



CASE STUDY

CENTRAL VACUUM STORES, INC.

Deposco increased Central Vacuum's inventory visibility, operational efficiency, and space utilization while tailoring the application to fit operational requirements and budget.

THE DEPOSCO DIFFERENCE

20%

Increase in
Daily Shipments

300%

Increase in Pick
Lines Per Hour

40%

Decrease in Order
Fulfillment Time



THE CUSTOMER

Since opening its first shop in St. Petersburg, FL in 1948, Central Vacuum Stores Inc. has experienced first hand how the times can change. Over the years, the company has adapted to the changes in customer base and customer demand. As a result, Central Vacuum Stores has evolved from a local vacuum cleaner retailer to a leading global, multi-channel parts and services provider in the vacuum industry. Like many companies before it, the opportunity to extend its reach to customers worldwide via the web was a no-brainer. However, adding new channels of revenue along with changing customer needs presented a new level of complexity to the business.

After 10% growth in 2010, 37% growth in 2011, Central Vacuum Stores is on pace to grow another 25% over the next year. Faith Ambrose Elliott, Operations Director at Central Vacuum Stores has experienced the growth firsthand. She explained,

“Before the recession, when the economy was strong, order volumes were lower [around 100 packages per day] as customers were placing fewer orders for larger value items. As budgets became tighter, customers recognized they’d be best served repairing existing systems themselves rather than purchasing new systems. Thus, shipping volumes [of spare parts] soared [to processing 300+ packages daily] and the need to stock new items became a necessity.”

However, Elliot knew without the proper process and technology in place, the growth would be very difficult to manage and sustain.



“Prior to implementing Deposco, we had no functioning Warehouse Management System (WMS) or inventory system and knew we had major warehouse inefficiencies. We also couldn't stock all the items we wanted to because we didn't have an effective way of managing them. As a result, we were forced to keep the SKU mix to a level that could be managed by memory; otherwise, items would get lost”

So, realizing they had reached critical mass, Central Vacuum Stores, engaged with the UPS Customer Solutions team.

THE SOLUTION

As a UPS customer, the Central Vacuum Stores recognized the valuable insight UPS could provide to the business. In order to usher in a new era for the company, they worked with the UPS Customer Solutions team to review and optimize their warehouse processes. Both agreed the opportunities for improvement centered on:

- Inventory Visibility
- Operational Efficiency
- Space Utilization
- Customer Service Enhancements

The UPS Customer Solution team determined that Central Vacuum Stores current technology would not support the changes and improvements. The envisioned solution would not only need to support UPS' suggested process improvements, but also provide



a seamless flow from inventory receiving through shipping with UPS Services. It had to be user- friendly, yet robust. For the end-to-end warehouse fulfillment solution, UPS Customer Solutions team ultimately recommended Deposco, a Warehouse Management System (WMS) provider and UPS Ready® partner. Deposco is a cloud-based, supply chain planning, execution and distributed order management solutions provider.

With flagship applications such as Warehouse Management, Inventory Management, Order Management and Distributed Order Management, Deposco would be able to serve as the catalyst for improved process, inventory visibility and business intelligence. Furthermore, with its flexible, yet scalable platform, Deposco could tailor the application to fit Central Vacuum Store's operational requirements and budget.

INVENTORY & VISIBILITY

"Before Deposco, we had to store product in the warehouse by vendor, so everyone in the company knew where it was," explained. Elliot. "There was no logical slotting or location barcoding. Everyone in the company had to memorize where stock was located."

Today, with Deposco's Inventory Management module, Central Vacuum Stores now has real-time visibility of inventory levels across the warehouse by SKU and location, which directly enables them to go from managing 7,000 SKUs in 2009 over 23,000 SKUs today.



Faith Elliott goes on to say,

“We couldn’t trust any of our stock levels in the ERP. Because we now have a functioning WMS, Inbound, Outbound and Customer Service teams do not need to spend time searching the warehouse to check inventory; they just look in Deposco.”

