

Körber Supply Chain

Your money where it matters

Assessing the ROI of
enterprise WMS solutions



Introduction

In an era of shifting fulfillment demands, competing investment opportunities and often longer lifecycles for current logistics solutions, companies can find it hard to justify significant investments in new supply chain software. But in this challenging market environment, can they afford not to? Armed with the right supply chain solutions, logistics professionals can not only achieve new levels of workflow efficiency, transparency and process improvements, but they can also create new business models. These criteria are key to justifying new investments in supply chain technology and achieving a demonstrable return on investment (ROI).

“A major driver for a new warehouse management system is the need to support flexibility, especially for multi-channel business models. Many businesses find that fully embracing that flexibility is not merely an option, but a requirement for staying competitive.”

Wilfried Pfuhl

COO, Körber Supply Chain Software

Meeting the challenges

The investment needs of your business are largely dictated by the supply chain challenges of your particular environment. These can differ significantly by geographical region:

North America

In the US, where transparency and efficacy are key, investment in workflow and process improvements is essential. Firms here demand more system-directed activity to enhance visibility and reporting, which in turn lead to more accurate measurement and control of investment. The lack of availability of warehouse space is also driving the need for warehouse optimization, especially as product lines and distribution channels are diversified to meet increasing customer demand.

Asia Pacific

In Australia, where the cost of labor is high, ROI means reducing the burden of dependency on manual labor. This means investing in systems that can help the business rapidly adapt to market fluctuations, commonly through automation or automated mobile robot (AMR) components. While most businesses worldwide expect to see ROI over ten years or more, Asian markets are more focused on the next 3-5 years, to meet more volatile market conditions. Though they have long-term plans for their business, to remain competitive they need to be more pragmatic about what stock to buy in, for example.

Europe

In Europe, many businesses already have at least a basic level of supply chain technology in place, especially when it comes to warehouse management. As a result, the main drivers for investing in new solutions are increased workflow efficiencies and the development of new business models. Both software capabilities and automation are underlying enablers for these improvements. The growing trend for automation is further fueled by the need to build multi-level facilities due to the scarcity and cost of real estate for warehouses. Furthermore, labor costs in Europe are expensive, which, as in Australia, is another driver for automation.

Justifying the investment

For many businesses seeking to implement new supply chain solutions, a classical ROI analysis may not be the primary measure for evaluating these investments. Organizations often consider other criteria first, be that increased productivity, improved efficiency, or the ability to address increasing volumes of online business. They also prioritize finding a vendor with the experience and means to satisfy their warehousing needs.

However, it is important to know that your investment will be recouped eventually. Warehouse management systems (WMS) typically stay in use for 10-15 years. Businesses commonly look to address the following objectives, which contribute to long-term ROI:

1. Workflow efficiency – Leveraging new WMS capabilities to improve current workflows can significantly increase efficiencies by improving throughput, accuracy and speed of fulfillment.
2. Supply chain automation – Introducing automation equipment can increase productivity and throughput, while reducing error rates. It can also compensate for reduced staff levels, for example due to changed labor regulations as a result of COVID-19.
3. Enabling new business models – ecommerce and multichannel business models are becoming increasingly important for organizations of all sizes. Modern WMS' offer targeted functionality for efficient and accurate fulfillment of these orders, and help businesses stay relevant and competitive.
4. Optimizing operations – Modern WMS' and other supply chain solutions improve the visibility of your warehouse processes and inventory. This helps you proactively identify bottlenecks, and address potential shortages and disruptions to order fulfillment processes.
5. Avoiding compliance fines – Advanced supply chain solutions centralize your data and increase transparency. They also offer functionality to manage compliance and audit processes, from quality management procedures to safe storage of hazardous goods.

Essential upgrades

Sometimes the investment needs are more functional, particularly for businesses with older warehouse management systems that lack now essential capabilities or that require specialist resources to operate. In these situations, upgrading is often a necessity to ensure continued smooth warehouse operations. As a result, these investments are often not subject to an ROI analysis.

“Around 1 in 3 businesses are using manual processes, so they are not using system-directed activity. In the face of the COVID-19 pandemic, they realize they do not have the agility or ability in their business processes to adapt to opportunities in the market.”

Craig Moore

Vice President of Sales, Körber
(North America)

“Avoiding disruptions to customers is a number-one priority. For example, if there isn't toilet paper on the store shelf you are disrupting the consumer. Serving a customer, whoever that may be, is paramount.”

Joe Couto

CEO Asia Pacific, Africa
& Latin America, Körber



The Körber solution

Körber is highly experienced when it comes to solutions for large, complex warehouses and enterprise-level distribution centers. Our highly adaptable WMS' support the variety and complexity of processes, as well as the high throughput rates required in these environments. They can also be easily integrated with material handling equipment from various vendors, to support the highest levels of automation.

“When you have a hammer, every problem looks like a nail, but when you have a full bag of tools you can do so much more. That is what Körber brings to the table.”

Joe Couto

CEO Asia Pacific, Africa
& Latin America, Körber

Conclusion

Körber offers a deep understanding of supply chain processes and customer needs, combined with extensive experience in deploying warehouse management solutions globally. This expertise lets us identify areas for process improvements and efficiency gains. By tailoring our warehouse solutions to the resulting requirements and underlying business processes, we can help you maximize the ROI of your warehouse management investments.

Körber's enterprise WMS supply chain solutions not only promise a healthy return on investment, they also offer you the ability to grow and adapt your business to meet the challenges ahead. To learn more about our WMS solutions, visit us at: www.koerber-supplychain.com/supply-chain-solutions/supply-chain-software/warehouse-management

