



Let It Snow

One of the hottest consumer lifestyle brands available, Skullcandy went live on SAP Business ByDesign in 2008 to manage its supply chain and provide scalability for expected growth ahead.

⌘ Rick Alden's eureka moment occurred in a chairlift at a ski resort in Utah - a fitting backdrop for the lifestyle headphones and audio accessories his company Skullcandy produces. Currently one of the top three manufacturers of headphones in the United States, Skullcandy has

carved itself a niche market among snowboarders, skateboarders, and action sports enthusiasts, where previously only white space had existed. Alden, the founder and CEO of Skullcandy, had noticed while traveling by train and subway in Tokyo and London that people were missing

calls on their cell phones because they were listening to music on iPods or MP3 players. While on the chairlift, he had the same experience. Struggling to unplug his ears and answer his phone, he thought that there had to be a solution. The first Skullcandy product - the Skullcandy →



Portable LINK – combined state-of-the-art headphones with hands-free cellular technology, allowing users to listen to music from a portable audio device while making and receiving calls through their cell phone. Alden also noticed that there was no personality in headphones and recognized the link between the music industry and

Alden's youthful face – but which exposed problems in the back office, where orders were processed using QuickBooks.

By late 2007, the company was rivaling Sony in the U.S. in the number of headphones sold on a monthly basis and was predicting substantial growth in new markets. Yet the high volume of

Siron “camped out” at SAP’s customer event SAPPHIRE in Orlando, Florida, to study demos and scenarios. However, it was not only the event demo that convinced Siron of SAP’s attention to users’ needs; she also actively participated in usability tests, where she had the opportunity to influence the usability and functions of SAP Business ByDesign. Siron returned from SAPPHIRE telling her superiors, “This is really cool; I think we need to take this seriously,” thus finalizing the deal.

Skullcandy had two primary requirements of its software system. First, the system needed to be hosted. “We had to be able to work on a browser because we have a lot of remote employees,” says Siron. “Rick’s vision is to design headphones, not to have an IT department,” she adds. “This is where SAP and SAP Business ByDesign came in. We didn’t want to have to hire staff to support a big internal ERP system, but SAP Business ByDesign gives us the tools to get to where we want to be.”

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sports culture. A veteran of the winter sports industry, he saw a market for stylized headphones that made a fashion statement.

Avalanche of sales

Since its founding in 2003, Skullcandy has gone from humble garage beginnings to a brand that is recognized for its distinctive coolness and is carried by national retail chains such as Target and Best Buy. With 200–300% year-on-year growth since the first year, this brand has triggered an avalanche of sales that put a grin on

sales – up to U.S. \$37 million – hinged on a flimsy infrastructure of Excel sheets and QuickBooks. According to Beth Siron, who was responsible for the IT implementation at Skullcandy, “it was time to switch to a more reliable IT system, one that had the ability to tie our business systems together and increase productivity.”

After considering a number of products and vendors that would provide visibility into the company inventory at all levels of the supply chain, the company chose the SAP Business ByDesign solution. It was during the selection period that

Peak season

Second on Skullcandy’s wish list was functionality for demand planning and forecasting. →



OF BUDS AND BLING: SKULLCANDY AT A GLANCE

With names like Skullcrusher, Full Metal Jacket, and Double Agent, Skullcandy products are targeted to a young consumer audience of snowboarders, skateboarders and action sports enthusiasts. Founded in 2003 by Rick Alden, a passionate snowboarder and entrepreneur, the company offers products that integrate audio and mobile technologies into snowboard gear, including headphones, ear buds, and helmets, and are known for their portability, durability, and style. The company's first product, the Skullcandy Portable LINK, won a design and innovation award upon its introduction to the market. The company's mission is to be at the forefront of audio technology trends while maintaining its role as an innovator to its core surf, skate, and snow audiences. Based in Park City, Utah, Skullcandy has 57 employees.

➤ www.skullcandy.com

"And that pretty much narrowed the field for us," says Siron. Headphones, she explains, are typically impulse buys, and the company sees peak sales in the back-to-school, Christmas, and winter seasons. "We needed to be sure that we were keeping our stock at the right level and not sitting on excess headphones at the end of the season," she says.

It was clear to the decision makers at Skullcandy that they wanted a solution that would grow with their business and keep pace with their needs. And they wanted a vendor that understood the requirements of a small business. "We're a small company," says Siron, "but most of our requirements were similar to the needs of a large company. That was a tall order for a lot of the solutions we were looking at."

Reporting to the vice president of finance, Siron had the task to project manage and oversee the implementation of SAP Business ByDesign – under pressure of a tight schedule and directly before the company's busiest quarter. A number of additional tasks came her way as well: She interviewed all the end users, mapped out the business processes as they were and as they would look in the future, did the scoping and basic testing, supported the data migration, and

even conducted all the in-house training. "Obviously, with that kind of growth, we were running pretty fast. I took the load off the key employees, who were working to produce and sell headphones, by doing a lot of the work myself on our SAP implementation," says Siron. The solution's ease of use helped her efficiently achieve her list of challenging goals.

Now that SAP Business ByDesign is implemented and successfully running at Skullcandy, Siron is looking forward to the next major release. "The users in my company will be very happy with the new features," she reports after a sneak preview of the upcoming release.

From its pencil-and-paper beginnings, Skullcandy is now outfitted to manage the demand for its brand through its process-driven infrastructure. Channel expansion, international growth, and a retail boom are expected ahead. But some things remain the same: At their offices in the vicinity of some of the finest ski resorts in the U.S., Alden, Siron, and other Skullcandy staffers still skateboard around the office and head out to the slopes together when the powder falls. □

Angela Dunn, SAP AG

➤ [Video: Skullcandy on SAP TV](#)

➤ [Demystifying Software as a Service](#)