INVENTORY DEMAND

With a centralized inventory hub containing inventory history, Central Vacuum Stores is able to leverage Business Intelligence Reports to determine which items to carry, how much of each to carry at a given time and where they should be slotted in the warehouse based on velocity. Elliot states, “Using their ports in Deposco, I can see items that I’m cross docking or drop shipping too often. I can adjust my re-order points and identify items I should be stocking.” She goes on to say,

“Having a live, accurate understanding of stock levels has also expedited Purchasing. Purchasing staff would have to manually go through the order queue to determine what we needed and how much to order. This would take a resource all day – a 12-hour day. They can now place orders in a fraction of the time [in 1-2 hours] by leveraging automated replenishment processes. That frees up the staff to support our Receiving Operations and work an 8-hour day [instead of 12].”

OPERATIONAL EFFICIENCY

Deposco’s configurable workflow engine allowed the solution to adhere to the enhanced Process Mapping completed during UPS’



warehouse review. Optimized processes, such as picking, have yielded a 20% increase in average daily packages shipped. At the time the Operational Opportunity Review was conducted, Central Vacuum Stores was picking an estimated 320 lines per day. With Deposco, they currently average 477 lines per day – a 49% increase.

Central Vacuum Stores realized the benefit gained with Deposco right away. Elliott clamored,

“Pickers would head out to pick an order and wouldn’t realize stock was short until they visited all of the locations. They would then have to return the pick ticket to the shipping department to manually manage backorders.”

Deposco has provided more accurate inventory levels and now automates the backordering process.

“We’ve freed up a resource that was previously dedicated 100% to managing order lines and associated backorders. She now helps lead the Customer Service team with her expertise.”

The Deposco WMS applications cover Central Vacuum Stores warehouse operations from beginning to end. The solution, fully integrated with UPS Shipping Services, would now allow the company to by-pass manual entry at shipping stations. Utilizing Deposco, Central Vacuum Stores is now able to print its UPS shipping labels for customers, including tracking information from UPS servers, address information and proper account



billing, simply with the scan of a barcode. This alleviated bottlenecks and entry errors in shipping, while standardizing outbound processes. As an added benefit, Deposco captures productivity metrics on a continual basis, allowing Central Vacuum Stores to benchmark and report on volumetric data, which was previously unavailable.

“In our old ERP system, I could only see how many packages were shipped each day. There is more to understanding productivity than just that. I needed to track order lines, SKUs and units to get the full picture of our productivity. We now have that.”

SPACE UTILIZATION

As mentioned, with an old ERP system, CVAC was forced to stock product by vendor to know where it was located in the warehouse. Faith Elliot emphasized this point by saying,

“We didn’t have any optimization or reason behind the way we slotted our SKUs. It was done this way to keep things simple.”

Utilizing Business Intelligence reports, capturing SKU velocity and moving from a 6,000 sqft facility to a much roomier 22,000 sqft warehouse has permitted us to carry and distribute more product, efficiently. Strategic slotting combined with operational efficiencies stated above now have Central Vacuum Stores picking 43 pick lines per hour—up over 300% from the 13.33 lines per hour identified in the Operational Opportunity Review (OOR).



ENHANCING SERVICE

With the aforementioned efficiency and visibility gains from Deposco, the company was able to cut down on order fulfillment lead times. Additionally, with Deposco's Distributed Order Management solution, order-sourcing decisions were largely automated, and thus reduced the effort to determine whether to fulfill an order in-house or through a drop shipper. Elliot said,

"One person in the shipping department spent all of her time manually determining how to source product."

With Deposco, lead times are now down to 6-7 days on average.

COMMUNICATION

To help fill a gap in their ERP system, Central Vacuum Stores recently approached Deposco to implement a much-needed Email Communication system. The new Email Communication system provides customers with order details and tracking information from UPS, regardless of the physical shipment source (Central Vacuum facilities or vendor drop Shipments).

"We're expecting this enhanced communication with customers to cut down on the number of calls and inquiries we get through customer service, allowing our resources to spend more time on doing things, such as putting together quotes for systems."