

CASE STUDY

TECSYS' WMS
**Enables Aetrex to
Reach its Strategic
Growth Objectives
While Lowering
Cost by 24%**

TECSYS®



INDUSTRY

Sporting Goods
Pedorthic Footwear

THE CHALLENGE

With its double-digit growth and ambitious goal, Aetrex needed a strong supply chain infrastructure to support its go-to-market strategy and provide its management and customer services' staff with the right information to better serve their clients and distributors.

TECSYS' SOLUTION

Aetrex licensed TECSYS' warehouse, distribution management and EDI applications. Aetrex selected TECSYS because TECSYS' WMS is out of the box, fully-featured and a robust suite of applications. TECSYS also demonstrated unparalleled customer care, hand holding and responsiveness.

THE BENEFITS

TECSYS' WMS has enabled Aetrex to grow at a very aggressive rate and achieve its strategic sales and customer services goals, such as increased volume by 80% without additional staff, increased inventory accuracy by 70% and reduced cost by 24%.

Increase in volume

80%

*Increase in
inventory accuracy*

70%

Reduce costs

24%



"We selected TECSYS for a number of reasons; we felt TECSYS' WMS is out of the box, fully-featured and a robust suite of applications that we could use with the absolute minimum amount of modifications. In addition, customer service is very important to us; TECSYS demonstrated unparalleled customer care with their hand holding, responsiveness and presence."

John Mattessich

*Director of Distribution
Aetrex Worldwide Inc.*

ABOUT AETREX

Founded in 1946, Aetrex is one of the fastest growing companies in the footwear industry and is widely recognized as the global leader in comfort and wellness footwear products. The Aetrex mission is to create the healthiest shoes on the market today. With fashion, function and quality at the forefront, Aetrex designs and manufactures casual, dress, sandal, athletic and therapeutic footwear for both men and women. All styles are crafted with care to meet the highest standards in design, incorporate cutting edge technologies and offer unmatched customization and adjustability.

Originally known for the landmark development of arch supports and medically-oriented footcare products, Aetrex has come a long way to become one of the leading footwear companies in the US and around the world. Today, Aetrex is proud to offer fashion forward styles with innovative features designed to help its customers promote a healthy and active lifestyle.

Aetrex is also renowned for its over-the-counter Lynco Orthotics that are recognized as the #1 orthotic system on the market today. Recommended by doctors and pedorthists worldwide, Lynco Orthotics offer unsurpassed comfort, support and proper body alignment. Available in a variety of styles, they provide customers with a custom selected solution designed specifically for customer's foot type and footwear style.

Although footwear and orthotics are a major focus for Aetrex, the company has also pioneered an industry-altering digital foot scanner, the iStep. This patented foot scanning technology is designed to accurately measure foot size, arch type and pressure points in a matter of seconds. The technology immediately custom selects the ideal footwear and orthotics for customer's feet. Launched in 2002, iStep is the leading digital foot analysis system, and is offered as a free service to consumers at thousands of locations throughout the world.

"Our goal is to become a major brand in footwear."

***John Mattessich
Director of Distribution
Aetrex Worldwide Inc.***



CHALLENGES

Prior to deploying TECSYS' warehouse and distribution management applications, Aetrex's enterprise system was an ERP package; a general manufacturing software application which the Company used during the period when it was manufacturing 50% of its products. However, with its significant growth and the changing landscape, Aetrex's management made a strategic decision to totally outsource its manufacturing and position the Company as the expert in pedorthic footwear and foot orthotics, focusing on the design, technology and quality of its products, as well as its supply chain and customer care.

As a developer and wholesaler of consumer products, having an efficient supply chain that supports its vision and further links its people to customers and suppliers is a vital part of Aetrex's strategy. The Company needed to have a system in place to support its distribution mix; some 20,000 different SKU's with significant volumes; 2,000 orders and 20,000 units per day. They also needed to move away from their paper-based warehouse operations and become automated using system-directed processes with RF technology to enable the Company's growth and support its complex and evolving supply chain.

