

WHITEPAPER:

4 Signs It's Time for a New WMS



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Successfully managing the logistics operations of a growing e-commerce business is no easy task, no matter how you're going about it. However, in the rush to fulfill orders, refund returns and keep shelves stocked, you may be falling behind your true potential.

Many businesses use a warehouse management system to keep track of orders and stay on top of inventory planning, among many other essential logistics tasks. The WMS may take the form of an on-premises software solution or perhaps even a large spreadsheet or even a paper filing system developed through trial and error. While these methods may get the job done, it can be hard to realize the efficiency and control you could be missing out on by neglecting to update this key part of your supply chain.

Whether you're just getting by or are already considering making a switch, here are a few key signs that it's time to upgrade to the next generation of warehouse management systems.

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Sign 1 *Business is Booming*

If your business specializes in e-commerce, chances are you've seen rapid growth over the last few years. According to a recent report from the U.S. Census Bureau, revenue from e-commerce businesses grew almost 15 percent in the fourth quarter of 2015, compared with the same time the previous year. Total retail sales grew just 1.4 percent over the same period. In the last 10 years, e-commerce sales as a percentage of total retail sales have grown at an impressive clip. In 2006, just under 3 percent of the seasonally adjusted total retail revenues came from e-commerce vendors. In 2015, that figure was nearly 7.5 percent.

To take advantage of this high rate of growth, businesses are either retooling their existing distribution model to include e-commerce or are focusing on digital retail as their sole source



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of revenue. In either case, one minor misstep at the warehouse level can have disastrous consequences. The Wall Street Journal reported on one such case, where a major U.S. retailer upgraded its WMS to grow its e-commerce channels. The update went poorly and ended up costing millions in lost sales and perhaps countless more dollars from unhappy customers.

Clearly, retailers need to upgrade to thrive in this new world of e-commerce. But this has to be done with intuitive warehouse management in mind. Choosing the wrong WMS, and particularly one that isn't well-suited for your business, could have major consequences for years to come.



Sign 2 *If It Ain't Broke...*

According to a survey into WMS trends from Supply Chain 24/7 and Commonwealth Supply Chain Advisors, many companies, even globe-spanning Fortune 500 corporations, will only upgrade their logistics systems as a last resort. It's a common case of corporate bureaucracy to wait as long as possible before updating critical systems. Unfortunately, even small and medium-sized businesses fall into this trap.

According to Supply Chain 24/7, the reasons business owners wait so long to upgrade their WMS boil down to common misconceptions about the current state of modern software. By far the biggest fear is of a "bad implementation." Upgrading to new software has long been a time-consuming, expensive endeavour. But that was when software required specialized equipment on which to run, and when plenty of time and effort had to be spent customizing the system to meet the demands of the business.



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With modern cloud software, implementation is not only less time-consuming – it's much easier and generally more successful. Today's best-of-breed WMS can be run on just about any computer, and even have extended functionality for a tablet or mobile device. After simply integrating with scanners and sensors, a cloud WMS can get up and running in as little as eight work weeks, allowing businesses to hit the ground running.

Too many companies are just getting by with a WMS that has been working good enough for years. While many fear that new software will only gum up the works, it's possible they could be sacrificing enormous benefits in the short and long term by sticking with a WMS that barely makes the grade.

