

# WAREHOUSE MANAGEMENT FOR WHOLESALE DISTRIBUTION

## CUSTOMER DEMANDS LEAD TO NEW OPPORTUNITIES

Turn challenges into growth opportunities with the SAP® Supply Chain Management application, which offers warehouse management software that supports the most complex wholesale distribution environment. With this foundation in place, you can offer innovations that enable you – and your customers – to grow.



As the pace and complexity of business increases, manufacturers and retailers are looking to wholesale distributors, the classic intermediaries, for solutions to their challenges. Manufacturers want material delivered directly to the production line. Retailers are bypassing their own distribution centers and demanding more frequent deliveries directly to their stores. These two actions have the effect of moving inventory both upstream and downstream at the same time. That means more is expected from you as a wholesale distribution company: more efficiency, more flexibility, and faster execution.

On the flip side, your customers continue to demand less when it comes to costs. And to further complicate matters, you must satisfy a unique set of requirements for each customer. While these trends reach far up and down supply chains, they offer an opportunity for you to generate more business.

To seize this opportunity, you must coordinate warehouse processes, activities, people, and equipment with increasing precision. You need to streamline operations to standardize processes and improve your productivity. And you need to expand and bundle your service offerings to provide tailored solutions that make your customers' supply chains more competitive. Delivering all of this consistently and reliably is critical to providing value to your customers.

If you're like other wholesale distribution companies, you've deployed a variety of applications across the enterprise in re-

sponse to these demands. While this approach might help address today's requirements, it makes it difficult to respond rapidly to the growing demands associated with these trends. You can address these needs with a single software offering – the SAP® Supply Chain Management (SAP SCM) application – that can help you manage and adapt your operations to develop and deliver high-value customer solutions.

### Providing an End-to-End Solution for Any Size Company

SAP SCM provides a comprehensive end-to-end solution that allows your warehouse management and customer service staff to manage business processes that cover the order-to-cash flow of goods, information, and money across the entire supply chain. By efficiently handling the challenges associated with orchestrating the perfect order, you can deliver great value to your customers. SAP SCM links with your customers' supply chain processes, which allows you to manage inventory, increase visibility into warehouse processes, and model complex warehouses with great accuracy. The application helps you support a variety of value-added services such as customer-specific packaging and one-time labeling. You can monitor work, receive alerts when processes are not completed on time, analyze warehouse performance, generate reports – and the list goes on.

Wholesale distribution companies of all sizes can use SAP SCM. Its warehouse management functionality is highly

scalable, so you can start out small and add functions and facilities over time. You can implement SAP SCM as a stand-alone application, or you can access it as a hosted application. This means you can get up to speed quickly, reduce the need for in-house IT equipment and staff, and keep up-to-date with evolving technologies. With industry-specific support for everything from warehouse management to customer relationship management to finance, the application provides a foundation that helps you enhance the value of your services, both now and in the future.

#### Gain Visibility Across Inbound Processes

With SAP SCM you can manage orders placed with partners and schedule pickup and receipt of deliveries. By streamlining and speeding up processes, you can achieve greater data accuracy and automate many of your inbound processes. As a result, your customers see increased order velocity in spite of shorter overall lead times.

#### Manage and Control Outbound Processes

SAP SCM supports picking, replenishment, packing, and load control processes. You can select sales orders, stock transfer orders, and production orders due for delivery, as well as consolidate sales orders to optimize delivery. You can also support activities such as order-based kitting and two-step picking for deliveries to multiple customers. By improving the management and control of your outbound processes, you can drive efficiencies. And by providing electronic confirmation showing delivery time and location,

as well as the items delivered, you can provide manufacturers and retailers with an up-to-date view of distribution – and deliver better customer service.

#### Capitalize on Technology

SAP SCM enables your workforce to use bar-code readers, handheld terminals, and other mobile devices to capture data on the spot – enhancing both accuracy and productivity. Radio-frequency identification devices can be linked directly to the application without middleware for immediate data exchange. Hardware-independent technology allows you to use devices from a variety of vendors, and a simple user interface can be tailored to individual needs.

#### Enhance Accuracy Within the Warehouse

Sophisticated handling-unit management lets you track combinations of goods that are grouped together – on a pallet, for example – and identify these packages in the warehouse and throughout the supply chain. These handling units can be nested and packed with different materials or batches to enhance the accuracy of warehouse movements such as put away, picking, or stock transfers.

#### Select the Best Carton for Each Order and Design Each Pallet

The SAP Extended Warehouse Management application has the functionality to select the proper shipping carton for each order, no matter how many diverse items are on it. In addition, you can build pallets based upon shipping destination and carton volume, a terrific time saver.



Yard management software helps you optimize door and dock utilization, increase efficiency by maximizing cross-docking opportunities, and reduce intermediate storage efforts.

