



Distribution Center MANAGEMENT

February 2009

Managing people, materials and costs in the warehouse or DC

From the Golden Zone

Get a good ROI from your WMS by ensuring it considers the physical warehouse

By Chris Goldsmith

Considering the vast research and development dollars many vendors have put into building more advanced and robust warehouse management systems (WMSs), you have every right to expect more value from the solutions they sell. But even though today's WMSs offer a laundry list of enhanced features and functions, there is still one key variable that, if not included, will leave you searching for your expected return on investment.

That variable is physicality. What is physicality? It is the size and layout of your warehouse, your product dimensions, packaging requirements, material handling equipment, and other factors that make up your physical warehouse. The interesting thing about all of these physical attributes is they are likely to be completely different from one company to another, and even within the same company, it is highly likely that one facility's layout is dramatically different from another.

If you want to get a good return on your WMS investment, make sure it has functions that will help you optimize your physical warehouse. If it doesn't, you may not get the return on investment you need to stay profitable. What follows are some important guidelines for effectively addressing the physical warehouse to maximize your investment.

You need to do more than buy a vertical-specific solution

Some might argue that a number of WMS vendors sell vertical-specific applications that address the physical warehouse. We all agree that having a business application with vertical templates is a great place to start, and many vendors have made great advances in this area.

But even within a vertical industry, there are potential physical differences between warehouses. Does a soft-drink distributor have the same physical requirements as a beer manufacturer? In some instances it is possible; however, a beer manufacturer might have heavy kegs to transport while a soft-drink distributor could have boxes of syrup that need to be shipped. The optimal storage of these products (chilled versus ambient) and transportation of them is likely different. And, even if it is the same size product, the different warehouse sizes could dictate different types of racking and equipment. Your WMS should be able to help you address those different requirements.

Look for end-user configuration tools

As the warehouse changes, make sure your company can make changes to your business applications. If, with every new product launch or new warehouse opening, you have to go back to the vendor or system integrator for system

This article was reprinted from the February 2009 issue of *Distribution Center Management*. Interested readers may subscribe to the monthly newsletter by visiting <http://www.DistributionGroup.com> or phoning (973) 265-2300.

© 2009 Alexander Communications Group, Inc. All rights reserved.

No part of this article may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying or otherwise without the prior written permission of Alexander Communications Group.

changes, it will become expensive and very hard to predict ongoing costs.

Ideally, your WMS vendor will provide tools and wizards that allow you to make the changes as your physical warehouse evolves. Then it becomes your choice whether you make those changes yourself or you bring in the vendor to assist. This approach will give you a lot more control over your own destiny and the ability to make smart choices that maximize your ROI.

Seek out SOA applications

One important element to look for in a software application is service oriented architecture (SOA). If you have ever read a publication for IT managers, you have probably read the term SOA more than once. But for those of us who don't dwell in the IT world, the term might be fairly new. While many currently deployed applications are not designed in this way, it is certainly something to look for when deploying new applications.

SOA will allow your WMS to exchange data with other business software programs as they participate in business processes. If your application has SOA, it will also allow for quick adaptation or configuration if your requirements change in the warehouse. An example of this might be: Your company typically sells to retailers, but now is also shipping direct to consumers, which shifts your transportation requirements. By using an SOA application, rather than loading new rate structures for UPS, the software application can make a Web service call to UPS and receive the correct rate. Even better, rather than going through a process to update those rates as UPS does every year, the Web service brings back the

current rate, minimizing ongoing support and maintenance of the system.

A special note for 3PLs

It is especially important that third-party logistics providers (3PLs) seriously review the above recommendations. As we know, outsourcing supply chain tasks continues to grow, and 3PLs are continuing to look for additional services to provide. Many started out providing dedicated facilities to clients, which then transformed into public facilities for several clients under one roof. It is quite likely that each of a 3PL's clients will have different physical requirements: Labeling for retail clients, expiration date/recall tracking for food and beverage companies, and serial number tracking for high-tech distributors. If the 3PL cannot easily manage these differences, ongoing system support will become challenging.

When a packaged application cannot handle your warehouse's physical requirements, costly system modification becomes necessary. This leads to expensive maintenance and upgrades over time, to the point where the system is no longer extensible and your ROI is unfulfilled. Buy supply chain solutions that allow you to easily change business processes to deal with the physical realities of your warehouse.

Chris Goldsmith is director, product strategy for High Jump Software. You can reach him at 952-563-5085 or at chris.goldsmith@highjump.com.

If you want to get a good return on your WMS investment, make sure it has functions that will help you optimize your physical warehouse.

DCM

Distribution Center Management

712 Main Street — Suite 187B, Boonton, NJ 07005-1450

Telephone: (973) 265-2300 • Fax: (973) 402-6056 • Email: info@DistributionGroup.com • Website: www.DistributionGroup.com

Distribution Center Management™ is published monthly by Alexander Communications Group, Inc., which provides news, data and information on key distribution and warehousing topics through newsletters, books and website.



© 2009 Alexander Communications Group, Inc. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying or otherwise, without the prior written permission of Alexander Communications Group.