

# Industry Training – HVAC Distribution

HVAC distribution is a complex industry. In this introduction course, we'll review some key segments and characteristics of HVAC distribution, look at the features and functionalities in Epicor's distribution solutions that address HVAC distributors' needs and talk about how we differentiate ourselves from the competition, take a peek at some customer stories, and learn where to go for more information about HVAC distribution.

Select a tab from the top of the screen to get started.

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- Segments and Characteristics
- How We Win/Why Epicor is a Good Fit
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## Segments and Characteristics

Heating, Ventilation, and Air Conditioning (HVAC; also known as HVACR – which includes refrigeration) is more than just heaters and air conditioners. That is part of it, but there's a lot that goes into it to make it all work.

Use the buttons on the left to get a better understanding of the different types of HVAC distributors, look at some HVAC-Specific Terms, and the current HVAC outlook. When you're ready, use the tabs at the top to continue.

### Types of HVAC Distributors

HVAC distributors sell heating, ventilation, and air conditioning equipment. That's a wide range of products with a wide range of customers. HVAC is an important part of any building, whether it's residential, industrial, offices, hospitals. And that doesn't include transportation. HVAC is in our cars, trains, airplanes. You get the idea.

Because of the wide range of products and customers, when we talk about HVAC distribution, there's a handful of different types.

Traditional Wholesalers sell to dealer-contractors. It's important to note that HVAC for the commercial industry is considerably larger than the systems we have in our homes. They require engineering and ductwork along with the furnace or air conditioner. Dealer-contractors are regional and install and service the products. Traditional wholesalers and do not usually sell products to the general public.

Plan and Spec distributors sell services like design engineering work, as well as products for commercial, institutional, industrial, and contractors. They specifically exclude retail.

Integrated wholesale distributors or manufacturers' representatives operate as subsidiaries of non-wholesale, incorporated business such as manufacturers, mass merchandisers, and energy providers. They typically sell to wholesale and retail distributors.

Notice we didn't talk about products here – within each distribution type, you also have those distributors that sell products for structures, some for transportation, and within each, it can be broken down even further.

## **HVAC-Specific Terms**

HVAC is more than just the systems that heats, cools, or purifies purifiers; there's ductwork, thermostats, and more. The following terms introduce some of the components that go into HVAC, starting with ductwork.

Ductwork is a complex system of metal or fiberglass tubes (or ducts) that run through a building and are part of a heating and air conditioning system. Essential, ductwork delivers hot or cool air from a furnace or air conditioner to the different areas (or zones) of a building.

Like it sounds, indoor air quality is the quality of the air within and around a building or structure. Indoor air quality affects the health, comfort, and well-being of the people in a building. In fact, poor indoor air quality has been linked to sick building syndrome, or symptoms that people in a building experience health issues that appear to be linked to the amount of time spent in the building. People suffering from sick building syndrome do not have a specific illness; however, they may experience headaches, difficulty in concentration, and eye, nose, and throat irritation, to name a few.

That bring us to ventilation. Ventilation brings outdoor air into a building and is used to control indoor air quality by diluting and reducing indoor pollutants. Depending on the ventilation system, it may also control indoor temperature, humidity, and air motion with the goal of improving an indoor environment.

Of course, no HVAC system would be complete without a way to control how hot or cold the air is. Thermostats do just that. They sense the warmth or coolness of the air in a room and signal a furnace or air conditioner to turn on or off, maintaining a set temperature. Thermostats typically have programming functionality, so that, depending on the time and day, they automatically increase or decrease the temperature. And, smart thermostats are increasing in popularity. These let someone control the indoor temperature without being in the building, all by the touch of a button on a smartphone, tablet, or computer.

As you can see, HVAC is complicated. This is just a sampling of terms. For a more detailed list of terms, please see the HVAC glossary attached to this course.

## **Current HVAC Outlook**

Just like any industry, HVAC is always changing. Here are just a few of the factors driving that change.

