

Fulfilment Centers Optimization

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Agenda

- eCommerce Prospects
- Introduction to Fulfillment
- Fulfillment Opportunities
- Case Studies



Let's Play 10 Questions

1. Is the company in the right geographic region to serve your customers efficiently?
2. The amount of storage space you'll need will vary from month-to-month. Is the company flexible enough to meet the changing nature of your business?
3. Do they have management software that [integrates with your current shopping cart](#)?
4. Do they guarantee accurate picking and packing? What measures are in place to rectify any mistakes that occur?
5. Will the company process and issue refunds on your behalf?
6. Do they provide a system where customers can adjust their orders online?
7. Does the company have minimum and maximum volumes that they can handle?
8. Does the company offer any value added services, such as kitting, assembly and printing?
9. Will they help you get the best shipping prices possible?
10. Can they guarantee that your products will reach your customers in the time stated?





eCommerce Prospects



eCommerce market prospect

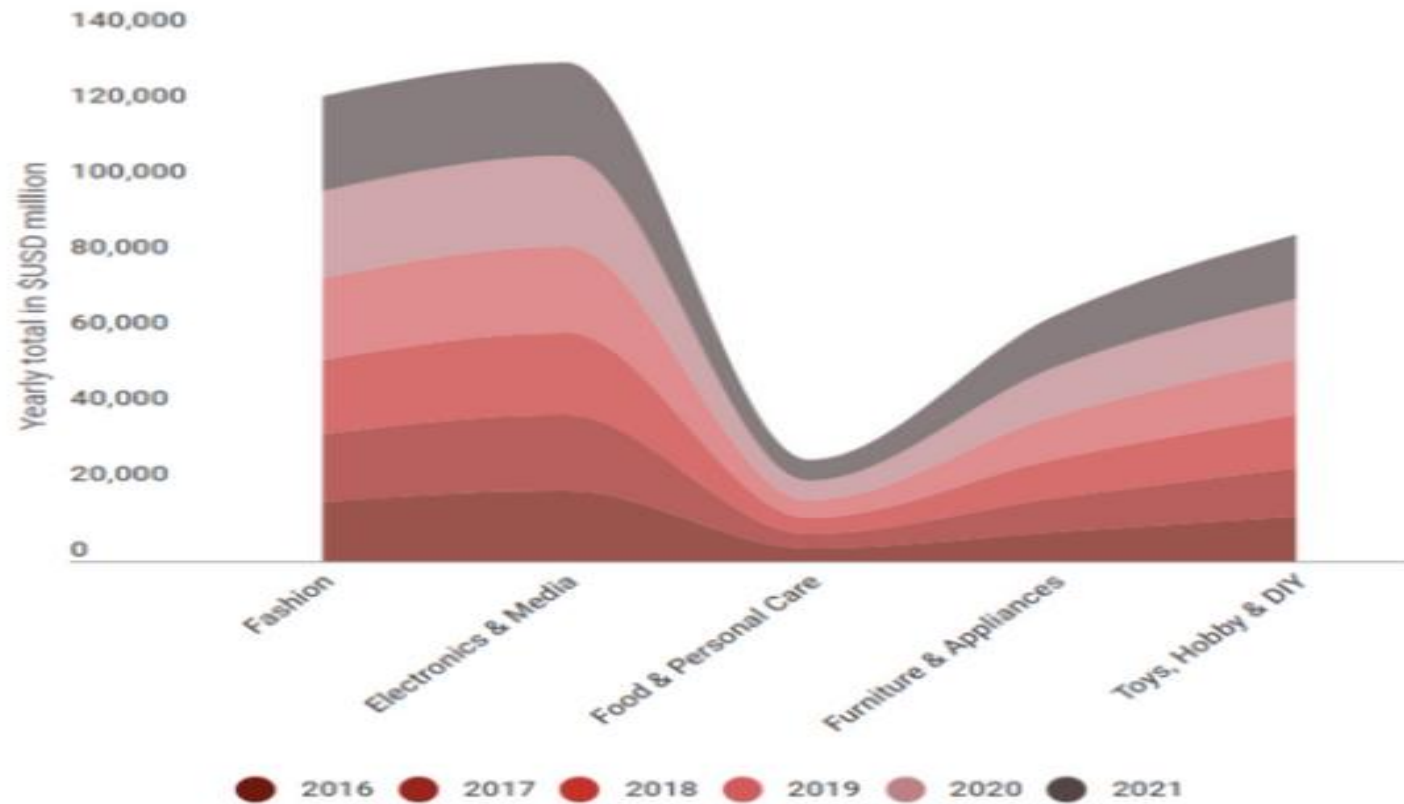
- **8 billion dollars** size of eCommerce in Saudi Arabia



