



Tracking by SKU has dramatically improved with the advancement of technology.

# Inventory Software Does It With Speed And Accuracy

Implementing a new software system requires a great deal of research, but is well worth the time and effort. **BY BOB JOHNSON**

**T**he computer age has brought an astonishing wave of innovation to the way we track and manage inventory. The new inventory management software systems vary in the bells and whistles they offer, and the producers of these systems vary in how they charge for their products. The systems also differ in what they offer, but one constant basic is the ability to know quickly, easily and accurately what you have and where you have it. “Getting to a live stock is the absolute foundation — knowing in real time what you have and where it is,” says Carl Davies, CEO of Prophet North America, in Bakersfield, CA.

## The Benefits Of Technology

This is the age of innovation in inventory management software, and producers are competing to offer astonishing new features. One of the latest innovations allows for tracking and controlling inventory without using screens or hands. “Rather than the system producing pieces of paper, you have voice picking,” says Davies. He explains, “Voice picking is pretty new. In fact, we used it on a

live site for the first time this past year. The software communicates through headsets that tell warehouse personnel what to pick and where to pick it. The warehouse worker then speaks a code that lets the system know what he has picked, and the system updates itself. That can be a huge savings in terms of labor,” Davies says.

Ease of entering and accessing information is a key feature in most inventory software programs. “Software that can be used where inventory is actually handled, such as touch screens, tablets, handheld devices, etc., when used properly, can increase the chances that inventory is kept accurately in the system,” maintains Charles Waud, president of Waud-Ware Inc., based in Brampton, Ontario, Canada. “If staff need to manually record transactions and put them in the system later, chances are you will have delays, transposition errors, lost transactions and other issues.”

The hardware must be user-friendly enough that everyone involved can quickly and easily read or hear the information. “Easy to understand screens and reports are essential in a good inventory management software

program, and the ability to audit and verify information when questioned,” Waud adds.

One firm offers the convenience of a system that stores the data and the software online, eliminating the need for expensive computer hardware. “With our software, our clients can work from the office, home or the road,” notes Charles Shafae, president of dProduce Man Software, in Half Moon Bay, CA. “They can create, print or e-mail purchase and sales orders and manage inventory right from their iPad or any device they use to access the Internet.”

In addition to detailing the inventory at various locations, some systems can also store significant quality characteristics that help to determine where the inventory can be sold at the best price. “You might have quality specifications on your product so you know who you can sell it to maximize your product,” Prophet’s Davies says.

An important quality specification with some inventory, especially produce, is its freshness, which includes its temperature history. “We’re working with a berry grower in Florida on not only what is available, where it is located, and how old it is, but also the temperature

because that translates into shelf-life,” explains Don Walborn, director of sales and marketing at ProWare Services LLC, in Plant City, FL.

In the area of perishable inventory like produce, Walborn believes tracking the remaining shelf-life of the inventory is crucial. “Right around the corner you’re going to see inventory systems tracking different attributes such as temperature and shelf life,” he says.

Another significant quality factor can be the costs that come in long after it has left the warehouse. “We have software that allows for multiple costing — being able to know the cost of your product, including bills you don’t get until after you’ve sold it, like for shipping or inspection,” says Trevor Morris, senior vice president of Houston, TX-based Edible Software.

Much of the innovation in inventory software is driven by the need to trace products for purposes of food safety. “The main issue we have been dealing with is traceability,” says Morris. “We’ve been doing this for 32 years, and we’ve seen a lot of things, but traceability is really coming to the forefront.”

The need for traceability has spawned the development of software that can track products even as they are included in mixtures. “We can trace products from the vendor, to the end

user and back again,” notes Morris.

The importance of traceability has also led to the creation of systems that can track inventory in detail with great accuracy. “You need accuracy; you’ve got to have a system you can rely on,” asserts Walborn. “You need to have something that allows you to keep count of a particular SKU, and if it tells me what I have, will it also tell me where it is and can it measure the age of your inventory?” Walborn says.

