



Ready – Set – Delay!

The Pitfalls and Gotcha's of a new WMS Vendor Software Selection and Implementation Project

Much has been written and showcased on the topic of selecting and implementing a new Warehouse Management System (WMS), pronounced in my part of the country as “Dubya-M-S”. You can Google the topic and you will get ~ 99,700 results, varying in detail from supply chain vendor websites, published articles and topics totally unrelated to what you were looking for.

If you filter your results into a more manageable set of results, you will find varying opinions on the Top “X” number of Factors/Successes/Steps/Benefits on how to successfully choose the right software vendor to satisfy your business goals. Good luck weeding through the reams of documented “what and what not to do’s.” For many people, selecting and installing a WMS is a once, maybe twice in a career decision. Unless of course you move companies often. Even then, the average lifespan of an installed WMS is about 7-15 years, and longer in some vertical markets. Not to spook you, but this is an expensive, long-term decision that can often make or break a career.

First, let's decide what is a Warehouse Management System. In the 80's, 90's and even the early 2000's, it was a pretty simple and straightforward explanation. Today, however, the topic can be and is often heavily debated.

What Exactly Is a Warehouse Management System?

Back in the day, the simple answer was “A WMS is a software solution, either home-grown or vendor-coded solution, that helps a distribution center receive, store, pick, pack and ship goods to its customers in an efficient manner.” Today however, WMS is often used as a term that can mean many different things to many different people. The chart below will help explain what I mean. In many cases, customers take advantage of one or many of the listed system options to satisfy the requirements of their distribution operations. A brief explanation of the diagram below to help guide the conversation.

- WMS – Warehouse Management System
- WES – Warehouse Execution System
- WCS – Warehouse Control System
- ERP – Enterprise Resource Planning

I have seen some great write-ups that provide varying details into each and every one of systems, so I will let you do the homework and find those articles. The point is, don't assume that any single solution will be a fit for your project, or that any one vendor can satisfy your overall requirements. In fact, it could be argued that each of the system options represent a clear best-of-breed delineation.

It should be mentioned that in virtually ANY project, there will be integration arrows that join one to many of these systems, I tried to show this graphically, but frankly my fingers got fatigued trying to ensure I fairly represented all the connectivity options, so I decided to leave the arrows off and let you take a shot at the possible iterations.

Which of the below software options are a fit for your future state supply chain execution solution?



Where to start?

Back to the topic at hand. So, you have decided to start a project with the intent to improve your supply chain processes. How do you accomplish this in an efficient, cost effective manner? I would suggest that you should first look within your company to figure out if you have the wherewithal to take on a long-term, full-time project. Take into consideration resource constraints, industry knowledge, overall strategies and a well thought out, end-to-end plan to accomplish the overall goals.

Here are some high-level thoughts that might help;

1. **Location** - Are you considering staying where you're at for the long term or short term? Are you leasing space because your main facility is full? Do you have enough room (even with a better system) to satisfy your 5-10-year growth plans? Are you taking into consideration any kind of new automation, equipment, racking (GTP, conveyance, ASRS)? No matter the answer, be sure that whatever route you are considering is shared internally and externally with all parties involved in the project.

2. **Materials** – Is your intent to invest in a long-term or short-term solution? If your answer is short-term, such as a 3PL, 4PL, or company pending an exit strategy, then you will likely want to consider leasing or subscription based licensing. However, if your strategy is long-term, you can still consider either a long-term subscription based option, or a more common option of a perpetual license. More on those two topics in a moment.
3. **Logistics** – In terms of location, have you considered a long-term strategy for the best sites to distribute from? Transportation is another heavily debated topic in the distribution industry. The current regulations mandated by the Federal Motor Carrier Safety Administration (FMCSA) particularly with regards to Hours of Service (HOS) are always on the forefront of discussion. And driver shortages are continuing to impact ALL logistics. Moving goods is expensive and careful consideration should be put into warehouse locations.
4. **Labor** – Another heavily discussed topic is how the labor pool is getting shallower. Back in the day, one of the hardest components of implementing a new WMS was the training that it took to get the hourly people up to speed and comfortable with the technology side of the equation. RF devices were a new and daunting tool being introduced to a workforce that was accustomed to a Big Chief tablet and Number 2 Pencil. Today however, whether 8 or 80, nearly everyone is digitally savvy in some way or another. The point is, to keep the workforce productive and motivated you need to provide them with the tools and a path to succeed and stay engaged. I can tell you from 30+ years of experience, you likely have a large pool of resources already in your workforce that are equipped and willing to grow within your company.
5. **Planning** – How much homework have you done? How many white papers have you absorbed? What have you done to make sure that a new WMS is even a viable option? Every successful selection and implementation that I have been a part of (several dozen over the last 30+ years) began with extensive research and due diligence. One of the best options are the many annual conferences, such as WERC, ProMat, NRF and CSCMP, just to name a few. There are several vertical specific conferences available as well; Food, Pharma, Retail, etc. Take some time and invest in attending a few to get an idea of where the supply chain is heading and what the new trends are.
6. **Vendor** – Here is where the rubber meets the road. You now have to go through the process of figuring out what options are available. Fortunately, there are a bevy of options available, unfortunately there are so many options that it is hard to know where to start. There are different schools of thought on this topic. Do you look at the most recent Gartner Magic Quadrant for the Top Ranked providers? Do you hit LinkedIn and poll your contacts for references? Do you go with a provider who has served you well in the past? Do you consider new and upcoming thought leaders that have yet to meet the burden of getting into the Magical Quadrant? The answer to all of the above should be yes. Exhaust all your options, and take advantage of others' wins or losses.

