wholesale Distribution

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Introducing New Products and Services

For some time, the entire distribution sector has been trying to find new ways of adding value for clients. This is because the traditional role of the distributor – to buy, store and ship whatever products clients have a need for – now yields a far slimmer margin than in years gone by. However, new value-added services allow distributors to charge a higher fee, with a much healthier margin, and reap the benefits of more than their daily activities.

The Lawson M3 Enterprise Management System automates supplier sourcing, introduces real-time information handling to category management, undertakes spending analysis and margin control as a part of contract management, and facilitates consolidated sourcing for purchase order proposals.

Organic Growth vs. Acquisition

Mergers and acquisitions are headline-grabbing events and an important means of growth, especially when customer loyalty is a powerful source of competitive advantage that is difficult and costly to duplicate.

Controlling operations across multiple locations is the biggest barrier perceived by companies in all geographical locations. If a company decides to pursue growth through acquisition, the report confirmed what most businesses already know – that combining the working culture and techniques of different entities is hard work. It is of critical importance to carry this out in a

manner that keeps customer confidence high.

Lawson offers multi-language and multi-currency functionality, and it provides users with a dashboard representation of the state of the business. This is an important source of support even in assessing possible acquisition targets. Lawson M3 also offers tools to make the process of integrating legacy IT systems smoother.

The Lawson Solution

Lawson is confident that our solutions can make each of these complicated challenges simpler. Though there may be no pain-free path to success, more companies should consider software such as Lawson M3, which offers a genuine platform for growth with transparency, security, and integration across the whole organization, to make the flow of information much smoother and the path through the growth barriers far less painful.

The Pembroke report “Growth Strategies in Wholesale Distribution” identifies the changing dynamics of the global wholesale and distribution industry and makes recommendations on the strategies that executives must consider to maintain growth and competitive edge. It is available for free download at www.lawson.com/dis_growth

Lawson M3: Delivering What Food Distributors Need

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Our experience has taught us that food distribution is unique. The sub-segments that make up this marketplace can have their own specific challenges. Fundamentally, food distributors have:

- High transaction volumes
- Short order and delivery lead times
- Low operating margins
- Seasonal and promotional demands
- Complex supply chain patterns
- High regulatory demands

An Experienced Partner in Lawson

Through years of working with companies in the food supply chain, Lawson has identified similarities and differences. The findings have been used to develop a business system that helps enhance performance and flexibility: the Lawson M3 Distribution Suite for the food services industry.

The need to continuously improve supply chain efficiency drives many of your requirements. In this context, efficient information processing and response is vital. That is why our solution is scalable, offering functionality to help you manage:

High volumes and low margins

- Multiple sales channels with comprehensive order

management

- Efficient warehousing and transportation
- Commercial pricing, discount and rebate conditions
- Extended mobile solutions
- Exception-based reporting and events
- Efficient financial management and analysis

High levels of customer service

- Management of a diverse range of customers and constant communication
- Overnight and next-day deliveries to many delivery points
- Execution of seasonal or promotion driven demands
- Mandatory expiration date control and full traceability
- Support for complete food solutions

Lawson M3 Distribution applications support everything from customer and supplier relationship management to sales force automation and full financials support. Lawson Business Intelligence provides automated decision making by delivering relevant information to the right people at the right time.

With Lawson, you have the freedom to implement those applications that make the most business sense for you, and to add additional modules only as they become necessary.

Hewden Powers Ahead with Lawson

HEWDEN cont. from p. 1

Part of Finning International Inc., Hewden is one of the UK's largest industrial equipment rental companies, providing plant and equipment to virtually every industry sector, local authorities and utility companies, and employing almost 2,000 people in the UK, with a turnover of around \$500 million.

Started with 68, Ended with One

Hewden started the selection process with nearly 70 vendors and then narrowed it down to four. After detailed demos from these four, the company went with Lawson.

Brian Sherlock, Hewden's managing director, says, "Our requirement from the Lawson solution was to give us the lowest total cost per transaction while ultimately delivering customer and product profitability."

Executive Director of Support Services for Finning UK, Doug Sprout adds, "What we are challenged by is the ever changing needs of our customer base and their demands – and we feel the Lawson solution will help us get the right products in the right place at the right time....and under the right terms and conditions. The M3 solution is the one base platform that will allow us to drive toward our business goals of meeting customer expectations and really supporting our employees in delivering

the best products and services to our customers."

The new system will enable Hewden to improve its ability to do business, providing the company with far greater transparency of customer and product information through a central repository, giving management full visibility of the day to day activities over the whole business. In addition to the improved information it provides, the M3 solution will also enable Hewden management to define targets and monitor business performance.

The Lawson ERM Application Suite is a proven, off-the-shelf, enterprise rental software solution that has been implemented to provide extensive support for all Hewden's business processes including equipment rental, sales, asset maintenance and management, logistics, purchasing, financial management and business intelligence.