- **28 trillion dollars** size of eCommerce in the world



Projected eCommerce Revenue in Saudi Arabia (\$)



eCommerce Merchants Types

- Physical Retailers
- Online Retailers
- Online Marketplaces
- Cross Border Shopping
- Digital Products



Saudi Arabia Logistics Prospects

Facts & Figures

70 SAR Billion

Logistic market size

1.2 Million tons

Volume of air cargo in 2015

6

Number of container ports

1,500 KM

Length of new railways

27

Total number of airports

240 Million tons

Cargo handled by sea ports in 2017

85 Million passengers

Number of air passengers in 2016



Introduction to Fulfillment



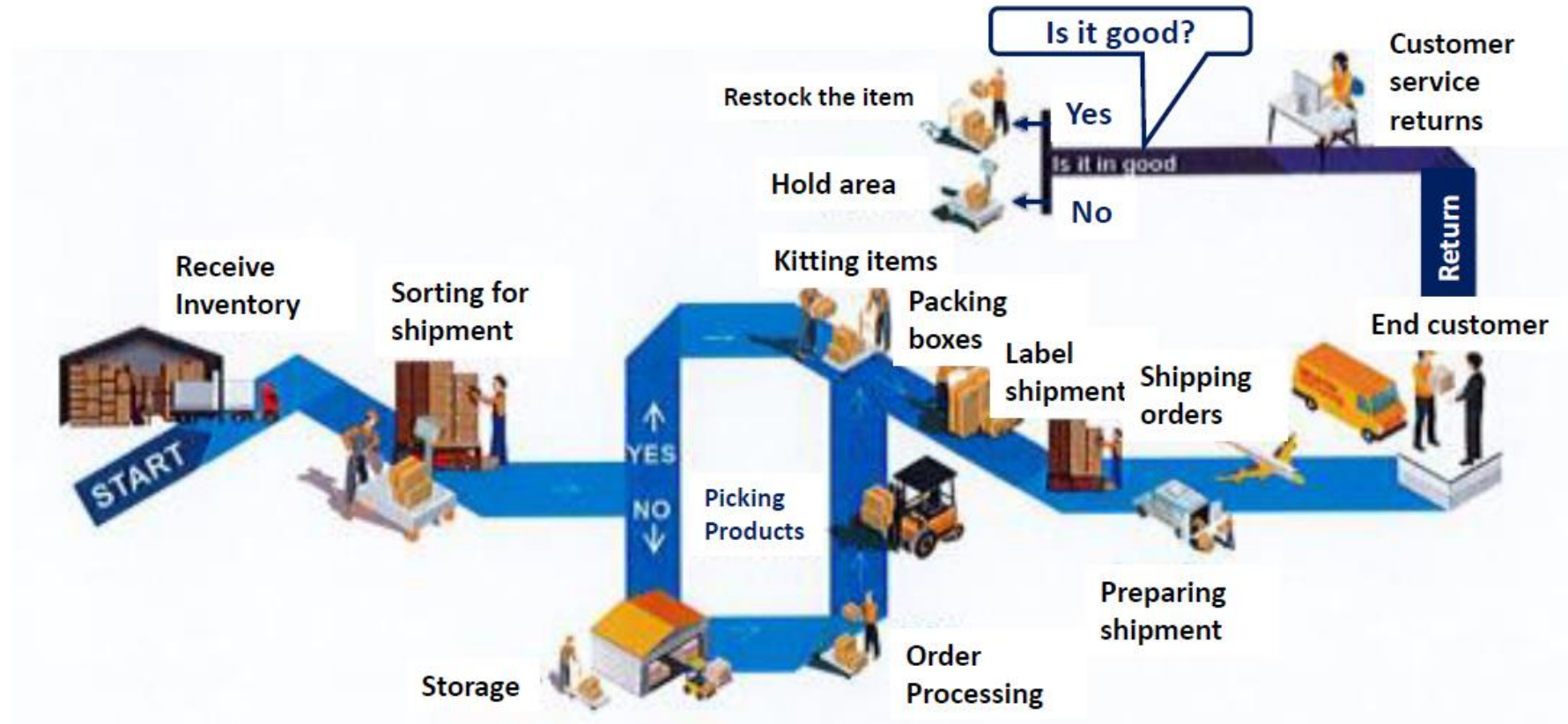
Fulfillment Methods

- **Delivery Only**
- **Contract with e-tailer**
- **Own Delivery**
- **Full Service**
- **Partial Service**
- **Micro Fulfilment**
- **Order Fulfilment**



Pillars Required for End-to-End Fulfilment

- Infrastructure
- Technology
- People
- Process



End-to-End Fulfilment Processes

- Stock take & management
- Order receipt
- Order preparation
- Despatch
- Order tracking & customer service
- Returns handling
- Management reporting



