

DISTRIBUTION AND MATERIALS HANDLING FOCUS

As we have reported extensively, a new generation of automated case picking systems in distribution is here, offering a new and growing set of technologies that we think can dramatically change distribution processes and costs for many companies.

Today, there are many more technology and deployment options for automated case picking technologies than most logistics managers realize, because to date implementation and promotion of these systems are still early in the cycle. But much has been done in terms of R&D to bring automated case picking systems to market, and a number of deployment proof points have been established.

Whether you are considering an automated case picking approach across solution categories, or evaluating more than one provider within a category, distribution managers must obviously find a way to organize the evaluation criteria.

Below, we offer a starting point by listing a number of the key variables or attributes that can differ across categories or providers. Some are obvious (such as total system cost), while others are more subtle factors. This list was excerpted from our groundbreaking report late last year on automated case picking, which can be downloaded here: [Automated Case Picking 2009: The Next Frontier in Distribution Center Management](#).

On Feb. 9, 2010, there will also be a Supply Chain Videocast summarizing the report, which includes survey data from hundreds of supply chain professionals as well as a summary of



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the key ACP technologies. You can register for the Videocast here: [Automated Case Picking Videocast](#).

After that date, the broadcast will soon be available on-demand on our Videocast page: [Supply Chain Videocast Listings](#).

Initial System Cost: Hardware, software, implementation, building modifications, training, etc.

Throughput (cases per hour): This can be tricky to calculate due to the incremental way systems can be implemented.

Supporting Labor Cost: How much floor level labor will be needed to run and replenish the system, or in other work processes upstream and downstream from the new automation?

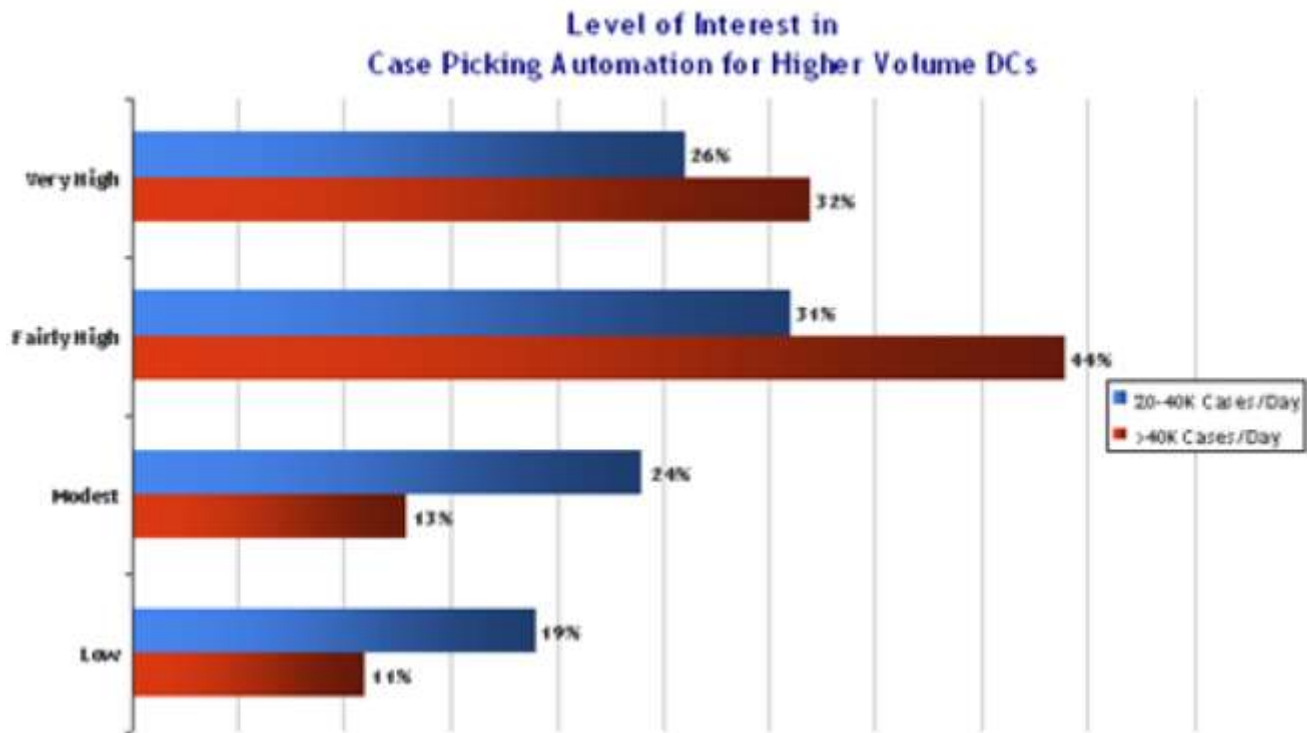
Process Complexity/ Replenishment: How complex will the system be to manage, especially around replenishment (an often overlooked factor).

Footprint Requirements: How much floor space and vertical height is required and optimal (these are usually two different numbers)? You might also assign a cost to this space usage.

Changes Required to Existing Building: Scope and cost of any building changes needed for each system.

Expansion Capability (ease and cost): How "small" can you start, and how easy and expensive will it be to expand the system over time? ^a **Maintenance Issues/Uptime:** What sort of system maintenance will be required, what are the skills re-

Level of Interest in Case Picking Automation for Higher Volume DCs



quired (can you do it yourself?), and what is the projected level of uptime?

Flexibility: How will the system handle business changes, and varying carton sizes and weights?

Percent of Total Facility Volume That Potentially Could Be Handled: The systems will likely vary in terms of how much of your total case picking volumes that they can handle, either physically or financially.

Proven Implementations: How and where has each solution been implemented, both generally and within your industry or type of distribution model? That does not mean a **company shouldn't consider partnering** with a ACP vendor to jointly develop a new-to-market solution, but among more established solutions see where your type of application has been successful.

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Power Consumption: How much energy will each system use?

Safety: Are there important differences in the level of safety and risk of injury between the different alternatives?

TCO and Total ROI: What is the project total cost of ownership (TCO) over five years, and then what is the total ROI for each solution?

Of course, other criteria can be added, but we think this is a good list from which to start.

Have you looked at automated case picking technologies? What would you add to our list of selection criteria? Let us know your thoughts at the Feedback button below.

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