#### Optimize Warehouse Activities

With integrated warehouse management and task resource management functions, you can automatically identify the right people and equipment to execute the appropriate task at the best time. SAP SCM analyzes the overall warehouse situation, taking into account tasks that need to be performed, available resources, and geographic information system coordinates of – and routes to – each bin. The software then creates a plan for continuous workflow, combines tasks for efficiency, and identifies the best routes through the warehouse.

### Provide Value-Added Services

With SAP SCM, you can collaborate with business partners to provide value-added services that are consistent with current trends in business process outsourcing and go beyond traditional warehouse activities. You can decide which activities meet the unique needs of each customer, group activities around the relevant warehouse processes, and invoice these activities to your customers. By enabling you to integrate extended services into your core warehousing operations, SAP SCM helps you deliver more value to your customers.

### Support Cross-Docking

SAP SCM enables you to move inbound materials directly from the goods receipt area to the shipping area. This helps you reduce double handling, cycle times, inventory, and transportation costs. With SAP SCM, you can establish cross-docking plans based on advanced shipping notifications and delivery schedules and integrate cross-docking plans with overall optimization plans for various supply chain facilities. Cross-docking is integrated with yard management, value-added services, handling-unit management, and warehouse management functionality. All of this helps you improve supply chain speed and efficiency while handling complex supply chain requirements.

### Improve Yard Management

SAP SCM provides insight into the movement of stock located on trailers, trucks, and railcars. This means you can manage trucks, trailers, and containers as they move in and out of

doors and yard locations. Yard management software helps you optimize door and dock utilization, increase efficiency by maximizing cross-docking opportunities, and reduce intermediate storage efforts. Moreover, it provides you with increased visibility into in-yard stock and deliveries. With this information, you can improve warehouse activities planning. For example, you can store goods intermediately in the yard if the warehouse operation (or capacity) does not allow further processing at that moment. All of these warehouse management features are closely integrated within SAP SCM so you can share warehouse data using features such as event management. The application integrates with systems running SAP and non-SAP software. It offers a number of interfaces for sharing data with a variety of logistics industry-specific systems, including those for material flow, automatic storage and retrieval, and pick to light.

### Reaping Benefits for Your Business

With SAP SCM, you can manage the full range of warehouse processes efficiently and effectively – and share integrated, accurate information with your customers. As a result, you can:

- Lower costs and increase the productivity of resources by reducing the amount of paperwork and doing things right the first time
- Increase revenues by improving customer satisfaction, cost-effectively serving multiple customers, and offering value-added services

Wholesale distribution companies of all sizes can use SAP Supply Chain Management. Its warehouse management functionality is highly scalable, so you can start out small and add functions and facilities over time.

- Empower employees and enhance customer service with a comprehensive solution for warehouse management

### Getting Started

SAP SCM gives you the tools and functions needed to streamline and enhance the speed and accuracy of warehouse operations – and make your warehouse an integral part of your customers' supply chains.

To learn more about how SAP SCM can help your company, visit [www.sap.com/scm](http://www.sap.com/scm). To learn more about SAP for Wholesale Distribution, visit [www.sap.com/wholesale](http://www.sap.com/wholesale).

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## Summary

Manufacturers and retailers are making great demands on their supply chains, and no one is better positioned to turn these challenges into growth opportunities than wholesale distribution companies. To support wholesalers in taking advantage of these opportunities, the SAP® Supply Chain Management application offers warehouse management features for even the most complex wholesale distribution environment. With this foundation in place, you can offer innovative solutions that enable you – and your customers – to grow.

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## Challenges

- Coordinate operations and standardize processes
- Expand and bundle service offerings to support customers
- Consolidate a variety of stand-alone applications across the enterprise to streamline the IT environment

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## Supported Business Processes and Software Functions

- **Inbound processes** – Move materials directly from goods receipt to shipping, reducing handling, cycle times, and costs
- **Yard management** – Manage trucks, trailers, and containers as they move in and out of warehouses and yard locations
- **Product handling** – Track combinations of goods in multiple handling units that enhance warehouse movements
- **Warehouse management** – Automatically identify the right people and equipment to execute the appropriate task and create a plan for continuous workflow
- **Value-added services** – Collaborate with business partners to provide services that are consistent with business process outsourcing

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## Business Benefits

- **Reduce costs** and **increase the productivity** of resources by reducing the amount of paperwork and doing things right the first time
- **Increase revenue** by improving customer satisfaction, cost-effectively serving multiple customers, and offering value-added services
- **Empower employees** and **enhance customer service** with a comprehensive solution for warehouse management

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## For More Information

Call your SAP representative today or visit us online at [www.sap.com/wholesale](http://www.sap.com/wholesale) or [www.sap.com/scm](http://www.sap.com/scm).

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