

# Warehouse & Logistics News 05 September 05 - Chess Logistics Technology interview (draft)

## CHES LOGISTICS TECHNOLOGY - FIRST CHOICE FOR VOICE

Chess Logistics Technology, a leading name in Warehouse Management Systems and Voice Integration, works with key technology partners to deliver integrated solutions using RF, voice, automation and RFID. Chess is committed to spreading the message about voice solutions and its business benefits to logistics professionals on both sides of the Irish Sea. Warehouse & Logistics News spoke to Nick Abbott, CLT's Technical Director, about his company's approach to this transforming technology.

### **Warehouse & Logistics News - First of all, Nick, what is your personal role at CLT? Which describes you better - "a technical expert" or "the man with the answers"?**

I am one of four owner-directors at CLT. My primary role is to manage the development team and to research, identify and validate new technologies that might be appropriate for our market. I am a technical expert; but one with feet planted firmly on the ground. Identifying technology is important, but knowing how and where to apply it in the real world is crucial.

### **W & LN - In simple terms, what do the terms 'Warehouse Management Systems' and 'Voice Integration' mean?**

I guess most people will understand what a WMS is - in simple terms a computer system to manage the movement and storage of goods in a warehouse. Voice integration, however, is a bit more difficult to define. Voice requires a specialised workflow design in order to maximise the benefits gained. Therefore, in my mind, true integration is not just the ability to use the technology. It also requires the WMS to have a specific voice module capable of providing these voice adapted workflows.

### **W&LN - Is WMS and Voice's scope limited to order picking, or is there more to it?**

Historically, order picking was regarded as the main beneficiary of voice technology. However, the criteria for gaining the primary benefits is that physical tasks are repetitive, frequent and likely to be easier if performed hands free. Order picking obviously fits this definition. There may be other warehouse activities that also fit, but in our experience picking provides the best cost justification for the technology. However, with the investment decision made, it means other warehouse tasks can also benefit from the technology. Where the main cost justification is established, the reasons for using voice are less about performance/cost and more about maximising use of existing equipment and health and safety issues.

### **W&LN - What's the key reason for a business to have a WMS and VI solution like yours?**

The key reasons are maximising stock accuracy, efficiency and productivity, to enable companies to achieve best utilisation of resource and deliver optimum performance.

### **W&LN -What is the characteristics of a successful WMS project, and what should people look for in a supplier?**

The characteristics of a successful project are sensible timescales, a clear understanding of what's involved from both sides and a flexible, pragmatic approach to getting the job done. It's particularly vital customers understand what's needed for success, as there's still a tendency for people to underestimate what's involved. Much thought and preparation is required from the customer as well as the supplier. Timescales should not be squeezed too much, or key tasks may not be done properly before go live, adding risk to the project.. Don't try to rush it, and ensure there's a really good level of understanding and cooperation, and your implementation will be a success.

Look for proven experience in a supplier, and validate that by taking up site references. Make sure you like the people you'll be working with, and look for clarity and openness, especially when talking about what can be achieved in a given time. Good suppliers will alert you to factors that could jeopardise the project's success.

**W&LN - In thirty seconds, why buy a WMS and Voice integration solution from Chess - what distinguishes you as a supplier?**

Chess has a strong WMS track record and a solid customer base. We've never failed to implement a system, or had one thrown out because it didn't work. In voice integration we're more experienced than most WMS providers with several sites operating at very high volumes. We also believe we were the first to create (over two years ago) a voice-enabled task management module – something many providers don't yet offer.

**W&LN - When was Chess founded?**

Chess started in 1979.

**W&LN - How big is Chess now? Who owns Chess? Do you operate in any other countries besides the UK? How does the UK and Ireland marketplace compare, and what can we learn from other countries?**

In 2004 Chess's turnover was £2.8 million. We currently have 30 UK based staff, and the company is wholly owned by its existing management team. We operate within the UK and Ireland, though the Irish marketplace is small compared with that of the UK.

**W&LN - How big is the UK and Irish market for Warehouse Management Systems and Voice Integration solutions, and what is Chess's share?**

The Irish marketplace is tiny compared to the UK, but within it, most Tier One companies are very technology aware and receptive to the need for products like ours. Ireland continues to develop economically, so WMS products and complementary technology will gradually appeal more to middle Tier companies. The market will never be huge, but it will continue to develop.

**W&LN - You're actively engaged in spreading the word about WMS and Voice. Where are UK and Irish companies on the learning curve in adopting this technology?**

Voice technology has been successful for some years in the USA, which still leads the UK and Europe in awareness and acceptance. Only in the last two years has the UK begun to implement such solutions in large numbers, although some UK voice sites existed before this. I'm aware of some successful projects of four to five years standing, but these are probably exceptions. There was much scepticism, mostly unfounded, about the reliability of the technology, its adoption by the workforce and the benefits it could provide in mainstream logistics. It's taken a small number of high profile successes to kick start the market in the UK, but these have provided valuable 'real world' examples for the market to validate the claims of the Voice and WMS providers. Now in 2005 it's proven and widely accepted.

