



Enabling SAP Extended Warehouse Management

Retail goods distribution
reimagined

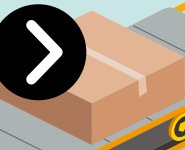
Insights to help turn the warehouse into a high-performing asset

Today, online retailers are providing customers a powerful shopping experience plus free or low-priced delivery options—creating a storm of disruption for traditional retail goods organizations. At the same time, supply chain execution and distribution functions are becoming increasingly complex for many organizations, and the costs for demand fulfillment are growing.

Today, reducing expenses while providing top-notch distribution services has become a top priority for COOs and business leaders. For supply chain leaders, the focus remains on having the right product in inventory at the right time—and efficiently supplying it to the customer at the right price. But managing that process can grow more complex as organizations rely on

outsourced manufacturing operations or third-party contract manufacturing to deliver products to their central distribution centers. Ultimately, flexibility becomes a strategic need for the warehouse operations of distribution centers—essential for meeting and handling customer-specific requirements in a short amount of time.

Deloitte, a recognized leader in helping large global enterprises modernize supply chain management, has insights that can help. Each day, Deloitte is working across industries to help organizations transform the enterprise with SAP® solutions. That experience—plus an SAP relationship that extends back decades—provides Deloitte with a deep understanding of the needs retail goods companies face today.



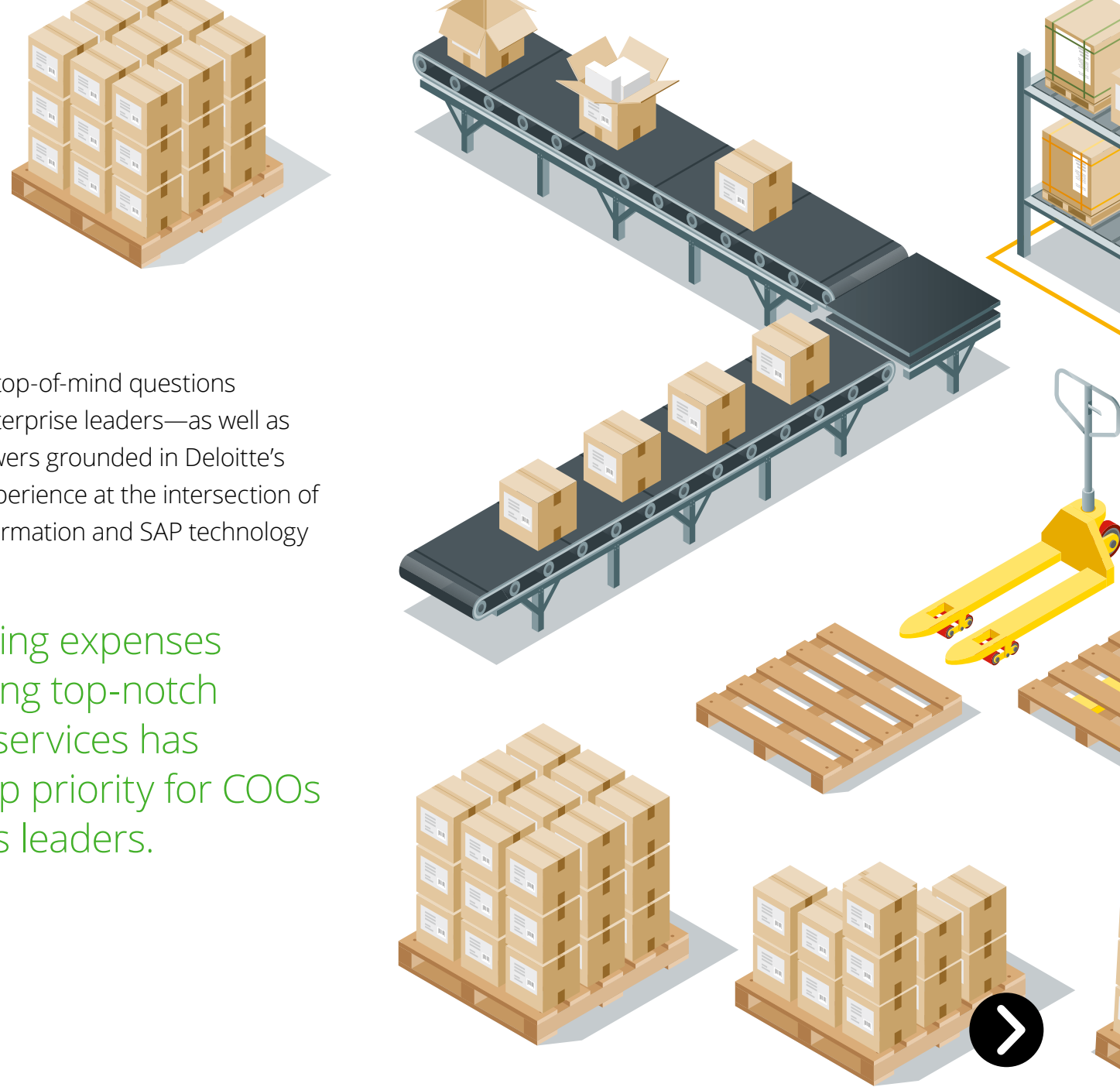
Solving for flexibility

For many organizations, addressing the flexibility challenge involves upgrading warehouse IT infrastructure and installing a modern warehousing solution that can deliver the experience that customers have come to expect in the cloud era. As supply chain leaders work to streamline their warehouse processes with modern warehousing solutions such as SAP Extended Warehouse Management (EWM), however, new layers of questions can emerge.

Leaders likely will want answers to questions such as “How can we manage dramatic swings in demand and meet needs during peak seasons?” or “How can we generate better insights into when products will be shipped?”

