

Increase communications & transparency through SAP

Ernsting's Family: Potential to boost communication



Ernsting's family GmbH & Co. KG, including its 1,800 stores and nearly 12,000 employees, is one of the twelve leading German textile retailers. The company relies on Körber for its IT know how and future-proof technology with SAP EWM (Extended Warehouse Management). The last stage of the migration of all intralogistics areas is now completed: The entry of modern IT and system technology in the e-commerce field.

Requirements

Starting with "offline business," Ernsting's family delivers textiles to approximately 1,800 stores in Germany and Austria, which are supplied by two central distribution centers in Coesfeld-Lette and Coswig-Klieken. The textile retailer handles online business in Lette, where a centralized processing of all online orders for direct end customer deliveries takes place. Especially the retail industry faces growing challenges that are based on the increasing volatility of goods flows and growing customer expectations. They create high requirements for the future-viability and efficiency of a comprehensive omni-channel strategy. Order now, have it tomorrow this is the modern consumer behavior Ernsting's family responds to with bundled processes and innovative logistics IT.

Project goals

- Uniform software landscape for deliveries to stores and end customers;
- Reduction of information disruptions;
- Increase in transparency

Products and solutions

SAP EWM / Extended Warehouse Management

Main benefit for the customer

- Optimized IT processes for omnichannel business;
- Flexible expansion options

The solution

Already in 2011, the logistics software specialist Körber was tasked with implementing SAP EWM at two distribution centers in Lette and Klieken. This decision was made after the limits of the existing proprietary systems became obvious. "The migration to SAP EWM quickly makes clear that information disruptions could be significantly reduced and, at the same time, a future-proof basis created. This basis provides the necessary



transparency and flexibility with regard to future modifications or extensions,” explains Holger Henning, Logistics Division Manager at Ernsting’s family.

The go-live of the new software landscape in Lette took place in January 2014. The go-live of SAP EWM in the pure e-commerce zone took place over the course of several years as part of a large project. Both distribution channels store and end customer deliveries can be processed optimally with SAP EWM. Since the transition in all logistics areas, the exact planning and control of the deliveries is possible. The special system environment based on SAP provides amazing, integrative features that enable the system performance to be adjusted in scale to particular requirements.

Especially in retail, which is strongly affected by e-commerce, a flexible system is needed. Whereas store orders usually consist of a high amount of items, the item quantity in online business is much smaller which is also the case at Ernsting’s family. On the process side, customer orders are recorded via a web shop application, then transferred to SAP ERP and, depending on stock availability, forwarded to SAP EWM. They are already supplemented with invoice data because the delivery note or invoice is printed in SAP EWM.

The e-com warehouse Lette is located in a separate hall section consisting of the picking, packing, shipping and returns areas and replenishes the HBW of the central warehouse in Lette. Preventive and acute replenishment strategies are used. Its online shop that opened in 2003 currently processes approximately 1.5 million orders per year.

A high level of flexibility, especially in the picking areas, is necessary for this. The outbound deliveries

“The software experts were competent partners and always at our side. Working together was amiable and trusting at all times.”

Florian Wenning
Coordinating Manager of Logistics at Ernsting’s family GmbH & Co. KG



from the web shop that arrive throughout the day are grouped into batches based on flexible criteria. Tablet computers, which support the workers during picking trips and setting up the picking carts, are used during picking. With the aid of graphical interfaces, workers can pick up to 16 orders simultaneously. After the picking trip, the carts are brought to their respective packing locations, at which the goods are invoiced and packed together and passed on to the shipping area. The result is a daily maximum capacity of up to 13,000 outbound deliveries. At peak times with seven items per order, Ernsting’s family delivers up to 80,000 items per day.

Once the package has been packed, a CEP service provider either delivers it directly to the end customer or the closest store. At Ernsting’s family, the customer decides if the package should be delivered to their front door or their closest store so they can pick it up. About 80 percent of online orders are picked up in the stores because most customers do not have to pay shipping costs.

Connecting online and offline business also pays off in logistics matters. Customers can also choose the least complicated method for returns, such as directly bringing their goods to the store, where they are booked to the local stock, or sending them back to the e-commerce warehouse. Therefore, complex returns processing, common in the apparel industry, is avoided for part of the goods sold over the Internet. Using this concept, Ernsting’s family remotely optimizes its logistics processes. SAP EWM is used in-house at the e-com warehouse in Lette.

