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ASICS Retrofit Case Study:
Performing Open Heart Surgery While Running a Marathon

Presented by:

Chris Slover, Fortna
Footwear Industry Leader
Kyle Koestler, ASICS
DC Planning Director

PROMAT 2017
McCormick Place | Chicago
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Agenda

- When is a retrofit the right fit?
- Things to consider before starting a retrofit
- ASICS case study

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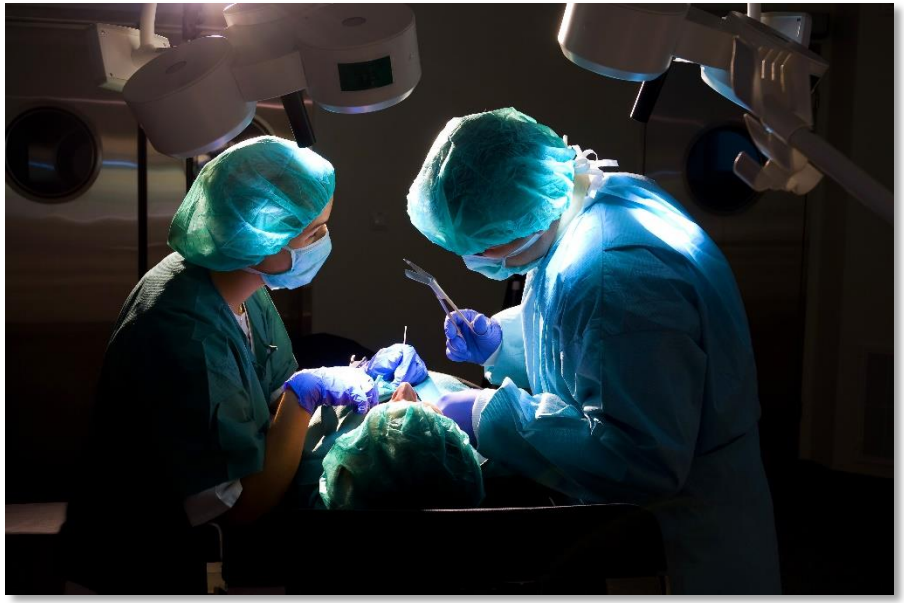

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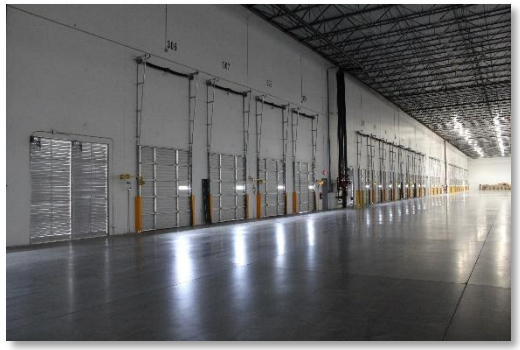
Options