Climate Change and the environment are hot topic around the world. And with HVAC systems being one of the biggest energy consumers, HVAC manufacturers and distributors are changing the way they operate. Historically, HVAC systems and technology were designed with the environment in mind. Net zero initiatives are changing that, and are driving the design, integration, and installation of these systems, making them not only more efficient, but also more environmentally friendly.

Climate change and the environment also have an effect on customer demand. Many places still have older air systems; with the changing focus towards ensuring better ventilation, many companies and homeowners are upgrading and adding air purifiers to their HVAC systems.

A step further is more and more people want energy efficient products. In fact, studies have shown that people are willing to spend more on products from companies committed to minimizing their environmental footprint.

At that same time, people still want control over their indoor environment, whether that's temperature, air quality, or, more likely, both.

Speaking of customer demand, smart tech and the Internet of Things (IoT) is really driving new HVAC technology. Home and property owners want to monitor and adjust all sorts of devices, including their heating and cooling, with the touch of a button or voice command. Enter smart thermostats – these thermostats

connect to the internet, which means that they can be adjusted from a smartphone, tablet, or computer from anywhere.

And that's just the beginning. Smart HVAC systems let you set schedules, receive maintenance reminders, and monitor efficiency all on a smartphone.

The HVAC industry continues to change to keep up with these trends and more. Distributors have to make sure they have the right products and systems to meet these growing concerns and customer demand.

## **How We Win/Why Epicor is a Good Fit**

Today's leading HVAC distributors trust Epicor's solutions to manage their business efficiently. Epicor's ability to compete and thrive in that market relies on the expertise and experience built into our solutions.

Use the buttons on the left to watch an overview of some of the features and functionality built into Epicor's solutions that make us a go-to product for HVAC distributors, see some of Epicor's competition and how we differentiate ourselves from them, and, from a sales point of view, experience our strength in the market and strong relationships with affiliations.

Then, when you're done, use the tabs at the top to continue.

### **Epicor Capabilities**

Epicor's distribution solutions provide a full end-to-end application regardless of industry. That said, there are a number of features that directly address the needs of HVAC distributors. What follows is a selection of those features.

Inventory control is important when talking about seasonal items like furnaces and air conditioners. Seasonal items in Epicor's distribution solutions helps distributors identify those items that they sell more or less of in certain times of the year – or those items that have 80% of sales in six or fewer periods. Then, they use those identifiers to forecast demand. This way, distributors don't have a shortage of air conditioners and an abundance of furnaces in the summer and the opposite in the winter.

When talking about furnaces, air conditioners, and ventilation systems, tracking serial numbers becomes vital for warranties and record keeping. Serial number tracking lets distributors record serial numbers for the items both when they come into the warehouse and when they leave as sales.

When entering the order, sales select the serial number for the item, adding it to the transaction. The serial number is added to the pick ticket transaction so the customer gets the right item. All this means is distributors and their customers have proof of purchase for warranties, maintenance, and any recalls that may arise. It's an extra layer of proof of purchase. And it's fully EDI enabled.

Many HVAC vendors offer rebates to distributors to help them maximize their profits. In fact, rebates are very common in the HVAC industry, but they can be very hard to manage. Epicor's robust Vendor Rebate Management system tracks purchases and the rebates available to the distributor to make sure they are taking advantage of all available rebates. This automated processes simplifies the often-tedious task of handling vendor rebates, providing distributors with the accurate, concise information they need to claim rebates.

HVAC relies heavily on assemblies, or groups of items sold together as a single product with one price. For example, an air conditioning unit may require an installation kit that comprises of mounts, brackets, screws, bolts, and so on. Instead of adding each of those different components to every order for an air conditioner, distributors package them together as an assembly or kit with a single price, saving time. It also reduces the risk

of mistakes or mix-ups on the order by taking the guesswork out of determining which items and how many need to go into each kit.

Accessory items are any items that complement another item – for example, if a customer is purchasing an air conditioner, there are some additional items they need to be able to install the air conditioner; this may be an installation kit, extra filters, duct work kits. Epicor’s distribution solutions automatically suggest those accessory items during the quote and sales process, adding value to the customer as well as to the distributor’s bottom line.

