



CASE STUDY: DHC USA

DHC USA EXPANDS ITS MARKETS WITH ROBOCOM'S WAREHOUSE MANAGEMENT SYSTEM

Headquartered in Tokyo, Japan, DHC Corporation is one of the world's top health and beauty brands. The direct-to-consumer and B2B provider of skincare, body care and makeup products expanded its operations into North America over 20 years ago. Today, the DHC USA subsidiary includes an office in Alameda, CA, a call center and shipping facility in Mechanicsburg, Pennsylvania and, most recently, DHC USA opened a new warehouse in the United Kingdom to expand its services across Europe. To support this new growth strategy, DHC USA is using Robocom's Warehouse Management Solution (R-WMS) to manage both of its US and UK warehouses.

"We evaluated a number of different solutions, but Robocom was by far the best fit for our business," explains Steve Magill, Chief Operating Officer for DHC USA. "R-WMS was leaps and bounds above the other systems in the same market when it came to the breadth of its out-of-the-box features, especially for a small to medium size business." In particular, Magill notes that competitive products didn't offer versioning or lot and expiration controlled inventory features out of the box. Nor did they include RF (Radio Frequency) technology. Customizing these features would require additional time and cost for DHC, and possible use of third-party solutions.

Today, DHC relies on R-WMS to help manage its operations from start to finish, including receiving, inventory management, picking and packing, Q&A, labeling, shipping, forecasting and purchasing.

DRIVING AUTOMATION ACROSS OPERATIONS

Robocom worked with DHC USA to integrate its direct-to-consumer order processing with their existing, automated pick pack system. "A lot of our existing automation within the pick pack system was operated through a separate PLC logic," states Magill. "Robocom was able to come in and control those conveyor stops and starts through the actual interface itself."

From start to finish, the entire process is automated using R-WMS. Invoices within R-WMS are printed and placed within boxes at the beginning of the pick pack conveyor. The pick pack process associates each box with an invoice via a bar code label; then the boxes begin moving around the u-shaped conveyor line. Along the conveyor there are multiple pick stations, each with a fixed mounted scanner that scans each box that passes by. If a box for an order needs to have product picked from a pick station, R-WMS automatically routes the box to stop at that station. Those boxes that do not have items to be picked from the station continue along the conveyor.

An associate mans each station. When picks are needed for a box, the product and quantity information are presented to the worker on a monitor. The associate scans each item and places it into the box. Once all items have been picked from that station, the associate places the box back on the conveyor and it continues along, stopping at

SOLUTION SNAPSHOT

BUSINESS CHALLENGE

DHC required an automated, flexible and scalable WMS to support its rapid expansion into new markets, including B2B and Europe.

ROBOCOM SOLUTION

The organization chose Robocom's Warehouse Management Solution (R-WMS) to implement the controls, process and discipline required to streamline and optimize its warehouse management operations.

RESULTS

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—Steve Magill
Chief Operating Officer
DHC USA

any additional pick stations required to fulfill the order. Once an order has passed all of the stations, it should be fully picked. At the end of the picking process, each box is automatically sent to a QA station to validate that the order is complete.

Next, R-WMS sends the box to pass over a “weigh in motion” scale where the actual weight of the box is captured and compared to how much weight is expected if the order has been fully picked. If the weight is out of tolerance, it is pushed aside. If the weight is acceptable, the box then goes to the manifest station where R-WMS passes all required information over to the carrier server, which produces the shipping label.

Once the shipping labels are applied, R-WMS captures all information about the shipment, such as tracking information. Each box makes one more pass through QA to compare the license plate used to identify the picks with the shipping tracking number. This ensures the right tracking information is on the right box. The box is then ready to be shipped.

INCREASING SCALABILITY AND CUSTOMER SATISFACTION

“Using R-WMS has enabled us to boost our efficiency and, in turn, our scalability,” says Magill. “One of the biggest changes we’ve seen is increased visibility for the associates filling the orders. The screens are far more intuitive, which enables them to be more productive and achieve greater accuracy. They were extremely happy with the new interface. We are operating with far greater efficiency now and our accuracy rate has improved greatly.”

Magill says since using R-WMS, customer satisfaction has also significantly increased. “Every single mistake comes at a cost, whether it’s to productivity, cost and materials, customer loyalty, etc. When I compare where we are today with reshipments vs. where we were before Robocom, I can see there’s been a tremendous improvement. Customers are much happier, and this improvement has greatly reduced the amount of time and effort required on our side to take customer calls, investigate issues, replace an incomplete order, credit the customer back for the missing item and so on. Instead, we can focus our energy on revenue-generating activities.”

MEETING INTERNATIONAL REQUIREMENTS AND COMPLIANCE REGULATIONS

With its expansion into Europe, DHC USA has the added pressure of managing inventory at the compliance level to ensure it meets the specific guidelines and regulations for each individual country.

For example, products sold in the U.S. are required to have instructions and ingredients in English printed on the outer packaging. The UK requires that manufacturers include the same information on both the outer packaging and on the product itself. In Canada, some regions allow manufacturers to include instructions and ingredients in both English and French; others require French only.

“We need to provide a version of our product in a language that our customers will be able to read and understand,” says Magill. “But with all of our products manufactured in Japan and then shipped to our warehouses in the US or UK, it’s not cost effective to predict exact inventory numbers for each individual country. Instead, we bring the product into our warehouses, already packaged, and then further customize the packaging and product labeling for individual countries to meet their compliance requirements. Robocom gives us visibility for the product that’s already been made compliant, and it enables us to manage the inventory for the material needed to make those products compliant for each country.”