Do nothing



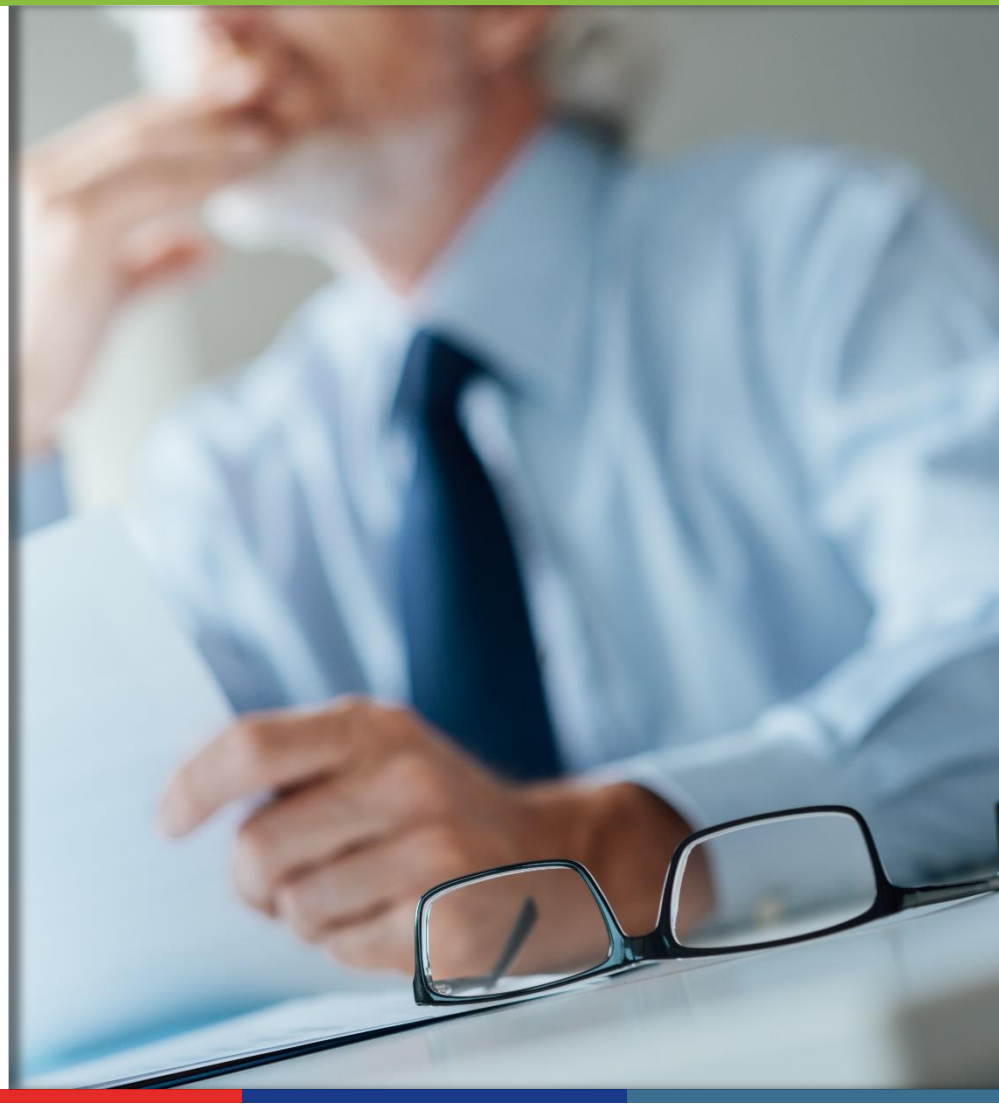
Build New

Outsource

Retrofit

Considerations

- Business Requirements
- Lease Terms
- Age of Building
- Condition of Equipment
- Demolition
- Labor