To meet its goal of becoming a major brand in footwear, Aetrex needed a strong supply chain infrastructure to support its go-to-market strategy and provide its management and customer services' staff with the right information to better serve their clients and distributors.

Different SKU's

20,000

Orders per day

2,000

Units per day

20,000

Warehouse operations

PAPER-BASED

"We made a strategic decision to go offshore with all of our manufacturing. We realized that we needed a warehouse management system to support our objective of improving our distribution, customer service and supply channels, and to move away from direct manufacturing."

John Mattessich
Director of Distribution
Aetrex Worldwide Inc.



SOLUTION

Aetrex management accepted proposals from a number of warehouse management vendors. Following an extensive evaluation process, Aetrex decided in favor of TECSYS.

Aetrex licensed TECSYS' warehouse and distribution management applications to empower their management to gain control over customers' service levels, throughput volumes, order turnaround times, as well as warehousing costs, growth and profitability.

Mattessich assembled a dedicated team of internal resources to help make the deployment of TECSYS' software a success. The internal implementation team charter was:

- To ensure that the deployment of the system will meet the Company's objectives
- To perform all the testing needed; such as stress testing, and to make sure that the system is foolproof when they go live
- To work with TECSYS' consultants and provide them with support
- Get support from TECSYS' services as needed

Deployment of TECSYS' warehouse and distribution management applications at Aetrex was completed in about five months. "We put the stake in the ground in terms of the go-live timetable and TECSYS came through with their expertise, service and support. We may have had some bumps along the way, but we dealt with them as they came up. There is no such thing as a totally uneventful go-live, but at the end of the day, with TECSYS we are now miles ahead in our execution abilities and management of our supply chain," Mattessich commented.

Aetrex's central distribution facilities at its headquarters in New Jersey consist of two warehouses, totaling 150,000 sq. ft. in size. The Company receives orders daily, primarily through EDI, followed by the creation of sales orders in the TECSYS system, which triggers the picking process from inventory either one order at a time or through a batch order process. Non-distributor orders are usually shipped the same day, with rush orders given a priority; if an order is received by 2:00 P.M. it is shipped the same day. Shipments to distributors are scheduled and are processed on a weekly basis.

Aetrex's products are manufactured either in the USA, China or in the Dominican Republic. The Company places orders monthly with its suppliers and orders may take 3 to 4 months before they are completed and received at Aetrex's central distribution facility. Upon receiving, shipments are scanned into TECSYS' WMS, followed by a stringent Quality Control process, utilizing a 10% QPR/progressive matrix procedure; Aetrex's final inspection of all incoming product before putaway.

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***John Mattessich
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TECSYS' WMS communicates up and down the line at Aetrex's central distribution, for example, receiving needs to know in advance about incoming products; it needs to be advised that an item was received and should be immediately shipped or put away into a stocking location. Down the line, communication with TECSYS' electronic data interchange (EDI) package enables the system to generate an Advance Ship Notice (ASN) to advise the customer on a timely basis. With TECSYS' EDI functionality, Aetrex is enabled to automatically pass orders through the entire system from receipt of an order, to shipping and billing. It also helps to maximize customer responsiveness, increase turnover, reduce cost and meet trading partner requirements.

TECSYS' SOFTWARE SCALABILITY SUPPORTS AETREX'S GROWTH

The flexibility, adaptability and scalability of TECSYS' applications are enabling Aetrex to meet the size, need and complexity of its business, from small to large, from fast moving to slow moving products, at any location globally. If one distribution facility is nearing capacity, scaling it is as simple as adding another instance of the application. It is also allowing Aetrex's logistics management to scale their applications horizontally, providing considerable cost savings, and extending the reach of information across the Company; giving management better access to critical information for sensing the pulse of the business and for planning and reporting.

