

Case Study

Sony Music Distribution



As a distributor of compact disk, audiocassette, videocassette, DVD and other entertainment-related products, Sony Music Distribution provides warehousing, manufacturing support and distribution services to various companies under the Sony Umbrella, as well as fulfillment services to third party customers. Sony Music Distribution, a part of the entertainment division has four facilities in the United States.

Sony's Challenge

A company with diverse products and customers, Sony needed a system that could handle finished goods destined for the consumer and other Sony facilities as well as raw materials to support manufacturing. This includes manufacturing support, retail distribution, fulfillment products and promotional items. Sony's business was growing and expanding, especially in the large retailer/mass merchant segment. These customers often require direct-to-store shipments of store ready product, resulting in orders with a large percentage of less than case quantities. This customer expectation requires a high volume piece picking parcel shipment operation. Initially, Sony employed little in the way of automated material handling equipment. Ultimately, Sony was looking for ways to keep up with growing volumes while adding the capability to provide value added services such as price stickers, custom packaging and compliance labeling.

Sony's Goals

Simply put, their goal was to lead the industry in customer service through reduced order lead times, improved inventory and shipping accuracy and reduced costs.

Sony wanted a real-time radio frequency (RF) based package that could handle their high volume environment. They needed a parameter driven system that could be reconfigured as needed to handle the rapidly changing business climate. The system needed to handle both raw materials and finished goods. Finally, Sony needed to interface with corporate systems, various automated material handling equipment and other complementary third party systems.

"The benefits received from the Catalyst system include improved customer service satisfaction, improved productivity, lower unit cost, improved accuracy, and on-line inventory availability. We have seen an overall 23% across the board savings." **Tom Muccheck, Vice President of Warehousing and Transportation, Sony Music Distribution.**

Sony Distribution started by purchasing new order management and warehouse management systems (WMS). The decision was based on the need to replace batch oriented legacy systems to keep up with their strong growth rate. Sony was also interested in acquiring the capabilities necessary to pursue additional third party business.

Catalyst's Solution

After a lengthy selection process Sony purchased and installed a WMS system from Catalyst International. The first step was to integrate the WMS with a best-of-breed parcel manifesting system. This not only significantly reduced shipping costs, but it also provided additional compliance labeling capabilities. It further increased shipping flexibility to help satisfy changing customer demands by providing container level shipping information to the manifesting system. The second step was installing automated material handling equipment and integrating it with the WMS. Most importantly, this system provided value added capabilities that Sony wanted such as price stickers and custom labeling. These combined to provide other revenue opportunities from existing customers and additional third party business.

Technical Facts at a Glance

Facilities: Carrollton, GA (293,000 sq. ft.), manufacturer/distributor, went live in 1995; Bollingbrook, IL, (494,000 sq. ft), distributor, went live in 1996; Fresno, CA, (200,000 sq. ft.), distributor, went live in 1996; Pitman, NJ (214,000 sq. ft.), manufacturer/distributor, went live in 1996.

Carrollton has the largest ship volume due to inclusive responsibilities for Sony Music Fulfillment, Sony Music Special Products, Columbia Record Pressing, Promotional Music, and Promotion Point of Purchase.

WMS Version 4.0: All sites updated with highly automated mechanical sortation system used for both getting orders out and processing returns.

Sony's Return on Investment

Sony's first distribution center to go live with the Catalyst product was in Carrollton, Georgia in January, 1995.

At their largest facility Sony realized a 28% increase in overall productivity and the time to ship on piece pick orders improved from 72 to 48 hours. The next day order deadline on bulk shipments moved from 5:30 p.m. to 12:00 a.m. warehouse time. Overall head count was reduced by 30% while supporting continued growth in order volumes. This facility eliminated an entire work shift, cutting back to two and inventory shipping accuracy improved to 99.9%.

After the WMS system was installed at the other three facilities, Sony realized an across the board savings of 23%. These facilities also eliminated an entire work shift and went from three shifts a day to two. They were able to meet their goal of same day shipping on case lots and 48 hours or less on piece pick order shipments.

Overall the benefits received from the Catalyst system include improved customer service satisfaction, improved productivity, lower unit cost, improved accuracy and online inventory availability.

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