Progress OpenEdge®

The OLCC streamlines its operations, improves efficiency and meets growing customer demand with Robocom and Progress® Software.

CASE STUDY

CHALLENGE

A lack of streamlined operations, visibility into inventory, and efficient use of warehouse space jeopardized the OLCC's ability to fulfill orders on time and meet its standards for customer satisfaction.

SOLUTION

The organization chose RIMS®, an inventory management system based on Progress OpenEdge® developed by Progress® Application partner Robocom.

WHY PROGRESS® SOFTWARE

RIMS would provide the OLCC with total visibility across its warehouse operations, could interface with their existing legacy system and possible future systems, and offered the use of fully integrated Radio Frequency (RF) technology.

BENEFIT

As a result of running a more streamlined business, the OLCC has improved its efficiency by 33% and dramatically accelerated its business—expecting it will ship approximately one million more cases this year than it did prior to the implementation.

INABILITY TO MEET CUSTOMER DEMAND DUE TO LACK OF VISIBILITY AND EFFICIENCY

Oregon is a control state with the exclusive right to sell packaged distilled spirits. The Oregon Liquor Control Commission (OLCC) ensures that only qualified people and businesses are licensed to sell and serve alcoholic beverages. Through The Distilled Spirits Program, the OLCC regulates the sale of bottled distilled spirits while producing revenue in support of state and local government. The program centrally purchases, warehouses and distributes distilled spirits to Oregon's 243 liquor retailers.

With 1400 regular items in stock at any one time and close to three million cases anticipated to ship this year alone, today the OLCC maintains a streamlined and efficient warehouse using RIMS, an inventory management system developed by Progress Application Partner Robocom. But that was not always the case according to Bill Mallon, Wholesale Operations Manager for the OLCC: "Prior to implementing RIMS, we really didn't have a system—everything was essentially paper-based or in people's heads."

The company was using a 40-year-old COBOL system to receive orders from its 243 agents and to hold inventory. Orders had to be printed up and sent out by paper and then assigned to an agent's account. "We would pick what we could, send back paper adjustments, and then they would have to make adjustments and send that information back to us. The entire process was essentially manual," explains Mallon. Visibility into inventory was also a major issue, "As far as that system knew, every item in our warehouse had one location where it was stored. But in reality we would have that item in two or three places. Things were just getting scattered and we had no real control or visibility into our inventory."

This lack of organization, visibility and efficiency negatively impacted the business in multiple ways. One major issue, according to Mallon, was an inefficient use of warehouse space. "We had a lot of big deep locations that would hold twelve pallets. We had gone over to a system called bailment where the vendors actually own what is in our warehouse. So a lot of them started doing vendor managed inventory where they were keeping track of how much was in our warehouse. The process became a little closer to Just-in-Time (JIT), where they would have just a couple of weeks supply. The issue was that these big deep locations were meant to hold a couple months worth instead of a couple of weeks. So we had a lot of space that was assigned to an item that wasn't being utilized."

An inefficient use of space also impacted the organization's ability to organize and locate inventory, fulfill orders on time and meet its standards for customer satisfaction. "Our product line was in the beginning of an expansion period that still continues to this day," says Mallon.

PROGRESS SOFTWARE

> "Previously, we shipped about 1.8 million cases per year, and this year we are projecting we will do about 2.8 million. We can attribute that dramatic change to the fact that we are running a more efficient business. There is no way we could be getting that much out the door if we weren't using RIMS."
>
> — Bill Mallon
> Wholesale Operations Manager
> The OLCC

For example, many types of liquor now come in multiple flavors and each one of those needs a location to be picked from and stored in. To accommodate for this growth the organization required more individual spaces to store inventory, but instead it had huge spaces that were being underutilized. The warehouse was also extremely crowded and employees had difficulty finding and tracking inventory. "We were reaching the point where we were going to start shipping orders incomplete because we were not able to get items to the pick locations in time to meet the shipments."

It was clear something had to be done—the warehouse operation could no longer scale with rising customer and market demand. "I was losing sleep," says Mallon. "We were spending a lot of time looking for things. There was a pretty high cost; I had two to three employees that were spending all of their time looking for the stuff. And other people were picking up their work. So the work level had increased dramatically for everybody, but we weren't seeing any increased productivity and, in fact, we were losing opportunity."

RIMS A PERFECT FIT

With 1400 regular items in stock at any one time, not counting special orders, new items being added almost every day, and a goal to double its number of yearly shipments, the OLCC realized it needed to make some dramatic changes to its warehouse processes.

In its search for a new solution, the organization had four main criteria: the ability to know where every item was in the distribution center at all times, for the system to be able to interface with the existing legacy COBOL system and future systems, full visibility across the entire warehouse, inventory and distribution processes, and the ability to immediately begin using Radio Frequency (RF) technology. After an extensive RFP process, the OLCC chose Robocom's RIMS inventory management system. "After looking at the various products on the market, Robocom was the only vendor that had exactly what we were looking for, and they provided us with answers to all of our questions. RIMS was a really good fit for our needs," says Mallon.

Based on the Progress OpenEdge platform, RIMS is a flexible, cost-effective, Warehouse Management System (WMS) that easily integrates with leading front-end business systems and provides supply chain visibility critical to success in today's global marketplace. Designed to maximize productivity and streamline warehouse operations, RIMS offers an easy and effective method of optimizing the flow of materials and goods in and out of a warehouse while ensuring high levels of accuracy in the distribution process.

RIMS is a user-friendly, menu-driven application designed to satisfy the requirements of virtually any warehouse operation, from simple paper-driven systems to completely wireless environments. As a browser-based system operating on a variety of platforms, RIMS is an easily maintained warehouse management application incorporating the latest technology. In addition, RIMS integrates with external material handling devices (carousels, conveyors, etc.) to provide maximum control over warehouse and inventory activities.

