Modern Warehouse Management

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Program Agenda

1. Introduction
2. Solution Overview
3. Value Proposition
4. Analyst & Customer Validation
4.5% losses in revenue when processes, technologies and corporate structures are not fully synchronized

30% to 50% increase in spend when buyers have more than a single channel
Today’s Supply Chain & Logistics Challenges

• Expanded Demand & Fulfillment Options
  Buy anywhere, fulfill anywhere, return anywhere

• Time to Market Pressure/Mass Customization
  Customers demand customized products and services.

• Customer Expectations
  Customers want to know what products that are available to them and where to receive them.
Modern Warehouse Management for The New Fulfillment Economy Requires

• **Visibility** –
  • Global visibility to orders, shipments, inventory, & trade compliance data

• **Optimization** –
  • Optimized movement of goods across all transportation modes
  • Global order promising – match supply to demand across all sources

• **Orchestration** –
  • Monitor orders, shipments, and inventory on a single SCM cloud-based platform
  • Analytics and dashboard views of key supply chain metrics
Warehousing & The New Fulfillment Economy
Modern Supply Chains Place Customer at the Center of Their Network

Ecommerce Fulfillment

Manufacturer / OEM

Distributor

Logistics Supplier

Warehouse/DC

Store 1

Store 2

Store 3
“For a growing retail company, tracking inventory is the difference between losing money, breaking even and making a profit. We needed a far more sophisticated warehouse management system in order to maintain and grow our business.”

Andres Valdivieso, CIO
FarmaCorp
Solution Overview
A Modern Warehouse Management System (WMS) Needs to Deliver a Range of Capabilities

- Support multi-channel commerce
- Enable shared service warehousing
- Adapt to customers’ changing demands
- Provide global inventory visibility
- Leverage global logistics networks
Best-in-Class Warehousing for Tomorrow’s Supply Chain, Today

Global Inventory Visibility
Complete visibility to all inventory from distribution centers down to the store shelf

Customer Centric Fulfillment
Support multi-channel demand and execution processes so customers can buy anywhere, fulfill anywhere, and return anywhere

Next Generation WMS
Secure, scalable, flexible and built for the Cloud
Global Retail, Consumer Goods, Logistics and eCommerce Customers Use LogFire to Modernize Their Supply Chains
Oracle Warehouse Management Cloud

Complete warehouse execution and workforce management

Inbound Shipments
- Yard Check-In
- Cross Dock
- Receive
- Inspect
- Put away
- Purchases
- Transfers
- Returns

Outbound Shipments
- Yard Check-Out
- Manifest & Ship
- Stage & Load
- Pick & Pack
- Wave & Allocate
- Sales
- Transfers
- Returns

Value Added Services
Dock Appointments
Kit Assemblies
Reports & Analytics
Optimize Whse Tasks
Replenish & Count

Inventory
Transportation
Procurement
Order Management
Material Handling Equipment

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## Oracle Warehouse Management Cloud

### Best-of-breed functional coverage

<table>
<thead>
<tr>
<th>Workforce Management</th>
<th>Receiving</th>
<th>Waving</th>
<th>Task Interleaving</th>
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<tbody>
<tr>
<td></td>
<td>QC/Inspection</td>
<td>Picking</td>
<td>Value Added Services</td>
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<tr>
<td>Yard Management</td>
<td>Put Away</td>
<td>Packing</td>
<td>Slotting</td>
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<td>Dock Appointments</td>
<td>Cross Docking</td>
<td>Staging</td>
<td>Parcel Manifesting</td>
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<td>Location Management</td>
<td>Shipping &amp; Manifesting</td>
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<td></td>
<td>Replenishment</td>
<td>Cycle Counting</td>
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### Rules Based Locations

<table>
<thead>
<tr>
<th>Visibility</th>
<th>Business Events</th>
<th>Analytics</th>
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<tbody>
<tr>
<td>Voice Integration</td>
<td>Mobile RF</td>
<td>RFID-enabled</td>
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</table>
Full Mobility in the Warehouse

RF Mobile  Tablets  Label Printers
Oracle Warehouse Management Enterprise Edition Cloud

Comprehensive warehouse execution

• Inbound Operations
  – Schedule and manage dock appointments
  – Locate to yard and dock doors for yard visibility
  – Receive, cross-dock, and perform value added services
  – Put away to dynamic stock locations

• Inventory Operations
  – Optimize material handling with LPNs & warehouse tasks
  – Replenish and count stock locations
  – Support high volume, automated warehouses

• Outbound Operations
  – Manage trailers with yard locations and dock door movements
  – Plan waves and support complex picking & packing
  – Support direct-to-customer fulfillment as well as store delivery
Support for High Volume, Automated Warehouses

• Integrate with material handling equipment WCS (warehouse control system)
  – Conveyors
  – Carton Sorter
  – Tilt Tray Sorter
  – Pick-to-Light
  – Put-to-Light
  – Put-to-Wall
  – A-Frame
  – Carousels