EXTENDING AETREX'S SUPPLY CHAIN MANAGEMENT BEYOND THE WAREHOUSE

TECSYS' WMS delivers to Aetrex these benefits unequivocally and further extends the reach of the Company's management beyond the four walls of their warehouse; empowering their people to efficiently link to customers and suppliers.

Beyond the four walls of Aetrex's distribution operation, TECSYS' WMS is integrated with a complete suite of distribution management, transportation management and business intelligence solutions, enabling Aetrex's management to seamlessly execute order-to-cash and purchase-to-pay processes.



BENEFITS

Since deploying TECSYS' warehouse and distribution management applications, Aetrex has gained a significant number of supply chain execution capabilities and benefits. Below are the highlights:

FLAWLESS HIGH-VOLUME ORDER FULFILLMENT	<ul style="list-style-type: none"> ▪ Process 100,000+ line items and over 6,000 orders per week; the majority through EDI ▪ Handle a mix of "each", "inner", "case", and "pallet" quantities on the same order ▪ Ship using multiple carriers simultaneously with parcel, LTL, full truck, and private fleet ▪ Handle the different requirements of Big Box, specialty stores, doctors' offices and clinics, and DC transfers
REDUCED ORDER TURN-AROUND TIME	<ul style="list-style-type: none"> ▪ Reduced order processing from 2-3 days to "in by 2:00, out same day" ▪ Reduce cycle time for large orders using coordinated team picking
REDUCED LABOR AND STEPS FOR PICKING/SHIPPING	<ul style="list-style-type: none"> ▪ The ability to automatically determine final container before picking ▪ Eliminated packing/checking steps and bottlenecks with accurate bar code scanning ▪ The ability to direct operators in their preferred language (English or Spanish)
REAL-TIME CONTROL OF COMPLEX DCs	<ul style="list-style-type: none"> ▪ Handle stock, non-stocks and special orders ▪ Support wide product variances: weights, cubes, dimensions, nesting ▪ Simultaneously process multiple units of measure: "each", "pack", "case", "pallet" ▪ Instantly access exact locations/quantities/statuses, at all times
ACCURATE AND TIMELY RECEIPTS	<ul style="list-style-type: none"> ▪ Process many parcel/LTL deliveries/import containers ▪ Handle a wide variety of receipts: 10 to 500 lines, "eaches" to "pallets" ▪ Reduce availability for sale/picking from days to hours ▪ Simultaneously receive multiple small POs without presorting
GLOBAL INTERNAL AND EXTERNAL VISIBILITY	<ul style="list-style-type: none"> ▪ Access cross application information and sharing versus data integration ▪ Enhance distribution operations through the use of graphics/electronic documents ▪ Collaborate with suppliers/customers via self-service Web access
SCALE WITH BUSINESS GROWTH	<p>EASILY SCALE FROM:</p> <ul style="list-style-type: none"> ▪ 2 users to 200+ users ▪ 1,000 to 1,000,000 square foot facilities ▪ 1,000 to 1,000,000 SKUs

BENEFITS

Aetrex has already achieved significant measurable savings, including a high level of efficiency in its logistics operations, below are some of the key Performance Indicators:

Key Performance Indicator	Increase/Decrease
Increased volume without additional people	↑ 80%
Improved fill rate	↑ 45%
Increased inventory accuracy	↑ 70%
Reduced cost by	↓ 24%

In addition,

- Aetrex has significantly improved service to customers:
 - Send out shipping confirmation electronically
 - Send out order confirmation electronically
 - Send invoices electronically
- Achieved a high level of customer satisfaction
- Supported the Company's strategy and vision





"TECSYS' WMS is a wonderful product. It has enabled us to grow at a very aggressive rate, and without it we would have not been able to achieve our strategic sales and customer service goals. We went from paper-based to RF technology in a VERY short period of time; this leap has enabled us to increase our productivity, our volume and be able to manage our distribution and sales commitments, with a minimal increase in staff"

John Mattesich

*Director of Distribution
Aetrex Worldwide Inc.*

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