



WHITE PAPER

MANUFACTURER/ INTEGRATOR VS. INDEPENDENT CONSULTANT

INTRODUCTION

When a company considers implementing company-wide supply chain changes, it's important to consider which vendor will provide the best overall service. Whether an integrator (manufacturer) or an independent consultant is considered, both approaches can provide significant value to the end customer. That's why hiring a reputable, trusted company is imperative. Even though the intent is to deliver results with the clients' best interest in mind, the approach and methods often vary between vendors.

SOME KEY DIFFERENCES INCLUDE:

- Client Business requirements

An independent consultant considers process improvement as much a part of the design as material handling equipment. Both integrators and consultants believe the best solution will be selected, however, an independent consultant sees more value in best practices processes rather than equipment value. The solution is about key business drivers, such as cost per unit to meet desired service levels, not necessarily maximum throughput.

- Core Business Metrics

Some integration firms provide design solutions that focus on their core revenue – the sale of MHE and supporting equipment. In many situations, those organizations are driven by “converting facility design concepts into metal.” If the integrator has experience in conveyor and racking, but limited experience in AS/RS, WMS, labor management, or voice technology, will they recommend those types of solutions? Or, if the design calculations support a low-technology model with minimal equipment, will an integrator recommend that solution at the risk of losing sales opportunities?

- LEAN processes

Most independent consultants focus on cross-functional process flows that look at the entire business system. Creating a LEAN process by eliminating waste will help determine simplistic, agile, and flexible methods. A sole MHE focus reduces flexibility and adaptability of the entire business model.

CLIENT BENEFIT: A HOLISTIC APPROACH TRANSCENDS MATERIAL HANDLING DESIGN

VARIETY IS THE SPICE OF LIFE

We believe that using an independent consultant has a better chance of providing clients with a larger number of solutions for each operational need. While many system integrators may review alternative vendors, an independent consultant has more incentive to locate the least expensive equipment with the best quality that meets each customer's requirements. Most system integrators have contracts with rack and conveyor vendors, which hinders this incentive.

The table below outlines specific solutions and the limitations that may exist due to reseller agreements or sales quotas from the manufacturer or integrator.

Solution	Manufacturer	Integrator	Consultant
Shelving	Limited	Limited	Unlimited
Racking	Limited	Limited	Unlimited
Pick Modules	Limited	Limited	Unlimited
Pick-to-cart	One	Limited	Unlimited
Conveyor	One	One or limited	Unlimited
Sortation	One	One or limited	Unlimited
Pick-to-light	One	One or limited	Unlimited
WCS	One	One or limited	Unlimited
Voice Picking	One or limited	One or limited	Unlimited
Unit Load AS/RS	One or limited	One or limited	Unlimited
Mini Load AS/RS	One	One or limited	Unlimited
Put to order	One	One or limited	Unlimited

RESTRICTIVE  OPTIONS & CREATIVITY  BOUNDLESS

END RESULT: MORE CHOICES PROVIDE YOU WITH OPTIMAL DESIGN - A TAILORED SOLUTION

Using an independent consulting firm assists with strategic planning and implementing the most cost-effective solutions where product and data flow are synchronized. In the end, the benefit will ultimately produce the lowest cost of total ownership.

MORE TIME

Implementing a new fulfillment operation that streamlines operations in a multi-channel environment is a time-consuming task. Addressing all business requirements, analyzing historical/forecasted data, and ultimately selecting and implementing the entire solution can take a toll on an organization, both large and small, taking focus away from typical day-to-day responsibilities.