What do distributors do if the item a customer orders isn’t available? Epicor’s distribution solutions suggest substitute items, or items identified in the system as identical or at least similar, instead of creating a backorder.

Oftentimes HVAC distributors offer special pricing for their customers. Contract Pricing provides time-sensitive pricing for those customers that need to have pricing negotiated down to the line item on a quote or order. Once set up, contract pricing is integrated into the quote and order process, ensuring customers get the right contract prices on every order. The contract overrides the system pricing for the customer and item as soon as the order is linked to the contract.

Epicor’s distribution solutions provide HVAC distributors with the tools they need to keep their operations running efficiently.

### **Differentiators & Competition**

It goes without saying that Epicor has competition. There are countless software solutions for every industry. Let’s look at some of our top competitors, see what they have to offer, and talk about how we compete with them.

Infor CloudSuite offers customers strong consignment capabilities, as well as integrated supply, including cribbing solutions and vendor managed inventory. All of this is available on the cloud. And, for their bigger deals, they also have Lawson M3, a solution designed to support manufacturing and distribution industries.

They do struggle with extensibility, meaning they can’t sell upmarket, and they aren’t using the most up-to-date technology (they have an old database).

Rather than selling direct, Infor CloudSuite sells and implements through channels to Epicor’s target market.

Infor CloudSuite isn’t unique in its consignment offerings. Epicor’s distribution solutions also allow for consignment. Remember, with our expertise in the industry, our solutions were built for HVAC out of the box, allowing us to cater to mid-sized distributors. In fact, 85% of our HVAC customers use our software without any customizations. What’s more, Epicor has a cloud-first mindset and uses the latest technologies and are constantly expanding and improving distribution capabilities.

Our HVAC and distribution expertise, coupled with how we treat customers, ensures we have a strong relationship with buying groups in the HVAC channel. Customers get our solutions direct from Epicor, creating a single point of responsibility.

DDI has strong warehouse management capabilities, it’s easy to use, and they have great support. That said, they do lack customization options, creating reports is difficult, and their inventory management can be challenging.

DDI’s warehouse management is no match to Epicor’s; our fully integrated wireless warehouse automation makes it easy to receive, put away, pick, and ship products. We also offer a more manual approach for distributors who prefer that method.

Epicor's distribution solutions are easy to use and support is always available, including online help articles, a complete training on demand video catalogue, customer user groups, and our internal support channels. And Epicor's inventory management capabilities mean distributors always know what they have on hand.

As the largest software as a service (SaaS) application, NetSuite has a rich user interface with pre-built role-based dashboards. They also offer workflow-based demos.

That said, they don't offer any industry-specific functionality. Instead, they rely on customizations for HVAC distribution. And, as a pure SaaS, they are only available on the cloud, which provides no flexibility for customers that are not ready to move off premise.

Epicor brings specific industry knowledge to its solutions, including designing with HVAC in mind. This means we can address the needs of HVAC distributors out of the box, without the need for costly customizations. And, as we just learned, Epicor's distribution solutions are easy to use and help is always available.

While Epicor is cloud-first, we do also provide on premise and hybrid solutions for customers that are not ready to fully move to the cloud.

While there is a lot of competition out there, at Epicor, we pride ourselves on our vast industry knowledge and expertise. What's more is that we build that building that into our distribution solutions and every we do.

### **Sales POV**

With all the competition out there, how does Epicor continue to have such great success? It's our strength in the market and our relationships with key HVAC affiliations that enables us to meet the needs of key customers. We have all the functionality that Carrier and Trane dealers need. In fact, train is one of our customers – they use it in their parts business. Let's take a closer look starting with Epicor's strength in the market.

We've talked about the fact that Epicor has decades of experience and expertise in HVAC distribution. And, Epicor's solutions help distributors promote faster, integrated customer service. As a result, more than 160 HVAC distribution businesses use one of Epicor's distribution solutions. And they're sharing their experience with other HVAC distributors.

