



PROMAT 2015

McCormick Place South | Chicago
March 23-26, 2015
promatshow.com

Start Customer Service at Order Selection with a Voice-enabled Warehouse

Sponsored by:

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Voxware and
McGraw Hill Education

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About McGraw Hill

- \$2.1 billion portfolio company of Apollo Global Management.
- 3 distribution centers total ~ 1.8 million square feet
- Ship directly to schools, school district depositories, book stores, and direct sellers such as the major internet retailers
- Inventory over 115,000 SKU's and ship over 240,000 units/day;
 - ~ 34,000 different items on any given day
- Two peak periods: July-August and December-January

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Supply Chain

Business Issues and Challenges

- Increase in sale of digital product
- Decline in sales and distribution of physical product
- Purchased by private equity firm in early 2013

Supply Chain Drive for Quality

- Reduce inventory levels
- Reduce and variabilize operational costs
- Inventory accuracy
- Order accuracy
- Order turnaround

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Supply Chain Objectives

- Reduce distribution network
- Outsource distribution operations
- Continue operational and customer service excellence at acceptable cost levels

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Solutions

- Scaling existing operations
- Voice directed picking to assist in scaling up
- Order profile changes - Direct to student fulfillment

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Value Gained

- Consolidated distribution network from 6 facilities to 3 over a two year period
- Performed RFP and selection of 3PL for management of consolidated operations
- Scaled up operations to handle increased daily volume

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Benefits by the Numbers

- Distribution network consolidation reduced operating costs 30%
- Outsourced distribution management reduced costs but more importantly variabilized, long term operating costs
- Voice Directed Picking
 - Overall productivity boost of 18% achieved
 - Training time reduced by over 75%
 - New hires reach acceptable productivity goals faster with voice
 - Flexible solution supporting scaling of operations
 - 3PL approves of voice and continues to partner with us on improving our application.

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Lessons Learned

- Partner with vendors early on to achieve better savings and decrease contention
- Voice can be implemented quickly – but as always good project management is needed to ensure success

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Future Initiatives

- Continuous improvement of processes with our 3PL
- Upgrade versions of voice system to gain new functionality as developed
- Re-platform WMS and continue utilize voice system for data collection

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