



# CHOOLS CONSULTING SERVICES

## Warehouse Management System

Warehousing (</supply-chain-blog/category/Warehousing>), WMS (</supply-chain-blog/category/WMS>)

### How to Select the Right Warehouse Management System (WMS) (</supply-chain-blog/warehouse-management-system-selection>)

A successful warehouse depends on employees implementing storage solutions, and the success of these employees depend on system support. A Warehouse Management System (WMS) is a key system requirement in a warehouse to collect and track data, standardize processes, and execute efficient operations. WMS vary in precise functionality but will typically manage several supply chain operations within the warehouse with the objective of boosting productivity, optimizing costs, increasing customer satisfaction and creating data visibility.

There are many different factors to evaluate when choosing the right WMS for a company's business and processes. The right WMS should be able to:

- Support current warehouse functions
- Support desired functions the warehouse plans to implement
- Integrate with systems that will not be supported by the WMS
- Grow with the company and future improvements

### **Tier 1 versus Tier 2 versus Tier 3**

Warehouse Management Systems are typically classified in 3 tiers; Tier 1 being the most sophisticated and Tier 3 the least, with associated costs following the same pattern. The standard costs will consist of startup and implementation in addition to monthly operational costs. The decision on what kind of WMS is needed comes down to balancing costs with required or desired capabilities. The line between a Tier 1, 2, and 3 WMS is becoming less defined – a Tier 1 WMS can turn functions on or off to provide custom applications on an individual customer level to accommodate specific needs.

Tier 3 WMS are usually an enterprise resource planning (ERP) system that has WMS capabilities, but there are also basic WMS programs. The Tier 3 functionality will cover standard receiving, putaway, inventory, picking, packing and shipping. These usually are the lowest cost and popular for clients looking to develop and implement a WMS with minimal capital costs.

A warehouse operating with a Tier 2 WMS is likely to have more complex processes that require more advanced and custom functionalities. Tier 2 systems support multi-warehouse businesses, enable greater automation and can integrate with multiple systems like ERP and Transportation Management Systems (TMS). These can range in costs and clients favor these for the expanded functionality and better integration options than a Tier 3 system.

Tier 1 WMS deliver comprehensive functionality to any business operating a warehouse. These enterprise-grade systems include the most advanced functionality and can be multi-site and global installations. They provide a complete integration of the supply chain, fully automated warehouse operations, and additions like labor management, yard management and task management. Tier 1 systems are usually the priciest, but also have the broadest support and the most flexibility of all the systems. As mentioned before, most of these systems can only offer certain aspects of the software to help align costs with customer requirements.

### **WMS Selection Steps**

When it comes time to select a WMS, the main process steps are as follows:

1. Recruit an internal WMS selection team, potentially with the addition of an external specialist, for example a WMS consultant or supply chain consultant.
2. Create a timeline and budget for the WMS search and implementation, including a forecast ROI.
3. Gather WMS requirements.
4. Create a vendor list based on WMS requirements.
5. Compile an RFP using a vendor template or custom outline.
6. Send RFP to vendors.
7. Analyze vendor responses to produce a final shortlist.
8. Schedule demos with top vendors to evaluate system performance.
9. Negotiate contracts with vendors where desired.
10. Make final WMS vendor decision based on capabilities and cost implications.
11. Schedule training and implementation.

At the end of the process, you will be going live with what is the right WMS for your business.