

CASE STUDY

COFE® drives a successful peak for customers



Increased

↑
Thru Put



Reduce
Capital
Investments
Capacity



COFE®
Waveless Order Processing
Starts Here

Fastest
Order
Cycle Time

Minim
WM
Function

Adaptive



COFE® drives a successful peak for customers

Project Challenge

Many traditional brick-and-mortar retailers are struggling to compete in today's world of online shopping. Their warehouse distribution systems implemented years ago were designed to achieve efficiency — to pick, pack and ship in the most productive way to reduce costs. However, those systems fail to meet today's goals of expediency — to pick, pack and ship to get an order out the door faster. However, these same traditional retailers recognize that they need to be able to compete on speed. Their growing base of online customers have become accustomed to ordering a product one day and receiving it the next. That has put an increasing demand on these retailers to improve the expediency of their order cycle times — the length of time from when an order comes into a facility to when it is loaded on a truck for shipping. These same customer expectations, in essence, have also pushed retailers' current systems beyond their limitations.

To improve fulfillment speed, efficiency, accuracy, and control costs, VARGO®'s four top national retail clients knew they needed a Warehouse Execution System (WES) that could:

- Minimize order cycle times and manage for both expediency of orders and efficiency of work
- Dynamically and automatically manage the complex flows and priorities of work
- Eliminate duplicate inventories and warehouses
- Easily handle fluctuating volumes associated with the seasonal retail business
- Eliminate idle time and greatly improve system and employee efficiency
- Eliminate waves and buffers to optimize for efficiency, expediency and lower capital requirements
- Increase current equipment utilization to process newly added workflows

6.8
million units
processed in
one week



Project Solution

These four national retail clients all turned to VARGO® and its Continuous Order Fulfillment Engine (COFE®) solution. Today, almost 70 percent of VARGO®'s business comes from designing custom-engineered, material-handling systems, each one tailored to a customer's unique business requirements. COFE® is a powerful and customizable WES that automatically organizes, optimizes, sequences, and synchronizes all work resources — including machinery and people — resulting in a simple-to-run operation.

22%

Growth that four COFE®-powered fulfillment centers experienced from 2015 to 2016 in number of units processed in one peak, seven-day period.

COFE® directs workers strategically with the operation of the equipment, knowing at all times exactly where workers are in the pick sequence. As a real-time WES, COFE® is designed to provide waveless order processing and to enable continuous picking, resulting in a true lean and smart fulfillment of orders. COFE® WES can be customized

to meet the demands of the higher SKU count, the needs of low-volume retailers, as well as the needs of a retailer that handles a wide assortment of merchandise, from apparel to general merchandise, including cosmetics, electronics, pharmaceuticals, games and small household appliances.



2.25
million orders
packed in one peak week

COFE® can also manage operations within omnichannel fulfillment centers. The very same principles and methodologies that have simplified the complex flows of e-commerce fulfillment are now managing all of the available labor, automation resources and inventory of a single omnichannel fulfillment center. One inventory, one workforce, and one continuous order fulfillment engine — simultaneously processing direct-to-customer orders as well as store-replenishment orders.

Project Results

VARGO® recently compiled post-holiday numbers from its top four retail clients whose fulfillment centers are driven by COFE®. While the 2015 peak season produced outstanding results for these clients, the 2016 numbers were even greater. From 2015 to 2016, COFE® helped these retailers improve their ability to process orders and units

by another 20-plus percent. The results reflect yet another record-breaking year for VARGO® clients’ ability to efficiently and expediently fill customer orders in a vital, peak week of holiday online shopping. Based on actual data provided by these four national retailers, their COFE®-driven warehouses reported these combined numbers in that crucial, seven-day online holiday shopping period:

- 138,000 distinct SKUs picked each day
- 2.25 million orders packed in one week by distribution workers
- 6.8 million units processed in one week

The total number of distinct SKUs these retailers picked each day in the peak week grew by 34.5 percent from 2015 to 2016. In addition, the results show a cumulative improvement of 22 percent in the number of orders picked in one week, compared to 2015 numbers. The total number of units processed in one peak week represents a 20 percent growth from 2015 to 2016.

The peak week records that COFE® helped VARGO®’s retail clients achieve are markedly superior to what a retailer with a traditionally run warehouse system might have achieved.

“Typically, COFE®-WES driven sites achieve results that are 30 percent to 40 percent more efficient than the results a fulfillment center operating with a more traditional Warehouse Management System might achieve,” said Bart Cera, chief operating officer at VARGO®. “As distribution centers adjust to fill orders for expediency as well as efficiency, COFE® is able to help these clients achieve outstanding fulfillment results that help the retailers meet customers’ demands.”

138,000
distinct SKUs
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