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Costa Logistics is miles ahead with Manhattan Associates

COSTA STRIVES FOR COMPANY GROWTH WITH MANHATTAN ASSOCIATES

Costa Logistics (Costa) is a division of the Costa Group of Companies. It is a leading provider of third-party warehousing and distribution services with a significant presence in the temperature controlled sector.

Costa is highly customer centric. Outstanding customer service through excellence in character, industry knowledge and determination is more than just company rhetoric; it encompasses everything about the company’s culture and feeds its desire to be the best logistics services provider in Australia.

The company currently operates three wholly-owned warehouse facilities, which include the company’s headquarters at Derrimut in Melbourne, its Jandakot facility in Perth, as well as, its Eastern Creek distribution centre (DC) in Sydney. In addition, the company also operates two specialist cold storage warehouses in a joint venture with Swire Cold Storage at Laverton in Victoria and Parkinson in Queensland.

Costa has enjoyed a period of unprecedented growth over recent years. In order to sustain this level of growth and with a clear goal of becoming a significant tier two player in the Australian supply chain market, the company realised an immediate and inherent need to reassess its entire IT estate, including its warehouse management systems, which play an integral role in how its business operates.

Tim Bolam, Chief Executive Officer, Costa Logistics explained, “With a clear growth strategy in place, it became quite apparent that our existing IT estate was not designed to support this. We subsequently made the decision to invest heavily in the procurement and upgrade of a number of key IT systems.”

He continued, “We wanted to be smarter about the way we were utilising business driven IT solutions to support company growth. With company acquisition and consolidation among some of the key trends in the current



Distributions centres: Derrimut, Melbourne; Jandakot, Perth; Eastern Creek, Sydney; Laverton, Victoria & Parkinson, Queensland

Platform: IBM i

Manhattan solutions: Warehouse Management & Supply Chain Intelligence

Challenge:

Costa Logistics wanted to move away from a decentralised software model enabling it to centrally control, maintain and develop key applications across all sites.

Goal:

Grow its business to circa AUS\$300 million turnover by 2012 and become a leading tier two logistics vendor in the Australian supply chain market.

Solution:

Warehouse Management and Supply Chain Intelligence solutions selected for flexibility, integration strength, labour management and business intelligence capabilities’.

Results:

Cost per case reduced by 10%; pick rate has increased by 14%; direct labour hours reduced by 14%.* [Figures calculated for the period between October ‘08 – ‘09]

logistics market, we are acutely aware we must constantly look at ways to increase our business agility and adaptability over competitors.”

Costa also wanted a more centralised approach to IT management and deployment with the exchange of information in real-time, as well as, a common user interface for both customers and suppliers.

“The exchange of information between each of our warehouse facilities in real-time is critical. By ensuring that inventory inaccuracies are eradicated and the potential for handling errors is significantly reduced, we can ensure the highest standards are achieved and maintained consistently throughout our distribution network.”

Previously, each of the company’s warehouse facilities used separate data centres, had their own customer interfaces and operated on different IT infrastructures. Needless to say this led to enormous complexities in terms of data integration. Similarly, the disparate nature of the company’s distribution network meant it was incurring significant costs in terms of IT development, support and maintenance across each site.



“Costa has long been an industry leader in the implementation of cutting edge technology. By continually investing in Manhattan’s WMS we have capitalised on advances in RF bar code scanning, mobile computing, and wireless technologies to name but a few. Manhattan’s solutions have, and continue, to add value to our business.”

Tim Bolam, Chief Executive Officer, Costa Logistics



Bolam explained, “A huge challenge for us was presenting a common interface to our customers and suppliers. We were struggling to track and manage their activity across a range of operations. It was essential for us to examine all existing workflows and re-evaluate the IT systems that underpinned them. Our warehouse management solution was one of the core systems we reviewed as part of this process.”



MANHATTAN ASSOCIATES’ UPGRADED SOLUTION OFFERS FLEXIBILITY & ENHANCED CAPABILITIES

Although Costa has successfully used Manhattan Associates’ Warehouse Management solution (WMS), operating on the proven and reliable IBM i platform, since 2001 to manage the day-to-day operations of its warehouses including order processing, allocation, forecasting and verification, it made the decision to upgrade to the latest version of the solution as part of the company’s wider IT upgrade. It wanted to take advantage of a number of improved core capabilities the solution offered including enhanced labour management features and improved functionality.

