

“We would like to extend our sincere gratitude to Manhattan Associates’ China team for their support and commitment. They stood by us through many sleepless nights, to ensure the complete and successful implementation of Manhattan SCALE in just a few months. Manhattan SCALE has gained widespread recognition and approval from my management team for its unparalleled scalability, flexibility and control.”

Roger Chou, IT Director, Tingtong Logistics



Tingtong Logistics accelerates multi-channel distribution capability with Manhattan SCALE

SOLUTION IMPROVES EFFICIENCY, SCALABILITY AND PRODUCTIVITY

Established in 1998 by Tingsin International Group, Tingtong has today evolved to become one of the largest third-party logistics service providers in China. Leveraging a comprehensive transport and warehousing infrastructure, Tingtong operates 56 distribution centres in China with a combined capacity of over 330,000 sq. m. or 3.5 million sq. ft.

Thanks to a strategic alliance formed in 2004 between Master Kong, Tingtong’s sister company, and Itochu Corp, the global services and trading company, Tingtong was able to rapidly diversify its services offering beyond just managing the supply chain needs of Master Kong’s food and beverage operations. It now supports the domestic China logistics needs of 200+ other customers from Asia-Pacific, Europe, Japan and North America that operate in a whole variety of sectors from cosmetics and electronics to clothing and industrial equipment. Tingtong holds over 56,000 stock keeping units (SKUs) and ships more than 550,000 cases every day to 4,000+ retail outlets with varying service level requirements.

The company had previously relied on an in-house developed system to meet customer commitments however this ageing technology was becoming increasingly difficult and expensive to maintain.

“The incumbent technology was just not flexible enough to adapt to our rapid business growth,” explained Roger Chou, IT Director, Tingtong Logistics. “Its reporting capabilities in particular were inadequate meaning each time we wanted to create a delivery report for a customer we had to draw data from distributed resources and could not do this centrally. It was tremendously time consuming. In addition, we experienced some challenges in meeting our contractual obligations with certain customers because our service levels were



Headquarters: Shanghai, China

Number of distribution centres: 56; total capacity over 3.5 million sq. ft.

Stock keeping units (SKUs): over 56,000

Manhattan solution: Manhattan SCALE™: Supply Chain Architected for Logistics Execution

Challenge:

An outdated, difficult-to-manage, legacy system, which made warehouse management inefficient and inaccurate.

Goal:

Improve system flexibility, operational performance, multi-channel capability. Identify scalable solution to support rapid growth of the company.

Solution:

Manhattan SCALE replaced in-house developed system.

Result:

Process efficiencies have delivered significant productivity improvements. Initial roll-out to first 5 DCs will deliver savings of 700,000 yuan (US\$100,000) in the first year.



simply not consistently high enough. One such customer from the cosmetics industry, like many of our other customers, is dependent on being able to keep track of product expiry dates, lot and batch codes, stock data, stock balance levels and shipment delivery status. This particular customer though also needed a systems capability that would enable it to adapt to market and seasonal changes and that could support its ambitions as a multi-channel distributor.”

“Food and beverage products, like those we handle for Master Kong, can have even more demanding logistical requirements, particularly in storekeeping, order progress control and dispatch. Systems supporting these goods also need to be able to switch between picking single units for shops, and much larger quantity orders going to department stores or supermarkets with no delays or errors,” Chou added.

“We chose Manhattan Associates because of their understanding of both our clients’ and our own business objectives. They understood not just the dynamics of the logistics sector in China, but also cosmetics, food, retail, fashion and a whole host of other industries in which our customers operate. Their people’s knowledge, focus and experience, combined with a best-of-breed solution that is robust, flexible and scalable made Manhattan Associates our number one choice.”

