

Becoming a Paperless Environment

Top 5 Global Electronics Distributor

Company Overview:

A world-class leader and innovator in the distribution and marketing of semiconductors, interconnects and electro-mechanical components. The company currently operates in 167 locations in 39 countries in the Americas, Europe, and Asia. When the engagement with Archon Interactive was initiated in 1993, the operation was active in North America and Europe only, with an estimated 30 locations. Current sales are estimated at over \$6 Billion while in 1993 they were \$500 million.

Business Challenge:

To create a system that would enable a centralized distribution center operation to support a customer and sales base while improving warehouse quality. All operations, reports and metrics were paper-based and quality was impacting customer satisfaction and operational costs.

All upgrades and system enhancements needed to be done without impacting daily operations and customer service. Warehouse expansion plans were being developed to enable the doubling of production to support industry projections.

Objective:

Deploy a single WMS to eliminate all paper-based activities and manage new automated storage and retrieval systems to support business growth with efficient distribution operations. Utilize wireless and barcode technology to enhance the receipt, put-away, pick, order fulfillment, and processes.

Solution:

After extensive review of numerous system suppliers, Archon Interactive was selected to develop an RF-based paperless operation that would control automated storage and retrieval systems. Archon was selected based on the wealth of knowledge and experience of their implementation and management team. Archon acted as consultants as well as an MIS team through sessions on the design and development of the facility layout. Archon Interactive's WaveTrak WMS was chosen for several reasons, including operational flexibility and its ability to install in a modular format. The faster responses for warehouse operations as well as producing customized reports were also major factors in the decision to move forward with WaveTrak WMS. WaveTrak WMS could also be modified as requirements change due to expansion while maintaining standard interfaces to the host ERP system. WaveTrak WMS was a cost effective solution to the warehousing, material movement and inventory control requirements.

Results:

Prior to "go live" all functional metrics were lined to establish a before and after look at the systems effectiveness in order to quantify the ROI. Initial shipments per day were measured at 1,100 lines per day and the ROI was estimated based on achieving up to 3,000 lines per day. Following completion, this operation averaged over 10,000 lines per day, with peaks of up to 17,000, far exceeding expectations. The true pay off came in the quality and customer service achieved as production increased. Initial quality metrics were over 566 Parts Per Million defects attributed to warehouse operations. Post implementation metrics calculated warehouse defects at 0 PPM analyzing shipments over a 6 month period, and an annual report calculated them to be less than 100 PPM. On-time delivery and inventory accuracy, both directly attributable to system efficiency, measured at over 99%. Traceability, quality and production have all become the standard of excellence which this supplier demonstrates to its customer on facility tours on a daily basis. Since initial implementation in their single North American facility they installed WaveTrak in both their European and Asian facilities.