

# CHOOSING THE RIGHT WMS SYSTEM

## Considerations before choosing a Warehouse Management System

There are many WMS providers out there and the decision of which to go with can be daunting, however is often made based on scope, size, and cost plus growth expectation.

As a rough guide you can get a basic stockholding system for £5k to £40k, a fully functioning integrated WMS for a Small to Medium Enterprise for between £40k to £200k and a larger ERP add on WMS or scaled specialist system from £200k to £5 million+. These are examples and do not include differentiation based on delivery, backup, full implementation and training.

One reason for the variance in costs between suppliers is that very few are like for like, many talk about "out of the box"; however in real terms because of localised configuration and integration as well as training this is rarely practical. The variance is also accentuated because of delivery methods, which could be cloud or physical servers. For some businesses they like the idea of hosting their own servers so connection and security practicalities are controlled by themselves and reduce external reliance, others like to externalise

as much as they can which can lower costs.

I would suggest all of the factors below need consideration.

### A: Long-term planning.

WMS is a long-term commitment; operationally it will fit you and ideally you should fit it, make sure that from the outset you consider your long-term plan. If you turn over less than £1million and only pick 100 orders per day you can get away with something basic. If however that's your position but you expect/hope to grow to £10 million and pick 1000+ orders per day then your needs should reflect that.

In simple terms if your future may benefit from automation then it's probably best to buy a WMS capable of integrating (the best option for this would be a system that also has WCS which can control and take information from automation).

Always plan for your vision of the future in the WMS you choose.

### B: Cost benefit.

Make sure you understand the real cost to benefit. Ask your chosen WMS providers to illustrate suggested gains from the system – both current and future. Honest figures you receive from them should give insight which will help in your selection.

### C: Providers pedigree?

As there are many WMS providers out there some may not be fit for purpose.

Make sure you get a list of some real businesses that use them and where possible visit at least one. While doing reference visits make sure you ask the site what they honestly think.

Case studies are good but remember the business will only ever provide one of their successes. Always do research.

### D: Platform, does this fit with your IT strategy?

There are advocates of both cloud and sited WMS systems.

Advocates of sited will tell you cloud is only as good as your connectivity and that if your external pipe drops you will be left without operational usage. They will also point to security and the ability for VPN. You can manage it internally with your own staff and policies.

Advocates of cloud based will tell you it's cheaper as storage space can be shared reducing costs, available more when out of the office, as well as leaving the responsibility to load patches to someone external. They will also point to internet speeds becoming better.

Both versions are perfectly plausible and consider your strategy and which would suit you better. I would look at providers from both sides of this.

### E: What can you afford?

Some providers will have different versions that you can turn on functionality or bespoke elements as you grow. This allows start-up cost to be lower but as soon as you start to grow it becomes more expensive. Ask about upgrade costs, bespoke elements that you may need in the future upfront so you understand the true/full potential costs.

Cheap systems are cheap for a reason. Expensive systems should only be expensive if you get value. Ask for a full breakdown of why the cost is what it is; for example if you pay £5k for a system and implementation and they say it's going to take them 100 days to configure implement, train and have go-live then that would mean they are costing their staff at £50 per day and making nothing on the software or anything else, they won't stay in business. If you pay £100k for a system and they say it is 200 days it's much more likely I would believe that.

If you can only afford a fixed budget be honest with providers from the outset.

### F: Interfacing.

It's rare that you won't run multiple systems; for example ERP, Traffic Management, MIS, spreadsheets, basic databases etc. They will all manage their part, however some may benefit from linking to the WMS.

### G: What are support costs, infrastructure, training and implementation?

Do you own the system after buying it or will it be software as a service? This is your decision and every business has different drivers. With SAAS you spread the cost over the full life of the product, with front you will own the software and pay ongoing support.

Training is critical. You wouldn't expect somebody to drive a forklift without the right training and this is the same.

### H: New technologies.

Most systems will work with voice picking, RFI tech etc. However not every business would need or benefit from that technology. Ask the question of your provider if there is potential if you move/use that technology to integrate now or in the future.

# ESPO boosts profitability and performance using Indigo WMS

Jointly owned by six member authorities, ESPO generates £45million in revenues each year. As a professional buying organisation for its owner customers, who include Leicestershire County Council, Lincolnshire County Council, Cambridgeshire County Council, Norfolk County Council, Warwickshire County Council, and Peterborough City Council, the company is committed to getting value for money.