UNTAPPED BUSINESS OPPORTUNITY WITH HIGHLY CONFIGURABLE SOLUTIONS

Within a few months of the project kicking off, a combined Tingtong and Manhattan team had successfully completed the installation of Manhattan SCALE: Supply Chain Architected for Logistics Execution at Tingtong’s Shanghai distribution centre (DC) as well as at regional DCs in Beijing, Chengdu, Guangzhou, Shenyang and Wuhan.

“Manhattan SCALE has given us centralised control over our distribution function, provided visibility right down to the level of single orders, improved our operational efficiency and allowed us to improve the service levels we provide to our customers. The highly configurable and flexible nature of Manhattan SCALE is one aspect of the solution that really sets it apart from rival offerings,” commented Chou.

Leveraging the Microsoft .NET framework and Microsoft’s SQL database server, Manhattan SCALE provides a familiar, easy-to-use experience to optimise the logistical process and improve the flow of customer goods through Tingtong’s regional and downstream DCs.



“In a relatively short space of time Manhattan has built an outstanding service capability in China. This was demonstrated throughout the course of our project by the depth of their consultants’ technical expertise. This was a critical component of the project’s success.”

Roger Chou, IT Director, Tingtong Logistics



“Simplified Chinese language support within Manhattan SCALE is essential to ensure data integrity within our workforce,” continued Chou. “All areas of the business now have access to accurate and current business data. This helps us make the best use of Manhattan SCALE’s data analysis capability for generating daily KPI reports that in turn enable us to deliver a consistently high service level.”

MAXIMISE RETURN OF INVESTMENT AND TOTAL COST OF OWNERSHIP

After implementing Manhattan SCALE, Tingtong has significantly improved operational efficiency, saving hundreds of man-hours each day across all areas of its warehouse operations. It is expecting a saving of around 700,000 yuan (approximately US\$100,000) after one year of using Manhattan SCALE at the first 5 DCs where Manhattan SCALE has been implemented. It has also seen dramatic improvements in order accuracy. The success is recognised by Tingtong’s customers including the aforementioned cosmetics company that recently awarded Tingtong a new contract to provide logistics support to another of its product lines.

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“As our business grows, Manhattan SCALE will grow with us, extending our capabilities and allowing us to process higher product volumes as well as refine picking accuracy and labour productivity, while decreasing operational costs.”

Roger Chou, IT Director, Tingtong Logistics

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“Manhattan SCALE can be easily configured to support a changed operational process flow or an entirely new customer and its scalable nature means we can integrate with our customers’ systems and pursue new business opportunities without incurring significant costs,” said Chou. “Further, the time spent preparing customised key performance indicator reports for each customer has been reduced considerably. We can now consolidate data from our regional DCs and generate statistical reports detailing orders, stock levels and inventory status in near real time,” explained Chou.



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Tingtong has recently started the second phase of the project at regional DCs located in Northern and Eastern China where the Manhattan solution is now being implemented by Tingtong’s own internal team. The company expects a 100 per cent return on its technology investment in the next two to three years.

LOOKING AHEAD

“The total cost of owning and operating the system over time is low because of the comprehensive training and technology transfer programme provided by Manhattan Associates,” said Chou. “Part of this knowledge transfer programme includes training in Manhattan’s proven implementation methodology which means we now have a structured deployment approach we can follow for current and future deployments of the solution we can manage ourselves. As our business grows, Manhattan SCALE will grow with us, extending our capabilities that will in turn allow us to process higher product volumes, improve picking accuracy, raise productivity levels and decrease operational costs. In a relatively short space of time Manhattan has built an outstanding service capability in China. This was demonstrated throughout the course of our project by the depth of their consultants’ technical expertise. This was a critical component of the project’s success. With a market-leading supply chain system that can be managed by our own IT team and that is scalable, we’re now confident we can substantially grow our client base as well as the volume of goods we process on behalf of our clients.”

Looking ahead to the next few years, Tingtong is planning to implement an automated billing system based on the Manhattan SCALE platform, as well as look at applications for web-based business intelligence and GPS-enabled transportation management,” Chou concluded.