Benefits of Optimizing Operations

Higher Productivity

Enabled Growth/Revenue

Service Improvements

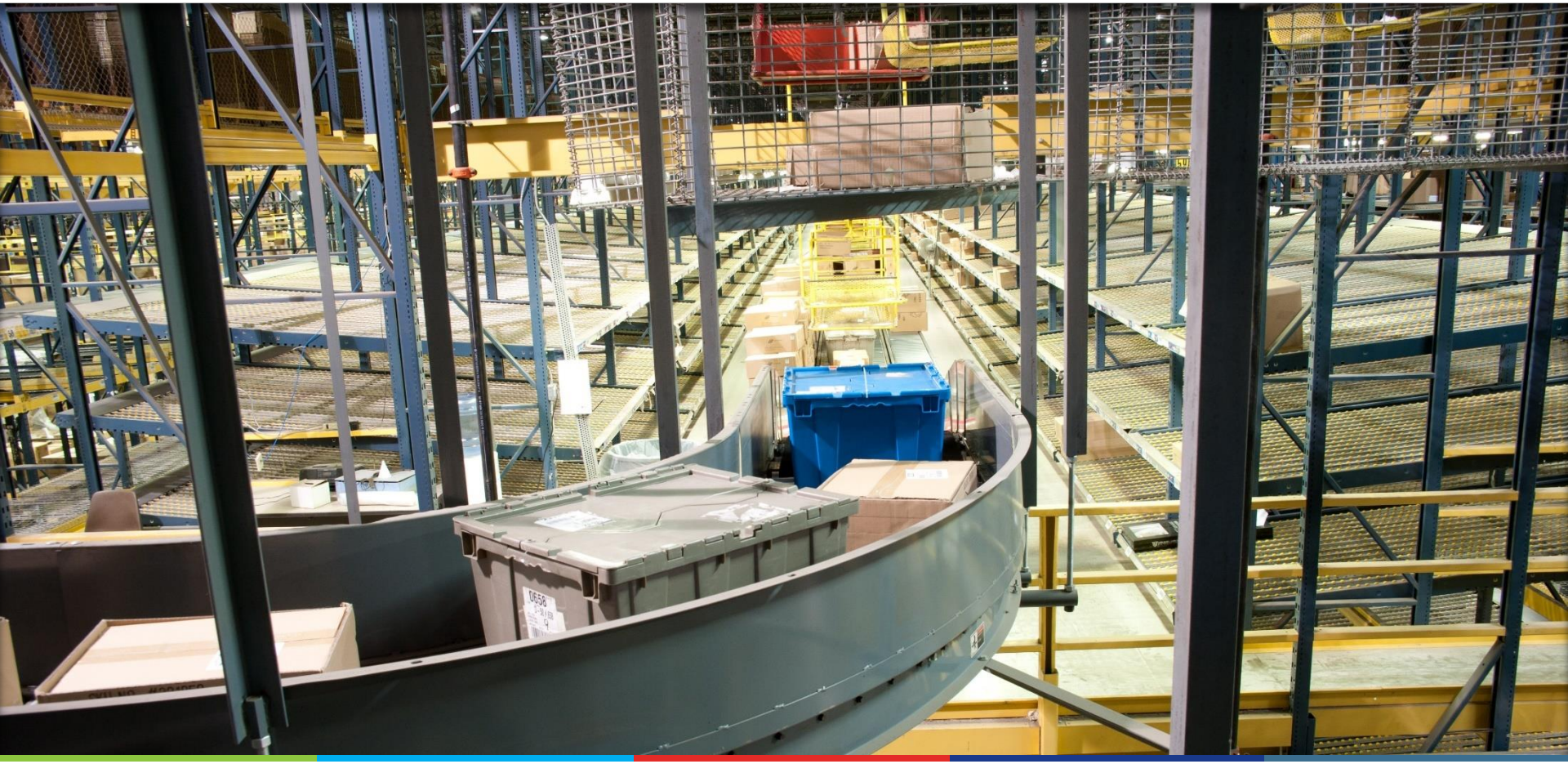
Competitive Advantage

Lower Costs

Low Turnover/ Employer of Choice

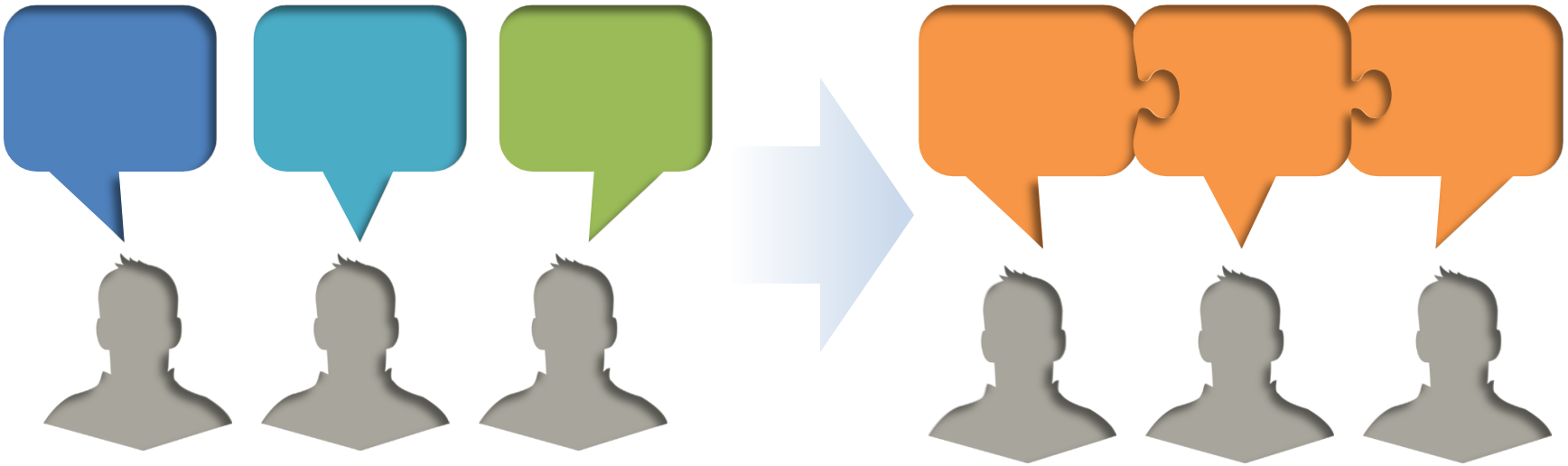
Things to Consider