A FAST AND SMOOTH IMPLEMENTATION

According to Mallon, the implementation process was fast and extremely smooth. "We completed the implementation in half the time of Robocom's previous shortest install. It took just 16 weeks from start to acceptance. And it was really much shorter than that because there were four weeks at the end where we were up and running and doing some little debugging. Once we switched over to live testing we never went back.

User adoption has been very successful. Within days everyone was using the system and we were immediately seeing efficiency improvements."

The OLCC is using RIMS to run its entire distribution center. All new items are received into the system, and from there all receipts are automatically sent to the legacy COBOL system. "As soon as an item is received on the floor our legacy system knows and it has been added to that inventory, so we have immediate visibility," says Mallon.

All orders still come into the legacy system and are automatically sent down to distribution. RIMS takes those orders and identifies the picking that needs to be done. It uses those orders to generate demand replenishment to draw forward from bulk locations to pick locations to make sure there is enough on the pick location to meet demand for the next shipping day. "As we pick, it then creates more replenishment, not for the orders but to keep minimum stock levels at each of the pick locations—a crucial step for maintaining our efficiency levels and meeting customer demand."

The OLCC uses a simple conveyer system that consists of four linear conveyers. All items pass by a scanner and RIMS verifies what goes by the scanner against what is expected for the order. The system then produces the paperwork to accompany a shipment, sends a confirmation to the COBOL system that the order went out, and the COBOL system then applies that information to the agent's account.

"Everything that is done with our distribution center is done with RIMS," says Mallon. "If we move a product from one spot on the floor to another, we scan it from one location to another. So all of our receipts, all of our product movement, all of our order fulfillment, they are all done with RIMS."

ACCELERATING ITS BUSINESS WITH INCREASED VISIBILITY AND STREAMLINED OPERATIONS

As a result of running a more streamlined, efficient business, the OLCC has dramatically accelerated its business, expecting it will ship approximately one million more cases this year than it did prior to the implementation. "Previously, we shipped about 1.8 million cases per year, and this year we are projecting we will do about 2.8 million. We can attribute that dramatic change to the fact that we are running a more efficient business. There is no way we could be getting that much out the door if we weren't using RIMS."

Since implementing RIMS, Mallon says the OLCC has added eight employees. "We are shipping a million more cases a year, and at the same time also receiving a million more. So that is two million more cases that we are actually managing. To only add eight employees over six years while realizing that kind of growth is phenomenal."

The company has achieved the control and visibility it wanted. "I can go into a screen in RIMS and I can call up an item and I can look and see how many cases we have in each location, how much movement there is planned, whether it is just re-warehouse movement or picks to fulfill an order. I can look at the receiving floor and see how many pallets are there waiting to be stored. I can look at individual orders for today, tomorrow. If an agent calls with a question about an order I can immediately look it up and give them the information they need. The system gives me everything I need at my fingertips. There is no more guessing or hunting for inventory. We now have total control over our warehouse."

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FLEXIBILITY ENABLES BETTER ALLOCATION OF SPACE AND SUBSTANTIAL EFFICIENCY INCREASE

When the OLCC implemented RIMS, part of the project involved reconfiguring the warehouse. The organization put in place a completely new naming and numbering system. It cut its deep locations down so instead of having six deep there were no locations deeper than two pallets. It then reconfigured the entire warehouse which resulted in a 25% loss of its total capacity because it put in numerous more aisles where there used to be bulk storage. The results of the reconfiguration project were significant. "We gained a 33% efficiency increase, meaning we are able to store 33% more despite losing 25% of our physical storage space," explains Mallon.

Since the initial implementation, the OLCC has done more reconfiguring, put in racking and continued to make modifications to its naming structure. "RIMS is flexible enough that all of our additional physical changes have been very easily accommodated by RIMS to give us that visibility."

MOVING AHEAD WITH ROBOCOM

In the near future, the OLCC plans to go in front of the state legislature to ask for additional money to support a new conveyer system. While RIMS has allowed the company to dramatically increase its efficiency levels, the company is in jeopardy of not meeting its customer satisfaction levels because parts of its physical infrastructure cannot support the growing demand.

"We have some deliveries that aren't being made until 4:00 or 5:00 in the evening because we only ship out of one door," explains Mallon. "We have 1100 cases an hour we are able to ship out the door, but the more cases we have, it just makes for that much longer of a day. So we are looking at adding sortation to our conveyer system." If the OLCC is granted the funds it will purchase a new software package which will interface with RIMS and allow the organization to ship out of four doors simultaneously. "Robocom has put us in contact with some vendors, and they are helping us try to solve this issue and meet our goals. That is the benefit of working with Robocom—they have become a true partner for the long haul. I feel very lucky that we found Robocom. They are such a good fit; I am very thankful that things have worked out as nicely as they have."

ABOUT ROBOCOM

Robocom is a leading supplier of supply chain software and services, founded in 1982, with offices in New York, Toronto, Minneapolis and Europe. Robocom's core products include two separate and industry-specific Warehouse Management Systems, a Transportation Management System, a separate Voice Picking Module and a Labor Management System. We enhance, implement and support robust, flexible, and efficient software that performs as predicted and yields the positive business results your enterprise demands.

www.robocom.com

ABOUT PROGRESS SOFTWARE

Progress Software Corporation (NASDAQ: PRGS) provides application infrastructure software for the development, deployment, integration and management of business applications. Our goal is to maximize the benefits of information technology while minimizing its complexity and total cost of ownership. Progress can be reached at +1-781-280-4000.

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