Whatever route you take, here are a few ideas coming from both the potential vendor and the customer side of the fence:

Create an RFP/RFQ/RFI that outlines and matches EXACTLY what your short and long term goals and plans are. You can get a variety of really good pre-written RFP/RFQ/RFI's available for FREE online that you can leverage as a starting point. But be sure to take the time to read them and cut out anything not relevant – why are you asking a vendor to answer whether their software supports RFID/Serialization/GOH if you have zero intent on ever deploying those functions? Add the line items that are missing and relevant. You should end up with a document that is succinct, meaningful and can be leveraged in the upcoming phases of the project.

Once you have prepared your initial RF"X", who do you engage? I would tell you from experience that if you initially engage more than five potential vendors, you are creating a whole bunch of extra work and expense unnecessarily.

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From a vendor's perspective, here is what works nicely for them; Invite your initial pool of five vendors to your site(s) for the Gilligan's Island 2-3-hour tour, depending on size and complexity. Give them a chance to visualize your operation and take the time to meet and greet the people who represent the company who you will be engaged with for a long time. By the way, this is on their dime, not yours. This event has many purposes.

- First, how can you expect them to effectively answer a sophisticated RFP/RFQ/RFI without having seen where it will be deployed?
- Second, you get to form an initial impression of what is coming.
- Third, when it comes to Phase X of the project, you have eliminated the wiggle room that comes from "I didn't know that?" While they are there, you should have a few things prepared: a short video or presentation of your company and what this project represents, and a tentative timeline of dates. You will likely not be the only potential customer in their pipeline, which may end up in a "no bid" situation if your timeline does not fit into their schedule.

Hopefully after the visits you can qualify your top three. Any more than that is creating a whole lot of added time and effort on your side of the equation. Once you have decided on which vendors you want and have notified them, it's time to provide them with the final RF"X" along with the timeline that was already shared during the visit.

The Final Mile

From here, the heavy lifting starts as you move through the remaining steps and ultimately get to your preferred vendor. Outlined below are the high-level steps you might consider. The order below is for guidance, but works well in the overall strategy. If you are lucky you might get to the final two before demo day.

Go-See-Do – Visit no less than one current customer of the vendor in mind, make sure upfront that the customer you are visiting is:

- 1) Using the version of software that you are evaluating, hopefully a CURRENT version.
- 2) In an industry or operating environment that closely matches your current and end state goals.
- 3) Understands that you are there to evaluate the vendor in ALL regards; Software, Infrastructure, Implementation, Pros/Cons and words of advice. If your vendor has done his/her homework, you should be seeing what you will be getting.

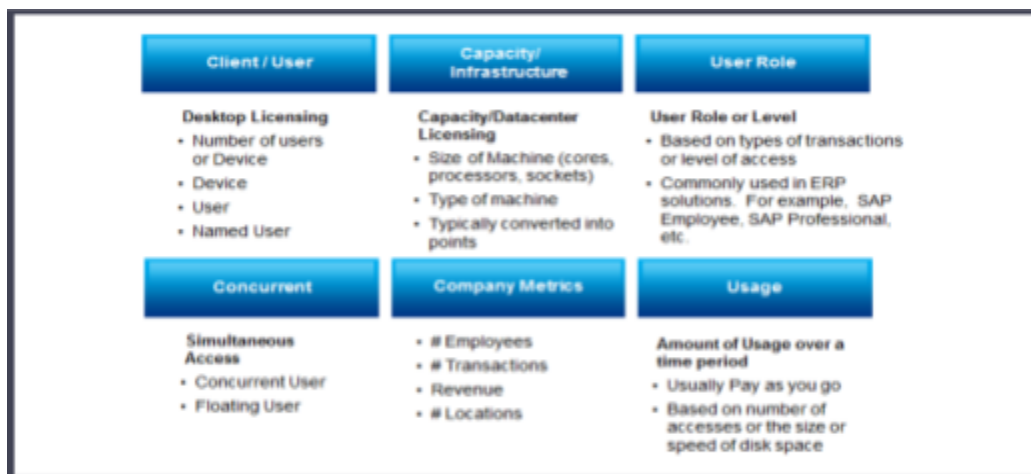
On-Site vendor(s) demonstration – Leverage the RF“X” as your starting point when creating the demo scripts. Why sit through a software demonstration of functions or processes that have nothing to do with your business model? Demos can last anywhere from a few hours to a couple of days. It’s up to you on how deep you want to go. One day seems to work well; morning Inbound, Lunch, then afternoon Outbound. Again, if you have done your part, you should have a demo that closely matches what your end-state looks like.