Epicor understands the importance of building and maintaining relationships with customer and affiliations. Some of those HVAC affiliations include:

- The American Supply Association represents HVAC, Plumbing, and PVF distributors, and are committed to helping their members adapt, grow, and succeed in their industries. They offer robust programs in code, legislation, and regulatory advocacy, as well as employee training, education, and networking opportunities. They focus heavily on economic, social, and political trends affecting the industry. With more than 300 members, almost half are Epicor Customers, including Consolidated Supply, Dakota Supply, and Etna Distributors.
- Heating, Air Conditioning, and Refrigeration Distributors International is the voice of wholesale distribution within the HVACR industry. About a third of their members (127 of them) are Epicor Distribution customers, including Johnson Supply, Munch's Supply, and Refrigerative Supply.

Customers and members in these HVAC distribution communities are close to one another; they're always sharing their experiences. The recommendations from our existing customers in these affiliations help us to drive our business – people trust their peers; their peers and industry leaders trust and use Epicor for their distribution needs.

In short, Epicor's relationships with buying groups, our experience and expertise keeps us ahead of the competition.

## Customer Success Stories

HVAC Distributors are using Epicor's solutions to advance their business.

### American Metals Supply

As a third-generation family-owned and now woman-owned business, American Metals Supply Co outgrew their old ERP system and wanted to move to a new technology solution that could help grow the business.

"We used to have different people doing the buying as a secondary function when I joined. Normal practice was to key all the purchase orders by hand based on reading a printed sales history report... Eclipse has helped us become so efficient in purchasing that we can finish purchasing in half a day and spend the second half of the day working on projects that help us move forward." – Brandon Gregory, Supply Chain Manager

"It's all math and communication; the simplicity is what sets us apart." – Brandon Gregory

### Standard Supply

Standard Supply had a proprietary system that had been modified to the point it was useless.

"We use Prophet 21 for every function—every aspect of dealing with the customer one-on-one. We use it to check inventory, check customer information, and it just makes everything so smooth and seamless." – Liza Ellis, Customer Service Manager

"Standard Supply wants to grow and be as big and as profitable as we can, and we have to have partners like Prophet 21 to help us get there." – Chad Rawlings, Vice President of Sales

### Morsco

Morsco had a home-grown system that they simply outgrew. Every branch operated independently, making corporate oversight very difficult.

"Eclipse immediately handled our business right out of the box. We now have one system that works equally well for everyone and is poised to seamlessly blend new acquisitions and stores with our existing companies." – Christine Tine, Chief Information Officer

"Eclipse has also played a huge role in standardizing our processes, driving productivity, and getting everyone on the same page. We now operate as a large, unified company" – Christine Tine

### Johnston Supply

Johnston Supply's multiple locations were originally on a homegrown dataset system and needed a new system that could comminate between headquarters and individual locations.

"Inventory control is so much better now. Everyone from our counter people to purchasing agents sees the items immediately. It's hard to put a value on that. It has saved us time, and has led to better customer service. The counter people love the ability to call up customer information and orders—it gets the customer in and out quicker." – Mark Temple, President

"The training is extremely helpful, and more is better. Eclipse software is easy to learn, but you can always learn more—there's so much there. The system helps everyone do their jobs better and makes it easier—no matter what the position. That results in happier, more productive employees." – Mark Temple

## Resources

This course provided an overview of HVAC Distribution. For more information on this topic and distribution, please review additional resources available on [Epicor Learning Center](#), online help articles available from within both products, the [Epicor website](#), and, if you have access to it, the Spark Marketing Resource Center.

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## About Epicor

Epicor Software Corporation drives business growth. We provide flexible, industry-specific software that is designed around the needs of our manufacturing, distribution, retail, and service industry customers. More than 40 years of experience with our customers' unique business processes and operational requirements is built into every solution—in the cloud, hosted, or on premises. With a deep understanding of your industry, Epicor solutions spur growth while managing complexity. The result is powerful solutions that free your resources so you can grow your business. For more information, [connect with Epicor](#) or visit [www.epicor.com](http://www.epicor.com).



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