Extended Warehouse Management

Leverage EY expertise to transform your value chain
Warehouse management: challenges and realities

Manufacturers and distributors in the industrial sector are under severe pressure to increase the productivity and performance of their warehouse operations in the face of growing cost, complexity and customer demands.

The warehouse management challenges are particularly acute while manufacturers struggle to seize new market opportunities globally, improving their customer focus, increasing operational efficiency and even engaging in new product and service life cycle management activities.

As customers become increasingly demanding and supply chains increasingly global, profitability of manufacturers and distributors is at risk. If the warehouse operations are inadequate, it will be increasingly difficult to address rising customer expectations and seize new market opportunities.

Today’s complex supply chain realities and difficult economic conditions are making it more important than ever for executives and managers to feel confident in their decisions regarding IT investments.

Understanding many options in selecting a suitable warehouse management system (WMS) is critical to meet both current and future business requirements.

Key problems undermining warehouse management performance are:

- Realization of value in terms of return on investment (ROI)
- Excessive labor cost
- Inefficient warehouse operation
Companies are not able to realize value fully because they cannot keep pace with the evolution of the demand-driven network.

Supply chain execution must evolve to meet market challenges.

<table>
<thead>
<tr>
<th><strong>External challenges</strong></th>
<th><strong>Internal challenges</strong></th>
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</thead>
<tbody>
<tr>
<td>Evolving consumer demands and marketplace</td>
<td>Extended supply chains have become more complex</td>
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<tr>
<td>Next generation or scale</td>
<td>Additional risk is associated with lean supply chains</td>
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<tr>
<td>Technology advancing at the speed of light</td>
<td>Costs are not intrinsically linked to what drives customer value</td>
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<tr>
<td>Workplace and workforce of the future</td>
<td>Inability to understand the service or cost implications of channel requests</td>
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<tr>
<td>Macro-uncertainty</td>
<td>Trade term supply chain discounts are not tracked for compliance</td>
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Growth is challenging, consumer behavior is changing

Supply chain execution issues

Pluses:

- Aligning supply chain service based on real commercial value
- Underpinning channel segmentation with accurate cost-to-serve analytics
- Taking an end-to-end view of the supply chain when reinventing operating model execution

To meet the challenges while still executing an agile supply chain, a different approach is needed.

EY can help customers to meet challenges by:

- Aligning supply chain service based on real commercial value
- Underpinning channel segmentation with accurate cost-to-serve analytics
- Taking an end-to-end view of the supply chain when reinventing operating model execution

Supply chain evolution

- Demand-driven network
- Integrated supply chain
- Supply chain management
- Functional silos
EY services for SAP® Extended Warehouse Management

EY offers end-to-end services covering business process diagnostics, warehouse design, optimization and implementation services to fit the needs of:

- Manufacturing and distribution industries that operate their own warehouse echelon systems
- Third-party logistics (3PL) service providers
- Retailers who want to streamline their warehouse operation to support growing omnichannel distribution movement

Solution highlights

- Warehouse analytics and monitoring
- High performance warehouse execution
- Seamless integration with SAP Business Suite and other legacy applications
- Comprehensive mobile offering for warehousing

From inventory control, shipping and receiving, to order fulfilment, a WMS is vital to improving the efficiency of a company’s warehouse operations.
EWM: core functionalities and features

<table>
<thead>
<tr>
<th>Inbound processing</th>
<th>Storage and operation</th>
<th>Outbound processing</th>
</tr>
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<tbody>
<tr>
<td>▶ Goods receipt management</td>
<td>▶ Task and resource management and labor planning</td>
<td>▶ Outbound planning</td>
</tr>
<tr>
<td>▶ Goods preparation</td>
<td>▶ Slotting and rearrangement</td>
<td>▶ Wave planning</td>
</tr>
<tr>
<td>▶ Putaway planning</td>
<td>▶ Replenishment</td>
<td>▶ Material flow systems (MFS) – automated material handling integration</td>
</tr>
<tr>
<td>▶ Quality management, return handling, deconsolidation, internal routing and cross docking</td>
<td>▶ Storage – putaway, physical inventory and value-added services</td>
<td>▶ Picking, packing, staging and loading</td>
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<tr>
<td></td>
<td></td>
<td>▶ Yard management</td>
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</table>

**Import and export compliance**

**Dangerous goods handling**

**Native technologies (RF, RFID, voice, MFS)**

**Batch, serial number, catch weight mgt.**

EWM: warehouse analytics and reporting

**Supply chain manager**

**Labor management dashboard**

Key performance indicators:
- Warehouse activity area (volume or weight)
- Worker performance (average or per execution step)