Steps of order fulfillment?



Key Factors for a High Performing Fulfillment Center

- Speed
- Efficiency
- Inventory Turnover
- Rate of Return
- Order Picking Accuracy
- Inventory to Sales Ratio
- Units per Transaction

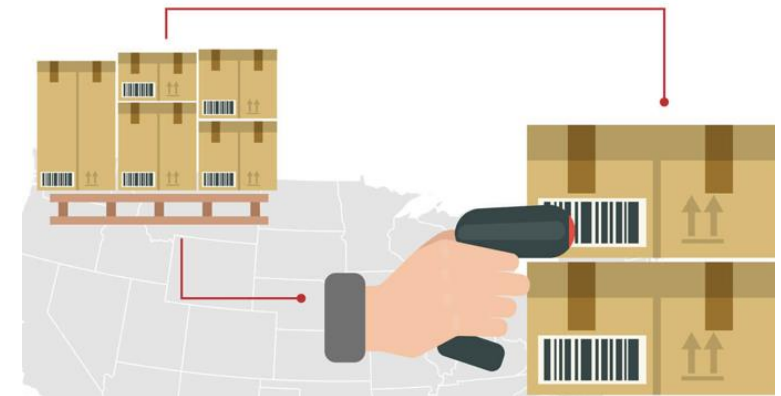


Fulfillment Opportunities



Six Ways To Optimize Your eCommerce Fulfillment Centers

1. Examine fulfillment center geography
2. Consider your freight costs
3. Analyze your SKU count by location
4. Fine-tune your order management processes
5. Evaluate your sales and growth projections
6. Conduct an order fulfillment network analysis



Speed is Today's Game Changer

- Use automated sortation to increase speed and accuracy.
- Consider different slotting strategies to minimize travel.
- In zone-routed systems, conveyor design should have “early outs” for completed orders to
- Implement automated quality control for
- Use automated packing technologies to complete tasks like void fill, literature insertion and taping so packers can be redirected to fill a QA role.
- Use print and apply to weigh and auto-apply shipping labels, content labels and packing lists.