**W&LN - In non-technical terms if possible, what does your WMS product offering cover?**

Empirica WMS is a versatile, scalable product, suiting any supply chain type or warehouse size, which supports multi-company, depot or contract operating modes. Empirica can be implemented rapidly off the shelf, or provide a base for a custom developed system.

Functionality covers all warehouse management needs from receipt of goods to despatch, with the option to use any complementary technology via advanced task management tools. An advanced module for application interface creation is available, together with extensive reporting, traceability and analysis options.

**W&LN - What supporting professional services do you offer to guarantee successful implementation of solutions, and an earlier return for the customer?**

We offer a full range of professional services including business analysis, development, technology specialists, implementers, trainers and project managers. For the purposes of an implementation, these are organised into a project team that works with the client to ensure an effective implementation.

**W&LN - What ongoing support do you offer?**

We have a user help desk to take routine queries, but more complex issues are directed through to the specialist implementation teams familiar with the customer's solution. We offer a range of support packages up to 24/7/365 for application and hardware (with our technology partners) support. We pride ourselves in offering a single point of contact and problem management solution for any of our WMS implementations.

**W&LN - Who are your WMS products aimed at - what size companies, in what industry sectors?**

Chess has experience in several sectors, including retail distribution, FMCG, 3PL and light industrial, and still broadly operates within these. Very few of our customers are in the under £50M turnover bracket, most are considerably larger.

**W&LN - What kinds and size of UK and Irish organisations have got your WMS solutions in place?**

Customers include companies such as BHS, Whitbread Supply Chain and Exel Logistics in the UK. At present we have companies in the 3PL and food manufacture sectors in Ireland.

**W&LN - Do your WMS systems link up to other management information systems?**

Yes, the product comes with an advanced interface module (Empirica Ixact), which is used to map and transfer data both inbound and outbound from the WMS and has ODBC/SQL access precisely for this reason.

**W&LN - Can you talk us through a typical WMS/voice project - what's involved, from first conversation to implementation?**

After the sales phase, a project team will take over, working with the client to assess and document requirements in detail, sourcing equipment, preparing interfaces and working towards an agreed 'live' date. Regular project meetings monitor progress until everything is in place for full implementation. Pre-live activities usually include conference room pilots, multi-format user training and customer activities such as stocktaking. At go-live, our staff are on site to ensure smooth take-on, and assist customer personnel in making the transition to the new system. Our presence scales down over time until the customer is completely happy, and support transfers to our office based staff.

**W&LN - Who in the customer organisation needs to be involved in the project, to get the best from it?**

Obvious ones include operational and IT managers, and technical support. When defining voice workflows, we find it very beneficial to involve members of the operations staff, as they can provide valuable input. Our approach is to encourage customers to select a small number of 'project sponsors' from the workforce and include them in design discussions at an early stage. These sponsors not only provide detailed design input, but also 'buy-in' to the project which helps acceptance of the technology in the warehouse.

**W&LN - How do you operate - do you charge clients by the month for using your software services as an external service, or do you sell these services as a capital investment?**

We primarily sell the solution as a capital purchase, although we do offer different funding methods, like leasing. We don't currently have a rental model or offer a hosted (ASP) service, as the technology does not really lend itself to this sort of arrangement.

**W&LN - What's the rough cost of one of your WMS solutions, for a particular warehouse size and number of users?**

Our licence costs are priced by a number of factors such as user numbers and depots, while professional services and the amount of equipment provided vary hugely according to project. However, at the lower end, we do handle a number of projects below 100k sales value.

**W&LN - How long does one of your solutions take to implement? How long before you see a return on investment?**

This depends on the overall requirement, but three to six months is a good guide. Return on Investment is typically 12 to 24 months.

**W&LN -Where do you develop and make your products and solutions? Have you won any awards for innovation?**

All product development is done at our Manchester offices.. We were first involved in speech technology in the mid 1990's and have constantly evaluated the technology since then. In 2001 we were awarded funding by the DTI to develop an integrated voice solution for the WMS market, and on completion in 2003, we obtained a DTI Smart Innovation Award for this work.

**W&LN - What do you see as the major external factors that are likely to affect the UK and Irish WMS and Voice market, moving forward?**

Strength of the associated economies is obviously a big factor here. We believe that the technology is now accepted (due to some high profile success stories) and this may be a positive driver.

**W&LN - Finally, where do you see Chess going from here?**

Chess is a forward thinking company with its eyes permanently focused on new and emerging technologies to complement the Empirica WMS solution. RFID capability is a recent addition to the product, and will be an area of tremendous growth over the next five years. In the medium-long term, Chess views the growth of an extended European marketplace with interest. With strong relevant experience in the retail and 3PL sectors, the expanded European retail sector offers exciting opportunities.

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