

# Technical response

Senior executives from three leading suppliers of IT systems to the 3PL sector, address some of the issues impacting on the market. **Gavin Clark**, Commercial Director of Snapfulfil; **Eric Carter**, Systems Architect at Indigo Software; and **Simon Clark**, Vice President of Business Development – Europe, Middle East & Africa at WiseTech Global provide the answers

**Which new technologies are likely to deliver the biggest Return on Investment?**

**Gavin Clark:** “For companies moving from manual systems, it’s hard to beat a WMS in terms of ‘bang for your buck’. Although WMS is mature technology, cloud and SaaS continue to lower the barriers to entry, making ‘best of breed’ accessible to more and more organisations. Our customers pay nothing until they go live and the subscription cost is typically covered by the savings resulting from productivity improvements almost immediately – in fact, one of our customers eliminated an entire shift following the implementation of Snapfulfil!

“Our SaaS model is also fully inclusive so there’s no additional cost for maintenance and upgrades so, as well as rapid ROI, total cost of ownership is extremely low.

**Eric Carter:** “For the right environment and product range, usually high volume, high density pickfaces that hold very fast moving product lines, live storage systems can offer a huge return on investment. Although as a one time cost, live storage systems are expensive, from experience, where a business has made the investment, the returns are recouped quickly.

“Longer term, once the system is paid for, it’s essentially free picking for the long term. In some cases, where a business might rely heavily



Eric Carter

on large numbers of seasonal agency workers, a company can see a return on their investment within months.

“From previous experience, the key to seeing a fast ROI from live storage systems such as Cardex and Randex, is to ensure they are fully integrated with the WMS solution employed. This means the business always has live visibility of stock and overall warehouse throughput levels. In addition, having a storage system with built in intelligence allows stock items to be automatically re-located according to demand, with the system constantly monitoring the frequency of orders made and relocating the stock held within it accordingly.”

**Simon Clark:** “Any technology that removes human touch while improving quality and speed will achieve the easiest and biggest return on investment. Many warehouses are still operator-based, so simple Radio Frequency (RF) applications can generate huge productivity gains. For those who have already implemented RF, the next step is automation and robotics.”

**What innovations in technology are likely to impact on warehouse operations in the next few years?**

**Gavin Clark:** “As long as labour continues to be the biggest cost in the warehouse, any technology which improves productivity will have an impact – as well as WMS, workforce management and automation are two of the technologies we expect to see gaining ground in the next few years. That said, the capital investment into full automation is still prohibitive for most. Technologies which automate part of the process, e.g., sortation systems, conveyors and pick-to-light systems, are more accessible and likely to offer a better ROI for the majority. Robotics can also replace some repetitive warehouse tasks – goods to man rather than man to goods is on the increase, especially for retail operations handling similar sized products or high line item orders.”



**Eric Carter:** “As a provider of WMS solutions, Indigo is seeing significant demand from customers to integrate their existing WMS with other tools to improve process efficiency. This is also a good opportunity to add quality into the process rather than having it as a final check.

“For example, customers are asking us to help them integrate weighing scales, conveyors, parcel carriers, with the objective of joining together the picking, packing and dispatch processes into a single, seamless transaction. The end goal is to minimise the necessity to build quality checks into the process at each stage, thereby saving time and resource costs.

“Instead, with an integrated and automated process, a single individual can be responsible – and accountable – for picking, packing and dispatching, which is driven by the WMS.

“There are three things that are fundamentally changing the WMS market: smart devices, operating systems like Android and IOS, and demand for truly mobile applications that can switch seamlessly between wi-fi and GSM. Users now expect touch-screen functionality, which is fundamentally changing the landscape of what hardware in a warehouse looks like. Traditional rugged devices like handhelds now look very out of date and have very

limited functionality compared with the look and technical capabilities of a smart device.”

**Simon Clark:** “With basic warehouse management systems (WMS) and RF applications becoming commonplace, a robust WMS that can integrate with new technologies and existing processes is key. Advanced robotics, immersive technologies and new developments in the Internet of Things arena are the game changers that will put greater pressure on warehouse operations to be hyper-efficient.”

**Which sectors of industry are driving developments in logistics technology - retail, manufacturing, hi-tech etc?**

**Gavin Clark:** “E-commerce retail is the main driver of developments in warehouse operations, whether that be technology or other innovations – despite the continued growth in online and omni-channel sales, profitable order fulfilment is still a real struggle.

“Amazon and its adoption of robots, drones and, most recently, plans for airborne warehousing, is at the vanguard of this movement, with the majority of other retailers scrambling to keep up. This is spawning real innovation in small and medium sized-business who simply can’t afford the investment required to deploy these types of technologies but must deliver

similar service levels to compete effectively, without simply increasing headcount.”

**Eric Carter:** “Retail is a key driver because it’s so competitive and margins are so tight. The explosion of multi-channel and omnichannel logistics has caught many companies on the back foot. They have traditional order based picking methods that are frankly no longer fit for purpose.