Upstream/Downstream Equipment Impact

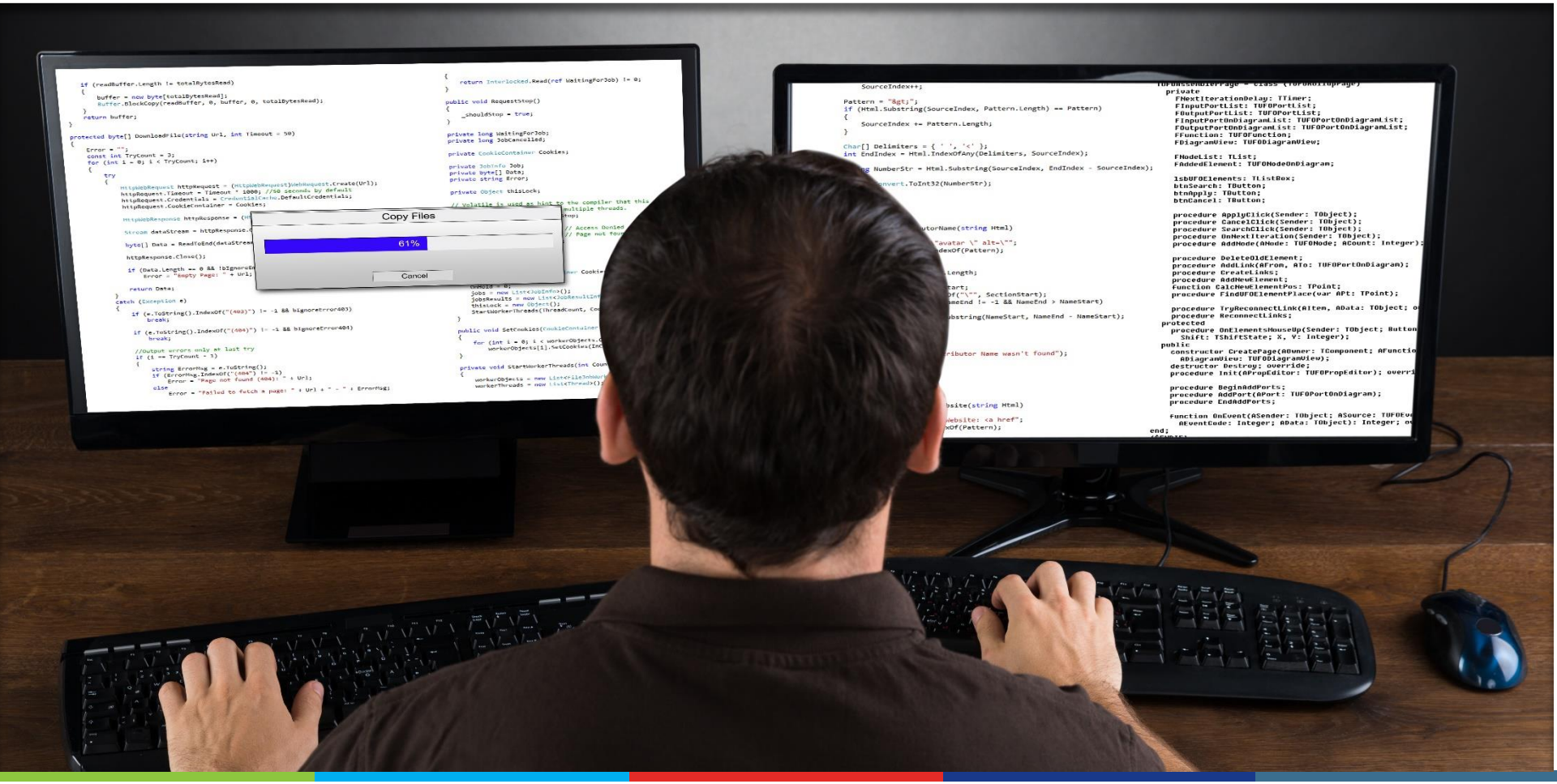


Maintenance and Rehab Cost

Change Management



Software Modifications and Upgrades

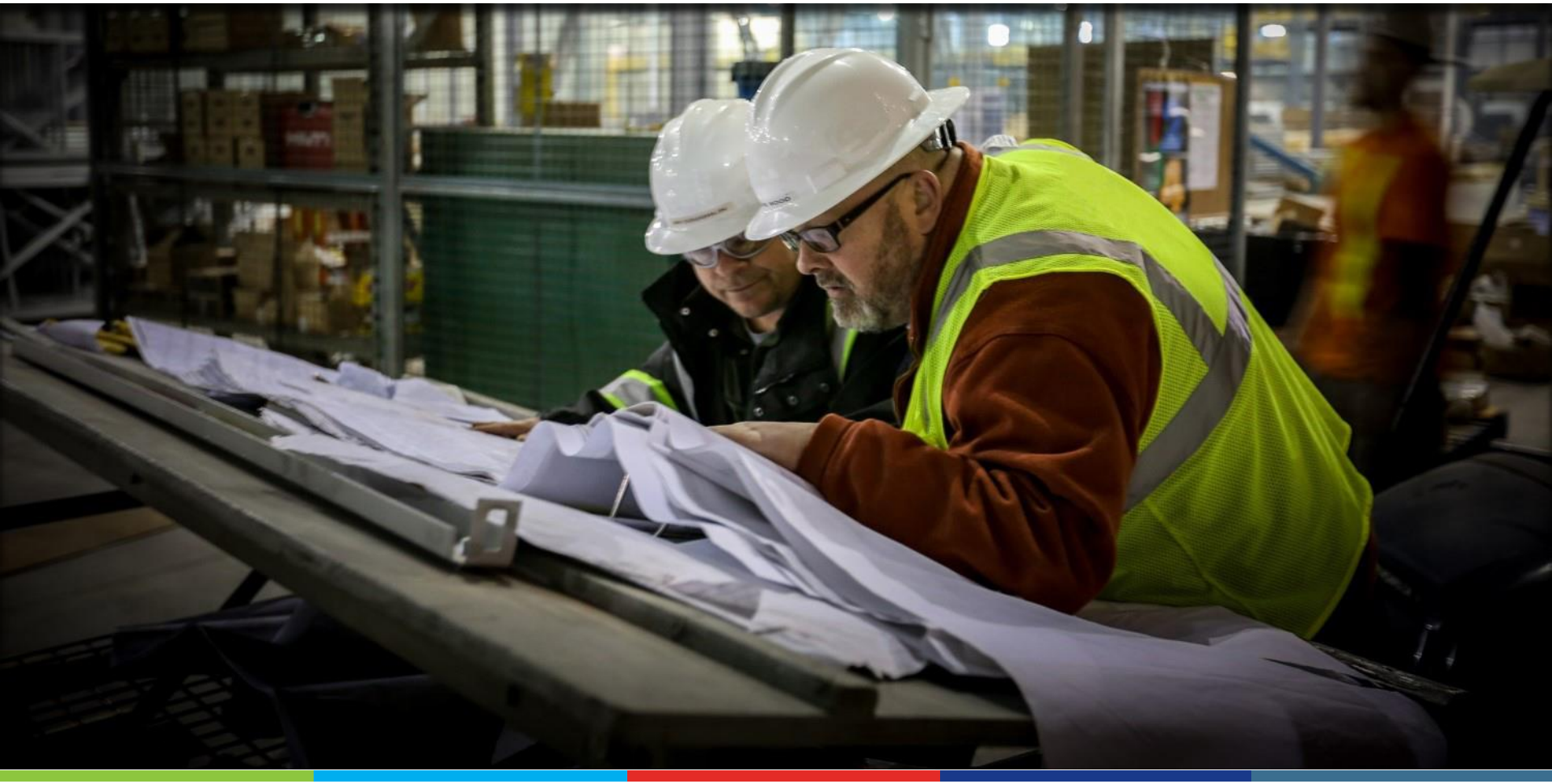


Extensive Testing at Production Volumes

Project Management

Budgeting for Risk

Site Conditions and Measurement



Accountability for the Total Solution

Summary: 9 Things to Consider Before a Retrofit

- Upstream/downstream equipment impacts
- Maintenance and rehab costs of older equipment
- Change management to reduce resistance
- Software systems changes and upgrades
- Extensive testing at production volumes
- Project management resource skills and responsibilities
- Budgeting for areas of risk
- Site conditions and measurement
- Accountability for the entire solution