• Integrate to scales and CubiScan
• Support for Voice solutions
• Low latency operations
• Real-time integration with 99.5% uptime
Oracle Warehouse Workforce Management Cloud

• Set goals
  – Set material handling goals for warehouse tasks and value added service activities
  – Factors in UOM (units, packs, cases, pallets) and whether material is pre-packed

• Measure actuals
  – Measure task completion time
  – Clock in / out of break times

• Analyze man power
  – Analyze productivity by Cost Center, Work Group, Work Area, & Process Type
  – Compare actual vs. planned break times
  – Considers warehouse tasks, VAS activities and manual activities
Oracle Warehouse Management Business Intelligence Cloud

- Inventory Visibility
  - By Facility
  - In-transit
  - By Stock Location
- Analyze warehouse throughput
  - Shipment and order volumes
  - Inbound, outbound, and reverse logistics
  - High value and bulk product
- Monitor warehouse operations
  - Unloading
  - Receiving
  - Verification
  - Completed
- End-user reporting
Value Proposition
Business Benefits

**REDUCE OPERATING COSTS**

Along the **entire integrated network**

**REDUCE INVENTORY COSTS**

Reduction in Inventory levels and shrinkage

**INCREASE REVENUES**

Customers and branches service levels
WMS Cloud Business Benefits

55% Increase in DC productivity

80% Reduction in expired product

15% Reduction in lost sales due to stock outs

30% Decrease in material handling cost per unit

80% Increase in building throughput

Achieved 24 hour delivery time window
Analyst & Customer Validation
Oracle Positioned as a Leader in Gartner Magic Quadrant

2018 Gartner Magic Quadrant for Warehouse Management Systems

While a very mature market, WMS offerings continue to differ in areas like usability, adaptability, intelligence, life cycle costs and ability to support end-to-end logistics process orchestration. Supply chain and IT leaders can use this research to understand the current state of the WMS market.

Link to Gartner Magic Quadrant report

Gartner “Magic Quadrant for Warehouse Management Systems” by C. Dwight Klappich and Simon Tunstall, May 2, 2018. This graphic was published by Gartner, Inc. as part of a larger research document and should be evaluated in the context of the entire document. The Gartner document is available upon request from Oracle. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.
Company Background

- Craftsy started as a purely digital business and started providing physical product based on customer feedback and demand.

- We now provide physical products in 4 of our 16 digital categories, Quilting, Sewing, Knitting, and Cake Decorating

- Started fulfilling customer orders out of the office then moved to a 3PL company based out of Denver. That company was acquired and moved to Hebron, KY.
LogFire provided the necessary requirements at an exceptional value

- Ranked highly in Gartner’s Magic Quadrant for WMS providers
- Provide a cloud based solution and had the ability to implement quickly at less than half the cost of other Tier 1 services.
- Have demonstrated commitment to us through on-site training and Go-Live support
Results

LAUNCHED AHEAD OF SCHEDULE ON JUNE 1ST, 1 MONTH EARLIER THAN TARGET GO-LIVE

ZERO BLOCKING ISSUES AT LAUNCH

ZERO DOWNTIME IN THE FIRST 90 DAYS OF OPERATION

BUILDING THROUGHPUT HAS INCREASED 81%

BUILDING VARIABLE COST PER UNIT HAS DECREASED 48%

IMPROVED INVENTORY UPDATES HAS DECREASED OVERSELLS 80%
Accomplishments

SUCCESSFULLY LAUNCHED THE FC IN LESS THAN 8 MONTHS CULMINATING IN THE JUNE 1ST START OF OUTBOUND SHIPPING 30 DAYS AHEAD OF OUR ORIGINAL PLAN WITH ZERO CRITICAL BLOCKING ISSUES

THE CUTOVER WAS ACCOMPLISHED WITH LESS THAN 50 MINUTES OF SITE DOWNTIME AND NO CUSTOMER FACING ISSUES

RECEIVED 1.2MM UNITS OF INVENTORY BETWEEN MAY 9TH AND JUNE 1ST CURRENTLY HOUSE 1.7MM UNITS IN INVENTORY
Company Overview

- Peruvian #1 Pharmacy Chain: +50% Market Share
- Gross Sales +US$ 800MM
- “Every day low price” strategy
- Small and standardized formats (80sqm)
- One of Peru’s most admired and remembered brands
- Largest and nationwide pharmacies footprint

Total Stores: 1,110
National territory covered: ~97%
Store footprint evolution

Number of Stores

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Stores</th>
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<tr>
<td>2011</td>
<td>431</td>
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<tr>
<td>2012</td>
<td>581</td>
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<tr>
<td>2013</td>
<td>725</td>
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<tr>
<td>2014</td>
<td>837</td>
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<td>2015</td>
<td>921</td>
</tr>
<tr>
<td>2016</td>
<td>1121</td>
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+20%
Average of new stores each year