DHC has two types of products coming in from Japan: those that are FDA compliant as they come off the container, and those that need reconditioning to be made FDA

compliant. “R-WMS not only gives us the physical ability to segregate the products, but also the systematic ability to separate them,” explains Magill. “At any given point we can pull that information up in R-WMS for a quick snapshot of what’s sitting in our non-compliant area and what’s sitting in our sellable area.”

RAPID EXPANSION INTO THE B2B MARKET

When Magill first started working for DHC USA 14 years ago, the company primarily operated as a direct-to-consumer business. But recently, the company has caught the eye of several larger retailers. Over the past few years, DHC USA has rapidly expanded its B2B business, establishing partnerships with retail leaders like Amazon, Ulta, Target and Dermstore that now buy and distribute DHC products.

“Three years ago our business was 99% direct-to-consumer where we sold a few items to individual customers. Today, our retail wholesale sales represent a significant percentage of the business, and we are now selling hundreds and thousands of products in a single order. R-WMS’s existing functionality has been instrumental in helping us to quickly adapt and succeed in this market.”

Magill explains that wholesale B2B order fulfillment requires a very different approach than the direct-to-consumer picking model the company was used to. “These orders are obviously far too large for our conveyer pick pack system. Before Robocom, we would have to do a physical paper pick, which didn’t scale to support our B2B growth strategy. Today with R-WMS, our process is completely RF-driven. We can immediately find what we need anywhere in the warehouse and use scanners to record and track product as it’s picked. By removing the friction that comes with a manual, paper-based system we can fill retail orders far more quickly and with greater accuracy.”

In addition, Robocom offers the agility and flexibility DHC needs to meet specific requirements from each retailer. Every retailer has its own routing guide and requirements for packing and identification labels. R-WMS enables the company to easily meet those specific requirements and even segregate the packaged products per retailer.

For example, when DHC USA receives product from Japan, the company case pack is 30 units per box. However, one of its retailer partners requires they send them product in eight units per box. Using R-WMS, DHC USA is able to break down existing cases and packs, create new custom packs, and then store them in their own location within the warehouse to ensure the product isn’t picked for another customer.

“Essentially, we have created a little warehouse inside the warehouse, which means we are ready to meet a retailer’s requirements as soon as an order comes in,” explains Magill. DHC USA can easily run a report that provides full visibility into that inventory and the sell through so they can understand their replenishment needs.

Using R-WMS, DHC USA can meet other specific retailer requirements, for example providing an ASN for those companies that need to know precisely what products are arriving when and in which containers. “Even before the product is in their hands, we send them a report with the information. Then, when they actually receive the containers, we also include a label on the outside of each one that lists everything included inside. In fact, we send this report to all of our customers as a value-add to make their lives easier. We have received a very positive response to this additional level of service and visibility.”

INCREASED AGILITY AND FLEXIBILITY

Product is shipped to DHC USA from Japan on a monthly basis in large containers. Prior to using Robocom, associates had to receive everything in at one time, which required breaking down all of the containers and then separating them by lots.

With R-WMS, they now know well in advance what products to expect, when and in which containers. R-WMS is used to receive the product in the door, and based on

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inventory needs, workers can breakdown what they need and put other parts of the shipment away in storage locations in the warehouse.

“This capability has opened up a whole other world for us,” explains Magill. “When a container comes in and we’re in an urgent need for a particular product that’s on that container, we can receive that, close the shipment, push the rest of the boxes and containers onto a new shipment, and put that away. The warehouse absolutely loves having this level of visibility and flexibility. R-WMS gives us the ability to focus on the immediate needs of the business vs. spending time unpacking, sorting and storing product we don’t need at the moment.”

ACCURATE FORECASTING

DHC designs and manufactures its own products in Japan using fresh, high-quality ingredients. Because products are not designed to be stored in large quantities for long periods of time, orders are only shipped to the subsidiaries on a monthly basis. DHC requires product orders from its subsidiaries with significant lead time, which means accurate forecasting is critical to DHC USA’s ongoing success.

Within R-WMS, Magill and his team can analyze historical performance over any selected time frame and use the data to run a forecasting model to predict what products and quantities they will need. “That is one of the biggest benefits I’ve enjoyed about Robocom – being able to retrieve that data, and being able to utilize it to make intelligent business decisions, based on our inventory and our throughput.”

A PRODUCTIVE AND PROFITABLE FUTURE WITH ROBOCOM

When it comes to enhancements, Magill says the few times they have asked for one, he has been very satisfied with the outcome. “When Robocom says they can do something, they truly mean it. They deliver exactly what was promised. They are incredibly diligent and detailed throughout the process. They document what you verbalize to them to ensure accuracy. They make recommendations, even providing other options that we may not have considered. Having that level of collaboration and access to their expertise has been incredibly valuable.”

Magill says there have even been times when he requested an enhancement, only to have Robocom show him how he can perform the same task with an existing, out-of-the-box feature. In some cases, he says the existing feature is better than what he had anticipated with the enhancement.

DHC USA plans to continue its reach into European and B2B markets. “With R-WMS we have the technology, visibility and automation we need to remain agile and competitive in these new markets. I would absolutely recommend Robocom to other companies serving direct-to-consumer and B2B customers. From the invaluable product features they include out of the box, to their ongoing dedication to our success, I’ve been extremely happy with Robocom.”

ABOUT ROBOCOM SYSTEMS INTERNATIONAL

Robocom Systems develops, licenses and supports Supply Chain Execution software solutions, including Warehouse Management, 3PL Billing, Voice Technology and Labor Management. An Enterprise Resource Planning System rounds out the Supply Chain Execution offering. Robocom’s investment in research and development is keenly focused on the needs of the business leaders responsible for the day-to-day results in warehousing, distribution, third-party logistics, transportation and trucking operations. For more information visit www.robocom.com

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