

Warehouse in a Warehouse:

The Quick Fix to Fulfill E-commerce Orders (When You Don't Have the WMS to Do It)

By David Mascitto

E-BOOK



Before we begin,
does one of these scenarios sound like you?



I'm a retailer that traditionally focused on my brick-and-mortar business,

but I also have an e-commerce site. My e-commerce business has grown exponentially and my DCs are having difficulty keeping up with customer demand and service expectations for fulfillment.



I'm a wholesale brand that traditionally sells through third-party retail channels.

I have launched a DTC e-commerce website to capitalize on the power of my brand, but I'm having difficulty moving from cases and pallets to single line orders and eaches.



I'm a B2B distributor of consumer goods that has launched a DTC e-commerce website.

As my order volumes increase, I need a system that can manage a high volume of small orders, instead of a low volume of large orders.



Like many distributors and retailers, you probably have a warehouse management system (WMS) that serves your wholesale/distribution model (or you might even be using an ERP). The system has been refined and optimized over time and it gets the job done. Perhaps you have thought about changing it, however, the ROI just isn't there yet. Or maybe you don't have the time or resources to do so. Nevertheless, the ship has been sailing relatively smoothly, but there is change on the horizon. E-commerce is driving unprecedented disruption to the supply chain landscape and fulfillment models need to evolve.

The fact of the matter is that sales channels are blurring and business models are converging, which means **fulfillment processes need to adapt.**

For traditional retailers and brands with retail outlets, e-commerce is taking up a much larger share of revenue for businesses – specifically 20%, 25%, maybe 30% and growing. For wholesalers and distributors, e-commerce represents an opportunity to build new sales channels and gain additional customers and revenue streams, but it requires a completely different fulfillment mindset.

Regardless of your business model, you now have more orders than you can manage, while at the same time navigating labor constraints, rising fulfillment costs and dwindling service levels compared to the competition. But, your existing WMS is still needed – and still works fine – for your replenishment/wholesale/distribution business. So what can you do?

Let's break down your options:

Option 1:

Try and ride it out.

Option 2:

Do additional modifications to your WMS.

Option 3:

Change out the entire WMS.

Option 4:

Upgrade your WMS.

Option 5:

Automate your warehouse.

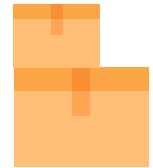
Option 6:

Enhance your operations with an e-commerce WMS.



Option 1: Ride It Out

For retailers, e-commerce continues to stay at the elevated levels it reached during the pandemic. More customers now shop online and have grown accustomed to it. Therefore, it is very likely that e-commerce will take up a larger share of retail revenue than it had historically. For B2B companies going B2C, you don't want to learn the hard way that your fulfillment operations are falling short. In a hypercompetitive e-commerce environment, you probably won't get a second chance to make a good first impression. Higher order volumes and high service expectations are the reality of e-commerce fulfillment and both retailers and distributors need to adapt. Riding it out is not an option.



Option 2: Do Additional Modifications to Your WMS

If your warehouse management system is homegrown, it's probably already a "Frankenstein" with add-ons and development done throughout the years. Yes, you could do another modification ... but this could be a costly and time-consuming endeavor. Plus, there is always the risk of breaking a potentially fragile system. If your WMS is from a third party then you are asking for a modification, which will take time and come at a high cost. Do you really have the stomach for this option? Cross this off your list.



Option 3: Change Your Entire WMS

This option seems a little drastic – don't you think? Your WMS works fine. All you need is a little more functionality to help you with "eaches" picking. Yes, you could swap out the whole system for a new one if you had a whole year, an extra team and a couple million dollars. This option is perhaps the riskiest of all ... probably safe to cross this off your list too.



Option 4: Upgrade Your WMS

This is somewhat similar to changing the entire WMS, especially if the 'upgrade' means going from your vendor's on-premise system to their shiny new SaaS version. An upgrade will likely cost somewhere around \$1 million in implementation fees (plus the ongoing SaaS fee, if you go that route). Don't get me wrong, you will eventually need to upgrade your WMS to SaaS, but adding some e-commerce picking functionality might not be the best reason to do so.



Option 5: Automate Your Warehouse

Going the automation route can seem like a daunting endeavor ... and that's because it is! Which types of automation to choose (it isn't usually just one), which automation vendors, which software vendors, which integrators, what's the ROI, when is the ROI going to come – all important questions that require in-depth research and due diligence. When you finally make that decision, you're looking at a large time and financial investment. But if it seems like you just won't be able to get a handle on fulfillment costs and staffing issues as your e-commerce business keeps growing, now might be the time to take the leap to automation, instead of prolonging the pain.



Option 6: Enhance Your Operations With an E-commerce WMS

This option is called a warehouse in a warehouse. If you have extra space in your facility, like a floor that's not being used, a section that's empty or maybe even an adjacent building, grab some yellow paint or tape, draw a giant square on the ground and that's your new e-commerce fulfillment area. You have the physical, now you need the digital.



The E-commerce Warehouse Management System

An e-commerce warehouse management system is a **warehouse management system designed for e-commerce fulfillment**. It optimizes pieces picking, has advanced functionality (pick to light, pick to voice, etc.), it can run on almost any device (mobile, scanner, tablet, etc.), it is easy to learn, easy to use and built for any type of fulfillment – manual or automated (robots). It also easily integrates to existing systems. Plus, it's low risk, low cost and can be implemented in under a month.

The premise is simple. Your order source – whether it is an **order management system (OMS)**, electronic commerce platform (ECP), marketplace or **enterprise resource planning system (ERP)** – sends the order to the e-commerce warehouse management system in your “e-commerce fulfillment facility” (remember the big yellow square painted on the ground) where you have shelves stocked with products ready to be efficiently fulfilled by pickers who are directed to the item location with the help of the e-commerce warehouse management system. Your pickers select the item (based on the method you prefer: wave or batch) and bring it to a packing area for the order to be fulfilled.

The Best of Both Worlds

If this all seems simple, it's because it is! Your legacy WMS (or ERP) were not designed and developed for e-commerce fulfillment ... so how can you expect them to operate like they would? However, they do serve a purpose and are still viable systems. If you find your WMS can't cut it in an e-commerce world and you have neither the time, resources nor budget to change it, an e-commerce warehouse management system might just be the best of both worlds.



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www.tecsys.com

info@tecsys.com

Phone: 514-866-0001

Toll Free: 1-800-922-8649

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