ESPO achieves this by pursuing best practice in the sourcing and procurement of thousands of specialist and everyday products needed by educational establishments and other Public Sector organisations. Against an economic backdrop of currency fluctuations and reducing budgets, one of ESPO's biggest challenges is maintaining efficiency and price competitiveness. Ongoing investment in business technology is a vital part of overcoming these issues.

ESPO's product range includes everything from pencil sharpeners and exercise books, to chemistry equipment, goal posts and cleaning products. This diversity requires a large warehouse roughly the size of 4 football pitches, in which over 11,000 different stock items are stored, 20% of which are fast moving lines that comprise the bulk of sales. Throughput typically averages 11,000 orders processed per day, reaching 18,000 during July peak periods. Although ESPO's six member authorities are located in central and

eastern England, the company also supplies to other parts of the UK, using its own transportation network where economically viable.

### Integrated WMS to support business growth

As part of an initiative to improve efficiency and competitiveness, ESPO implemented Indigo's WMS solution, which was integrated with the Infor Aurora ERP solution. In addition, ESPO had ambitious nationwide expansion plans and would not have been able to embark on its company growth programme and increase the volumes of orders being processed, without the support of warehouse management software.

Using Indigo in the warehouse gave management the ability to introduce process workflows and gain immediate visibility of all warehouse operations in real time. Prior to this, the company's warehouse operations were entirely paper based and all transactions were confirmed after they had happened. Originally as a paper based warehouse, each order was assigned to an individual picker, who would be responsible for picking and planning every article before dispatch. This process was inefficient because orders were labour intensive and time consuming to fulfill.

"We have invested heavily in Indigo and seen clear returns from the outset. Despite increased competition and challenging trading conditions, ESPO's business has

grown. We could never have achieved the profitability and performance levels we're seeing today using our old paper systems without significantly increasing headcount," says Dave Pearson, Warehouse IT Systems Analyst at ESPO.

### Real time warehouse transaction processing

"We carry a lot of stock items and wanted to improve warehouse efficiency by replacing what was an outdated and error prone paper based system with real-time transaction processing," says Dave Pearson, Warehouse IT Systems Analyst at ESPO. "Indigo has provided us with a way to future proof the business and ensure that we can scale operations as our customer base expands."

The arrival of Indigo's software has enabled goods in, putaway, picking and dispatching processes to be managed and reported in real-time, significantly improving efficiency levels. "Picking has seen the biggest improvements to date, with pickers now routinely achieving 30 lines per hour," adds Dave Pearson.

### Multi order picking improved efficiency and accuracy

After implementing Indigo, multi-order picking could be introduced, which has transformed efficiency and accuracy in fast moving areas, particularly because orders coming in from any channel can be routed in real time to the best pickers available

and then packed and shipped more quickly.

Now, pickers are automatically assigned goods to pick according to their immediate proximity to the items' stock location in the warehouse. Totes containing the ordered items are then brought to a central consolidation area comprising 180 locations, with capacity for 6 totes per location, where packers assemble orders into finished parcels for onwards dispatch. Further streamlining efficiency, Indigo ensures that picked orders are packed in a pre-specified sequence before onwards delivery by ESPO's transportation division.

### Increased daily order throughput

By introducing Indigo, we have been able to increase order throughput by 50%, as a result of being able to more efficiently route orders to pickers and then better control the pack and dispatch sequencing," says Dave Pearson. These metrics are consistently achieved during peak periods when ESPO relies on additional agency staff to boost its core warehouse team numbers.

"Indigo's user interface is very intuitive and whereas it used to take us a week to train new workers to perform basic warehouse processes, they can now learn everything they need to know in a day. The system prompts them at each stage in the process and automatically varies their workloads to prevent boredom," adds Dave Pearson.



Overall, ESPO has been so delighted with the performance improvements they've seen using Indigo's WMS, that the company has just completed an upgrade to the latest version. This investment provides a foundation from which ESPO can introduce warehouse automation, with goods to person picking methods in certain areas of the warehouse.

Technologically, this will involve integrating Indigo WMS with new conveyor driven systems, packaging machinery and voice directed picking, to further enhance efficiency.

"Overall, I would say that Indigo are great to work with and they really are our one-stop shop for all things warehouse technology related, from hardware and software to wireless infrastructure. Their supply chain consultants understand our challenges and the real-world experience they bring to improving warehouse operations adds a lot of value to our business. Nothing ever stands still at Indigo and we like that."

### INDIGO SOFTWARE

www.indigo.co.uk