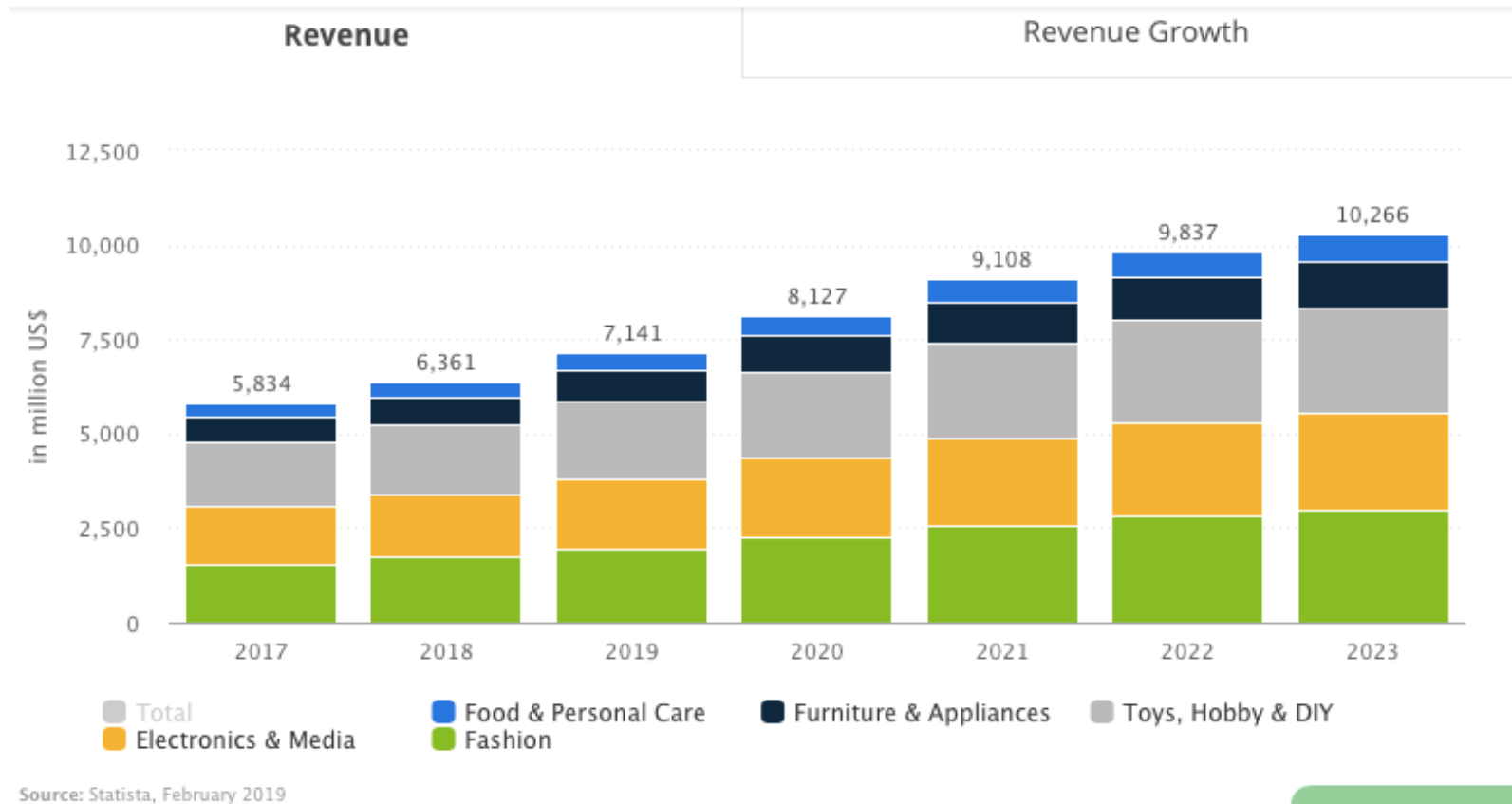


Opportunities Created By Automated Order Fulfillment

- Fewer returns and refunds
- Eliminates miscommunication
- Eliminate the need for repetitive or extensive data entry
- Improved Worker Productivity
- Improved Picking Accuracy
- Improved Space Utilization
- Reduce Complexities in having multiple systems
- Reduce the need to hire seasonal staff
- Less time is required to prepare orders for shipment



