



# Overstock.com

## Internet Retailer Supports Fast Growth and Exceptional Customer Service With the HighJump Warehouse Management System

### Quick Facts:

**DCs:** Two locations in Salt Lake City, Utah

**Total DC Size:** 950,000 square feet

**HighJump Solutions:** HighJump™ Warehouse Advantage

**Normal Shipping Volume:** 9,000 parcels/day

**Peak Operating Volume:** 35,000 parcels/day

### Company Profile—Overstock.com

Overstock.com, Inc. is a leading online retailer offering brand-name merchandise at discount prices. The company offers its customers an opportunity to shop for bargains conveniently, while offering its suppliers an alternative inventory distribution channel. Company departments include home furnishings, jewelry, electronics, apparel, sporting goods, and furniture.

#### Customer Service is Priority One

In addition to providing high quality products, the online retailer is deeply committed to customer service. In fact, Overstock.com has received industry awards recognizing it as a customer service leader. In 2008, Overstock.com was rated second among all U.S. retailers in the NRF Foundation/American Express Customer Service Survey. In addition, the company was named as the winner of the Gartner & 1to1 User's Choice Award for exemplary customer relationship strategy as well as the winner of the first place Gold Medal award in the field of Customer Service Optimization. The company considers its HighJump Software-powered supply chain an integral component of the high quality service it delivers to its customers.

### Challenge

With customer demand increasing at a rapid pace, Overstock.com management recognized that order-fulfillment capabilities needed to be expanded and updated to maintain the company's excellent reputation for customer service. Overstock.com customers simply point, click and send their orders instantly via the Internet. However, while the shopping experience was a seamless, paperless transaction, the order-fulfillment process was literally a low-tech "paper chase" for Overstock.com's warehouse personnel.

The company had been using an internally developed warehouse management system (WMS) as a temporary measure to handle initial growth. However, this manual system was inefficient and





potentially prone to error. To fulfill each order, warehouse personnel had to print out each customer's order and pick from more than 4,000 SKUs while carrying the printout until the order was completed. And the worst case scenario—losing the piece of paper with the list of SKUs—meant that Overstock.com would lose the potential revenue from the order, as well as the customer and any future orders.

Management began an aggressive search and analysis of leading supply chain execution software vendors. Overstock.com management was looking for a highly adaptable, comprehensive and automated system that could be quickly implemented to boost efficiency and accuracy. Moreover, this deep discount online retailer wanted a cost-effective solution that would provide excellent value—just as they deliver affordable value to their customers. Overstock.com found the solution it wanted with HighJump Warehouse Advantage.

## Solution

HighJump Warehouse Advantage went live at Overstock.com's distribution center in October 2001 and successfully manages the picking, packing, receiving and delivery operations of thousands of SKUs. Warehouse personnel no longer have to run the "paper chase," but

can now enjoy the speed and accuracy of the WMS' automated fulfillment process along with real-time visibility of inventory and order status. Stephen Tryon, Overstock.com Senior Vice President of Logistics and Talent Management, is impressed with the flexibility and reporting power inherent in the suite. "HighJump Warehouse Advantage has great tools to help us monitor individual and team productivity," said Tryon. "The Web-based interface gives us great visibility to a wealth of productivity information that we previously could not access." While Blumetti recognizes that his team is still learning what HighJump VirtualCooler can do, the savings are already apparent. "The mistakes still happen, but they have been cut back significantly. I would say they are somewhere between 35 and 50 percent lower, simply because the orders don't go through so many hands."

Overstock.com management is also especially pleased with the adaptability and configurability of HighJump Warehouse Advantage, which has enabled the company to react quickly to business changes. Since implementing its HighJump system, Overstock.com has added several product lines, including footwear, apparel and media. Additionally, the company has added two conveyors, packing machines, a mezzanine and pre-manifest processes to accommodate growing volumes. The company also began receiving partner returns, a logistical challenge that was overcome with the HighJump adaptability tools.

"Over the years, HighJump Software has proven the scalability, innovation and enterprise-readiness of its solutions time and again," said Carter Lee, Overstock.com VP of Technology Operations. "The underlying adaptability of the solution's architecture helps us meet our own very specific needs."

## Results

HighJump System has helped Overstock.com provide award-winning customer service through increased order fulfillment rate and near-perfect accuracy. "We're extremely proud of our recent customer service awards, and we believe our supply chain plays a huge role in providing the best possible service to our customers," said Tryon. "We wanted a WMS provider that shared our passion and gives us the attention we require. HighJump Software has exceeded our expectations as a partner."



The HighJump Supply Chain Advantage suite has supported Overstock.com's growth from \$40 million in revenue in 2001 to \$834 million today. The company has reduced warehouse labor costs by over 30 percent while achieving more than 99 percent inventory accuracy by location, despite a highly volatile SKU base. The retailer has expanded its HighJump system with a roll-out to a second distribution center and the introduction of advanced slotting functionality.

The fully automated HighJump Warehouse Advantage solution tracks picked goods for each order through the entire order-fulfillment process. Warehouse personnel know where all inventory is located at any given moment. In addition, HighJump Warehouse Advantage generates random inventory counts that direct staff to do a cycle count of inventory in specific locations throughout the warehouse. This helps ensure that inventory is counted at least once per quarter, giving Overstock.com greater visibility and tracking power of its stock.

"Given the nature of our business, we have dynamic inventory, with many thousand SKUs in the warehouse at any given time," said Tryon. "The HighJump system allows us to track inbound shipments and manage our rapidly changing inventory more easily and efficiently than ever before."

"HighJump Warehouse Advantage has a reputation of enabling companies to enjoy a fast return on investment by facilitating labor savings and reducing overall operating costs," said Tryon. "We've been thrilled with our results. We've saved millions over the years and have proven an ROI many times over."

BENEFITS OF HIGHJUMP WAREHOUSE ADVANTAGE		
	BEFORE	AFTER
Revenue	\$40 million	\$834 million
Hours of Operation	24/7	4-5 days/week, 12 hours a day
Picking/packing proficiency	25 lines/hour	75 lines/hour
Manual manifestation rate	100%	Less than 10%
Labor Cost per package	Over \$5	Under \$2
Cost savings		Verified millions in cost savings

