



Harry & David

Harry & David: Managing the Holiday Warehouse Rush with Help from SAP® ActiveEmbedded

Harry & David, a leading gift basket supplier, asked the SAP Active Global Support organization to help optimize its warehouse management system to better cope with holiday demands, when 70% of sales occur. By following SAP's recommendations, Harry & David greatly improved system performance and inventory accuracy for a successful holiday season.

Executive overview

Company

Harry & David

Headquarters

Medford, Oregon

Industry

Retail

Products and Services

Gourmet food and gift baskets

Employees

8,000

Revenue

US\$1.12 billion
(parent company)

Web Site

www.harryanddavid.com

BUSINESS TRANSFORMATION

Objectives

- Meet demands of the holiday season without additional staffing
- Improve warehouse system performance
- Increase warehouse accuracy

Resolution

- Engaged SAP® ActiveEmbedded services
- Followed recommendations made by experts from the SAP Active Global Support (SAP AGS) organization
- Employed the integration validation methodology from SAP AGS

Benefits

- Operated smoothly and without issues throughout the holidays
- Improved warehouse performance
- Fulfilled all orders without having to increase headcount

Read more ►

TOP BENEFITS ACHIEVED

99%+

Warehouse accuracy,
up 15+ percentage points

>50%

Faster put-away
confirmations

70%

Faster delivery replications

See more metrics ►



“The SAP ActiveEmbedded team’s integration validation methodology is definitely the way to go with challenges like those we faced. An expert with a direct line to development was right here the whole time.”

Heather Bothern, Manager, SAP Applications, Harry & David

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Confronting the warehouse's unique holiday challenges

Over the last century Harry & David has grown to become one of America's premier choices for gourmet gift baskets filled with fresh fruit and other treats. The company provisions its baskets and sells them online, in retail stores nationwide, and through direct mailing of catalogs – a channel it pioneered many decades ago.

The holiday season is crucial to Harry & David since it accounts for 70% of sales. Recently, the company launched a project to reengineer its warehouse management system and processes, which are based on the SAP® Extended Warehouse Management (SAP EWM) application, to cope with holiday season challenges. Harry & David wanted to streamline warehouse operations during this extremely taxing period when it delivers up to 300,000 packages per day, one of the largest loads that SAP experts have seen. The company's goals were to save costs, reduce risks, and maintain high levels of customer satisfaction,

which called for greatly boosting system performance and increasing inventory accuracy.

Harry & David wanted to speed up warehouse operations in both putting items away and picking them from shelves to fulfill orders. It also wanted to eliminate the warehouse locking that prevented certain products from being automatically released from the warehouse for sale when orders arrived. To overcome this problem the previous year, Harry & David had to engage IT team members to fully manage the queues at an additional operational cost during peak demand periods.

>100 years

Delivering gift baskets that add to holiday fun



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Integration validation methods fit the need perfectly

As an SAP shop, Harry & David has an IT staff that is highly skilled at supporting SAP EWM for normal operations, but this situation's unique challenges called for outside help. The company did not hesitate to turn to SAP itself. "We believed that, as the author of the software we use, SAP would be seriously invested in making it do what we needed it to do," explains Heather Bothern, manager of SAP applications for Harry & David. "SAP proposed its SAP ActiveEmbedded services from the SAP AGS organization, which turned out to be ideal for our needs. Unlike many services, SAP ActiveEmbedded has a laser focus on a specific issue, in this case warehouse management. It provides a full-time, on-site subject-matter expert as well as phone and e-mail access for us to other top people throughout SAP, including developers."

Using its integration validation methodology, SAP began by working closely with Harry & David's IT staffers to examine the company's warehouse management processes and the custom code they had developed. SAP identified many areas for improvement and made corresponding recommendations to the staff, which proceeded to do the implementation. Two months later SAP checked the results and made several more recommendations, which IT also implemented. Finally, just as the holiday rush was poised to begin, SAP made a third assessment and performed volume tests, which led to some final touches and a highly successful production launch.

"Integration validation was great. Instead of just making recommendations and walking away, the same core people from SAP returned again and again to check results and suggest further improvements."

Heather Bothern, Manager, SAP Applications, Harry & David



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Warehousing moves from trouble spot to no problem at all

The holiday season was excellent for Harry & David as a whole and for its warehouse operations in particular. Due to the process improvements, custom code modification, and archiving strategy that Harry & David implemented at SAP's suggestion, no critical system performance issues were reported. The put-away and picking processes were dramatically accelerated, and material locking dropped to zero, obviating the need for the manual intervention in fulfilling orders

that had proven so expensive the previous year. SAP also validated a plan that the company had in mind to speed up transportation unit creation.

"In the previous year's holiday season postmortem, we identified warehouse management as the foremost area we needed to improve. This time it didn't even make the list," reports Bothern.

KEY BENEFITS

73%

Faster transportation unit creation

25%

Database size reduction due to archiving

33%

CPU utilization compared to previous year

0

Extra people needed for the holidays

Up to 300,000

Packages per day shipped from the warehouse



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Many happy holidays ahead

With all the improvements now permanently installed in its warehousing infrastructure, Harry & David's IT team has for the most part moved on to other projects. "Our users are happy, our management is happy, and we see no need for significant changes in our warehouse management for quite a while," concludes Bothern. "Our IT staff did a terrific job of turning a challenging situation into one of the glowing successes around Harry & David, and SAP's contributions were critical to this achievement. We make a great team."



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