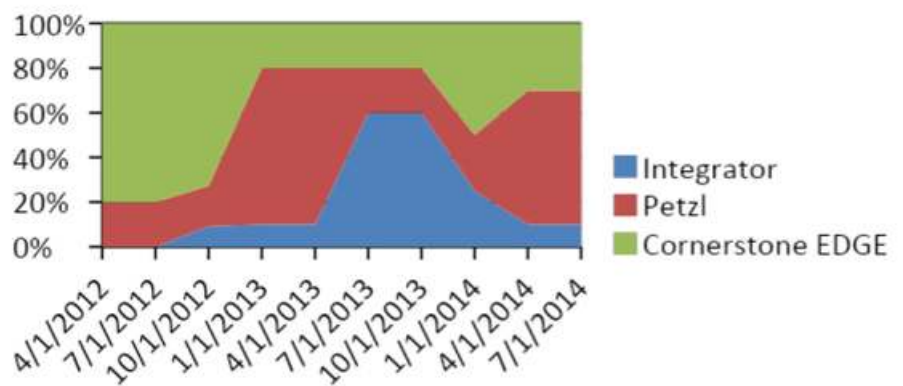
A successful project must include representatives from a number of functional areas – finance, marketing, operations, IT, and distribution. The leader of the project must be one who can keep the team united and focused, communicate well, and drive toward task completion.

Leveraging an independent consulting firm will dramatically reduce the amount of effort required by internal staff. While it is imperative that an organization have key stakeholders, project leadership, and ultimate buy-in, a good consulting firm can leverage their knowledge of the design/build process while utilizing the knowledge of client staff.

Chart 1 notes a rough estimate of the time required by each party when an independent consultant is involved. In this process, a significant amount of requirements (gathering, management, build execution, and more) free up client resources to help keep business running as usual.

Chart 1: Independent Consultant Included

Note: The inclusion of Petzl is used to demonstrate how any customer would be affected.

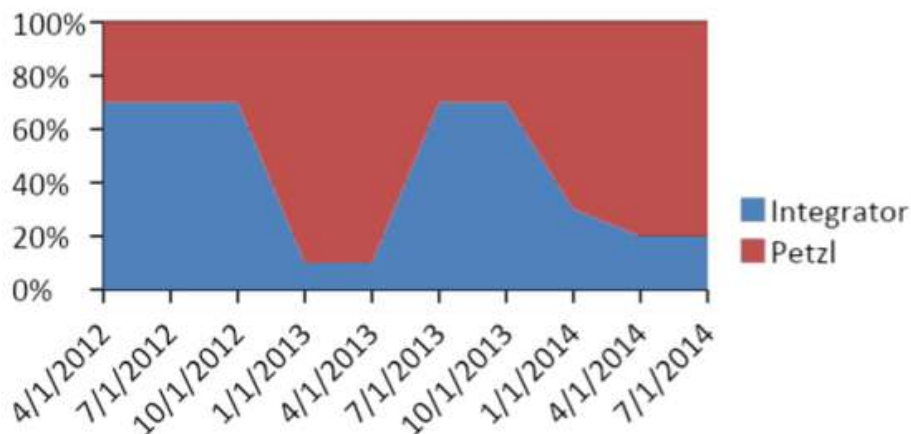


Without an independent consultant, more time will be spent by the client gathering requirements and executing the entire process. Any significant effort outside the physical equipment will become the responsibility of the client.

Chart 2 highlights a significant variance in time required by client resources. While the exact percentages may vary 10% in either direction, the overall trend shows that client time commitment is significantly reduced when an independent consultant is included.

Chart 2: Independent Consultant Excluded

Note: The inclusion of Petzl is used to demonstrate how any customer would be affected.



FINAL VERDICT

An independent consultant like Cornerstone Edge can build trust and deliver value, mitigating risk while saving time and money.

IMPROVED INVESTMENT

- Savings by creating competition between integrators and manufacturers
- Savings by purchasing only solutions that meet business requirements, not equipment sales

TIME SAVINGS

- Free client resources to effectively support existing business and prepare for new fulfillment model
- Allow MHE resources to focus on their strengths: equipment

OPTIMIZED SOLUTION

- Creation of competition for better approaches to design concepts
- Improved 'sandbox' beyond MHE solutions