Each 3 days
Celebrating a new store opening
- One Distribution Center
- Located in LIMA ➔ 40%
- 2-3 days Leadtime ➔ 80%
- 4-5 days Leadtime ➔ 95%
- 15 days Leadtime ➔ 100%
WMS Solution

DC

LOGFIRE

ORACLE

WCS

Pick To Light

Shipping/Routing Sorter

Mini Tilt tray Sorter

Traditional RF devices

Picking by Voice devices
An Efficient Operation

% of On-Time Delivery

- 64% in Jan14
- 99% in Dec16

- Improvement in on-time delivery performance: +55%
- More orders delivered by month: +27%

- % orders delivered on time to Stores
- Total numbers of orders delivered monthly (thousands)
A More Reliable Operation

Weighted Out of Stocks at Stores

7.3% to 4.0%

Jan14 to Dec16

% Out of stock Stores

+45%

Better product availability at Stores
The Triangle Group
Achieving Unbelievable Customer Satisfaction
The Triangle Group – Our History

- Triangle is a 3PL that started in business over 40 years ago
- We began by creating one of the first collect programs for the Retail community, allowing vendors to ship directly to the Retailers via Triangle
- As the apparel manufacturing moved overseas, Triangle opened on the West Coast and began to offer expanded services of drayage, transloading, warehousing and pick and pack
- From there, the Company grew rapidly. Its service offerings continued to expand into value added services, direct to store, direct to consumer and dedicated store delivery operations
- Today, Triangle has over 1 million square feet in 7 locations in the US servicing an elite list of Retailers and the Vendors who ship to them with best in class people, processes and technology
- Our flexibility to meet the needs of our customers and our ability to grow our system offerings has made us a strong 3PL contender
Major Business Lines

- Transloading at Major US Ports – Import and Export
- Drayage and Domestic Consolidation
- Retail Store Deliveries
- Warehousing & Distribution
- E-Commerce Fulfillment
- Container Freight Station - Bonded Trucking and Bonded Warehousing
- New Store Openings, including Fixtures and Signage
  - Carton Level Scanning and DC Bypass
  - Inspection/QC and Vendor Compliance Programs
  - Detailed Re-Work including Ticketing, Packaging, etc.
Our Locations

Los Angeles, CA - 500,000 sq. feet
Jackson, MS - Store Delivery
Miami, FL - 40,000 sq. feet
Kearny, NJ - 90 doors, 75,000 sq. feet
N. Brunswick, NJ - 300,000 sq. feet
Dallas, TX – 30,000 sq. feet
Savannah, GA – 100,000 sq. feet
Industry and Business Drivers

- Change from mainly Transload to Warehousing, Ecomm, Direct to Store
- As customer business needs change, we needed custom solutions
- 3PL needs highly customizable, flexible offerings
- Need to stay ahead of technology changes and other 3PL offerings
Selection Process

Four different WMS applications were looked into:

- LogFire
- Manhattan Open Systems
- Red Prairie/JDA
- Manhattan PkMS

Four major criteria were the deciding factors:

- Capability
- Cost
- Amount of in house support needed
- Integration capabilities
Cloud Benefits

- Easy to navigate for users
- Ability to access it from anywhere
- No on prem database to maintain
- Allows us more complete systems offerings for customers – current and potential
- Stronger base code now available
- Real time data updates
- Seamless upgrades and patches
- Allows for “view only” external users
Major WMS Clients Include:

- GAP
- Under Armour
- APL Logistics
- Boast
- American Eagle Outfitters
- Bed, Bath & Beyond
Cloud Solutions - Customer

- Currently the majority of our WMS customers are clothing retailers, but we also have a few home goods retailers
- A mix of cross dock, warehousing with carton pick, pick pack as well as ecomm
- We have 4 facilities that utilize WMS, one includes conveyor
  - The rest of them utilize RF Guns
- All run 2 to 3 shifts 5 days a week minimum, and during peak seasons run 3 shifts 7 days a week
- Each account was custom built to suit the needs of the customer’s requirements
- Cross dock functionality built to reduce scans and increase efficiency
- Routing UI Tool created to manage ship vias and transportation costs
Transload/Cross Dock Automation
Integrated External Solutions
Oracle WMS Cloud enable Customers to Grow From Point WMS Solution to Full SCM Transformation

- **Warehousing Excellence**
  - Warehouse Management
  - Workforce Management
  - WMS Business Intelligence

- **Integrated Logistics**
  - Oracle Transportation Management
  - Oracle Warehouse Management
  - Oracle Global Trade Management

- **Omni-Channel Fulfillment**
  - Oracle Order Management
  - Oracle Logistics
  - Oracle CPQ
  - Oracle Commerce

- **Supply Chain Transformation**
  - Ideate to Commercialize
  - Order-to-Cash
  - Source-to-Settle
  - Plan-to-Produce
Integrated Cloud
Applications & Platform Services