

Answering The DC Labor Challenge With Voice and Mobile Work Execution

Presented by:

Jason Rose, Abercrombie & Fitch

Krishna Venkatasamy, Lucas

MAKE YOUR BUSINESS
 **FUTUREPROOF.**



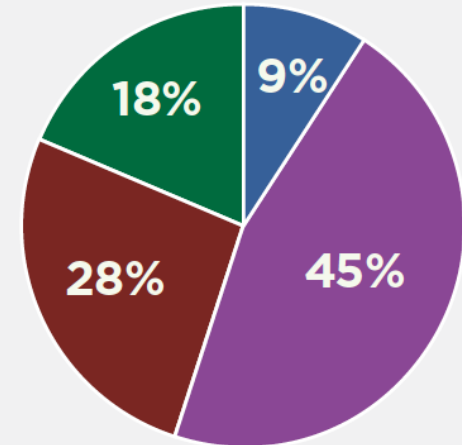
Agenda

- Our Format: A Discussion
- DC Labor Challenges And Mobile Work Execution
- Introduction To Abercrombie & Fitch
 - Business and Operational Overview
 - Mobile Work Execution In The DC
- Discussion and Q&A

DC Labor Challenges

46% of DCs have increased wages more than 5%, compared to average US wage growth of 2.3%

- Less than 5%
- 5 to 10%
- Greater than 10%
- No change



WHY IS IT HARDER TO FIND WORKERS IN YOUR AREA?

39%

New Amazon DC In My Area

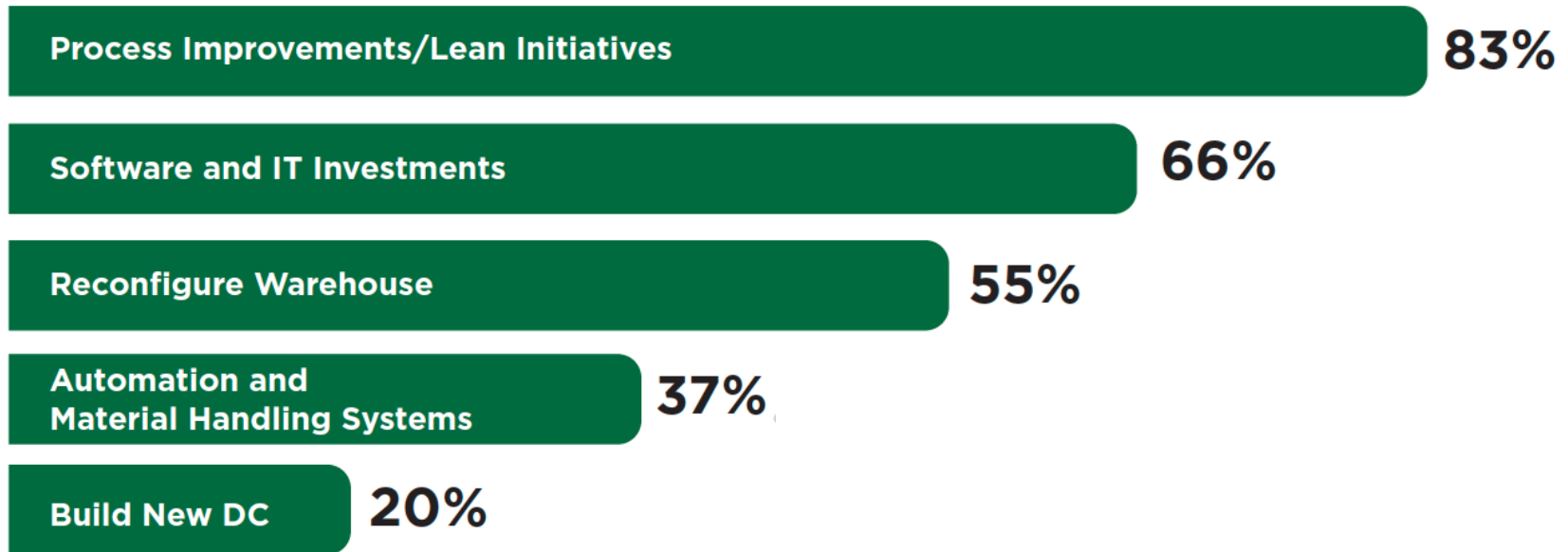
52%

Other New DCs In My Area

63%

Competition From Non-DC Employers

How DCs Are Addressing Labor Challenges



How Mobile Work Execution Meets The Need

- Optimize Hands-on Processes
 - Configurable work planning and execution
 - Flexible, user-friendly voice-directed applications
 - Real-time management reporting and control
- Supplements WMS, LMS, other IT systems
- Complements Material Handling Automation

VOICE AND MOBILE WORK EXECUTION AT ABERCROMBIE & FITCH

About Abercrombie & Fitch

- Leading global specialty retailer of apparel and accessories
- Approximately 850 stores plus 30 websites including www.abercrombie.com and www.hollisterco.com
- DTC 27% of sales, and growing
- Three US Distribution Centers (4 Intl DCs (NL, HK, CN, UAE))
 - Direct To Consumer, New Albany, OH
 - Store Replenishment, New Albany, OH
 - 3PL for DTC, Reno, NV

Direct To Consumer DC, New Albany

- Built In 2006 (Redesigned in 2015)
- Max. daily capacity – 425,000 units
- Manhattan WMOS 2016
- Dematic Automation
 - Conveyors
 - Sorters
 - PutWalls
 - Multi Shuttle
- Lucas Mobile Work Execution and Voice

DTC Operational Issues

- Accurate, on-time delivery is critical
- Increasing shipments
- Seasonal peaks (back-to-school and holidays)
 - Demand volume increase ~10x
 - Workforce increase ~200% across the building
- Approach to mitigate challenges: Implement Voice Picking
 - Simplified training; new hires onboarded at faster pace
 - Increase in picking throughput
 - Improved accuracy with hands free solution

Mobile Work Execution At Abercrombie

EST. 1892
**Abercrombie
& Fitch**
NEW YORK

- Voice-Directed Picking Using Motorola G4 Smartphones
 - Replaced RF, but incorporates scanning
 - Pick-to fill: utilize greater tote capacity
 - Improve accuracy and efficiency
- Real-Time Reporting and Work Management (Engage)
 - Productivity
 - Exceptions, Work Status...
- WMS, WCS and LMS Integration

Results and Discussion

- Labor Productivity Gains
- Picking Accuracy
- Reduced Training/Improved Retention

EST. 1892
**Abercrombie
& Fitch**
NEW YORK

For More Information:

Krishna Venkatasamy, Lucas Systems

krishna@lucasware.com

www.lucasware.com

Or visit MODEX Booth 4935