Andreas Hellström, industry strategy director at Lawson, says: "Fierce competition, within a rapidly growing and consolidating rental market is the order of the day. This, in turn, makes a solid IT infrastructure with effective rental software crucial for survival in this sector. Lawson M3 supports companies, such as Hewden, to better serve their customers, enjoy greater transparency of their equipment asset utilization and improve the management and control of pricing."



Customer Support: We Are Listening

We would like to welcome you to the Lawson Support column of our customer newsletters. This is a new column and will be included in all future releases of this newsletter.

Lawson Support is a dynamic organization that experiences regular changes just as your organization does. A recent change within Lawson Support was the resignation of Henning Schulze-Lauen. With Henning's departure, Nancy Anderson and Rick Kantor have been assigned to lead the Lawson Support organization in the interim. Nancy and Rick have been working with Henning since the merger and have a combined 37 years of experience in the software industry. Together they will continue to lead the organization and focus on priorities that will positively impact customers.

Lawson Support receives approximately 10,000 new cases every month. We have almost 400 employees in Lawson Support whose personal commitment is to successfully resolve these cases. Many of them have been with Lawson Support for 10 or more years because they enjoy helping customers. Customer satisfaction for these employees is not an abstract term, but part of their own job satisfaction and they take it very seriously.

In this business we receive a lot of feedback from our customers in the form of questions, comments and accolades commending an employee who has provided extraordinary service. One recent question we received was "Do you ever listen to what your customers are saying?"

Our short answer to this question is "yes we do listen." It's the primary method for us to understand where we need to make improvements to best serve our customers. Like any feedback you receive, we evaluate it, determine if it is something we can and should address and then we develop and implement plans to improve our support per the feedback we received in either the short term or long-term. Though we cannot guarantee that we will implement each idea we receive, we welcome any feedback you wish to share with us.

While we have since addressed the specific issue that raised the comment noted above, we realize that it is very important for our customers to understand what we are doing and where we are headed, so going forward we will use this newsletter to provide you with more regular updates on what's going on in Lawson Support.

At this time we would like to highlight a couple of recent key changes we have implemented to improve Lawson's customer support. We have launched the Lawson M3 Knowledge Base with over 50,000 searchable documents. Since the launch, over 27,000 unique users have searched the knowledge base and that number is increasing every day. We believe this is providing significant new value to our customer base and our Lawson Total Care Bronze Agreement.

Based on feedback from customers, we have hired 10 additional resources focused on adding more quality S3 and M3 content to the Lawson Knowledge Base. Our objective is increase the amount of content we are adding on a monthly basis and decrease the time it takes to convert case information into knowledge base documents.

In closing, we would like to again reinforce the value of customers staying connected with Lawson by participating in one of the many Lawson User Groups around the world. These user groups offer you an avenue to learn, gather information and share your feedback. We would encourage you to get involved with the user group in your area. If you would like more information on the user group in your area, please contact Kathleen Stringfield at kathleen.stringfield@us.lawson.com.

What's Next Tour: Actions Speak Louder Than Words

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We then follow this tour with our big event – the Lawson Conference and User Exchange that occurs in the United States generally in spring. With the “What's Next Tour” just completed, my message to customers has been “actions speak louder than words.” Let's take a look at what we said last year and how we actually did in six key areas.

Financial performance – What we said last year: “We will fulfill our financial commitments and build a stronger, more stable company that can protect the investments made by you, our customers.”

What we did in FY07 (which ended May 31):

- We achieved sequential revenue growth each quarter
- We achieved sequential operating margin improvement each quarter
- And we increased an already healthy cash and securities balance from \$307 to \$554 million at year end

Key message: The new Lawson is strong, healthy and stable and here to serve you.

Products – What we said: “We will deliver more value by investing in and enhancing the products you already own.”

What we delivered:

- Lawson M3 7.1 technology and applications
- Lawson Smart Client
- Lawson Learning Accelerator
- Lawson Business Intelligence 9.0.2
- Lawson 9 for IBM System i
- Lawson Human Capital Management on Demand
- Lawson Performance Management for Healthcare

Key message: This was a substantial delivery of Lawson M3 and S3 product for a newly combined company!

Implementations – What we said: “We will simplify implementations to make them faster and less expensive.”

What we delivered:

- Lawson Quickstep Food & Beverage, Quickstep Fashion
- Lawson Quickstep Enterprise Asset Management, Quickstep Distribution, Quickstep Healthcare
- And . . . several implementations that actually came close to the \$1 to \$1 ratio of services to software license fees.

Key message: Yet another major delivery of five packaged products – preconfigured industry-specific software that gets you up and running faster and at lower cost.