Opportunities Created By Automated Order Fulfillment



High-level promising financial projection for the Saudi e-Commerce Market

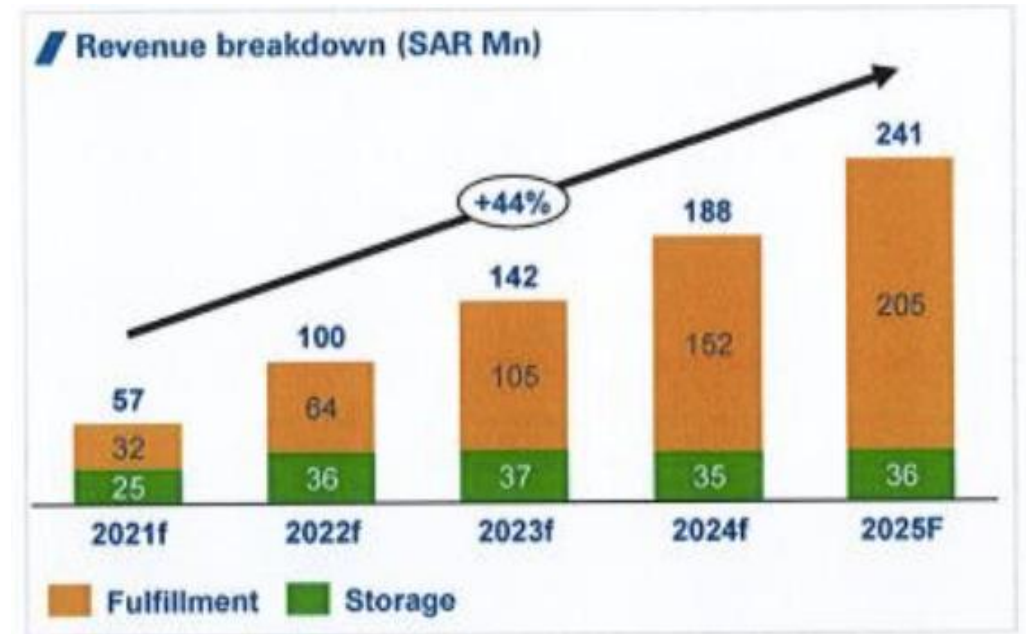
Cost Reductions Tactics For Fulfillment Centers

- Reduce Excessive Inventory and Resources
- Use Automation Solutions
- Implement energy cost reduction
- Optimize Design, Size and Location of Facilities
- Refine Packaging
- Make the best use of technology



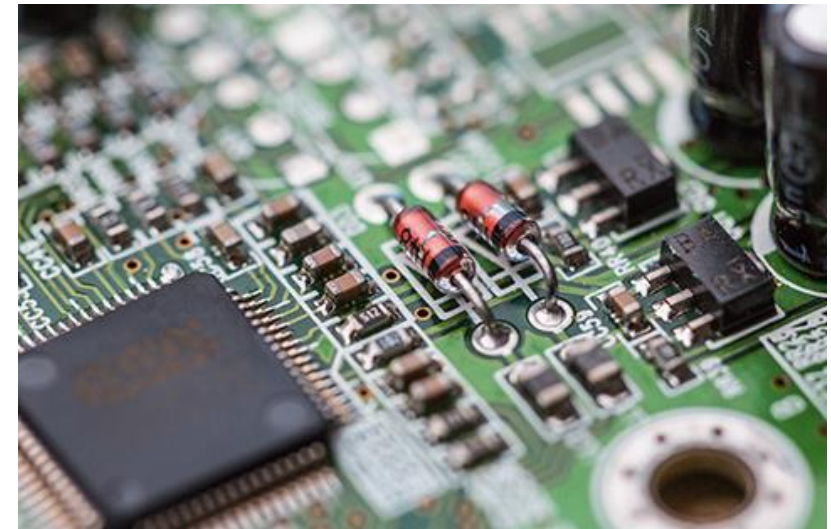
Optimization Ways To Increase The Profit Margin

1. Packaging Optimization
2. Shipping Optimization
3. Use Inventory Management Software



Technology That Drives Order Fulfillment

- Order Management System
- Warehouse Management System
- integrating with other vendors
- Electronic Data Interchange
- FinTech
- Online Visibility



