

RADIO BEACON



Making It A Federal Case:

RADIO BEACON Helps The United States Social Security Administration Revolutionize Its Warehouse Operations

Social Security Administration

The United States Social Security Administration (SSA) warehouses in Woodlawn, MD handle the management and distribution of all forms, supplies and materials necessary to administer the nation's Social Security programs.

The SSA's warehouse operation manages three facilities totaling 380,000 square feet. The operation services 3,500 customers who make requests from a selection of 4,000 items

including pamphlets, forms, publications and administrative supplies. Requests originate through e-mail, telephone or fax and are input into a centralized Database. The SSA ships approximately 240,000 line items per year to its regional offices and to private firms across the country and around the world.



Key Benefits, SSA

- Consolidation of 3 software processes into one total e-commerce solution
- Increased customer satisfaction to 98%
- Total savings of over \$700,000

The Challenge

Paper heavy operations: The entire SSA warehousing operation was running on a paper-based system characterized by marginal customer service, a month long order process and inefficient inventory management.

Difficult access to information: The method for order entry was cumbersome and prone to data entry errors. There was no customer validation, item verification or stock level information to assist with the order process. Customers were constantly ordering invalid or incorrect items and response to customer inquiries took up to two days. Customers did not receive out of stock notification for a week, forcing them to attempt to procure supplies from an alternate source.

Inefficient processes: Excessive manual effort was required to manage the inventory levels and process customer orders through what amounted to a fragmented supply and warehouse process. The receiving process took as long as a full business week from receipt of product until it was recorded in inventory and ready to be picked. Orders were processed in a batch system and warehouse staff spent hours walking the warehouse searching the 25,000 storage locations trying to retrieve the forms and supplies necessary to fulfill the order. The staff often arrived at empty bins as inventory adjustments and stock updates took as long as three weeks to process.

Customer service issues: The paper-based warehousing operation continuously maintained a 10,000-12,000 line item backlog, and orders were received within 30-45 days. On occasion, regional offices would resubmit an order, fearing that the original had been lost. The lengthy delivery process often threw offices into a work stoppage situation and they were forced to submit an emergency order, which typically took seven to ten days to process.



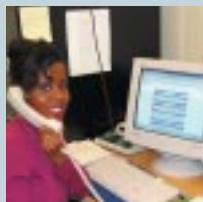
The Solution

In 1996, the SSA began searching for a warehouse management system capable of helping them consolidate their operation, manage their inventory, and improve their order processing. After an extensive private sector benchmarking process and some site visits, SSA selected RADIO BEACON™ WMS to provide the backbone for a more accurate, efficient and service oriented operation. RADIO BEACON was installed in all three SSA warehouses and the entire operation went live in May of 1999.

The installation of RADIO BEACON at the SSA heralded the advent of a revolutionary change in operations. RADIO BEACON allowed the SSA to consolidate three software processes – inventory management, ordering and warehousing – into one total e-commerce solution. The RADIO BEACON solution has helped the SSA realize remarkable improvements in the areas of warehouse accuracy, operational efficiency, and customer service.

The Benefits: Accuracy

RADIO BEACON, and the concurrent wireless automated data collection equipment and barcode technology, provides the SSA with accurate, real-time, barcode validation of every warehouse function. These days, the right order ends up in the right box, every time. The entire SSA warehouse is now paperless, and all of the POs and SOs are verified through computer-assisted processes. This type of real time data capture means no more relying on paper orders that are so easily misplaced or misfiled, as well as a substantial reduction in data entry and transcription errors. RADIO BEACON has minimized the handling steps within the warehouse, further reducing the amount of errors that occur throughout the order process. Thanks to RADIO BEACON, the SSA now boasts an inventory so accurate that they have reduced their safety stock to a bare minimum while still being able to fill 99% of their customers' requirements.



The Benefits: Efficiency

Warehouse consolidation: The most significant contribution that RADIO BEACON has made to increasing operational efficiency is that it has allowed the SSA to integrate all three of their warehouse facilities. All three warehouses, 380,000 square feet in total, function as one and the entire SSA inventory is trackable and traceable. RADIO BEACON has made all of the SSA's warehouse processes more efficient.

