

## Viewpoint: Technology the Key to Driving Warehousing and Distribution Efficiency

Less than 30 percent of warehouses are efficient, reports “Benchmarking Warehouse Performance,” a study by Georgia Institute of Technology. For warehouse operations managers, as well as the board, this creates a problem because what happens on the shop floor can have a major impact on the bottom line of the business. Andrea Robinson, Business Development Manager UK at CargoWise takes a look at the role technology can play in improving efficiency and how 3rd Party Logistic providers (3PL) in the SME space are driving the technology evolution.

The global financial crisis sent a shockwave around the world about the importance of sound financial management. As a result, almost all business leaders now take a second look at their P&L accounts before making investments. The logistics industry is no different and while most companies will look back at the recession with an unnerving wince, many firms, especially 3PL providers in the SME space have seen this as an opportunity to leap ahead of less nimble competitors.

### **The tech evolution...**

One area where investment is being made is in technology. The demand for new and replacement technology within the Warehousing and Distribution sectors is showing a significant increase among 3PL SME level companies that are driving spend and opting to replace old technology with new, or enhance existing legacy systems.

The trend finds SME companies continuing to grow and develop strong technology platforms with leading innovation and competitive advantages such as software on demand technologies for warehouse management, as well as other sectors of their business such as transport, freight, shipping and financials.

As process impacts every dimension of a business, from how to maintain cost advantages to the all-important differentiators that cause customers to choose one supplier over the next, 3PLs are realizing that their operational costs and efficiencies need to be improved in order to stay competitive and win new business. At the same time, companies are viewing their 3PL provider more as an integral partner and are demanding increased accuracy, visibility, automation of information, and reporting capabilities to meet changing business environments and market trends.

### **Every second counts...**

3PLs cite operating costs as a key pressure related to warehouse and fulfillment operations. One of the challenges is to increase sales and profitability, without increasing operational costs. This can be achieved through greater utilization of resources and improving collaboration with customers through technologies that give value added services.



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**Andrea Robinson**  
**Business Development Manager - UK**

Gone are the days of warehouse management software simply tracking inventory. Attention is now focused on how managers can measure the time and costs of all activities, such as the time it takes to unload a truck or pack a container and utilize their resources more efficiently. 3PL SMEs are focusing on coordination between their operations and deploying IT platforms able to operate over multiple distribution networks for multiple clients, allowing for client specific configurations. These configurations may include branding, event tracking and customization of services where tailored operating rules and information is integrated across the entire company.

As logistics operations become more complex, labor also increases. It's therefore essential to raise the bar in terms of operational efficiencies across all areas of the business to provide greater capability to meet the evolving needs of the customer.

For example, access to information that notifies incoming vehicles to cross-dock its contents onto an outgoing vehicle, while at the same time coordinating warehouse labor to position stored goods for loading can reduce valuable downtime. This level of intelligence is providing 3PL's and their customers with assurances that they have the sophistication, automation, visibility and security to manage a high volume inventory.

When the right technology is deployed and used to its full potential, 3PL SME's can achieve a quick return on investment. For example, shipping mistakes and errors cost around \$100 on average per case when taking into account the time associated in processing stock orders and returns. Technology platforms can help reduce the number of human errors that are made and many 3PL are using their systems to monitor, notify appropriate personnel and execute decisions more proactively when incidents arise. Improving efficiency and reducing errors by as little as 1-2% can result in significant annual savings.

There's no doubt that technology is changing the way we operate. While most warehouse and distribution firms have embraced technology in one form or another, the fact that only 30% are running efficiently suggests that the warehouse is evolving at a slower rate to the technology available to support its operations. 3PL SME's are the early adopters in this space, so it will be interesting to see how their initiative affects the bottom line in the search for absolute efficiency.

### ABOUT CARGOWISE®

CargoWise is a globally renowned technology provider that delivers an innovative, single platform solution to improve customers' visibility, efficiency, quality of service and profitability. It provides dynamic and efficient solutions for logistics service providers focused on effortless supply chain execution capability in an integrated globally capable enterprise system.

Every day, 2,000 logistics service providers, consisting of 50,000 users in 50 countries, move goods through the global supply chain using CargoWise's ediEnterprise system, a powerful and feature rich software solution developed to meet the ever-changing needs of the logistics industry. CargoWise offers the only single platform supply chain logistics management system that provides integration across all departments with functionality for domestic, regional and global customers. The company operates from offices worldwide with headquarters in the USA, Australia and in the UK. More information on CargoWise can be found at [www.cargowise.com](http://www.cargowise.com)

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