



CASE STUDY: WAREHOUSE, GESTÃO DE ARMAZENAGEM LDA (WGA)

Robocom helps WGA achieve rapid business growth and a competitive advantage with the RIMS Warehouse Management System.

MEETING THE DEMANDS OF RAPID BUSINESS GROWTH WITH ROBOCOM

Dedicated to providing world-class logistics to both national and international companies, Warehouse, Gestão de Armazenagem Lda (WGA) is a third party logistics provider delivering distribution and value added services to clients throughout the Iberian Peninsula and the rest of Europe. Since 2001, WGA has been using the RIMS (Robocom's Inventory Management System) Warehouse Management System (WMS) from Robocom to manage its entire distribution operation. Since implementing RIMS, WGA has achieved tremendous business growth and realized substantial business benefits around increased productivity levels, improved inventory accuracy and reduced costs. "We have been growing 25-35 percent per year over the last four years," explains Chris Farley, Managing Director of WGA in Portugal. "We could never have maintained this kind of expansion without RIMS."

Lack of Automation Limits Company's Growth Potential

Prior to using RIMS, WGA faced numerous challenges as the business continued to expand and customer demands grew increasingly complex. "Our customers expect us to deliver a high degree of excellence and quality in our services which were becoming harder to achieve as our customer base grew," explains Farley. Previously, WGA's entire picking process was performed manually, requiring eight people to work 24/7. This manual process negatively impacted the company's productivity and accuracy levels, and limited its ability to grow. "Without an automated system we realized there was only so far we could take our business."

A lack of automation across its distribution operations made it increasingly difficult for WGA to keep track of its inventory. Every season WGA's customers were adding additional SKU levels without removing their old stock. "It was becoming physically impossible to keep track of all of those SKUs and their movements in and out of the warehouse," says Farley. WGA was unable to anticipate inventory shortages and proactively notify its customers.

SOLUTION SNAPSHOT

BUSINESS CHALLENGE

Without an automated warehouse management system, WGA lacked the efficiency and agility to support substantial business growth and the complex requirements of its customers and prospects.

SOLUTION

WGA is using RIMS, a flexible, cost-effective Warehouse Management System (WMS) that integrates with leading front-end business systems and provides supply chain visibility critical to success in today's global marketplace.

WHY ROBOCOM

RIMS offers the flexibility to accept orders from any ERP system, allows for easy integration with other front-end systems, and offers a significantly lower total cost of ownership versus competing solutions.

RESULTS

WGA has achieved a 600 percent productivity increase on direct labor, a 300 percent productivity increase on indirect labor, has improved its inventory accuracy rate to 99.9 percent, and is now able to provide world-class services to even its most demanding customers.



"We have been growing 25-35 percent per year over the last four years. We could never have achieved this kind of expansion without RIMS."

— Chris Farley
Managing Director, Portugal
Warehouse, Gestão de
Armazenagem Lda

This lack of visibility was an issue across all of the company's operations, explains Farley. "We couldn't keep track of standard warehouse procedures—for example, how long people were taking to perform various activities like picking, receiving and storing. Without visibility into this information we had no idea where we were having issues and where we could make changes that could significantly impact our business and our ability to better serve our customers."

THE VALUE OF ROBOCOM

WGA spent two years looking for a Warehouse Management System. "We found that most software vendors required you to be linked to a single ERP. With its EDI capabilities, RIMS can accept orders from any customer—despite the type of systems they use. Also, if some of our customers don't have the capability to send us EDI messages, RIMS provides the flexibility to manually input those orders. That was a major benefit for us because it could give us the flexibility to work with any type of customer," says Farley.

WGA also needed a system that would allow for easy integration with other material handling systems. "We knew we wanted to integrate our WMS with a horizontal carousel system, so working with a vendor with this capability and experience was a major selling point." Lastly, WGA chose RIMS because it offered a much lower total cost of ownership than other vendors. "Database cost and maintenance was about half that of other vendors," says Farley.

Implementing RIMS took three months from start to finish. "The results of the implementation and integration have been overwhelming," states Farley. "We never expected such impressive productivity increases both on direct and indirect labor—over 600 percent on direct labor and over 300 percent on indirect labor. Better still, inventory accuracy has increased to 99.9 percent since implementation. RIMS has allowed us to provide world-class services to even our most demanding customers, with all information available at the touch of a button. We now have the ability to compete even against the larger players in the market, thanks to RIMS. Great job! Great software!"

RUNNING ITS BUSINESS ON RIMS

Today, WGA uses RIMS to manage its entire distribution process. Within 5-10 minutes after picking and packing an order, WGA can tell a customer if anything is missing from their order, and, if necessary, they can provide the customer with an audit trail to demonstrate why they don't have particular items in stock.

RIMS supports both horizontal carousel and physical picking. For carousel picking RIMS directs the carousel picks to the carousel which then automatically performs the picking operations and delivers the goods directly to the WGA employees for shipping. All other picks are done by employees using Radio Frequency (RF) terminals.

RIMS has enabled WGA to significantly grow its business with the ability to more easily provide its clients value added services. WGA produces an internal sales order and the items are then picked and staged in the value added service center. Once the services are performed, WGA uses the RIMS handheld terminals to receive the items back into the warehouse for storage until the day they are booked back into their clients' own customers' warehouse.

