

OVERCOME 3PL CHALLENGES WITH SMART STORAGE SOLUTIONS



Engineered Space Optimization

A 3PL's Role in the Supply Chain

A \$213.5 billion-dollar industry in the U.S. alone, third-party logistics providers (3PLs) allow eCommerce merchants to outsource eCommerce logistics processes. With a 3PL as a partner, eCommerce businesses can entrust the following tasks to reliable logistics professionals:



Receiving

Receive inventory and store items in fulfillment centers. Each SKU has a separate dedicated storage location, either on a shelf, in a bin, or on a pallet.



Packing

Securely package materials for distribution.



Returns

Restock or dispose of the item.



Picking

Inventory tracking so that orders can be sent to the picking team and they can find the appropriate items, quantities, and storage locations at the facility.



Shipping

Purchase/print shipping labels and coordinate with carriers such as DHL, USPS, and UPS to pick up and deliver orders.

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As more companies turn to 3PLs to keep up with consumer demand, 3PLs have to continually pivot and adjust their operations to adapt to the fluctuating demands and consumer behaviors to keep operations running smoothly.

Common Challenges for 3PLs

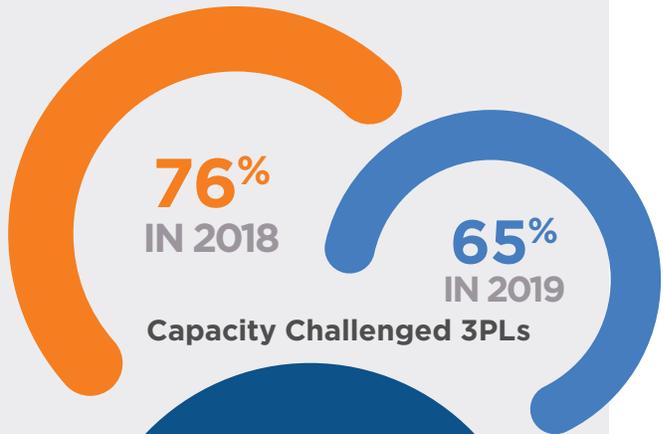
and how the right storage system can help to overcome them



1 WAREHOUSE CAPACITY

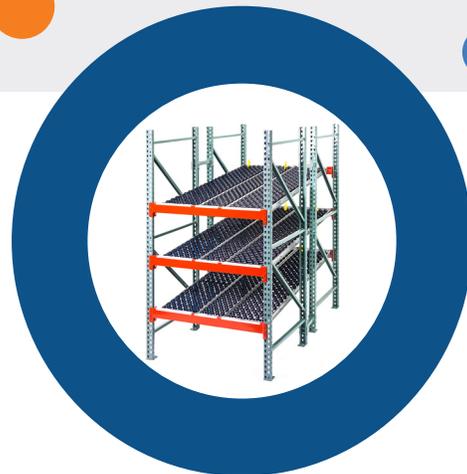
Most warehouses, distribution, and **eCommerce order fulfillment centers** are built according to the needs and requirements at the time of construction. But, what's best for a business five, or even one, year ago may not be what it needs to operate at its peak efficiency today. Third-party logistics is an ever-changing industry, and ensuring the proper capacity to accommodate trends is a challenge when confined to a stagnant space like a warehouse.

According to Inbound Logistics, capacity was a significant challenge for 3PLs in 2018, with 76% of interviewed 3PLs reporting it as an issue. Back in 2019, that number only dropped to 65%, making it one of the biggest challenges 3PLs face daily.



Implementing a customizable storage solution is a simple workaround to the capacity challenge.

A right-sized, flexible storage system will allow 3PLs to maximize the use of existing space by adapting to the unique footprint of a warehouse, allowing staff to store products efficiently and easily adjust to increase inventory or accommodate larger or smaller SKUs.



For example, 3PLs can leverage a **carton flow** system like **SpanTrack** to effectively store products with a wide variation in size and weight. Because this solution can drop into existing **pallet rack**, it's not only easy to install; it supports efficient workflows by creating **FIFO** storage lanes for pickers.

2 SHIFTS IN eCOMMERCE DEMAND

Consumer expectations are constantly changing. For example, the COVID-19 pandemic forced logistics companies to develop **eCommerce order fulfillment** and delivery options to meet expectations following stricter safety regulations, contactless operations, and more to protect both workers and customers. Even factors like seasonality can cause a company to pivot to accommodate a surge in demand for a specific product type.

Another major force on consumer expectations is eCommerce giant, Amazon. Because of Amazon, the average eCommerce shoppers now expect:

- Total, real-time visibility of available inventory 24/7
- Nearly unlimited product choices
- Free two-day shipping is guaranteed almost anywhere in the U.S.
- Additional shipping options such as same-day—or within hours
- Options to have products delivered or available for in-store pickup
- 100% accurate, fast, and perfectly branded fulfillment of orders
- Real-time visibility into product tracking and delivery
- The ability to change the final destination of a product in mid-delivery
- Easy to follow and 100% hassle-free returns of products



24/7



As a 3PL provider, it's important to adapt to new warehouse processes while maintaining peak throughput.

Using a flexible storage solution, like **SpanTrack wheel bed**, to prioritize frequently purchased items in the warehouse is an excellent starting point. Companies can determine the most accessible pick points with the right storage based on how often an item is picked and place the most frequently purchased items in those areas. Having a clearly-defined, organized space makes product easier to find/prioritize.

FINDING AND RETAINING QUALIFIED WORKERS

In a customer-centric industry like logistics, providing the best service level is key to success and having qualified staff is critical to remaining competitive. However, acquiring qualified staff has become a more significant concern than in previous years for 3PLs.