“In today’s ‘less more often’ logistics world, what was once an ideal pick walk sequence is now a potential nightmare multi-trip around the warehouse to repeatedly gather stock for single item orders. The use of multi order pick processes or ‘Batch Pick and Sort’ is the way forward. Technology can support this process by allowing orders to be bulk picked and then taken to a sortation area for quick dispatch.”

**Simon Clark:** “Every sector of the logistics industry is driving growth and innovation right now. The industry is being led by e-commerce consumers who expect and demand all types of products to be delivered same or next day. This means every aspects of stock management, pick & pack, dispatch and door-to-door tracking must be as efficient and transparent as possible.”

**Has WMS become a mature market and, if so, is the focus turning to other elements?**

**Gavin Clark:** “Although WMS is a relatively mature technology, changing customer requirements – especially in the retail sector – continues to drive a wide range of new developments in the market. For example, we recently received a grant from Innovate UK to develop a solution which will allow Snapfulfil to deliver robotic levels of efficiency without the high levels of capital expenditure and fixed capacity associated with traditional warehouse automation technologies.

“Cloud and SaaS models are also making best of breed WMS solutions more widely accessible, allowing smaller organisations to implement a best of breed WMS in a fraction of the time and at much lower risk than is typical of a traditional, on-premise system.”



**Eric Carter:** “WMS is a mature market but there are still a lot of companies both large and small, who are running their warehouses with paper based systems. This tends to occur either among manufacturers who consider a separate WMS unnecessary because they have very limited WMS modules within their ERP software, or much smaller companies who are in early stages of growth and not making best use of technology because they are burdened by day to day trivia of meeting daily sales orders. In both cases, they are missing out on the operational savings, plus the automation and traceability benefits that a specialist WMS solution can offer.

“Companies are missing out on making very significant cost savings and process improvements. For example, they are wasting time double keying information, or their returns process is not as slick as it could be.

“Recent research by Indigo indicates that customers going live in 2017 can expect to save an average of £126,000 each per year off the costs of running their warehouse operations. Across all industry sectors, individual savings were reported by customers

in goods receiving; put away, picking, stock counting and general warehouse administration operations, leaving them with a budget surplus to invest in further business improvement projects.”

**Simon Clark:** “WMS is a continually developing market. Pushed by increasing consumer expectations, the larger players are driving change and smaller players with smaller budgets are falling behind. However, in this competitive market, Software-as-a-Service (SaaS) technology is enabling players of all sizes across the industry to be able to compete with the likes of Amazon and Alibaba by streamlining processes and vastly improving visibility.”

**Visibility, flexibility and collaboration are the buzz-words in supply chain – to what extent can technology help deliver these?**

**Gavin Clark:** “Technology is often the starting point for these types of improvement. Web technologies help to make information more widely, but securely, available, without the need for complex networks or manual reporting. Legacy software is often highly inflexible and based on varying operating systems and database

technologies. Supply chain managers are therefore turning to their IT teams to provide a unified reporting/business intelligence suite offering ‘a single version of the truth’ across the supply chain.

“Accurate inventory information within the warehouse and on the water/in the air is the starting point for many strategic decisions and this is why warehouse management software is a critical starting point for high growth retailers.

**Eric Carter:** “Technology is a key enabler for visibility, flexibility and collaboration. A WMS solution can provide end to end visibility which enables products to be tracked across the supply chain from source to end consumer, with data captured in standard formats and shared.”

**Simon Clark:** “It’s impossible in today’s world to produce visibility, flexibility and collaboration without technology. Collaboration requires all parties in the supply chain to be linked, from retailer and manufacturer through to logistics providers and the consumer. With productivity and efficiency demands on the warehouse increasing exponentially, providers who ignore technological advancements will be left behind in the world of fast moving operations.” ●

## Over 41% of companies without EDI

Over 41% of businesses have no electronic data interchange (EDI) capability and 21% just use web portals, a new survey conducted by leading EDI company, Data Interchange, reveals.

“Businesses failing to adopt EDI, or who are not fully utilising its capabilities through integration with ERP systems, are exposing themselves to significant risk through increased errors and process inefficiencies,” said Colin Fisher, Head of Sales at Data Interchange.

He continued: “If businesses wish to engage with their customers and suppliers more effectively, with fewer errors and with reduced risk of expensive failures, then they must become part of a seamless supply chain that uses integrated EDI.”

Of the 37% of companies that do have their own EDI capability, around 30% outsource to a third party, leaving approximately 70% to manage their EDI internally.

“Perceptions of cost, implementation complexity

and ROI, as well as having the necessary staff, are all possible contributors to a low adoption of EDI,” said Fisher. “These issues are addressed by outsourcing to a managed service, which, as this survey suggests, is a growing trend.”

The survey, which questioned 138 individual companies, went on to show that invoices (both inbound and outbound) and dispatch notes (ASNs) were the most popular types of messages exchanged. This was followed by forecasts, orders and order confirmations. Bill of materials, credit and debit notes and delivery confirmations were used a lot less.

Colin Fisher added: “The findings of this survey substantiates Data Interchange’s view of the challenges that exist for companies seeking to exchange message documents cost effectively, securely, efficiently and without error. EDI is clearly the enabler and outsourcing to a specialist provider is the best way of managing the process, leaving a company to concentrate on its core competence.”