### **The System To Suit Your Needs**

There is no one best system, but there are systems that are best suited to the needs of a particular operation. “You’ve got to know which features are most important to your business,” says Walborn of ProWare. “Look at which features are going to solve your problems.”

The features that matter in software depend on how inventory management fits into the rest of the operation. “You need to know how well this is going to integrate into the rest of the business system,” adds Walborn. “Integration is the key to everything these days.”

In many situations, speed is an essential quality in the inventory management system. “The speed of capturing the data is crucial,” asserts Dennis Ferrarelli, national sales manager

of Produce Pro Inc., headquartered in Woodridge, IL. “When you’re supposed to receive an order of 12 pallets from California, but you only get eight or 10, you want to be able to make the changes as quickly as possible with as little impact to movement as possible. Capturing the information quickly and easily is a precursor to the ability to analyze the information.”

Speed in capturing and analyzing information can make it possible to quickly see potential savings in consolidating shipments. “If you’ve got trucks coming in from California everyday, you want to know which carriers are on time and which are late,” continues Ferrarelli. “You want to be able to see if you could save money by consolidating loads. You want to know which trips are profitable by looking at how many stops there are and how many miles. This lets you analyze your operational efficiency.”

Accurate information can also make it easy to see in detail the efficiency of your warehouse operation. “You want to know the accuracy and return rate of your pickers in the warehouse,” Ferrarelli says.

This sophisticated information system should pay off in faster turnover of inventory “since there is less need to tie up money in

inventory,” points out Waud of WaudWare. “Other benefits include reduced spoilage, better customer service and the ability to have your staff concentrate on other aspects of their work.”

The online software from dProduce Man is customizable with several modules. “Our customers are moving to a ‘cloud’ platform from a traditional hardware hosted solution,” explains Shafae.

Because it is easy to be overwhelmed by the possibilities in inventory management software, it is essential to check references, including references from customers who were not satisfied. Waud suggests, “Check references of the company providing the software — not just the ones they give you, but ask them for the names of a few companies that are no longer using their software as well.”

### Is The Pricing Right?

The cost of inventory software, and the ways of structuring payment, vary just as much as the features in the systems. “The cost all depends on what you need. We price according to your number of concurrent users. You may have 60-plus employees, but if you only have 30 during a shift, that’s how many people need to use the system at the same time,” explains

Morris of Edible Software.

It is important to shop around, and to know how much of an investment is worth the cost. “The best way to compare prices is to get prospective vendors to price per user,” recommends Waud. “You could expect to pay between a few hundred and several thousands of dollars per user. You need to decide what you need. The more you need, the more you can expect to pay. If possible, try and find a system that will offer numerous options, but only turn on the features you need as you need them. It might be less expensive in the long run to buy the better system up front and grow into it, as opposed to changing software down the road. Software changes are, at the least, very painful, and at the worst, could cripple your business.”

Many firms offer modular systems that let you pick the features you pay for a la carte. “Ours is a modular system and people use many modules together — like procurement, sales, inventory management and production systems,” says Davies of Prophet North America.

Prophet sells its products on an annual basis, rather than a permanent license to the software. “Most software companies sell you a license in perpetuity and then sell a service contract. We differ in that we sell a yearly

subscription. It makes it possible to recover your capital quickly,” Davies explains.

The online inventory software will be offered on a monthly subscription basis to allow for a virtually immediate return on investment. “The cost is always an issue,” admits Shafae of dProduce Man. “We have moved our system to an online version. In the past, people had to spend thousands of dollars to buy the physical hardware. Now they can use it online for as little as \$500 a month, and if they don’t like it, they turn it off. In the old days you had to spend \$50,000 to \$60,000 to find out if it is the right product.”

“One of the things you want to look at going forward is how much this is going to cost to own, and how long is it going to take me to recover my expense.”

One important cost factor can be the economics of changing or upgrading the system. “Don’t just look at the initial price; look at the cost of operations like new software, the support service fees and the cost of training,” Walborn adds. “If you need changes in the system, how are they going to get done? Once I get a system up and running will I be able to build onto it? These are important questions to consider,” Walborn says. **pb**