

CROCS AND MANHATTAN FIND THE PERFECT FIT

with Manhattan Warehouse Management System

OPERATIONS

Headquarters in Broomfield (Colorado, USA)
Distribution Center (DC) in Dayton (Ohio, USA)
European DC in Dordrecht (The Netherlands)

MANHATTAN SOLUTIONS

Warehouse Management for
Open Systems, Slotting Optimization,
Labor Management,
Supply Chain Intelligence



CHALLENGE

Crocs is growing at a tremendous pace. The brand needed a warehouse management system that is agile and flexible enough to keep up with the company's accelerated growth.

SOLUTION

Manhattan Warehouse Management for Open Systems (WMOS) enables Crocs to expand its distribution network and adapt to the rapidly changing demands of a dynamic market.

PROGRESS & RESULT

With new DCs in North America and Europe, driven by WMOS, Crocs is prepared for the next spike in demand.

"Every quarter we sit down together to discuss vision and strategy. We can contribute to their strategic roadmap, while they think along with us and in return they advise us. They understand the challenges in our sector like no other and their knowledge of warehouse management is unparalleled."

MIKE FELITON, SENIOR VICE PRESIDENT AND CHIEF INFORMATION OFFICER, CROCS

CROCS AND MANHATTAN ASSOCIATES

Crocs, Inc., recognized around the world for their iconic Classic Clog, entered the Covid-19 pandemic with incredible momentum. That momentum was not only maintained but increased in 2020, recording a record annual revenue of \$1.4 billion. Demands for the iconic footwear continue to accelerate, as partnerships with a range of collaborators — from luxury fashion brands and musicians to cultural icons — are helping drive interest. As a result, more and more consumers are discovering the importance of being comfortable in their own shoes.

NEW DISTRIBUTION CENTERS

The brand's current and anticipated acceleration demands the utmost from Crocs' supply chain. In Dayton, Ohio, Crocs has already outgrown its two-year-old North American DC, with ongoing plans for expansion to more effectively serve omnichannel customers and consumers. And in Dordrecht, the Netherlands, during the first quarter of 2021, Crocs moved to a brand-new European DC, which, at 377,000 square feet will be almost three times as large as the previous facility in Rotterdam. "In addition to expanding our network in the United States and Europe with our own distribution centers, we are looking at ways to further expand our reach in both Europe and Asia," said Mike Feliton, Senior Vice President and Chief Information Officer at Crocs.

The Manhattan Warehouse Management for Open Systems (WMOS) solution plays a crucial role in this dynamic supply chain. "We are looking for global partners who understand our markets and consumers. Manhattan Associates has a team of experienced professionals who know how to use technology to solve problems in retail, ecommerce and distribution. It is partners like Manhattan Associates who help us to be flexible and create the distribution network needed to facilitate our growth. Faster than we thought possible," says Feliton.

SPEED AND FLEXIBILITY

In Dayton, WMOS was put into operation in just eight months as "speed was of the essence," explains Feliton. As demand continues to soar, Crocs recognised an opportunity to expand storage and fulfilment capacity with a second temporary facility dedicated to its ecommerce business. "With Manhattan's support, we were able to put the new building into operation within three months. Such



"Manhattan Associates is agile. Agility is Crocs' competitive advantage in the marketplace. In order to keep up with increasing demand, we need a partner that helps us think smarter and work faster while maintaining efficiency and accuracy. As we grow, Manhattan grows with us."

DENNIS BOOR, SENIOR DIRECTOR OF DISTRIBUTION AND LOGISTICS, CROCS EUROPE BV

speed and flexibility are unprecedented. The fact that we can launch a new operation so quickly without IT problems is very reassuring."

That facility will be replaced with a new, state-of-the-art DC in Spring 2022, giving the brand access to more than 1.25 million square feet in the Dayton area.

WMOS plays an important role in the digitalization of the supply chain. The integration with Dematic shuttles, 6 River Systems robots and the handheld terminals from Zebra has resulted in a completely paperless operation. Feliton: "We did not have any experience with automation and robotization. Manhattan helped us with selection and implementation, reducing an 8-12-month project to one of 2 to 3 months. That speed provides us with a great competitive advantage."



DIFFERENT FLOWS

What makes the supply chain even more complex is the large number of different flows that the DCs handle. The European DC supplies national distributors in Southern and Eastern Europe, internationally operating retailers, local shopkeepers and Crocs retail stores across the region. The digital channel is becoming increasingly important, which is formed by the company's own websites and those of other retail partners, such as Amazon and Zalando. "The number of online orders has increased tenfold in five years. Often it is one or two pairs of shoes with a handful of Jibbitz in different shapes and colors. Processing those orders can be very labor-intensive. We have to change gears quickly and continuously work on process improvement and capacity expansion in order to be able to absorb the online growth," says Dennis Boor, Senior Director Distribution and Logistics at Crocs Europe BV.

Boor relies heavily on WMOS. "First of all because it is a very reliable and stable system, but also because of the ease with which we can control all those different flows. As clients' expectations rise and our flows and processes change as a result, we can easily adjust the configuration in WMOS. If we do not have the solution ourselves, we consult other WMOS users in the Manhattan community. It is extremely useful to exchange knowledge and experience with peers and like-minded people."

CONFIGURING AND OPTIMISING

In order to be able to pivot quickly, Boor's team remains in close contact with the commercial team. Their forecast provides insight and is prepared for those demand spikes by utilizing Supply Chain Intelligence, an add-on from Manhattan Associates. "With this tool we can analyze the data from the WMOS and make data-driven decisions. For example, what does the demand mean for our fast movers and slow movers? We also use Manhattan's Labor Management solution to gain insight into the performance and competences of employees. This is crucial to be able to respond quickly, now and in the future. Because of the rapid growth and dynamics in the market, we have to keep monitoring whether we can still manage the workload, and if necessary distribute the workload better. Our supervisors and team leaders have real-time information at their fingertips with Labor Management."

The ease of use is contributing to the efficiency, says Karen Stenger, Senior Manager of IT Applications at Crocs. "That is one of the biggest advantages of WMOS. This is especially true for the employees on the floor, who interact the most with the system via their handheld terminals. We can create consistent workflows with

WMOS, which leads to standardized, measurable processes. With its intuitive use, it is easy to train new employees and have them up to speed quickly."

Stenger has seen how the relationship with Manhattan has developed since the start with WMOS in 2007. From a software provider unlike many others, Manhattan has grown into a strategic partner. "We use their cloud services, managed services and premier support. In addition, WMOS is an extremely reliable and stable system. At the most critical moments, the system never lets us down."

SUPER STABLE

Boor also emphasizes high availability and stock accuracy of the system. "Whatever we think we can sell from stock is actually in stock. And when we receive an order, the chance of missing it is very small, making our operation efficient and reliable."

WMOS serves as a more important 'enabler' for Crocs' success, explains Boor. "The reason for the success is that we have been able to quickly convert all parts of the company to the new world with new methods of selling and different order profiles. To keep up with the growing demand, we needed a partner that would help us work smarter and faster while maintaining efficiency and quality. As we grow, Manhattan grows with us."

As Feliton states, Manhattan is not only just a supplier but a true partner moving forward. "Every quarter we sit down together to discuss vision and strategy. We can contribute to their strategic roadmap, while they think along with us and in return, they advise us. They understand the challenges in our sector like no other and their knowledge of warehouse management is unparalleled."