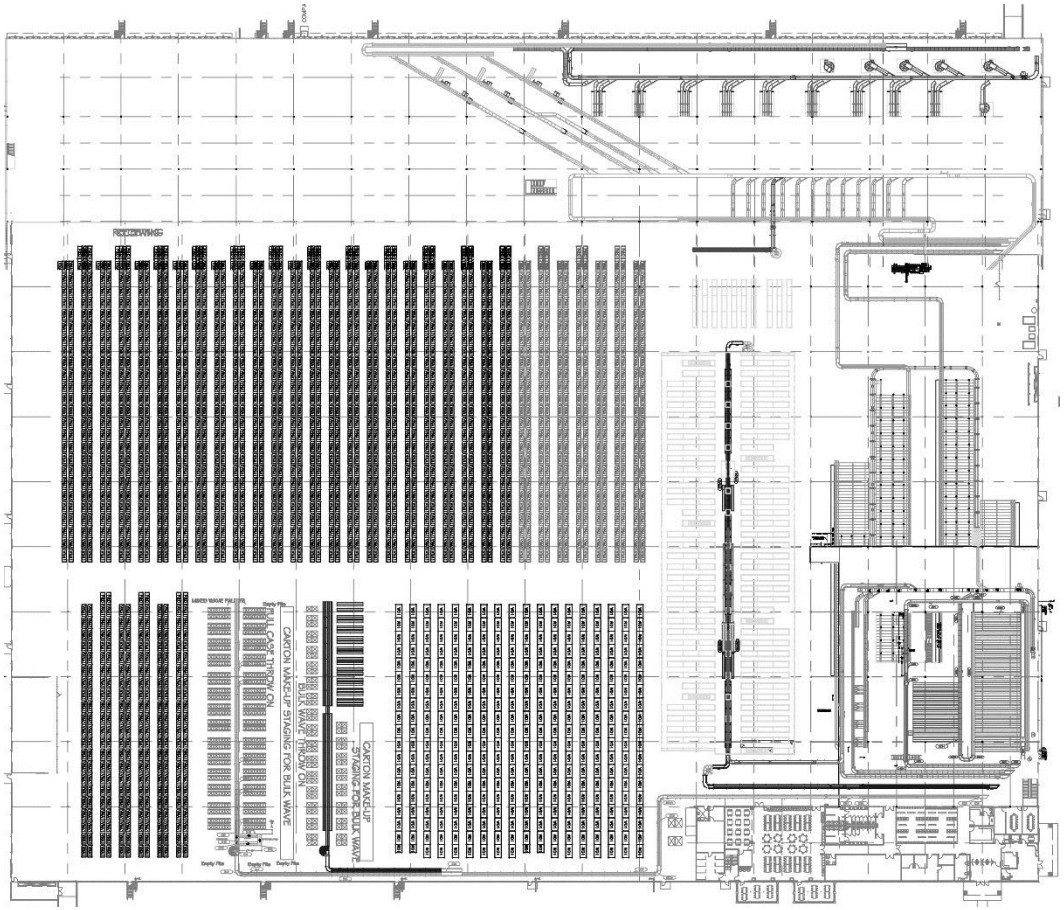
ASICS Case Study

The Challenge

- Transition non-footwear categories from existing DC to expanded DC without impacting service levels
- Critical retrofit project roles filled by ASICS staff who had to balance priorities with existing workload
- Testing in a live facility without disrupting operations

Before: 520K SF

- ~95% of all ASICS U.S. footwear orders
- High density VNA storage
- Cross belt unit sorter with 600 destination chutes
- 2 level pick module for footwear residuals – expandable to 3 levels
- 30% of orders require VAS
- 60%-70% split case pick
- Manhattan WMS (i-Series)
- FortnaWCS



The Business Case

- Enable long term business growth across footwear and non-footwear categories (SKU and volume growth)
- Projected 60% growth in overall inventory capacity
- Projected 75% growth in throughput requirements
- Projected 5% decrease in cost per unit processed
- Support retail and eCommerce channel growth

