

Ergotron Projects \$4 Million Savings from Oracle WMS/ Auto ID Implementation



Ergotron

Industry

Manufacturing

Business Challenge

- Operate in a paper-free environment
- Bring warehouse operational accuracy and efficiency up to world-class

Solution

- Oracle-based WMS

Key Benefits

- Simplified picking and putaway operations
- Reduced transaction time

About the Company

Ergotron, a leading manufacturer of mounting solutions for digital displays, is in the process of converting from an assemble-to-order to a distribution environment. In support of this change, the company embarked on a mission of bringing its warehouse operational accuracy and efficiency up to world-class standards.



Business Challenge

Ergotron was already using Oracle 11i E-Business

Application and made the decision to implement Oracle Warehouse Management System (WMS) along with Intermec CK30 handheld wireless computers to enhance critical business processes to meet its growing operational demands. Ergotron projects the combination of reduced transaction time and improved accuracies across the Ergotron enterprise to deliver savings of at least \$4 million over the next five years. Ergotron's portfolio of digital display mounting solutions includes wall and desk mount arms, desk stands, mobile carts, floor stands, pivots and vertical lifts. The company, recently recognized for rapid and consistent revenue growth, has seen its annual revenue increase by more than \$18 million over the past three years, an upward swing of more than 46 percent.

This revenue growth is largely a result of the company's change from selling directly to end users to selling through mass-market retailers and distributors. In order to manage this growth, Ergotron quickly recognized the need to influence business process efficiencies across its distribution operations.

"We previously used a paper-based process where pickers were handed orders and sought out the goods in the warehouse based on their knowledge and a sticker system," said Ray Weber, warehouse manager for Ergotron. "Twenty-five percent of the time, the goods weren't where they were supposed to be, so we spent a lot of time searching for them."

Another issue Ergotron wanted to tackle is related to multiple labels on any given product in the warehouse, resulting in pickers sometimes looking at the wrong label on a product, which led to pick inaccuracies. This issue was further magnified by the use of locators that spanned up to three pallet positions, which further reduced the picker's ability to accurately identify and record which position a product was actually stored in. Though Ergotron's warehouse performance was par for companies of its size, it remained far from world-class in terms of key process indicators, service level and cost. It quickly became obvious to management that Ergotron's operations, and therefore, the company was limited by not having a warehouse management system for users to access from an RF wireless terminal.

“Within a few weeks of getting up and running our inventory accuracy rose from 75 percent to 85 percent. Even greater time-savings have been achieved on the picking side through the reduction and eventual elimination of time spent searching for the right items. The elimination of the need to fill out forms or enter data has saved time in nearly every operation.”

—Ray Weber
Warehouse Manager,
Ergotron

Contact Us

Contact a ERP specialist today.

☎ 1-800-926-9212

✉ info@peak-ryzex.com



The Solution

“Ergotron developed a three-part plan to get warehouse performance up to world-class standards,” Weber said. “The first part was to implement the Oracle WMS application to optimize the efficiency of our people, material and resources. The second was to eliminate paper by performing all user transactions from an Intermec a CK30 wireless handheld computer. The third was to overhaul key business processes in order to take full advantage of the wireless technologies we planned to introduce.”

Ergotron managers made the decision to purchase Oracle WMS versus a third-party WMS solution. Oracle WMS was an easy decision to support, as it allowed Ergotron to achieve a fully integrated enterprise resource planning (ERP) solution.

Ergotron initially assumed it would require two integrators for the Oracle WMS project – one to establish the automatic identification wireless hardware and one for the Oracle WMS implementation. “We were concerned that when we had problems, the hardware vendor would blame the software and the software vendor would blame the hardware,” said Jim Fischer, senior vice president, Information Services for Ergotron.

“We doubted that we could find a company that could provide expertise in both areas,” Fischer continued. “Then Oracle pointed us toward Peak-Ryzex, a leading systems integrator that has deep Oracle WMS application talents.”