Professional Services and Support – What we said: “We will align services with customers' objectives, and we will continue to expand our support/services capabilities.”

What we delivered:

- We brought 387 major customer projects live
- We hired 125 new consultants for Lawson Professional Services and we added 40 more support personnel
- We delivered Lawson Total Care Bronze, Silver, Gold and Platinum

We expanded and improved the Lawson Knowledge Base

Key message: We have increased our services and support capacity significantly in the past year.

Remote Services – What we said: “We will develop Global Solution Centers to increase our capacity and provide lower cost options to our customers.”

What we delivered:

- We now have five Global Solution Centers, the newest being Lawson Manila, where we went from 75 to 331 employees today. Distribution of Manila workforce:
- Product development 40% & professional services 40%
- Support & delivery 5%
- IT/IS 10% & finance 5%
- We are currently hiring 30 to 40 new employees per month.

Key message: We offer far greater options than a year ago in how to meet your needs with Lawson Manila playing an ever-increasing role.

Partners – What we said: “We are partner friendly, we will expand our geographic coverage by recruiting additional partners, and we will build on our relationship with IBM.”

What we did:

- We expanded our partner ecosystem by 27 and now have approximately 200 partners, including new ones signed in Greece, Russia, Italy and Germany.
- We signed a reseller agreement with IBM in the U.S. and established a global hosting relationship with IBM.

Key message: Our partner ecosystem is growing around the world and certainly IBM is a major part of it.



Harry Debes, President & CEO

New Research Validates TCO Advantage

Dean Hager, SVP of Product Management

I have two items of significance for this edition of our newsletter. First is the latest Aberdeen Group research report on total cost of ownership, and second is my relocation – including my family – from the United States to the United Kingdom.

Let's take a look at the Aberdeen report. Once again, we have good news to share. The latest research from Aberdeen again puts Lawson at the top of the list when it comes to delivering low total cost of ownership to mid-size manufacturing and distribution companies.

This report (found on www.lawson.com) is an updated version of last year's TCO research and the results for Lawson are even more dramatic this year. For this year's report, Aberdeen segmented its analysis by size of company. Lawson had enough customers participating to be represented in the mid-size segment report titled The Total Cost of ERP Ownership in Mid-Size Companies.

The report examines how six of the top ERP vendors – Lawson, SAP, Oracle, QAD, Infor, and Epicor – compare with specific metrics associated with TCO. The results are based on a global survey that Aberdeen conducted in June and July 2007 in which more than 600 mid-size manufacturing companies responded (mid-size company is defined as annual revenues between \$50 million and \$1 billion).

Here are the key findings:

Total Price: Lawson has a very low average total cost per user. Total cost is defined as the cost of software, external implementation services and three years of maintenance. On average, the study shows that SAP's total cost per user is 27 percent higher than Lawson's; Oracle's is 77 percent more expensive than Lawson.

Business Benefits Achieved: Clients in this study achieved significantly more business benefits in deploying Lawson ERP solutions than any competitive solution. Lawson clients reported the most improvement on all 5 performance metrics including: reduction in inventory costs, reduction in manufacturing operational costs and improved complete and on-time shipments. Lawson clients averaged 22.9 percent performance improvement in deploying its software, while SAP averaged 15.6 percent and Oracle 13.2 percent.

Cost of Business Benefits Achieved: Aberdeen also combined the two ratings from above into an index of business benefits achieved, allowing it to relate total costs to business improvements. Lawson is a leader here as well, showing significant value over our competitors. Based on a cost per user per percentage point of performance improvement gains, SAP costs 88 percent more and Oracle 247 percent more than Lawson.

While the majority of the results are very favorable to Lawson, I have to point out that some metrics also favor the competition but not many!

Living in the UK

In August, my wife, three daughters and I packed up and relocated to the United Kingdom, where we plan to live for at least a year.

My family and I are excited about the tremendous learning experience now before us. London (specifically Lawson's Bracknell office) will be my home base, providing a convenient location for me to travel throughout Europe.

What am I in Europe to do? First, I want to learn about how our M3 customers are using the Lawson M3 solution. I also want to get to know our European customers on a personal level and build strong, direct relationships. I know I can take the knowledge I gain and use it to make our products even better.

Second, I want to help our European customers understand the significance of the recently released Lawson M3 7.1 applications and technology. This is a major release that includes a stunning new user interface called Smart Client.

Yes, I admit I am biased but I believe every Lawson M3 customer should be moving to M3 7.1. In Europe, I will seek as many face-to-face visits as possible to share the M3 7.1 story.

Third and final reason is helping our European customers understand Lawson S3 solutions. There is a lot more to the new Lawson that our customers can be taking advantage of – such as Lawson Business Intelligence, Human Capital Management – and I can help make those connections.

Cheerio!



Dean Hager, SVP Product Management

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