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Given the success Costa has enjoyed with Manhattan Associates to date, it did not consider any other vendor when making the decision to upgrade its WMS. In fact, as part of the upgrade, Costa opted to extend the scope of its engagement with Manhattan by deploying its Supply Chain Intelligence (SCI) platform application, which offers integrated business intelligence by providing at-a-glance insight into supply chain performance.

“By upgrading Manhattan’s WMS we wanted to leverage the increased flexibility of the solution to better enable us to anticipate and react to demand fluctuations and ultimately drive greater efficiencies throughout our business. We also used the upgrade as an opportunity to review other solutions from Manhattan’s impressive portfolio and decided to deploy SCI,” Bolam explained.

Costa made the decision to select Manhattan’s SCI solution as its preferred business intelligence tool due to its direct integration with WMS. Similarly, it also wanted to take advantage of its labour-saving features and use it to more effectively exchange data electronically with its client business systems.

“The enhanced reporting and analytical capabilities we have leveraged from SCI has helped the business improve asset and resource utilisation. It has also helped with the interchange of data between each of our sites.”

COSTA MEETS CUSTOMER DEMAND & ACHIEVES GREATER EFFICIENCIES WITH MANHATTAN

Since implementing Manhattan’s WMS, running on IBM i server technology, and more recently the SCI platform, Costa has, and continues to enjoy a number of critical business benefits. Of the 300 enhancements Manhattan has made to its WMS since 2001,



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the company has found various improvements to the solution’s functionality particularly important. This is especially true in terms of space allocation and the layout of each warehouse.

Bolam explained, “The letup functionality has been particularly useful, as it allows our warehouses to better utilise space in dynamic active locations by providing a method to clear inventory that is no longer needed for immediate fulfilment.”

In addition, Costa has also found the introduction of the Radio Frequency (RF) Location Enquiry feature to be extremely beneficial. This gives the RF user immediate access to information with regard to the SKU contents of a reserve location. Similarly, information about other reserve locations that have the same SKU can also be accessed from this option.

“There are so many enhanced features that we have taken advantage of. For example, the system now has the capability for intelligent tasking,” Bolam commented. This feature automatically assigns users to Task Groups. Once tasks are generated in the warehouse, WMS approximates the amount of work available for each Task Group based on estimated time configuration, and then determines the best way to assign personnel to each.

Manhattan’s WMS has also allowed Costa to leverage the FEFO - First Expired First out – rule, which prioritises inventory according to its expiry date. Bolam explained, “Currently this is a manual task performed by the leading hand on the floor. The introduction of WMS will automate this task.”

From a risk management perspective, Costa has also added a disaster recovery site with the help of Manhattan's solutions. The company has created a control tower scenario, whereby real-time data is replicated across each of its sites over WAN. Information processed through the company's application servers, based at its Melbourne headquarters, is replicated on the database servers located at each of the company's remaining warehouse facilities.

"The security and reliability of our networks, hardware platforms and software applications is vital to ensuring a high level of service for our clients. The WMS upgrade has ensured that any interruption to the continuous operation of our systems in the event of a natural disaster such as fire or flood, or through technical or security incidents is minimised."



In terms of the impact the upgrade of WMS and implementation of SCI has had on the company from a managerial perspective, Costa believes it will ultimately increase its managers' ability to focus on customer service and optimise day-to-day operations.

"With greater access to more detailed, accurate and timely reports via Windows Mobile and Blackberry devices, our management team will spend less time trying to source information. They will now be able to deliver more, based on the information that is readily available to them through the operational dashboards provided through Manhattan's solutions."

In addition, senior management will now have the ability to regularly monitor the operational performance of the company through personalised dashboards and event alerts that are triggered when operational performance falls outside specified limits.

Overall Benefits:

With Manhattan Associates' Warehouse Management solution for the IBM i platform and Supply Chain Intelligence solution, Costa Logistics has been able to:

- Reduce cost per case by 10%
- Increase pick rate by 14%
- Reduce direct labour hours by 14%.

* [Figures calculated for the period between October '08 – '09]