MATALAN IMPROVES SUPPLY CHAIN PERFORMANCE

With Manhattan Associates

OPERATIONS
Distribution centres: 3 – Knowsley, Skelmersdale and Corby

MANHATTAN SOLUTION
Warehouse Management

MATALAN

CHALLENGE
Upgrade the stock distribution and warehouse management system to accommodate future expansion in store and online.

SOLUTION
A low risk implementation with Manhattan's Warehouse Management solution, which meant near 100% operation from day one.

PROGRESS & RESULT
Streamlined stock flow around the UK, improved visibility and reduced costs.

"From day one, the system was basically running at 100 percent. This is because of the thorough testing processes and cycles undertaken beforehand."

MICHELLE BARKESS, HEAD OF IT, MATALAN

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PREPARING FOR GROWTH
at Matalan

STREAMLINED SOLUTIONS IMPROVE STOCK FLOW COUNTRY-WIDE

Matalan is a clothing and homewares retailer. It has had stores in the UK since 1985 and there are now 200 plus shops in the UK and the Middle East. The head office is located in Skelmersdale, along with the company's largest distribution centre. There are two further distribution centres, Knowsley which, along with Skelmersdale, serves the north of England, Scotland and Northern Ireland. A site at Corby serves the south of England. Altogether the three sites cover over 1.1million square feet. There are also four stores in the Middle East, and a growing ecommerce business.

Matalan and Manhattan Associates have been working together for over seven years, and so there is a strong relationship between the two organisations, however the software running the three sites was an early version of Manhattan's Warehouse Management solution that would shortly go out of support. Matalan decided therefore that it needed to upgrade.

MANAGING STOCK FLOW ACROSS THE COUNTRY

Primarily, Matalan needed an upgraded stock distribution and warehouse management system which would manage the product flow from the three distribution centres to all UK and international stores, ensuring expansion plans could be implemented efficiently. Matalan's growth plans incorporate store numbers, online presence and product lines. As such, the system also needed to have capacity for future expansion and flexibility to meet the differing requirements of Matalan's three warehouse sites.

There are differences between the three sites other than size (the sites are between 250,000 and 500,000 square feet). Corby is a semi-automated site, but the other two are manual. The software needed to be adaptable enough to encompass these differences—and ensure integration between the three locations.

The key objectives for the upgrade were:

– Completing a 'like-for-like' upgrade of the existing WMS functionality
– Developing a system that would support the Matalan business until 2015
– Deploying one code set for all three distribution centres thus making code and environment management more straight forward

> "This software is a building block for the future. We can now look at and explore areas we couldn't have before, for example new processes we would look to adopt to serve our customers even better. The system supports all ecommerce activities at the moment with the provision already in place for expansion."

LOW RISK IMPLEMENTATION

Matalan needed a very low risk solution and implementation. Whilst Matalan considered a full public tender, Manhattan Associates filled most of the retailer's needs and therefore, given the strength of the existing relationship and given Manhattan's future product roadmap, Matalan opted to upgrade to a more recent release of Manhattan's software rather than selecting an alternative vendor.

Regarding the implementation itself, Michelle Barkess, head of IT, Matalan, explained, "It was important to get the system right first time, rather than rushing to get an incomplete system in place quickly. We needed to be sure several levels of testing and validation had been carried out before the 'go-live'."

As such, the implementation was meticulously planned and executed. The project, from the first design, through cycles of testing and installation, was a 12 month process. Manhattan ensured that it delivered the low risk approach needed, enabling Matalan to launch the system during a relatively quiet trading period. "There was a time pressure not to let the implementation overrun and it was imperative not to launch over Christmas just in case there were any glitches," Barkess added.

Manhattan Associates worked alongside Capgemini, as well as Matalan, to implement the technology. Matalan also has a longstanding relationship with Capgemini, through whom all of its applications and infrastructure are managed, as part of an outsourcing services contract.

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There are 750 separate log-in identities for the three-shift rotation that Matalan runs in its warehouse and distribution centres, with up to 250 people logged in at any one time.

Pete Trainer, IT and logistics director, Matalan commented, "We looked at the existing solution and upgraded it in line with Matalan's current and expected needs." The upgrades were across multiple areas, including the hardware. It was a like-for-like upgrade, with certain elements replaced or removed such as some customisations that Matalan didn't need.

"From day one, the system was basically running at 100 percent," Barkess continued. "This is because of the thorough testing processes and cycles undertaken beforehand."

Cutover and implementation occurred in the following sequence: Corby, Knowsley, Skelmersdale. The business met or exceeded all of its operational targets in the weeks immediately following each implementation.

The conversions themselves took a minimum of 12-18 hours. While one site was being upgraded, the other two were running in parallel to cover the migration. The go-live dates were planned during times of low sales demand.

Feeding back to the project team, Trainer commented, "Can I add my thanks to the team for a great job. I updated the executive group last week and the fact that they were unaware that it had happened is a tribute to the effort the guys have put into making this a very smooth migration with no adverse impact to the

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distribution centres or wider business. Furthermore, it is a credit to the project that in light of an aggressively shortened implementation timeframe to prevent any clashes with other strategic IT work that Matalan was planning—which were competing for key human and capital resources—the project was delivered on time and under budget. This project has set a standard that Matalan now expects of all future projects."

A STABLE PLATFORM, IMPROVED VISIBILITY AND REDUCED COSTS

The performance and functional enhancements provide a stable platform and increased insight into stock levels. The Manhattan software controls the movement of all stock through the warehouses and out to stores across the UK and Middle East. It allows visibility of stock lines at any time from manufacturing to when they appear in stores, ensuring the retailer can meet customer demand and ultimately maximise sales opportunities.

Consolidating into a single code base across all sites has standardised our processes and reduced the amount of support that the business needs. However, there is an ongoing element to the project, so if there are any issues, Manhattan will go in to help solve the problem. The overall cost of the project—from a system ownership perspective—is definitely lower than alternative paths we could have gone down with rival offerings.

LOOKING TO THE FUTURE

"This software is a building block for the future. We can now look at and explore areas we couldn't have before, for example new processes we would look to adopt to serve our customers even better. The system supports all ecommerce activities at the moment with the provision already in place for expansion. The distribution system will support future growth as Matalan increases its reach and scope in this area," Barkess continued.

Matalan is also looking at a labour management solution for the future as well. This will 'bolt onto' the existing software.

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