Process improvements: RADIO BEACON supports both wave receiving and picking so that receivers can work on several orders at once and pickers only ever have to walk the warehouse once with multiple orders. RADIO BEACON's flexibility allows the warehouse supervisor to choose from over a dozen pick styles, which means that emergency orders can be processed as necessary and that the most efficient pick style is in place at all times. RADIO BEACON maintains a perpetual inventory count so that SSA staff is never sent to an empty bin and replenishment occurs as needed. With RADIO BEACON, the SSA is able to maintain FIFO stock rotation and the forms and information turn over as quickly as possible. RADIO BEACON takes the SSA staff on a directed walk through the warehouse, and in an operation with over 25,000 bin locations the directed walk shaves hours off the order process!

RADIO BEACON has helped make the SSA so efficient that they were able to reduce their space and staff requirements, reduce their order processing time from 30 days to 3 days, and completely eliminate their once intimidating 10,000-12,000-line order backlog.

The Benefits: Customer Service

Web enabled order entry: RADIO BEACON's web-based features allowed the SSA to implement an Intranet storefront, linked directly to the SSA warehouse system, to offer its customers real-time supply ordering capabilities. Every phase of the order process is visible to the customer - from inventory availability to order status to shipping. Customers even receive an electronic shipping notification, complete with order/trace numbers, by e-mail when the order has been completed in the warehouse. If an order problem arises, the customer can generate a report to the Logistical Specialist for resolution, and customer inquiries that once took two days are now being addressed in minutes.

The system's "smart log on" feature immediately identifies the customer and directs them to the supply screen. The screen contains a search engine, which allows the customer to locate and view the desired product before ordering. Needless to say, the expense associated with returning and restocking incorrect orders have decreased substantially.

Overall customer satisfaction has risen from 89% to 98% since the implementation of the RADIO BEACON system.



RADIO BEACON

WMS

CASE STUDY

SSA

Quantifiable benefits of installing RADIO BEACON at the SSA:

- Customer satisfaction increased from 89% to 98%
- Elimination of order backlog
- Regular order processing time reduced from 30-45 days to 3 days
- Emergency order processing time reduced from 7 days to same day processing
- Receiving time reduced from 5 days to 1 day
- Response to customer inquiries reduced from 2 days to minutes
- Picking increased 3 fold: from 500 lines/day to 1500 lines/day
- Regular order fill rate increased from 89% to 94%
- Emergency order fill rate increased from 90% to 98%

Actual savings with the installation of RADIO BEACON at the SSA:

- The SSA is saving \$721,304 per year as follows:
- Reduction of 60,00 sq. ft of warehouse space: a savings of \$300,000
- 33% reduction of contractor staff: a savings of \$222,000
- Elimination of manual order processing: a savings of \$29,000
- Elimination of redundant ordering: a savings of \$120,000
- Elimination of errors and data entry by Intranet ordering: a savings of \$50,304



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The Future

SSA has been so successful with their RADIO BEACON project, that they have had several private sector and Federal representatives contact and visit them to review operations. This success has encouraged SSA to branch out further with their RADIO BEACON system into other areas. The SSA warehouse division has been approached by the Office of Hearings and Appeals (OHA) in Virginia to be involved in RADIO BEACON project. Currently SSA provides OHA with supplies, which they use to fill their orders. Because OHA is located only an hour away, their trucks pick up from the SSA warehouse in Maryland frequently. In lieu of shipping OHA the product and having them pick and ship their own orders, the SSA would like to manage their inventory for them, pick their orders and fill their truck with completed orders for delivery.

SSA is looking forward to capitalizing on the increased horsepower of RADIO BEACON 4.0, the latest version of the software due out in 2001. The higher database engine using MS SQL will allow the SSA to begin office order forecasting. The SSA supports a number of Program Service Centers, and the Center in Birmingham is looking at becoming essentially an extension of the SSA main warehouse. The Birmingham Centre would simply become a pick location, thereby maintaining constant inventory levels for all the items. Plans for the future include order forecasting and Just-In-Time delivery in lieu of customer ordering. RADIO BEACON has propelled SSA to be one of the leaders in technological E-commerce advancement, and they look forward to even greater savings, challenges and achievements in serving their customers.

The revolution continues...