

Vocollect Case Study

KPSS, Inc.



Voice Results

Objectives

- Standardize workflows across many small operations
- Eliminate labor inefficiencies
- Reduce costs caused by poor quality
- Integrate voice within SAP enterprise

Application

- Order selection
- Replenishment

Installation

- Vocollect Voice seamlessly integrated with KPSS' SAP ERP
- Vocollect SR-20 Headsets™
- Vocollect Talkman® T5 Mobile Computing Devices

Results

- Reduced picking and replenishment labor by more than 20%
- Accuracy improvement to over 99.60% from 96.76%
- Significant improvement in inventory accuracy
- Significantly less Loss Time Accidents
- Improved ergonomics and worker satisfaction

ROI

- Achieved ROI in less than one year

Future Plans

- Complete planned deployments across England, Finland, Australia and New Zealand
- Work with Kao Corporation on bringing Vocollect Voice to Asia

Standardizing Workflows Around the World and Unleashing Higher Business Performance Through Voice

KPSS, Inc. is one of 21 subsidiaries owned by KPSS GmbH, the leading global supplier of professional hair care products, with world headquarters in Darmstadt, Germany. KPSS GmbH is part of the Kao Corporation, a \$13+ billion dollar U.S. consumer products business headquartered in Japan, with products sold in over 60 countries.

Kao brand products, including Curel, Ban and Biore, have strong brand recognition across North America. KPSS products including the Goldwell brand are designed for professional hair salon usage.

While KPSS, Inc. is a relatively small player in the large worldwide infrastructure of its Japanese conglomerate parent, the company has been doing some groundbreaking work in bringing voice-centric mobile technology from Psion Teklogix and Vocollect to its operations through a multi-country deployment. And that success has already attracted the attention of the parent organization.

The Challenge

KPSS is a small global company, with annual sales at less than \$500 million dollars U.S. The company has a very complex supply chain, with many small warehouse locations. The need to realize efficiencies by standardizing workflows across many distribution sites was of paramount importance to management. At the same time, like many businesses, the company was faced with the need to expand its brand while containing costs.

Being that its products are sold to the professional beauty care industry, there is always a high expectation to promote the brand heavily and to continually develop innovative new products that grow the top line. This was a challenge, given that top line sales were relatively flat over the past few years. Streamlining the supply chain arena at KPSS was seen as a strategic imperative to help the company do more with less.

The company deployed a project team across the supply chain between Kao beauty care subsidiaries to exploit a wide variety of synergies and efficiencies. A key opportunity for cost reduction was identified in the warehouse operations side of the business. The core objective for improvement opportunities was to eliminate labor inefficiencies and redundant activities and to reduce costs caused by poor quality.

"The results of our first Vocollect Voice deployment greatly exceeded our expectations. With the growing need to further improve our cost structures, we have accelerated the implementations of remaining sites to over the next two years. Also, our parent company KAO Corporation has taken notice of our positive developments and plans to incorporate voice into its Asian distribution facilities."

Brian Hatfield
KPSS Vice President of Supply Chain North America

The Solution

Any solution the company settled on would have to handle a wide variety of cultures and languages. While most other Kao subsidiaries have much larger operations (400,000 square feet and larger), KPSS has shipping warehouses of 30-40,000 square feet each in Fresno, Calif. and Baltimore, Md. in the United States; Toronto, Canada; Sydney, Australia; Eastborne, United Kingdom; Helsinki, Finland; and Auckland, New Zealand.

The genesis for the Vocollect Voice deployment was the experience of a German third-party logistics (3PL) partner, which had great success with Vocollect. The company's strong word of mouth was what KPSS needed to hear, and Vocollect was quickly determined to be the most ideal approach to address the company's key operational business challenges:

- The payback for each operation would take a year or less
- Implementations would be 'disruption-free'
- Deployments would not require major infrastructure changes
- The company felt it was too small to even consider Pick-to-Light, and that approach would not generate a fast ROI
- Voice would have maximum flexibility with changing business strategies, especially with distribution partners
- Voice could easily be integrated into both case- and piece-pick operations
- Implementing voice across all distribution tasks – replenishment, picking and packing – would help to standardize workflows
- Quality could be increased dramatically by the ability of the voice system to confirm UPC codes during the order selection process

KPSS also needed solid SAP systems integration and project management support, and Psion Teklogix's Mobile Integration Suite (MIS) was selected to expertly help integrate voice with the company's SAP enterprise architecture. Due to confidence in the technology partners and the strong endorsement of the German 3PL, the company elected to forego a pilot and moved directly to its first deployment in Fresno. In less than one year, KPSS has completed its deployments in the Fresno and Toronto facilities, and is now expanding deployments to the United Kingdom and Australia.

The Results

Says Chief Financial Officer Mike Ramos, "I was surprised at the speed of implementation, the speed of recognizing savings, the speed of employee acceptance, and the speed of recovering financial expenditures with Vocollect Voice."

Regarding employee willingness to embrace the new way of performing distribution tasks with voice, according to Warehouse Manager Christoph Schorn, "Employee morale and satisfaction are at an all-time high." In fact, the workforce has found that the improved flow between picking and packing via Vocollect Voice has reduced employee stress during high-volume peak periods. "Work flow through the day is more stable, resulting in less stress; this was a nice and unexpected benefit of voice," says Ivan Sanchez, warehouse supervisor.

Employees were surprised to find 'working smarter' with voice didn't mean working harder, just more efficiently. The fast training time makes everyone become effective performers quickly. "New employee training on the shop floor literally takes less than an hour now," continues Sanchez.

Also important to an organization global in scope, the non-native English speakers adapted so well to the voice system in English that today they are some of the best workers. However, with 35 languages supported, Vocollect Voice can provide them with a myriad of options as they expand the deployments to other countries.

How difficult was it to integrate Vocollect Voice into an SAP enterprise architecture? "With Psion's help, the integration of voice technology into our SAP system was very easy. We can practically set up the next sites in our sleep!", says internal SAP expert Suyin Boehnke.

Today the sales force is less distracted with customer returns and complaints. Salespeople can do what they are supposed to do – sell! Knowing there is stronger customer satisfaction also gives the distribution associates a sense of pride for a job done well.

Safety has also vastly improved. No Lost Time Accidents have been reported since the voice implementation and, while making that statistic a permanent record may not be humanly possible, the greatly improved safety record is an important validation of the benefit of mobile workers having their hands and eyes free to concentrate on their tasks. Now employees are asking to use voice for other distribution workflows, because they see the value, and they see their personal productivity rising.



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About Vocollect

Vocollect, a business unit of Intermec, is the number one provider of voice solutions for mobile workers worldwide, helping customers achieve a higher level of business performance through voice. Every day Vocollect enables over 300,000 workers worldwide to distribute more than \$3.5 billion dollars' worth of goods from distribution centers and warehouses to customer locations. A global team of over 2,000 supply chain reseller and channel partner experts supports Vocollect Voice offerings in 60 countries and in over 35 languages. Vocollect's VoiceWorld Suite integrates with all major WMS and ERP systems, including SAP, and supports the industry's leading mobile device solutions.

For more information, visit www.vocollect.com