

Case Study

Borders.com
LaVergne, TN



Borders.com is the sister company to Borders, Inc., better known as Borders Bookshop or Borders Books and Music. It is a subsidiary of Border's Group, Inc., the world's second largest retailer of books, music, video and other informational, educational, and entertainment products. Borders.com is a premier e-commerce site that has access to nearly 700,000 titles and over 10 million books, music and video items in stock and ready for immediate shipping. Borders.com thinks of itself not only as a terrific resource but as a community as well. It is more than just a Web site. It is a place where you can share your thoughts on your favorite titles, where you can get to know authors and artists through interviews and features, where you can find a schedule of upcoming events and where you can chat with other book, music and video lovers. Their commitment to customer satisfaction is evident through such features as their Info Desk, significant discount offerings, out of print title searches, order status checking availability, and gift services including gift certificates, wrapping and personalized searches. In the past year Borders.com has earned four number one rankings for customer service and site performance. The ratings came from Gomez Advisors, FeedbackDirect.com, Service Metric's "Turbo Santa", and Internet Bookseller Scorecard.

Borders.com's Challenge

With at least 200 Web e-commerce sites offering books, music CDs and videos, Borders.com had to stand out from the crowd. "It takes more energy to ship a single book than a bulk shipment," said Steve McAlexander, Chief Logistics Officer of Borders Group, Inc. It takes more discipline and real-time information to make e-commerce work. It is critical to maintain an accurate inventory because being out-of-stock can mean losing a customer for life. It is equally as important not to carry a bloated inventory. Borders.com needed a distribution center specifically geared for e-tailing in order to dominate the market. When a customer places an order he expects that it will be shipped quickly and correctly. "Any failure in filling an Internet order means we have an dissatisfied customer. Ensuring that doesn't happen requires a different level of intensity on our part," adds McAlexander.

"One of the things Catalyst provides for is the ability to maintain inventory accuracy levels of more than 99.9% and that's what we're hitting right now."

Borders Group, Inc.

Borders.com's Goals

To ensure that it meets the needs of its e-commerce site, Borders.com built a multi-million, 200,000 square foot distribution center specifically geared for the demands of e-tailing. Located in Tennessee, the facility opened in May 1998 when its Web site, www.borders.com, went live. The fulfillment center carries more than 700,000 SKUs on its 54 miles of shelves, or more than 10 million volumes altogether. This facility was purposely built for receiving and shipping single copies of books, CDs and videos. In addition, it also handles special orders for the company's 1200 plus retail outlets. Borders.com needed a warehouse management system that could specifically handle all aspects of this e-fulfillment center.

Catalyst's Solution

Driving the distribution center's operation is Catalyst Warehouse Management (WMS) Release 7.0. The system operates on a Hewlett-Packard 9000 HP UX server. The standard Catalyst system was modified to add a number of safeguards to avoid inventory errors and out-of-stocks. For every order placed at Borders.com, the Web commerce server accesses the Catalyst system via a permanent network connection to confirm the availability of that book, CD or video. Within seconds, the Web server is able to either accept the order or inform the customer that the title is not immediately available. If the item is in stock and the customer places an order, the Catalyst system immediately reserves that title on the fulfillment center's shelf. "It has to be that way. We can't give one book to three people," McAlexander said. The Catalyst system aggregates orders to create the most efficient picking routes for the 100 plus employees who staff the fulfillment center over three shifts a day, six days a week.

Technical Facts at a Glance

Facility Size: 87,000 square foot warehouse located in LaVergne, Tennessee.

Items: Fulfillment Center houses 54 miles of inventory offering over 10 million books, CDs and videos. The warehouse has over 800,000 item locations.

Shipments: Operating three shifts, six days a week, Borders.com picks and ships 400,000 to 500,000 orders per month.

WMS Version: 7.0

Configuration: All Parcel; Uses Pitney Bowes; Radio Frequency Data Communications; Utilizes UPC or EAN bar codes; HP 9000

Borders.com's Return on Investment

The Catalyst WMS allocates and processes over 20,000 orders received daily and allows Borders.com customers to receive their purchases in one to seven days, depending on what shipping option they select. Catalyst WMS effectively supports the fulfillment processes to achieve high fill rate and shipping accuracy. Borders.com has achieved sufficient gains in labor productivity.

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