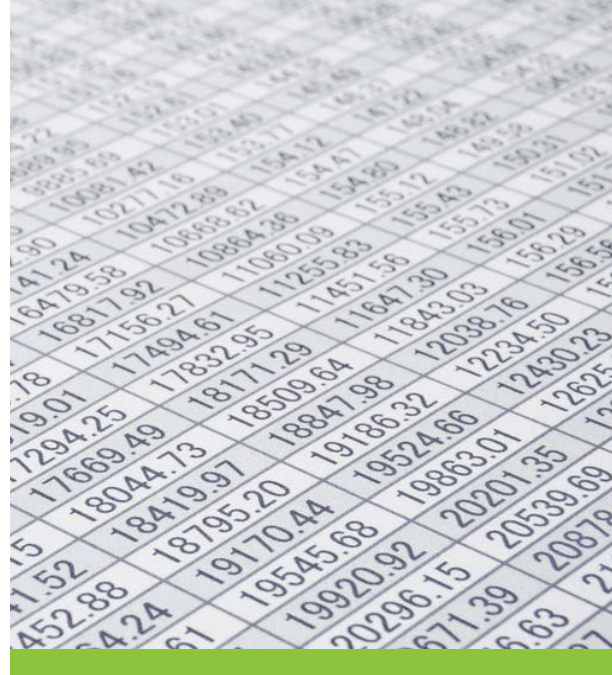


Sign 3

Spreadsheets on Spreadsheets

It's no secret that business people love spreadsheets, and why wouldn't they? Spreadsheet software has filled many roles with its simplicity and convenience for at least a couple of decades now. As Sujit Singh wrote in Supply and Demand Chain Executive, spreadsheet programs offer a low-cost, easy-to-use alternative to other logistics applications. Although they may get the job done at first, businesses often find them difficult if not impossible to scale once volume picks up. According to a survey from Wasp Barcode, 46 percent of SMBs either don't track their inventory, or use a manual method like spreadsheets or even paper. Some major shortfalls of spreadsheets include:

ERROR RATES: Since most spreadsheet applications require manual input, errors may run rampant within spreadsheets, and may go unnoticed until they've compromised much of the data. In addition, most spreadsheet applications don't deal well with large numbers, which could magnify inaccuracies.



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CUSTOMERS AND USERS: Once a business begins handling high numbers of customers, users or products with several variables and rules, spreadsheets quickly become difficult, if not impossible, to use. Most are only built for use by one user, which could cause confusion if multiple people need to add and modify data all at once.

LACK OF INTELLIGENCE: Spreadsheet applications are intended to be used as basic database tools, and thus can't deliver more than surface-level insights or analytics. This means businesses running on spreadsheets can't take advantage of data-driven insights and plan ahead.

Above all, spreadsheets just can't flex to meet the demands of the modern e-commerce warehouse. That's not to mention the demands of training new staff to use a highly customized, complicated spreadsheet system. Even database experts might pull their hair out in the process of organizing a spreadsheet designed for an entire warehouse operation. If your business is drowning in cells and tables, perhaps it's time to switch to something better.



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Sign 4 *Going Global*

Perhaps business has been going well — really well. You're expanding into new regions, or even new countries. Maybe your business is now serving more than one market or fulfilling online orders from more than one channel. In any case, as the size and scope of a business adds up, its need for advanced logistics solutions multiplies.

In a report from distribution operations consultant Forte, it's noted that modern distribution centers continue to be concerned with providing a high level of service to their customers, regardless of their size or scale of operations. Consider Amazon, the world's largest e-commerce retailer. Amazon shoppers have grown accustomed to the company not only keeping a huge variety of inventory in stock at all times, but also remaining nimble enough to deliver items in just one day in many cases and fulfill returns just as quickly. For better or worse, consumers now expect every online retailer, from name brands to locally owned small businesses, to be like Amazon.



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If that seems like an impossible task, it's only because your current supply chain systems aren't up to par. When you combine omnichannel fulfillment with disparate distribution centers running their own warehouse systems, it's a recipe for disaster. Instead, with the latest iteration of a cloud WMS, everyone has access to the same software and tools. Collaborative work across continents and timezones becomes much more feasible and less hectic. The short window of downtime required to implement a cloud WMS makes them all the more appealing to large organizations with plenty of moving parts.

To really make the most of large-scale logistics, gathering and using data is essential. Even a WMS built just 10 years ago likely doesn't have the power to crunch numbers generated from massive supply chains. With major advances having been made in the realm of advanced data analytics, it's now possible to predict inventory needs and prescribe the necessary changes that need to be made. Satisfying demand and keeping supply flowing around the globe requires a deep dive into data that an older WMS just can't manage.



In the end, an outdated or inefficient WMS may be bringing your business down more than you realize. Just as an old one could cause a number of problems, a new cloud-based WMS could solve all of those issues, and then some. Whether it's transitioning from paper or spreadsheets, meeting the complicated demands of global distribution or managing inventory to save time and money, the benefits of a best-of-breed WMS in the cloud are significant.

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