The Chicken or The Egg of Supply Chain
What Comes First; Automated Storage or Automated Distribution

Presented by:
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Speaker & Sponsor Background

• My Background
  ▪ Director of Distribution/GM - 14 Years
    ❖ DMC Inc.
  ▪ Sales Executive in Material Handling - 8 Years
    ❖ Raymond, Yale, Hyster
  ▪ Sr. Executive in Supply Chain Systems - 12 Years
    ❖ FedEx, Pdata, DMW&H
  ▪ Active Speaker and Promoter of Automation
    ❖ MHI, WERC, IWLA

• DMW&H
  ▪ Top 20 System Integrator Leader in Material Handling Systems
  ▪ In business for over 50+ years
  ▪ Offers clients a “Total Solution” from design to implementation
  ▪ Dedicated to create innovative, flexible, and easy to implement solutions
Chicken or the Egg

What comes first?
Automated Storage

Or...

Automated Distribution

What comes first?
KEY TAKEAWAYS

• How Much Automation Do You Really Need?

• Can Automation Be Partial and Still Have an Impact?

• Which Part of a Facility Should Be Automated First?

• What Will Happen If You Stay Dormant In the Universe of Automation?
What is Automation?

- Voice/Light/Vision Picking
- AS/RS
- Carrousels
- Lift Modules
- Robotics
- Sortation Systems
- Smart Conveyors
How/What/Why/Where to Automate?

- Partially Automate a Facility
  - Which Area(s)?
  - How Will Impact Operations?
  - How Sophisticated Should it Be?

- Fully Automate a Facility
  - How Much to Invest?
  - What To Expect?
  - How to Plan?
What Comes First?

- An area and solution that will generate the best ROI
- The area with the most trouble/issues
- Wait until you can consolidate different areas

Where to start?

- Consider starting small and expand in phases
  - Make sure to have an expansion strategy
  - Plan future expansion prior to initial automation
- Optimize an area/operation before automating
- Expand at a comfortable pace
Technology Can Be Scary
(especially for a low automated facility)

THE SECRET OF CHANGE IS TO FOCUS ALL OF YOUR ENERGY NOT ON FIGHTING THE OLD, BUT ON BUILDING THE NEW!
SOCRATES
Pitfalls When Automating

• Top Management/Investors Buy-in
• Vendor Selection
• System(s) Communication and Integration
• Labor Acceptance
• Size of Facility/Operation
• Skilled Labor Availability
• Maintenance – Expertise, Response
  o In-House Resources
  o Full Annual Contract
Automated Warehouse Benefits

- Significant Labor Cost Reduction
- Superior Levels of Productivity
- High Degree of Efficiency
- Minimal Risk Of Processing Errors
- Improved Inventory Management
- Increased Supply Chain Speed
Future Proof

- You cannot predict the future, but you can plan for it
  - Make sure you use automation that will be supported in the future
  - Make sure the ROI period is short enough so you are not locked into using an outdated system
  - Embrace change
  - Flexibility to adjust to future business and industry changes
  - Be aware and research *brand new* technologies
So... Which Comes First?

❖ Depends on each operation needs
❖ Depends on company/business strategy and growth
❖ For a new facility both Automation strategies could be ideal
❖ For an existing operation either Automating Distribution and/or Storage can have significant impact
Last Thought…

“Good, bad or indifferent, if you are not investing or planning to invest soon in new technology, you are going to be left behind.”
Thank You So Much for Attending

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