Pick Your Poison

Now that you have hopefully whittled it down to a couple of vendors that you would be equally happy with, you have to think once again about the short and long-term goals that started this whole process.

Budget and Contracts – By now you should know which vendor you want regardless of the license and implementation Fees. You might not know whether you want a subscription-based license or a perpetual license. Do I own, and can I change the Source Code? Is it hosted or on-premise (or a combination of all the above)? What options are available?

I have zero pride of authorship on the chart below, I found it on the web when I googled “Software Licensing Options” but I think it gives a pretty accurate depiction of the various licensing options that are relevant, again depending on the vendor you are looking at, these may or may not be available:



Clearly pricing is a big consideration. The phrase “Tripping Over Dollars to Pick Up Pennies” comes to mind. This is an expensive proposition no matter how you slice it. When it comes to the negotiation process you should ask yourself the following:

- How many contracts of this magnitude have I successfully done on my own? Is the company privately held or public? Am I better off negotiating at the End of Quarter or End of Year, or does it even matter? Keep in mind that the vendor you are negotiating with likely does this day in and day out, so if you can dream it up, they have likely already “been there, done that and own the T-Shirt to prove it.”
- License Fee cost is only one side of the equation. Usually, the more expensive side of the equation is the implementation cost. As a rule of thumb, you should budget somewhere between 1.5X and 2X the prices of the license fee (in a perpetual license model). Are you negotiating a Fixed Fee, Not to Exceed or Time and Materials structure? All have plusses and minuses depending on the hundreds of variables. Much of the implementation pricing depends on the complexity and duration of the proposed project. During the sales cycle you will have likely heard something that sounded like “we are usually a 90% fit out of the box with no code modifications.” Take this with a grain of salt, as you *will* have modifications. How many depends on a few factors, first and foremost is how willing are you to bend and follow the vendor’s guidance with regards to what they will call “Best Practices.” Once you think you have a good strategy for how to negotiate the implementation costs, build into your model/project plan some amount of scope creep. It will happen, how much is solely dependent on how well the project is being run.

After the Wedding

There will be some initial growing pains as the project starts. You should have formulated with the help of the vendor a very detailed and complex project plan. It is vital that all parties are in line with overall goals and expectations in order to satisfy the stakeholders. Below are a few helpful hints or soundbites that you should keep bubbling to the top:

- If the initial Project Manager assigned by the vendor is not a good fit, either culturally or otherwise, you do have the option to request a different person, and should do so sooner rather than later.
- Integration, which is represented in the four-bubble image, is ALWAYS the long pole in the tent. If there are delays to the project, the integration is usually the culprit. Plan for this to happen. If it doesn’t, then fantastic. If it does, it won’t be a surprise.
- Test, then test again....Rinse – Repeat!
- Training, which is often one of the last factors that gets thought about can hinder the successful go-live of the project. There are many battle-hardened approaches to training; Train-the-Trainer, Classroom, On-Line, Prepared Curriculum, Mock Go-Lives, etc. Which approach is right for your project? Don’t shortcut the training, and don’t “assume” anything.

Summary

Choosing a new WMS can be an overwhelming and seemingly impossible task. The keys to getting it right are a solid, yet flexible long-term plan. Do your homework, and remember that one size does not fit all. There is a solution out there that will meet your goals and expectations.

Do you need help navigating the perils of a 7-15-year WMS decision? Give us a call – we've been doing it for many years and we're happy to help.

About Alpine Supply Chain Solutions

[Alpine Supply Chain Solutions](#), based in Chicago, is a supply chain consulting company driven to ensure their clients get the most value from their investments. Their approach to every project starts with the data and ends with a cost justifiable solution.

Alpine Supply Chain Solutions works with customers to optimize their facility operations, including location schemes. Recent projects have aided customers in facility moves / slotting / label database as well as complete facility layout rebuilding to accommodate growth within an ongoing operation/ slotting/ move management. Alpine partners with ID Labels, Inc. for their innovative products, including labels that peel and re-stick over and over.

About the Author, Greg Utter

Greg Utter, Managing Director for Alpine Supply Chain Solutions, is a seasoned supply chain technology professional focused on helping companies achieve both short-term and long-term supply chain strategic goals. Greg possess 30+ years of hands-on experience with a broad range of supply chain technologies, including cloud-based and SaaS solutions. Greg has deep domain expertise across a variety of solution sets, including supply chain execution, supply chain planning, and supply chain advanced analytics. Greg has vast experience implementing advanced Supply Chain technologies in multiple industry verticals and geographies. For more information, [find Greg on LinkedIn](#).

Find out how Alpine can help with your Supply Chain Project!

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