

Case Study

Saks Inc.
Birmingham, AL



Saks Inc. is the parent company to Saks Fifth Avenue, the world-renowned department store recognized for its many exclusive brands and customer-friendly service. Headquartered in Birmingham, Alabama, Saks Inc. manages the logistics, finance and information technology functions for all the Saks operating companies. The Saks family of operating companies includes Saks Fifth Avenue, Carson Pirie Scott, Youngers, Parisian, Proffitt's, McRae's and Herberger's, shipping 100's of labels and brands to its regional stores throughout the United States. The company is well known for its high-end merchandise including everything from shoes and apparel to home furnishings.

Saks Inc.'s Challenge

Keeping 300 stores stocked with merchandise to meet the increasing demands of today's retail market is a big challenge. At the same time, the company needed to drive costs out of its supply chain to remain competitive. Saks Inc. decided to consolidate its current distribution network to regional distribution centers. Reducing its facilities from eight distribution centers to three, the company expects to realize considerable savings through reduced freight costs and lower total overhead costs. The challenge was to maintain the same service levels that keep their stores with merchandise on the floor, while driving significant costs out of their logistics processes. The company needed to be able to get merchandise to their stores faster and on the floor quicker, while taking inventory out of the system.

Saks Inc.'s Goals

In support of the corporate Logistics Network Strategy, Saks Inc. built a brand new \$25 million, 180,000 square-foot distribution center specifically designed for flow-through operations. The company wanted to be able to receive goods marked with advanced shipping notices from the vendor and process the merchandise directly through the facility to the appropriate shipping dock. All merchandise needed to be tracked throughout the facility by vendor identification at the carton level, to avoid the need for re-labeling onsite. In addition, there were no plans to put-away or store merchandise in this facility. Their goal was to move 90% of the goods directly through the distribution center without the merchandise ever being touched by human hands.

Catalyst's Solution

Located in Steele, Alabama, the facility opened in January of 2001. Driving the distribution center's operation is Catalyst Warehouse Management (WMS) Release 6.8 for flow-through operations. Merchandise is received on the first floor of the facility through 20 shipping doors. The cartons are unloaded onto conveyors and immediately scanned for correct vendor identification. The shipping information is typically received prior to the goods arriving at the facility. Correctly identified material moves up the conveyors to the second floor where they are sorted, scanned, marked and processed to shipping by a completely automated process. The goods are then directed to 126 shipping doors, marked for delivery to a specific Saks department store.

The system operates on an IBM RS/6000 AIX server, is totally radio frequency (RF) directed and is interfaced to Rapistan's Conveyor Management System (CMS). Supported by close to five miles of conveyors, sophisticated scanning devices, and an automatic ink jet printer spraying shipping information on the boxes, Saks Inc.'s Southern Regional Distribution Center is truly a state of the art facility. This WMS is also interfaced to Catalyst's Yard Management System (YMS), a transportation system, a manifesting system, and the company's proprietary host middleware.

Technical Facts at a Glance

Facility Size: 180,000 square foot distribution center located in Steele, Alabama

WMS Version: 6.8

Configuration: Symbol RF Data Communications; 35,000 cartons/shift; IBM RS/6000; Oracle RDBMS

Interfaces: Catalyst YMS; Rapistan Conveyor Management System; LIS Transportation Management System; Manifesting System; Host middleware (proprietary)

Saks Inc.'s Return on Investment

Catalyst WMS processes 35,000 cartons per shift through the facility. Approximately 90% of the cartons move through the facility untouched by human hands. With 12 receiving doors and 126 shipping doors, a single carton is able to move through the distribution center in under four minutes with shipping accuracy at 99.9%. A single trailer can be unloaded in just two hours, processing 400-600 cartons per hour, representing a tripling of productivity. Saks expects to see savings of close to \$10 million year, or just under a three-year return on investment for this new facility.

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