Harry & David
Happiness Delivered™

InfoLogix

SAP Enhanced Warehouse Management Project

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Surprise them with impressive gifts of extraordinary taste.
Agenda

- Speaker Introduction
- Harry & David Introduction & History
- Harry & David Operational Overview
- Harry & David SAP History
- Current IT Environment
- Process for Reviewing EWM
- Rationale for Selecting EWM
- Project Expectations
- Future of SAP at Harry and David
Our mission is simple:
to curate the finest foods,
to create life’s most delicious moments,
making everyday special, and special celebrations truly memorable.

We want to make our gift recipients say “WOW!” by providing the foundation to create indelible memories.

Steve Heyer
Chief Executive and Chief Happiness Officer
Harry & David History

• Founders Harry and David Holmes
  • Through the 20s business boomed and the fame of Royal Riviera Pears spread

• Great Depression
  • 1934 - trips to San Francisco and New York to market to the captains of industry
  • It was the beginning of Harry and David as America's premier direct marketer of fruit and food gifts

• We are proud to be one of the nation's oldest catalog mail order companies
InfoLogix Supply Chain and Mobility Solutions

Manage

- Mobile Managed Services
  - Customer Care Portal
  - Wireless Monitoring & Device Management
  - Helpdesk Support
  - End User Education & Training
- SAP Supply Chain Management
  - Warehouse Management
  - SAP Extended Warehouse Management (EWM)
  - SAP Transportation Management (TM)
  - SAP Event Management (EM)

Mobilize

- Mobile Device Controller™ (RFID)
- SAP NetWeaver® Mobile and Sybase
- SAPConsole & ITSMobile
- Hardware Provisioning
- 3rd Party Mobile Apps
- Mobility Enablement Tools
- Custom Application Development

Empower

- Increased Supply Chain Velocity & Efficiencies
- Increased Visibility into Assets & Data Streams
- Increased Control of Entire Mobility Lifecycle
- Change Management & Business Process Optimization
Harry & David Operational Overview

• Vertically Integrated
  • Orchards located in Medford, Oregon
  • Bakery located in Medford, Oregon
  • Manufacturing and Packing of Gifts
  • Order Entry and Fulfillment

• Direct Marketing
  • Catalog
  • E-Commerce
  • Business to Business

• Stores
  • 143 Specialty and Outlet

• Wholesale

• Manufacturing
**Harry & David Operational Overview**

- Highly seasonal business centering around the holidays
  * Approximately 85% of direct marketing sales for the year come in and are shipped to customers over a 5-6 week period

- Over 100,000 direct marketing orders are taken on a daily basis during the weeks before Christmas

- Direct Marketing will ship 450,000 individual packages out of 2 main DCs and 3 seasonal facilities daily during the month of December

- Wholesale ships approximately 35,000 cases per week during the months of October and November
Harry & David SAP History

• Goals
  • Implement state of the art ERP system
  • Establish a common system, with the breadth and depth of functionality, that can be leveraged for a majority of future systems deployment projects
  • Retire old mainframe MRP and Purchasing application
  • Enhance capabilities for multi-site manufacturing and sourcing
  • Standardize operations between facilities
  • Upgrade and retire Catalyst WMS with SAP WM
  • Provide a robust solution for the Wholesale divisions to support a growing business
  • Improve customer responsiveness, be more flexible and improve efficiencies
Harry & David SAP History (cont.)

Meeting the Challenges of a Growing Business

- Improve the speed and efficiency of the Product Design process
- Plan and re-plan manufacturing activities on the fly
- Manage various manufacturing plants independently and isolate the procurement and production activities by plant
- Evaluate product cost variances during the course of the month, rather than just at the end of the month
- Reduce the amount of time it takes to train a new employee in the use of our H&D Wholesale, Accounts Payable, Purchasing and Manufacturing applications
- Eliminate redundant entry (item data, customers, etc.)
- Simplify IT support of our software applications
Harry & David SAP History (cont.)

Our Progress

• ERP project kicked off in October of 2006
• Phases completed
  • Blue-printing (design)
  • Development of interfaces and conversions (coding)
  • Realization
  • Three phases of increasingly complex testing
• Implementation in February of 2008
  • SD
  • FICO
  • MM
  • PP
  • IM
  • BI (Pass Through)
  • PI
  • Solution Manager
  • Seeburger EDI
Current IT Environment

- A complex application architecture, with disparate applications requiring significant integration
  - Homegrown Order Entry System
- Numerous departmental “side systems” to support unmet requirements
- Lack of formal consistently shared information
Current WMS Systems

- WM systems are extremely back versioned and certain aspects are unsupported
- Catalyst Warehouse Management version 9.2
- RedPrairie Warehouse Management version 6.0
- Retail Management System for Stores (custom inventory system written in-house)
- Numerous complex interfaces and custom error handling within SAP ERP
Several interfaces exist between SAP and Catalyst. One of these interfaces currently use SAP PI and the remaining are managed by the custom java queue manager.

- Warehouse Management
- Catalyst Interfaces Overview

(SAP PI) Material Master – 025
  Purchase Orders - 027
  Production Orders - 028
  Outbound Orders - 029
  Batch Update - 037

031 - Inventory Movements
032 - Work Order Receipts
034 - Shipment Confirmations
042 - Item Set/Release Holds
RedPrairie WMS Interfaces

Several interfaces exist between SAP and RedPrairie.

Two of these interfaces currently use SAP PI and the remaining are managed by the custom java queue manager.

- Warehouse Management RedPrairie Interfaces Overview

(SAP PI) Material Master – 025
(SAP PI) Vendor Master - 026
Production Orders - 028
Outbound Orders – 029
Production Pick List – 030
Inventory Snapshot - 035

031 - Inventory Movements
032 - Work Order Receipts
034 - Shipment Confirmations
042 - Material Hold Status

Outbound

Inbound
Process for Reviewing EWM

- Provide end-to-end warehouse management capabilities for all sites and all divisions
- Provide full visibility to all materials across all locations
- Close integration between EWM and Manufacturing
- License plate bar coding and tracking required
- Full RF capabilities
- Wave creation and assignment
- Elimination of manual processes
  - Clerical
  - Kitting
  - Order close
  - Data entry
- Improve inventory transfers between sites & plants
- Improve batch control at the end customer level
EWM Integration Partner Selection

• InfoLogix proved to be superior in EWM expertise
• InfoLogix has 8+ EWM implementations completed
• Provided pre-blueprint overview training
  • Invaluable tool for the end users
• Recommended by SAP
Rationale for selecting EWM

• **EWM is now a mature system**

• **Simplify the IT Landscape**
  • Consolidate aging and custom applications under one platform
  • Reduce IT complexity - Single Platform
  • Reduce excel, access and other “side” systems
  • Reduce maintenance cost of two disparate WM systems
  • Reduce interface complexity and maintenance cost

• **Enhanced Capabilities**
  • Labor Management
  • Full HU tracking (LPN)
  • Value Added Services
  • Slotting
  • Cross Docking
  • Yard Management
Project Expectations

• Provide the business with the means to manufacture and fulfill orders in the quickest, most cost effective manner

• Gain increased capabilities for labor management

• Increased stability and functionality

• Utilize current RF infrastructure

• Eliminate the need for:
  • Maintaining data in external local sources
  • External tools like EXCEL, ACCESS

• Condensed project timeline
  • Implementation scheduled for July 2011 due to busy holiday season starting in the fall
Future of SAP at Harry and David

- Global Available to Promise
- APO
- Transportation Management
Questions?