**Warehouse supervisor**

**Cross-distribution center dashboard**

Key performance indicators:
- Outbound delivery items (value or number per worker)
- Service level analysis (% delivery errors or % on time)
- Warehouse capacity usage (% level or stock value)
How EY has helped companies improve their operational performance

- Streamlined of supply chain and logistics processes by adopting leading practices
- Improved customer service levels (reduced order-to-cash cycle (OTC))
- Increased efficiency and productivity of warehouse operation and resources
- Improved accuracy – with use of real-time integrated devices
- Reduced inventory and labor cost
- Introduced better inventory control with proper replenishment and pick strategy
- Ensured compliance with regulatory norm for services delivered to specific customers
- Increased visibility and control of warehouse operations with warehouse monitor and cockpit dashboard
- Introduced process automation – doing away with manual and paper work

Our approach

- Establish industry-leading practices for warehouse process prior to system blueprint design leveraging the EY business transformation practice
- Define KPIs and benchmarks to identify opportunities and the focus for the project charter
- Throughout the implementation, track business requirements to the design and process improvement objectives
- Perform pre- and post-implementation audits to measure project success and identify additional opportunities
- Integrate critical management tools including reporting, analytics and dashboards to manage operations

How we can help you

- Automate and streamline your logistics processes potentially increasing throughput
- Overcome problems of stock visibility and traceability, improve picking accuracy, avoid losses made through non-deliveries, wrong deliveries, returns and service level fines
- Provide visibilities across your operation to identify areas of blockage and wastage, thereby providing information to all key managers so that they are fully up to date with detailed information as well as KPIs
- Devote more time to building the business, as EY will provide all systems support, continual help and systems improvement whenever needed
- Fully mobilize your enterprise application integrating warehouse management solution with wireless networks, mobile computers, radio frequency identification (RFID) technology and voice-picking applications thereby improving operational efficiencies and enhancing your customer service level
Why EY?

EY’s global client credentials

- India’s first unified supply chain and infrastructure 3PL Group
- Leading petrochemical organization in India
- Leading petrochemical organization in Middle East
- Large US manufacturer of frozen products
- Fortune 500 US spare parts distributor
- Leading global retailer in Mexico
- Leading food manufacturer in Germany
- Pharmaceutical manufacturer in Germany
- Spare part business – automotive aftermarket in Germany
- Global industrial products manufacturer in Germany
EY advantage

EY is a SAP Global services partner that is fast becoming recognized as an industry leader in end-to-end supply chain services. With focus on the logistics execution systems (LES) and the supply chain execution (SCE) components of the SAP application suite, coupled with EY’s already established SAP planning and procurement capabilities, EY offers our clients supply chain services that help organizations to gain operational efficiencies and manage costs related to their supply chain operations.

Our SAP and supply chain consultants share a wealth of experience and knowledge when it comes to designing and helping implement leading SAP logistics and supply chain services, with noted experience in SAP planning and optimization (APO and S&OP cloud solutions), LES, WM, EWM, transportation management (TM), procurement (including Ariba and SRM), and automatic data collection.

Our SAP consultants were, and continue to be, key players in SAP’s internal, pre-release testing stage for EWM in Walldorf, Germany. Our consultants also played an integral role with pre-release testing of SAP’s native radio frequency data collection product, SAPConsole.

Our in-depth experience with SAP LES and EWM products and functionality along with our close relationship with SAP provides us with an intimate knowledge of the development vector SAP is applying to the LES and EWM product suite. This allows us to advise customers on strategic operational decisions, provide them with detailed information on key integration points, and quickly assist them in identifying fit or gaps with current and future release levels.

EY’s strategic acquisition of Germany-based J&M Management Consulting AG in February 2013, and US-based Logistar in April 2014, have helped EY to strengthen its services in supply chain and logistic services to take prominent position as a leader in supply chain globally.

Logistar was a renowned name in leading supply chain execution services offering services in logistic and warehouse management and distribution network optimization to clients in the US, Canada and Mexico.

J&M Management Consulting AG was a supply chain leader in Europe with extensive EWM implementations. It was a multiple award winner in supply chain management engagements.
Reach out to us

To know more about our EWM services, reach out to following subject matter experts. Our office addresses are mentioned on page 9 and 10.

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<tr>
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Through a collaborative, industry-focused approach, EY Advisory combines a wealth of consulting capabilities – strategy, customer, finance, IT, supply chain, people and organizational change, program management and risk – with a complete understanding of a client's most complex issues and opportunities, such as digital disruption, innovation, analytics, cybersecurity, risk and transformation. EY Advisory's high-performance teams also draw on the breadth of EY's Assurance, Tax and Transaction Advisory service professionals, as well as the organization's industry centers of excellence, to help clients deliver sustainable results.

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The better the question. The better the answer. The better the world works.
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