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Neil Ashworth, Supply Chain Director
Tesco.com



Tesco takes direct action with Manhattan Associates

TESCO DIRECT TAKES CONTROL OF ITS SUPPLY CHAIN

Tesco Direct is the multi-channel non-food arm of Tesco.com, and part of Tesco Stores Ltd, the UK's largest supermarket. The business currently offers over 11,000 items via its website, over 7,000 of which are also available by catalogue. Tesco decided to substantially increase its non-food offer and make it more accessible to customers through Tesco.com and through a new catalogue. The new venture, Tesco Direct, was started initially with 8,000 products offered online and 1,500 by catalogue featuring goods ranging from iPods and televisions to power tools and golf clubs as well as new categories including furniture. Tesco Direct has more recently launched a more comprehensive offer with 11,000 items on the web site, 7,000 of which are now in a revamped and updated catalogue.

Although Tesco had been running home deliveries of groceries successfully for over ten years, the delivery of non-food goods was a different concept with a new set of challenges. Through Tesco Direct, customers have the choice of ordering online, by phone or in selected stores. They can also choose a range of delivery options, including two-hour slots for home delivery on a Tesco.com van, next day delivery by courier or the option to pick-up from stores. Customers can additionally schedule their Tesco Direct order with their Tesco.com grocery shop and have everything delivered at the same time.

The 202,000 square foot warehouse at Daventry in the West Midlands operates as a fulfilment centre rather than a distribution centre as it fulfils customer orders directly, rather than shipping goods out to Tesco stores.

The main challenge for Tesco Direct right from the outset was to manage and optimise the entire supply chain, so that from the placement of an order to the method of delivery selected, the company would have total visibility and control. The software needed to link into operating systems at Tesco plc as well as existing Microsoft server and solution components running Tesco.com. It also had to handle the capacity for growth in the future.

TESCO direct

Headquarters:
Cheshunt, Hertfordshire, UK

Distribution centres:
Daventry, West Midlands

Manhattan solutions:
Warehouse Management for Open Systems, Supply Chain Intelligence

Challenge:

Tesco Direct needed supply chain visibility from order placement to delivery to handle the company's meteoric growth.

Goals:

Tesco Direct wanted to gain full control over its entire supply chain using software that would link into its operating systems at Tesco plc and Tesco.com.

Solution:

Manhattan solutions selected based on ability to integrate with Tesco's existing systems and rich functionality to meet complex demands of new channels.

Results:

Tesco Direct has complete control of its supply chain to handle growth. Customers enjoy multiple delivery options and instant information about product availability.

MANHATTAN ASSOCIATES SELECTED FOR ITS INTEGRATION CAPABILITIES AND BECAUSE OF ITS OPERATIONAL SIMPLICITY

Tesco Direct selected Manhattan Associates' Warehouse Management solution for Open Systems after considering rival solutions from a pool of six suppliers. Manhattan Associates' Supply Chain Intelligence solution was also selected to help Tesco Direct measure operational performance and to help it identify key events happening or about to happen in the Tesco Direct supply chain.

"The Manhattan Associates solutions, operating on Microsoft technology, offered a great fit with the existing operating environment of Tesco.com and so were a natural choice for the Tesco Direct business," explained Neil Ashworth, supply chain director of Tesco.com. "We were also confident that the Manhattan Associates systems would work with a variety of fulfilment mechanisms, which would enable us to complete orders from our warehouse via courier delivery, via our own supply chain systems with our grocery delivery vans or via local store collections."

Martin Williams, shift manager at the Tesco.com warehouse facility in Daventry, added, "Simplicity was a key operational requirement. We needed a system that would work within our planned timescales. Installing a new system isn't just a question of plugging it in. Aside from the obvious integration requirements, we needed our staff trained up on it so that they knew exactly what they were doing in the run-up to and immediately after the system go-live. Manhattan Associates helped us meet all of these requirements."

It took three months to implement the Manhattan Associates system, including testing. "We were working to a very tight timescale," said Neil Ashworth. "The Manhattan Associates project team helped us develop training documentation, put standard operating procedures in place and gave us invaluable advice. They were very responsive when we were going through the testing phase, and if something didn't happen quite as we wanted it the team was happy to make changes at very short notice. Finding the right people is important to the success of any project, and that's where Manhattan Associates is a cut above the rest."

Since the business was launched, Tesco Direct has now scaled its fulfilment operation in line with customer demand as that has increased, and Daventry is now working on a 24-hour multiple shift basis.

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CUSTOMERS BENEFIT FROM A FAST AND FLEXIBLE SERVICE WHILE TESCO DIRECT HAS VISIBILITY AND CONTROL OF ITS ENTIRE SUPPLY CHAIN

With Manhattan Associates' Warehouse Management solution Tesco Direct has been able to:

- provide customers with a service that offers multiple delivery options
- give customers instant information on product availability
- fulfil orders within a tight delivery timeframe
- optimise the entire supply chain
- keep pace with the growth in order volumes as the business has taken off

"The Manhattan Associates software is a critical piece of the Tesco Direct supply chain," added Neil Ashworth. "It allows us to manage the warehouse and gives us real-time access to stock availability, so we don't receive an order which we can't fulfil. Intermec Radio Frequency (RF) technology plays a big complementary role in the collection and delivery of data from and to the warehouse floor but Manhattan Associates' system drives the whole process. The system also interfaces very neatly with our existing IT infrastructure at Tesco.com where we use Microsoft applications and servers for our website and central systems. It also integrates well with the existing enterprise systems within the main Tesco business."