Preparation: What Went Well

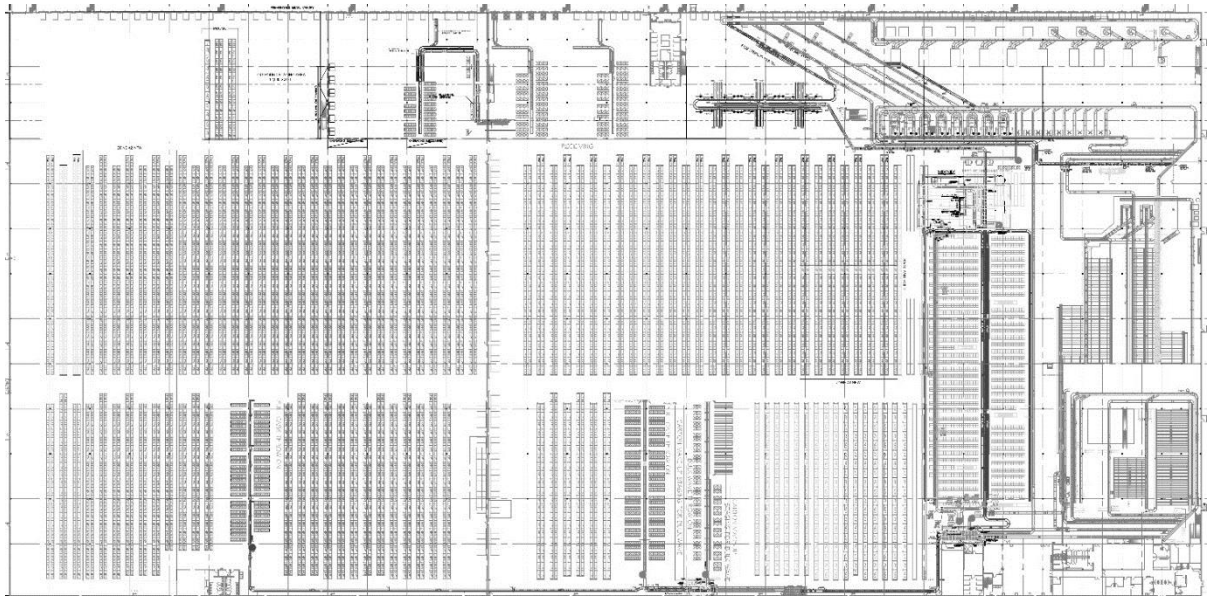
- Little to no impact on existing business
- Development of realistic testing and transition plans
- Active steering team participation helped mitigate potential issues
- Increased service level to specialty retailers across both footwear and non-footwear categories

Lessons Learned: What Could Have Been Better

- ASICS project team attention divided between project and day-to-day responsibilities
- Additional project staffing requirements for specific technical skill sets identified mid-stream
- Phased approach rather than a “Big Bang” allowed for adjustments to the plan based on learnings from earlier phases; led to more robust testing and better results

After: 862K SF

- Additional storage rack for apparel and accessories, including half-pallet locations
- Autobagger for single unit orders
- Double-sided VAS workstations for apparel and accessories
- Footwear VAS workstations with longer lanes for increased capacity



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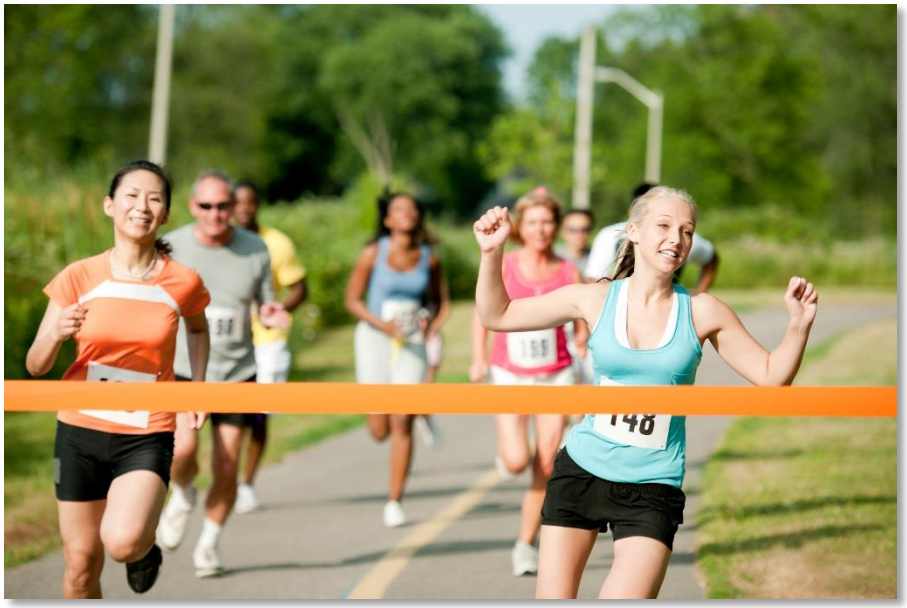

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For More Information:

ChrisSlover@fortna.com

Website: www.fortna.com

Kyle.Koestler@asics.com

website: www.asics.com

Or visit ProMat Booth #S-4580