



EXECUTIVE BRIEF

Rising expectation of Southeast Asian consumers drive warehouse management innovation

WAREHOUSE MANAGEMENT

Due to the unrelenting march of technology, global business, and trade in industries from food production to the automotive industry, organisations are revamping their supply chain processes to reduce cost, improve working capital, increase efficiency, and accelerate innovation. This is driven by an inexorable pressure to meet the heightened expectations of a new generation of consumers accustomed to personalised, on-demand experiences.

And this pressure percolates down to the warehouse. Though the changes in this staid arena have historically involved limited technology adoption such as RFID or barcode systems for increased efficiency, bigger changes are afoot. For starters, [IDC reports](#) that as much as 65% of warehousing activities will revolve around robots and data-driven awareness by 2023¹, increasing capacity by over 20% and cutting work order processing time in half. While the realisation of fully automated warehouses is probably still a long way off, a lot more can be done to leverage technology.

Warehousing in Southeast Asia

Hence, it should be no surprise that a paradigm shift is taking place in Southeast Asia, despite logistics and warehousing not being an area of priority in the past. Indeed, the traditional reliance on people over systems has given rise to a strategy of employing more people to tackle challenges or bottlenecks within the warehouse.

¹ Beth Stackpole "5 Supply chain technologies that deliver competitive advantage" MT Management Sloan School", February 14, 2020

However, fast-growing product catalogues and shortening turnaround times within the modern warehouse are challenging this norm.

Specifically, the increasing sophistication of modern businesses often makes logistics more prone to error, with mistakes that can be far costlier to rectify. And with a growing shipment volume fast exceeding the workers' ability to manually address increased throughput, organisations are waking up to the reality that they must seek alternatives to keep up with the demands placed on their warehouses.

Pressure is increasing, too. The rise of social e-commerce is tilting demand towards direct customers who expect up-to-the-moment visibility on their orders. Details such as shipment routes, packing details, and assurance the correct items are shipped are now more important than ever. And should mistakes happen, support systems must be present to set things right. To succeed, regional firms must start adopting new mentalities and approaches, else find themselves put at a severe disadvantage for refusing to change in the face of evolving expectations and workloads.

Logistics as a differentiator

As logistics becomes a differentiator, what should businesses do to improve their warehousing operations? One traditional notion is to address the warehouse as a standalone pillar and earmark it for an "upgrade". This might entail better training for employees, or the deployment of a new system designed for improved logistics tracking. Yet this approach typically drives improvements in a linear fashion and might not culminate with the expected benefits.

For instance, switching to RFID as a direct replacement of the barcode is inefficient and results in a lot of manual scanning for scant gains. On the other hand, integrating RFID at the pallet level as part of a new process can increase accuracy at minimum labour, while deploying support beacons at the ERP level can culminate in substantial time savings.

To truly gain a competitive advantage, organisations should not view logistics as an isolated topic. Given the intricate, interdependent nature of logistics today, the warehouse must be part of a larger conversation about how it can contribute to the business. For instance, certain finishing tasks could be done at the warehouse, while technologies such as 3D printing could see the warehouse manufacture rarely requested items on demand.

Moving ahead

Of course, some of the above-mentioned examples might require a reevaluation of the relationship between manufacturing and warehousing. A revamp of the existing logistic modules within the current ERP system might also be necessary. Depending on the changes that are needed, an alternative might be to implement a specialised warehouse management system (WMS). Built with modern methodologies and technologies from the get-go, a WMS can offer better insights and heightened levels of automation.

Ultimately, a modern warehouse can deliver a host of benefits aside from increased efficiency and faster turnaround times. With more resources freed up and directed on innovation and other improvements, businesses can rethink the relationship to deliver a stellar customer experience that surprises and delights—allowing them to pull ahead of their competitor.

Rather than hoping for better outcomes from the same old methods, the onus is on businesses to step up and improve their logistics processes. On the bright side, the cost of digital systems and automation continue to decrease, even as the capabilities that technology offers are increasing. The time for a change is now—is your organisation ready?

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