

UNDER ARMOUR GEARS UP FOR EXPLOSIVE GROWTH

with Manhattan Associates
Supply Chain Solutions

OPERATIONS

Headquarters: Baltimore, MD

Facilities: More than 40 retail and factory direct stores in the U.S., and DCs in Baltimore, Long Beach, and Tilburg, The Netherlands

MANHATTAN SOLUTIONS

Warehouse Management,
Extended Enterprise Management



CHALLENGE

The warehouse management system couldn't keep pace with the company's rapid growth; additional solutions were required to manage expectations.

SOLUTION

In order to achieve the goal of growing its business to a multi-billion dollar market position, Under Armour deployed Manhattan's Warehouse Management for IBM i, Extended Enterprise Management and Slotting Optimization.

PROGRESS & RESULT

Manual processes replaced with automated ones; more accurate picking, packing and shipping; eliminated overtime expenses; positioned company for growth.

"We met with several industry players; however it was clear Manhattan had the most mature product offering not only in the warehouse management niche, but also in our vertical market. They understand exactly what's needed to drive profitability and customer satisfaction in the apparel industry."

ERIC OLSSON, DIRECTOR OF DISTRIBUTION SYSTEMS, UNDER ARMOUR INC.

POSITIONED FOR GROWTH

at Under Armour

UNDER ARMOUR SCALES FOR EXPLOSIVE GROWTH AND SCORES ENHANCED INVENTORY ACCURACY

The initial idea was simple but clever: create a sports T-shirt that provided compression, and worked with an athlete's body to regulate temperature and enhance performance. Kevin Plank, a former University of Maryland football player, parlayed this concept to create Under Armour—a premium athletic brand that's now become an icon of high performance sports apparel, footwear and accessories worldwide.

Professional athletes competing before huge stadium crowds, kids on sport teams or roaming the halls at school, and people jogging around the park all rely on Under Armour products to keep them dry and cool. As the company continues to develop and enhance its athletic gear, the Under Armour mission statement is always at play: To make all athletes better through passion, science and the relentless pursuit of innovation.

To deliver on this promise, Under Armour operates under the premise that it must provide superior products and customer service, build a great team and tell a compelling story. The company's growth rate has been phenomenal since its inception in 1996. So much, in fact, that it had outgrown the WM system and manual processes that managed its footwear and athletic apparel distribution centers for ten years.

"We were simply bursting at the seams and had to upgrade our information systems," said Eric Olsson, director of distribution systems for Under Armour Inc. "Not only were we challenged to keep pace with our current distribution levels, we had to scale for the future growth we expect." The company is well on its way to becoming a multi-billion dollar organization.

But with its labor force tied down to manual processes during three shifts, five days a week, as well as increasing pressure to provide value-added services to their suppliers, change was imminent.

Under Armour had to replace its WM system, provide enhanced automated capabilities to its workforce, and manage growth. And the changes had to be seamless to its customers.



"Over the last ten years our customers have demanded more value added services from their premium retailers. Our previous solution couldn't handle directives such as customized hanging, ticketing, and floor-ready packaging—we had to do everything manually. Manhattan's Warehouse Management can easily handle these requirements."

The first order of business was to replace an outdated warehouse management system. "Our old WM served us well when we were much smaller, but simply couldn't keep up with current demand," said Olsson. "Our distribution houses needed a solution that helped move products faster and more accurately to keep up with the expanding demands of the business."

MANHATTAN'S WAREHOUSE MANAGEMENT FITS UNDER ARMOUR PERFECTLY

When Under Armour set out to replace its warehouse management system, it examined several providers. But ultimately, Manhattan Associates was selected. "We met with several key industry players, however it was clear Manhattan had the most mature product offering not only in the warehouse management niche, but also in our vertical market," explained Olsson. "They understand exactly what's needed to drive greater profitability and customer satisfaction in the apparel industry."

Manhattan worked closely with Under Armour's team during the two phases of the implementation process, starting with the smaller footwear DC. Leveraging a real-time training environment, personnel — who previously relied on tribal knowledge and manual processes — easily rolled out the larger, more complex apparel DC. Overall the Warehouse Management launch met every requirement Under Armour had, including its timeline and budget.

Under Armour's distribution centers are running lean and mean since it deployed Warehouse Management. To gain even more visibility into its inventory and enhance communication with vendors, the company leveraged Extended Enterprise Management from Manhattan Associates.

"Extended Enterprise Management has enabled us to deliver on our available-to-promise with customers," said Olsson. "It's the difference between making an accurate commitment or not. With automatic updates, we can know exactly what we have available and when it will ship. Our customers rely on that." The company has used Extended Enterprise Management to direct ship more than 15 million units thus far, and estimates that number will climb several million more by year's end.

To further improve its inventory accuracy and functionality, Under Armour uses Manhattan's Slotting Optimization solution. It helps the company make smart decisions about what product should be placed where based on demand.

"We've allocated "golden zones" in our warehouse where highest demand items are stored based on seasonality," Olsson explained. "Slotting Optimization works in tandem with Warehouse Management to scientifically determine what's needed in each zone, and intuitively understands that zones change. Automated updates are sent directly to warehouse personnel's RF guns, so that human error is reduced—even when resources are focused elsewhere.

WINNING THE RACE WITH SPEED AND AGILITY

From a cost savings perspective, Under Armour has reduced the need for overtime and improved the overall accuracy of its warehouse efforts. Warehouse personnel are better equipped with reliable, faster procedures that facilitate efficient workflow. "In our old system, some transactions were incredibly slow to complete. Waving, closing manifests, and LTL trailer load closing sometimes took as long as forty minutes to finish before we transitioned to Manhattan's Warehouse Management," said Olsson. "Now they are practically instantaneous."

Typically September is Under Armour's biggest month as consumers are turning to cold weather gear, purchasing for the back to school season and ramping up for the holidays. "We achieved record levels of product shipments from our warehouses during the first September — we were fully up and running," Olsson said. "For the first time ever, we recorded zero overtime. We credit Manhattan's Warehouse Management for the increased efficiency we gained."