Because Peak-Ryzex specializes in Oracle’s warehouse applications, Ergotron saw the company as a fit for their warehouse operations project. As a member of the Oracle Partner Network, Peak-Ryzex offers the expertise and experience required to assure Oracle WMS go-live success. In addition, Peak-Ryzex has over 25 years’ experience introducing wireless and label printing environments to automate warehouse, distribution and manufacturing environments. The bottom line for Ergotron: Peak-Ryzex will take the call at 2:00 a.m. to assess and help fix that technology problem that might prevent us from shipping product. Peak-Ryzex will know exactly what to do.



Additional Key Benefits

- Improved inventory accuracy
- Projected to deliver \$4 million in savings

Application

Oracle WMS including:

- Customized transactions
- Auto ID implementation
- Barcode labeling strategy

Peak-Ryzex provided a complete turnkey solution including site survey analysis, selection/installation/integration of wireless access points, Intermec CK30 handheld devices and barcode printers, full implementation/support of the Oracle WMS application including transaction customizations required for Ergotron's new warehouse process. Finally, Peak-Ryzex helped deploy a new barcode labeling strategy, including the label stock. "We originally estimated it would take 37 weeks to complete the project," said Gary White, senior business analyst for Ergotron. "Peak-Ryzex did the job in 19 weeks and stayed within the project's budget."



Benefits and Results

"We influenced every business process in the warehouse, receiving, quality inspection, discrete job picking, sales order picking and RMAs, changing every one in a single day in order to take advantage of Oracle WMS and auto ID," White said. "The

changeover was actually quite uneventful since the new processes were considerably simpler than those they replaced. The new processes allow workers to take advantage of the latest wireless technologies, allowing them to follow simple prompts within the Oracle transaction while completing the physical task at hand, e.g., picking of items, putaway of items, moving goods, etc. The Ergotron warehouse employees embraced the technology and new business processes, as it makes their jobs much easier."

The combination of the new processes, Oracle WMS and automatic identification has made an enormous difference in the warehouse. The number of steps required to put away or pick a product has been substantially reduced. On the receiving dock, workers enter incoming goods into a terminal and print out barcoded labels that stay with the products until customers take them off. The WMS software calculates a location for each product and provides the information to the forklift driver through an Intermec CK30 handheld device. When the driver puts the product away, he or she simply scans the product and the beam label to confirm that it is in the correct location.

“Our projections show that the results we have achieved in the first month after implementation are just the tip of the iceberg.”

—Ray Weber
Warehouse Manager,
Ergotron

The picking operations have also been simplified. The workers receive picking instructions on their handheld computers, eliminating the need to go back and forth to the office to pick up orders. As the worker picks each product, he or she scans the barcodes on the product and on the beam to ensure they have picked the right product from the right location. When the product is delivered to the shipping department, it is scanned again, which causes the shipping documentation to automatically print out. It is now virtually impossible to ship an incorrect product to a customer because the products are checked through automatic identification technology several times before they are shipped.

“Within a few weeks of getting up and running our inventory, accuracy rose from 75 percent to 85 percent,” Weber said. “Accuracy has continued to climb as the older inventory is sold and new inventory is put away using paperless methods. The time required to perform the putaway operation has been substantially reduced. Even greater time-savings have been achieved on the picking side through the reduction and eventual elimination of time spent searching for the right items. The elimination of the need to fill out forms or enter data has saved time in nearly every operation.”

“Our projections show that the results we have achieved in the first month after implementation are just the tip of the iceberg,” White added. “Oracle WMS is using rules-based, task-driven methods to assign pick wave picking tasks and direct pick zone putaway tasks to optimize labor and equipment resources. Our auto ID system is simplifying transactions, reducing the need for paperwork and verifying the accuracy of every step in the process.”

The result is that Ergotron managers conservatively project savings in production labor, production inventory, warehouse labor and warehouse inventory of \$645,977 in year one, \$607,770 in year two, \$790,101 in year three, \$1,027,131 in year four and \$1,335,270 in year five. This compares to an initial investment of a little more than half of the first years, savings and a nominal annual maintenance fee. The new investment is expected to pay for itself in less than eight months and generate a return greater than 10 times the initial investment in less than five years.