60%

in 2018

64.5%

in 2019

3PLS LISTED FINDING, TRAINING, AND RETAINING QUALIFIED LABOR A CHALLENGE

Based on
Inbound
Logistics
reports

Staff deficiencies could lead to damage to a brand's reputation, prohibit business growth, and increase labor costs, among other things.

While a storage system can't go through the lengthy process of hiring and training workers, it can help companies boost the productivity of current staff by maximizing storage space to reduce travel, search, and fulfillment times.

For example, implementing a **high-density storage solution** like **SpeedCell** condenses storage capacity, which increases pick facings, resulting in less time needed to travel and search for products to fulfill orders. Condensing storage can lead to reduced labor costs up to 40%, without hiring and training new employees. Additionally, an organized approach to product storage makes training new employees quicker. With clearly-labeled pick facings and warehouse aisles, new staff will have an easier time becoming familiar with where to go when picking orders.



SPEEDCELL

- Increases storage density by 40-60%
- Reduces labor costs up to 40%
- Creates an efficient and accurate pick

4 TECHNOLOGY ADVANCEMENTS



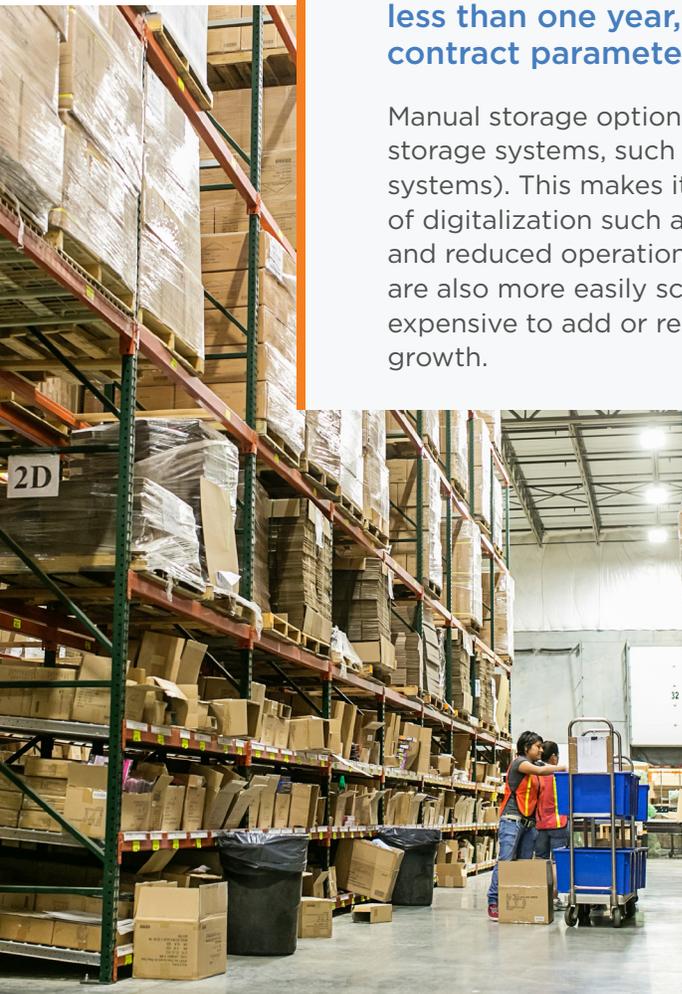
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2 Ways Manual Solutions Enhance the Benefits of Automation

With digital transformation making waves across almost every industry, 3PL providers feel the pressure to leverage automated technologies to maintain a competitive stance in the industry. While the latest technology advancements, such as cloud-based systems or automation, can improve operational efficiency, it isn't a decision to take lightly. Implementing digital technology is a significant investment, costing funds and resources to install effectively. To make a business case for upgraded technology, leadership in 3PL companies need to see the return on investment (ROI) quickly. The cost of entry for many of the latest automation technologies isn't always viable, especially if the 3PL company is at risk with its contracts.



Alternatively, the ROI of a manual storage system is usually less than one year, so it usually falls within the typical contract parameters.

Manual storage options also don't require electricity like automated storage systems, such as AS/RS (automated storage and retrieval systems). This makes it more cost-effective while still providing benefits of digitalization such as increased throughput, boosted productivity, and reduced operational costs. Manual storage systems, like **Roller Rack**, are also more easily scaled, so if the business is rapidly growing, it's less expensive to add or reconfigure storage solutions to accommodate the growth.



Smart Storage Solutions for 3PLs

Implementing innovative solutions into your logistics operations is a simple way to optimize your space for increased productivity.

Dynamic High-Density Storage

Maximize space, pick orders faster, increase accuracy, and reduce labor costs with SpeedCell® - a dynamic storage solution designed to save time, space, and money using existing space within standard pallet racking.



Stationary Carton Flow Storage

SpanTrack is an innovative carton flow solution that drops into existing rack structures or into Roller Rack to create a robust flow system. Our full-width roller lanes and universal wheel beds are engineered-to-order to create the ultimate order picking environment.

Mobile Carton Flow Storage

Modular flow racks organize your inventory, accelerate productivity, and increase space utilization. FlowCell provides a reconfigurable, flexible, and ergonomic solution for your unique operation. Adding casters to FlowCell mobilizes your picking, packing, or kitting process.



Pallet Flow Storage

Pallet Track allows you to drop a pallet on a pitched conveying surface. The pitch enables order pickers to quickly and easily move pallets forward as other pallets are emptied and provides FIFO replenishment to your pallet positions.



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