ACHIEVING “OVERWHELMING” BENEFITS ACROSS ITS ENTIRE BUSINESS WITH RIMS

Increased Inventory Accuracy

Three months after WGA completed its implementation of RIMS the company performed an inventory stock take. “We saw a huge, immediate increase in our stock accuracy, achieving 98.87 percent in the first three months,” says Farley. Prior to using RIMS, the organization never knew if its stock inaccuracy was due to customer errors or a picking error. “We didn’t know what to fix if there was a problem. With RIMS, our operations are streamlined and all activities are recorded in real time. We have complete visibility into our inventory.” WGA’s inventory accuracy had continued to improve, and today the company consistently achieves a 99.9 percent rate.

Improved Productivity and Efficiency Levels and Reduced Costs

According to Farley, moving from a manual data entry process to an automated WMS has been tremendous. WGA used to have eight people picking 24 hours around the clock. When the company implemented RIMS it went down to four people picking for two and a half hours a day. As a result, the company saved 52.4 man hours per day and achieved a productivity increase of over 600 percent in direct labor activities. If the organization was still operating manually, it would take more than 50 people 24/7 to manage their operations today. “We could never have managed these levels manually with our existing space. Without RIMS we wouldn’t be here today. The cost savings in just those first three months was staggering. It is impossible to even compare our current levels with our previous situation. It is like going from driving a Fiat 126 to driving a Formula 1 car.”

WGA has optimized its business at all levels, including the administrative. “Before RIMS, we had four people manually performing data entry,” says Farley. “As soon as we turned to EDI and the WMS we only needed one person half a day. That has translated into a 300 percent productivity increase in our indirect activities.”

Using an automated system, WGA has also optimized its use of space. “Before, we were working in a very inefficient space. Everything had to be laid out in a numerical way, and we had to allocate specific areas to separate customers. With RIMS, we are able to organize our inventory in a way that maximizes our operations. This has given us more available space which has allowed us to aggressively grow our business despite our current physical restrictive conditions.”

Achieving a Competitive Advantage

WGA has achieved a competitive advantage with RIMS against some of the larger players in the market with its ability to offer its customers personalized services. “Many of the larger warehouses are unwilling or unable to modify anything within their warehouse operations to accommodate changes in their customers’ business. It is very hard for our customers to forecast what they may be selling in the future—it could be flip-flops today and hanging garments tomorrow. That kind of change has major implications that make some of the other players in the market shy away from the larger warehouse operations.” With RIMS, WGA has the flexibility to easily modify its processes to accommodate the inevitable changes in its customers’ business, allowing its customers access to best of breed systems and processes that they ordinarily wouldn’t have.



“Without RIMS we wouldn’t be here today . . . It is like going from driving a Fiat 126 to driving a Formula 1 car.”

— Chris Farley



Increased Visibility and Access to Real-Time Information

With the ability to use EDI and to track all processes in RIMS, WGA is able to invoice more per month. "Before we weren't sure if we were getting paid for all the work we were doing," says Farley. "Now everything is recorded in the database and nothing escapes us. We are getting paid for the work we are doing and getting paid faster because we are keeping track of the information in real time and creating positive cash flow."

This is also a major benefit to WGA's clients because they have complete visibility into what services are being performed. "When we send out an invoice we can provide a detailed list of every order so there is no doubt in their minds what we are charging them for—the system is completely transparent. Many operations cannot provide this level of detail."

By fully understanding its own operations, WGA is providing its customers with invaluable information to help improve their own bottom line. "With RIMS we are able to tell our customers exactly what the cost is for the various services we provide them; that is a major advantage for them because it helps them to ensure they are covering their own costs. This is why we believe we have grown 35 percent month-over-month the last five years—because we have the technology here to actually fulfill not just the pick and pack operation, but the costing operation for our customers as well."

ROBOCOM—A TRUE PARTNER FOR THE FUTURE

To support its continuous 25-35 percent year-over-year growth, WGA is in the process of building a new 10,500 square meter warehouse where, in addition to its current operations, it plans to implement temperature controlled warehousing and bond controlled warehousing. Over the next six years the company plans to build four new warehouses in Northern Portugal to support new opportunities from North and South American businesses looking to sell their goods on the Iberian Peninsula.

All of WGA's warehouses will be integrated using RIMS, and RIMS will give the company the flexibility to implement and integrate new technologies to support their growth initiatives. To perform bonded warehousing, the company will implement a solution that will notify WGA what shipments have and have not been customs cleared. WGA also subcontracts all of its transport and is looking to implement a transportation management system. To further improve its productivity and efficiency levels, WGA plans to use voice picking in its warehouses to optimize its pick rates. "We are confident that RIMS will integrate with future systems as we require them and when we require them."

Farley concludes: "Our experience with Robocom has been very good. We are extremely happy with the results. They have been a true partner for us, giving us a university degree in Warehouse Management within a short amount of time. And the Robocom Helpdesk has been phenomenal. With someone available 24/7, there is always a capable person on hand to answer my questions. I would recommend the Robocom system to anyone."

ABOUT ROBOCOM

Robocom is a leading supplier of supply chain software and services, founded in 1982, with offices in New York, Toronto, Minneapolis and Europe. Robocom's core products include two separate and industry-specific Warehouse Management Systems, a Transportation Management System, a separate Voice Picking Module and a Labor Management System. We enhance, implement and support robust, flexible, and efficient software that performs as predicted and yields the positive business results your enterprise demands.

www.robocom.com

Worldwide Headquarters

Robocom Systems International, 1111 Route 110, Farmingdale, NY 11735 USA
Tel: +1 631 753 2180 Fax: +1 631 249 2831
On the Web at: www.robocom.com

© 2008 Robocom Systems International. All rights reserved. Robocom and RIMS are trademarks or registered trademarks of Robocom Systems International. Any other trademarks contained herein are the property of their respective owners. Specifications subject to change without notice.

