

RAIA DROGASIL OPTIMISES WAREHOUSE MANAGEMENT

with a Manhattan Prescription

OPERATIONS

11 Distribution Centres (DCs) and more than 2300 stores spread across 23 states in Brazil

MANHATTAN ASSOCIATES SOLUTIONS

Manhattan Associates' Warehouse Management for Open Systems (WMOS), Slotting Optimisation, Labour Management and oSCI



CHALLENGE

To align its mission of "taking close care of people's health and well-being at all times in their lives" to the execution of its processes, Raia Drogasil needed a solution that would transform its retail fulfilment capabilities and speed up its ecommerce without pausing operations.

SOLUTION

The company contacted Manhattan Associates and implemented Manhattan WM in all its distribution centres, unifying operations and increasing productivity. Raia Drogasil will also implement the Slotting Optimisation and Labour Management systems.

PROGRESS AND RESULTS

Raia Drogasil has achieved unified control of all DC operations, reduced time for receiving products, increased stock accuracy and implemented resource traceability.

RAIA DROGASIL AND MANHATTAN ASSOCIATES

THE TRANSITION TO MODERN WMS

Raia Drogasil — the largest pharmacy chain in Brazil — was founded in 2011, forming after the merger of Drogasil and Droga Raia. The first two years following the merger were crucial to the newly developed organisation's success as this is when all system integrations were carried out.

The systems integration was completed by 2013, but after pulling together resources, it soon became apparent that many changes were needed. Thus, a project called Norte 1 was launched, focused on accelerated expansion through the rapid opening of branches. The project covered the entire structuring of CRM, logistics and all the bases of traditional retail. In the meantime, the company also understood that it was important to start expanding the portfolio. That was when 4BIO, a firm that focuses on advanced therapies, was born, which works with special medications.

Since 2018, Raia Drogasil has focused on changing the traditional view of retail and moving to a more modern strategy, with a total focus on the customer. To this end, the company developed a project called Norte 2 to expand ecommerce and carry out a digital transformation.

The main objective of the project is to increase the market share of their pharmacies, which today represents only 13% in Brazil, even though it is the number one pharmacy chain in the country and the seventh-largest retailer.

“At that time, it became very clear what our essence was, that our purpose is to take care of people's health and well-being at all times in their lives.”

ERIVELTON OLIVEIRA, SUPPLY CHAIN DIRECTOR AT RAIA DROGASIL

THE DESIRE FOR A ROBUST AND MODERN WMS

The supply chain was already in place, but there was still a need for a new WMS. This system required the following characteristics:

- Be robust enough to withstand Raia Drogasil's gigantic operation.
- Be accessible, evolving along with the company's operations.
- Have inventory always on hand and available, since 80% of their 2300 stores receive goods daily.
- Have ease of process integration, increasing accuracy.
- Assist in delivery, transforming the DCs into multichannels.
- Assist in better management of human resources, increasing productivity.



Manhattan WM checked every box and thus was chosen by Raia Drogasil as their new WMS at the end of 2016. In 2017, the system was implemented on two DCs: in São José dos Pinhais, state of Paraná, and in Salvador, Bahia, a new DC that started its activities already working with Manhattan WM.

In 2018, the company updated the system to use this version of WMS with ecommerce already integrated, starting to operate with the version in all DCs already deployed (PR and BA). That year, the ecommerce version was also implemented in a DC in Aparecida de Goiânia, state of Goiás. The “go live” in this DC, with all the configurations and training, took place in just 45 days. This all occurred without having to halt operations and was carried out by the team at Raia Drogasil with only remote support from Manhattan. In 2019, four more DCs started using the WMS, including two highly automated ones: Embu das Artes, in São Paulo, and Guarulhos, also in SP. By 2020, the remaining joined.

“Our DCs are very complex. To give an example, our smallest DC invoices 100 thousand units a day over the course of seven hours. Manhattan WM was able to satisfactorily cover this complexity.”

ERIVELTON OLIVEIRA



IMPLEMENTATION AUTONOMY

Once trained by the Manhattan Associates team, Raia Drogasil's internal team carried out the implementation in nine more DCs, totaling 11, which was one of the company's objectives.

After Manhattan Associates led the first implementation, RD had little or no need for added support from the company. This is due to the RPM methodology (Rapid Planning Method) of implementation, to transfer knowledge to the client so that they have the greatest possible autonomy and can reach the potential capabilities of the solution.

RESULTS

Notable results from the initial implementation of the WMS are:

- Significant reduction in receiving time, 30% in total time between starting to unload a truck and placing it in the final position.
- Better inventory accuracy with process integration. Today, products are tracked from the time they touch the floor of the DC to the moment they enter the truck.
- Total traceability. Health products have a whole set of legislation, which is fundamental for quality assurance for customers, and with the monitoring of tasks, it is possible to know where each product is, with whom, employee productivity, etc.
- Unified control, making it easier to make assertive decisions based on reliable information, gathered in a single control tower for all DCs. This also ensures greater standardisation of operations and the understanding of best practices in a timely fashion.

“A major objective of ours was to achieve autonomy in the deployment with our team. Our team can now do everything from parameterisation to training, with the Manhattan team there to make final validation and ensure we will not have any issues during turnaround.”

ERIVELTON OLIVEIRA



NEXT STEPS: SLOTting AND LABOUR MANAGEMENT

Raia Drogasil has also implemented Manhattan Slotting Optimisation and Labour Management. These solutions will be fundamental for the optimisation of the separation lines, ensuring an efficient flow and the distribution of workloads in the most adequate way possible for operators, helping to increase productivity. With these solutions in place, Raia Drogasil hopes to gain more insight into measured productivity, bringing a greater sense of work evaluation to its employees.

“I am sure that Labour Management will bring much more empowerment to our team because employees will be able to self-manage, according to their goals. Without a doubt, this vision of correct comparison will provide a better working environment and increase productivity.”

ERIVELTON OLIVEIRA