

SOLVE FOR X.

eCommerce: Shopping for Automation- When, What and How?

Presented by:

John Sauer

Ronald Gilbert



OPEX[®]
CORPORATION

Agenda

- Introduction of Speakers
- Review factors that may influence your business to consider automation
- Determine which aspects of your operation where automation may be aplicable
- How to investigate automation options
- Questions

John Sauer

20 Years with OPEX

Experience includes:

- Business Development Management
- Value Stream Management for Manufacturing/Production Operation
- Inventory Control Management
- Logistics Management
- Supply Chain Management

Ronald Gilbert

Nearly 25 Years of industry expertise including:

- Senior VP for eCommerce Fulfillment in North America for Hudson's Bay Company
- VP of Direct Logistics for a large luxury retailer
- VP of Fulfillment and & Transportation for large eCommerce retailer
- Director of Fulfillment for a large omni-channel apparel retailer.
- Director of Supply Process for a large cosmetics company

OPEX Corporation: Booth S3203

- U.S. based equipment manufacturer since 1973
- Provides automated productivity enhancing workflow solutions, such as Perfect Pick® and Sure Sort®
- OPEX's innovative technologies set the standard in process optimization and allow their customers to achieve the efficiency, accuracy and reliability required to compete in today's global marketplace

Hudson's Bay Company

- Canada's largest national branded department stores with 90 locations
- 70 kitchen, bed and bath superstores under the Home Outfitters banner in Canada
- In the US, HBC owns and operates the upscale Saks and Lord & Taylor department store chains
- Owns and operates Gilt.com
- Operates a large department store in Germany
- Implemented most technologically advanced Distribution Center in Canada

Is it time for Automation?

- Retailers are feeling the effects of increasing costs of doing business
- Factors outside of their control such as increases in shipping, real estate, labor, and operational costs are forcing retailers to look for ways within their control to reduce their handling costs

Is it time for Automation?

- Challenges Facing Today's DC's: **Labor**
 - Labor Costs
 - Increased head count to handle growth
 - Movement to raise minimum wages
 - Labor Availability
 - Extremely low unemployment rates in DC hot beds
 - Procuring temp labor to handle seasonal peaks

Is it time for Automation?

- Challenges Facing Today's DC's: **Labor** (cont.)
 - Labor Effectiveness
 - Temporary labor can be unreliable
 - Competition makes retention difficult
 - Training can be expensive

Is it time for Automation?

- Challenges Facing Today's DC's: **Growth**
 - Increased order volumes
 - Additional Shifts
 - Overtime
 - SKU proliferation
 - Running out of space
 - Consolidation of multiple facilities
 - Building a new DC

Is it time for Automation?

- Challenges Facing Today's DC's: ***Customer Experience***
 - Need to:
 - Reduce order fulfillment cycle times
 - Extend same-day shipping cut-off times
 - Improve accuracy
 - Reduce unexpected returns
 - Remain competitive

What should be Automated?

- Warehouse Management System (WMS)
 - If you don't have one, get one!
 - If starting from ground zero, use a common WMS for your industry
 - If you have a homegrown WMS or an off-brand WMS, consult your potential solutions providers to understand compatibility

What should be automated?

- Conduct a workflow study
 - How is business conducted today?
 - Number of touches to get a unit received to a pick-face?
 - Number of touches to get an item picked and packed?
 - Number of picks/replens per hour per person?
 - Length of pick/replenishment process?
 - VAS tasks at Receiving, Picking and Packing?
 - Do they bring value to your customer?
 - What does the return process look like?

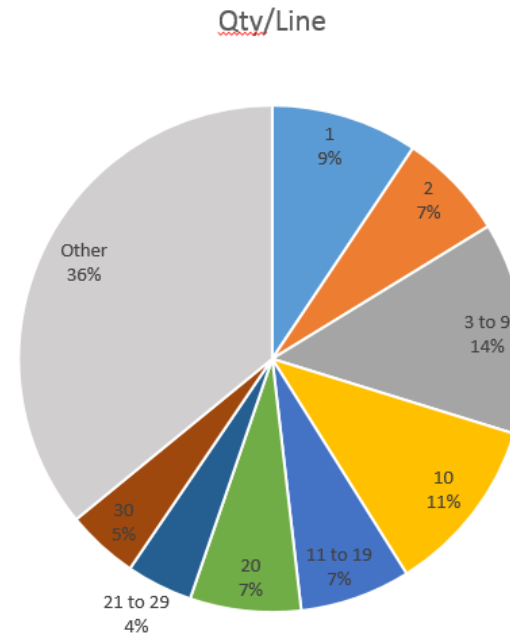
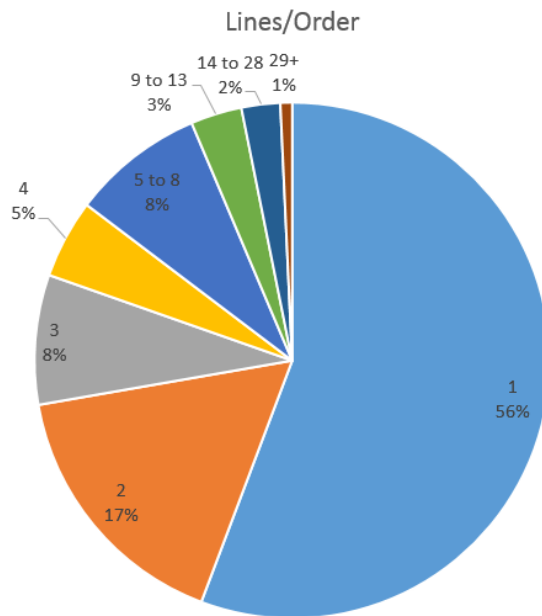
What should be automated?

- Perform Data Analysis: Understand Volumes

Weekdays	# of Orders	# of lines	SKU touched	# of Pieces	Weight
Average	4,054	9,801	6,921	287,050	6184
Max	5,244	13,421	8,882	424,372	12,752
Min	81	83	75	6,956	110
Stdev	922	2,266	1,511	72,222	1,683
Average/Hr*	405	980	692	28,705	618
Max/Hr*	524	1,342	888	42,437	1,275

What should be automated?

- Perform Data Analysis: Understand Order Profiles



What should be automated?

- Perform Data Analysis
 - Understand Item Characteristics and On-Hand Quantities
 - Length, width, height, & weight
 - Pallets, cases, eaches
 - Seasonality
 - Lot control or other business rules

What should be automated?

- What is your growth strategy?
 - Increase number of SKU's offered
 - New Products
 - New Markets
 - Increase number of units sold

How do I investigate automation?

- Do your own research
 - MHIA
 - YouTube
 - Google
 - Local Material Handling Chapters
 - Talk to your neighbors
 - Get out of the building
 - Tours of other companies
 - Attend open houses

How do I investigate automation?

- Leverage your existing service providers:
 - Forklift/Order Picker Supplier
 - RF Equipment Supplier
 - Racking/General Equipment Supplier
 - WMS/Software Supplier

How do I investigate automation?

- Look to the experts:
 - Original Equipment Manufacturers
 - Material Handling Integrators
 - Consultants

(Some may have a cost associated with them, some may be free!)

How do I investigate automation?

- **Attend ProMat and Modex!**
 - Get engaged with exhibitors
 - Walk the entire floor
 - Visit their websites
 - Read published case studies to identify synergies between your business and their customers

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For More Information:

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Or visit ProMat Booth S3203