Following are a few top-of-mind questions common among enterprise leaders—as well as some potential answers grounded in Deloitte’s extensive supply experience at the intersection of supply chain transformation and SAP technology enablement.

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How can we efficiently place and pick products based on customer-specific requirements?



When it comes to retail goods, most products sitting in warehouses have different types of storage requirements. They might require storage at a particular temperature range, for example, or they might need to be stored in a certain position. When a product arrives at the warehouse door, it can sometimes be a challenge to find the ideal bin or section for storing it. With SAP EWM, you have access to a wide range of standard picking and put-away strategies, as well as system-guided put-away and picking options—helping you ensure that products are assigned and picked from the most suitable storage bin, depending on their size, volume, and frequency of access.

In the retail goods industry, there are various customer-specific picking sequences and multiple packaging needs. Some products may need assembly or they may need to be kitted together with ancillary items. Other products may have special packaging needs or special testing needs—or further processing needs before a product can be shipped out. For example, product packaging for a wholesale club might differ greatly from packaging for another retailer. Such a difference can be readily handled in SAP EWM with out-of-box functionalities such as value-added service (VAS) as well as made-to-stock or made-to-order kitting. With the process-oriented storage control functionality in SAP EWM, an organization can define all the process steps that a product goes through in the warehouse before it is put away during its inbound

journey, or before being loaded into a truck during its outbound journey. With such flexibility, it can become easier to cater to very niche customer requirements. And such capabilities are key execution differentiators that can separate the supply chain leaders from the laggards.

How can we cut costs while reducing turnaround time for fast-moving products?



Many times, physical constraints of a warehouse can affect the efficiency of picking and put-away. There could be multiple pickers picking in the same area, resulting in congested aisles. In the fast-paced retail goods space, involving a very high volume of product movement, supply chain leaders and supervisors can spend days working with manual or rudimentary systems in an effort to produce an effective warehouse execution plan. Warehouse supervisors can spend hours of expensive time manually moving products or sending pickers back and forth in the warehouse to pick products lying in different locations. SAP EWM can help organizations leverage a number of slotting strategies to place and pick fast-moving products efficiently. The system determines the most appropriate storage bin for putting away or picking the product, helping to organize your warehouse so that fast-moving items are placed along front aisles while moving slow-moving items are moved to the back aisles. This approach can help improve the product picker's efficiency by reducing travel times for picking. It also can help eliminate bottlenecks in inventory picking. COOs and supply chain leaders, meanwhile, can optimize

scarce warehouse space, supporting quick turnaround and reducing labor costs. Additionally, the approach can help them avoid investing in costly warehouse infrastructure upgrades.

How can we manage dramatic swings in demand and meet needs during peak seasons?



As the growing digital economy becomes more competitive, COOs and warehouse managers face additional pressures—especially when it comes to their ability to execute in the face of fluctuating demands. As order fulfillment volumes rise, so does the cost of fulfillment. SAP EWM's integration with core ERP functionality can provide updated inventory and tracking capabilities throughout the warehouse. SAP EWM capabilities such as cross-docking help reduce storage time as incoming products from manufacturing are quickly diverted to customer orders, without spending time, space, and money in the warehouse. In addition, the warehouse staff can act on optimized picking and put-away options—right from the incoming warehouse door and until the product is shipped out. SAP EWM is designed to handle a high volume of transactions using warehouse monitoring and RF devices, thereby increasing daily throughput. Each of the process steps are optimized for speed, accuracy, costs, and efficiency. And SAP EWM can provide real-time tracking of inventory on RF devices, as well as support functionality such as voice picking and RFID.



How can distribution centers located many miles away—often overseas or in remote locations—continue uninterrupted business operations?



Distribution centers are often spread far and wide in the retail goods industry. Many companies have invested in distribution centers in overseas locations, to stay closer to end customers. Far-away locations can suffer from poor network connectivity due to limited bandwidth, or have spotty connections to a head office's centralized system. In such cases, a warehousing solution could allow your business to continue normal operations even in a disconnected environment. A decentralized SAP EWM solution—with its ability to process expected goods receipt and inbound/outbound deliveries using queued RFC—can help maintain transaction processing even in a highly distributed, disconnected environment.

SAP EWM can offer visibility and control, bringing supply chain planning and execution closer together. For example, processes created in other areas such as procurement can trigger advanced shipping notifications, generating downstream documents such as inbound deliveries in the warehouse and giving the warehouse visibility into incoming materials from vendors. Products expected from production are visible to the warehouse in the form of an expected goods receipt, allowing for advanced planning for storage and for meeting shipping needs. The outbound deliveries can be assigned to transportation units in advance, helping to support the entire supply chain, from procurement to shipping.

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How can we achieve operational efficiency and high warehouse productivity?



Speed and agility are key ingredients for success in today's crowded marketplace. Many enterprise leaders are looking to provide distribution centers closer to end customers. Such a strategy can mean a high degree of inbound and outbound movement of products, as well as high turnover of products getting stored and shipped every day. For such distribution centers, boosting efficiency and productivity is essential to saving on labor costs.



Planning next steps

If transforming the supply chain is a priority for your organization, Deloitte can help you reimagine everything—an entire universe of possibilities. We bring industry-specific business consultancy skills as well as technical skills, serving as an SAP software value-added reseller and a systems integrator. In addition to our global network of more than 18,000 professionals focused on SAP solutions, our dedicated supply chain management practice can help you accelerate the transformation journey.

Ready to take the next step on that journey? We should talk. Contact us to get more insights on supply chain transformation, schedule a demo, or discuss a specific challenge your organization faces.

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