6 Order Fulfillment Metrics that Increase Customer Satisfaction

1. Receiving Speed & Accuracy
2. Inventory Accuracy
3. Order Processing Speed
4. Order Tracking Availability
5. Order Accuracy
6. Returns Efficiency



How to Optimize Supply Chain Management with Big Data

- Real-time Delivery Tracking
- Optimized Supplier Management
- Optimized Pricing
- Customized Production and Service





Case Studies

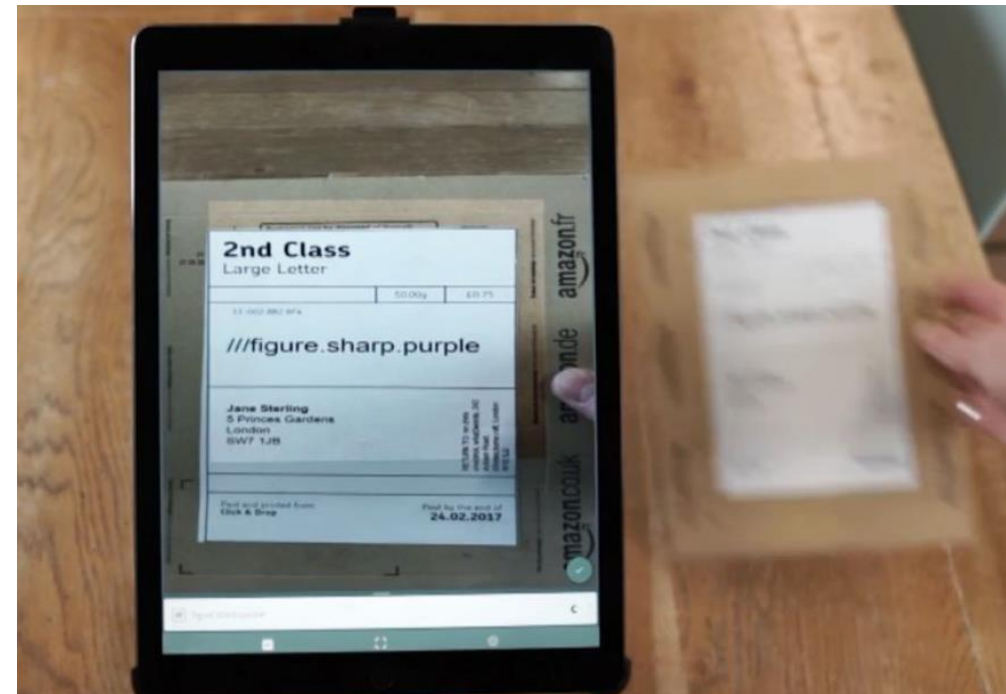


Fulfillment with What3words

Transportation



OCR



Case Study: Salasa Logistics

- Technology That Drives Order Fulfillment – Salasa’s Solutions
- Cost Reductions Tactics - Salasa areas of reducing costs



- Pickup Inventory Request
- Returns Management
- Shipment Tracking
- Billings
- Order Management
- Inventory Tracking
- Replenishment Creation



Opportunities Created By Automated Order Fulfillment case

- ***Global Electronics Distributor***

Order Processing Window: Reduced from 4 hours to under 30 minutes (85%)

Order Cut-off Time: Moved from 6 p.m. to 8 p.m.

Investment: \$24 million across 4 Distribution Centers

Impact: Doubled revenue (over \$1 billion) with no corresponding increase in distribution cost.

- ***Off-Price Outlet Retailer***

Order Processing Window: Reduced from 8 days to 2 days (75%)

Investment: \$9 million

Impact: \$6 million in annual savings

- ***Regional Pharmaceutical Distributor***

Order Processing Window: Reduced from 4 hours to 1.5 hours (63.5%)

Transportation Window: Extended from 7 hours to 8.5 hours

Investment: \$11 million

Impact: \$100 million in additional annual revenue



Final Advice

Invest to Save

The fulfillment process touches virtually every aspect of your business — not only the operations teams, also your marketing, finance, customer service, and IT departments as well.





Thank you...

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VP Transformation

Saudi Post