

# BENCHMARK BRIEFINGS

**kardex**remstar

## SITE

HCL Logistics  
London, Ontario

## APPLICATION

Order Fulfillment and Distribution

## EQUIPMENT

21 Shuttle XP Vertical Lift Modules with  
Power Pick Global inventory management software

## SUMMARY

World-class logistics provider uses a holistic approach to warehouse automation to increase efficiencies and scale up to meet its customers' needs.



"Based on the efficiencies and the space savings we gained, we grew the system from two units to 21 VLMs – occupying only 1,000 square feet of space," says Van Holst.

## Armed With ASRS Technology, Canadian Defense Component Supplier Creates A Winning Logistics Strategy

Since inception more than eight years ago, HCL Logistics has been providing warehousing, transportation, and just-in-time delivery to defense contractors. Handling about 26,000 SKUs including everything from tiny washers to 20-foot-long steel sheets to complete engines, they supply key components their customers use to manufacture land-based military vehicles used by Canadian and allied forces around the world.

Like many growing companies, HCL Logistics reached a point where the existing warehouse could no longer sustain their growth. "We had one major customer in the defense industry we service, and we had recently won a larger contract," says Tim Van Holst, president.

### Positioning for Victory

Van Holst says the initiative was driven by the need for better picking efficiency and improved material and people flow on the warehouse floor. "With the way the warehouse was laid out, we were moving large products (i.e., vehicle engines) long distances for staging and shipping," says Van Holst. They also wanted to reduce the number of forklifts on the warehouse floor, improve picking accuracy, maximize current warehouse space and create a more streamlined process.

### Piecing Together The Right Solution

The warehouse transformation didn't happen overnight. After installing narrow aisle racking, HCL Logistics test piloted two Kardex Remstar Vertical Lift Modules (VLMs) to manage the kitting portion of a specific customer's contract. "Once the two units were installed, we used a 'wait and see' strategy to see how they would work for us," says Van Holst, who began to notice positive results soon after installation. Automating a manual picking environment, has made employees 10 times more efficient and data entry control nearly perfect.

"Based on the efficiencies and the space savings we gained, we grew the system from two units to 21 VLMs," says Van Holst. Combined with narrow-aisle racking and a high-density pallet system the setup also cut HCL Logistics' required warehouse space down by about 100,000 square feet. In one section of the facility, for example, the company saved about 30,000 square feet simply by installing the VLMs that now take up just 1,000 square feet of space.

To round out the solution, HCL Logistics installed a radio shuttle system to manage large items that once required much navigation and logistical coordination. "Our radio shuttle is



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positioned about 30 feet away from our receiving area," says Van Holst. "Our larger products now occupy a 4X4 skid, which equates to about a 50% space savings for the area where we store our larger materials."

### More Efficient Client Handling

One of the major benefits HCL Logistics has realized has come from the Power Pick Global inventory management software that manages the 21 VLMs. Specifically the client handling module of the software has allowed HCL Logistics to physically combine multiple client inventories to maximize efficiencies. "With fixed, static shelving, HCL Logistics had dedicated specific aisles to different customers and then moved through the various zones to pick orders—even if the parts are the exact same across those zones, they were stored in two places for two clients," Brian Rodway with GN Johnston, the system integrator explains. "Using client handling, HCL Logistics is able to keep each customer's inventory separate in the system, but not physically separate. This gives them greater storage density in the VLMs and allows them to batch pick multiple orders at one time for faster order fulfillment."

### Targets Achieved... and Exceeded

HCL Logistics strategy to combine multiple automated material handling technologies to create one total end-to-end solution has hit the mark. "Our goals of flexibility, efficiency, and accuracy have been met and exceeded," says Van Holst, "and we are now well positioned for growth and expansion into new markets."

HCL Logistics has also exceeded its picking efficiency goals and is fulfilling orders much faster than it once did. "We've seen a 15% efficiency improvement as a result of the VLMs," says Van Holst. "For large products, the radio shuttle system has doubled our efficiency in terms of shortening up the amount of driving and material-handling time."

Other key gains include inventory accuracy improvement—from a previous 98% to a current 99.5%. Cumulatively, Van Holst estimates the solution could potentially save the company \$3 million a year on adjustments and inventory alone. "It's not just about the picks, puts, and inventory accuracy," says Van Holst. "Cycle counts and physical inventory are also much faster now."

Finally, he says HCL Logistics' employees are now working in a safer, cleaner, more ergonomic environment and it's a benefit that can't be overstated. "When you're storing this volume of parts for so long, it's easy for them to gather dust and for labels to become unreadable," says Van Holst. "With our new system, the overall cleanliness of the facility has definitely improved."

### Keeping it Simple

As he looks around HCL Logistics' warehouse today, Van Holst is pleased to see the flow of material through the facility has become more streamlined, organized, and predictable. To other companies considering a similar, end-to-end approach, he says, "Keep it simple at first and test out the strategy; then grow from there."



The PPG client handling module keeps each customer's inventory separate in the system, but not *physically* separate – providing the benefits of greater storage density and batch picking for faster order fulfillment.