

CASE STUDY

VARNER, SWEDEN



PROJECT GOAL – TO BUILD THE BEST WAREHOUSE IN THE WORLD

The Norwegian company, Varner, is one of Northern Europe's largest fashion groups with nearly 11,000 employees and more than 1,500 stores in eight countries. It has annual sales of over NOK 11 billion and an operating income steadily moving closer to 10%. The Group currently consists of the fifteen fashion chains A-Z, Bik Bok, Carlings, Cubus, Days Like This, Dressmann, Dressmann XL, Urban, Vivikes, Volt, Wow, Solo, Levi's Store, Nike Store and Denim & Supply. The two largest chains, in regard to volume and sales, are Dressmann and Cubus.

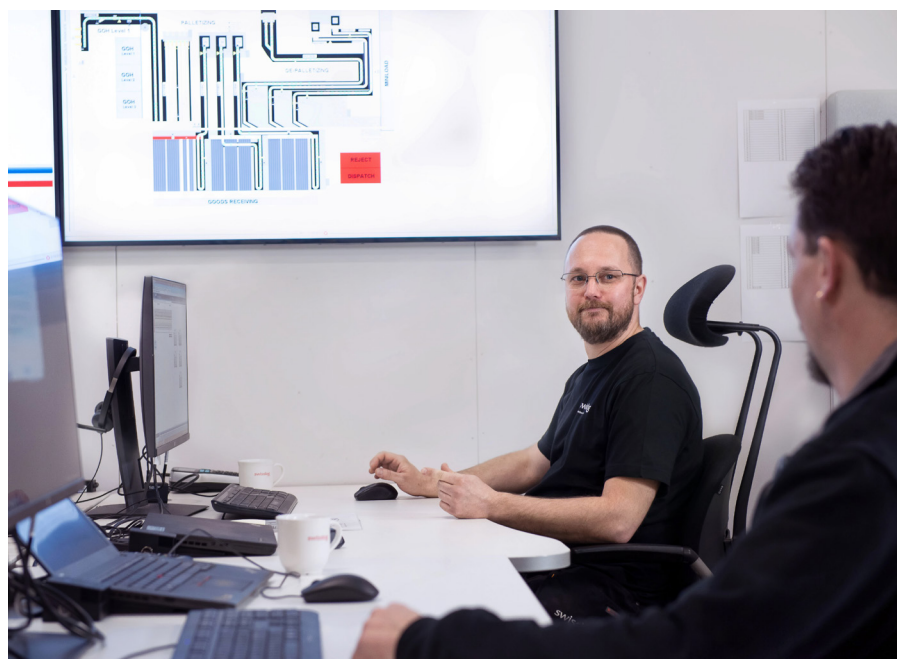
COORDINATION AND STANDARDIZATION

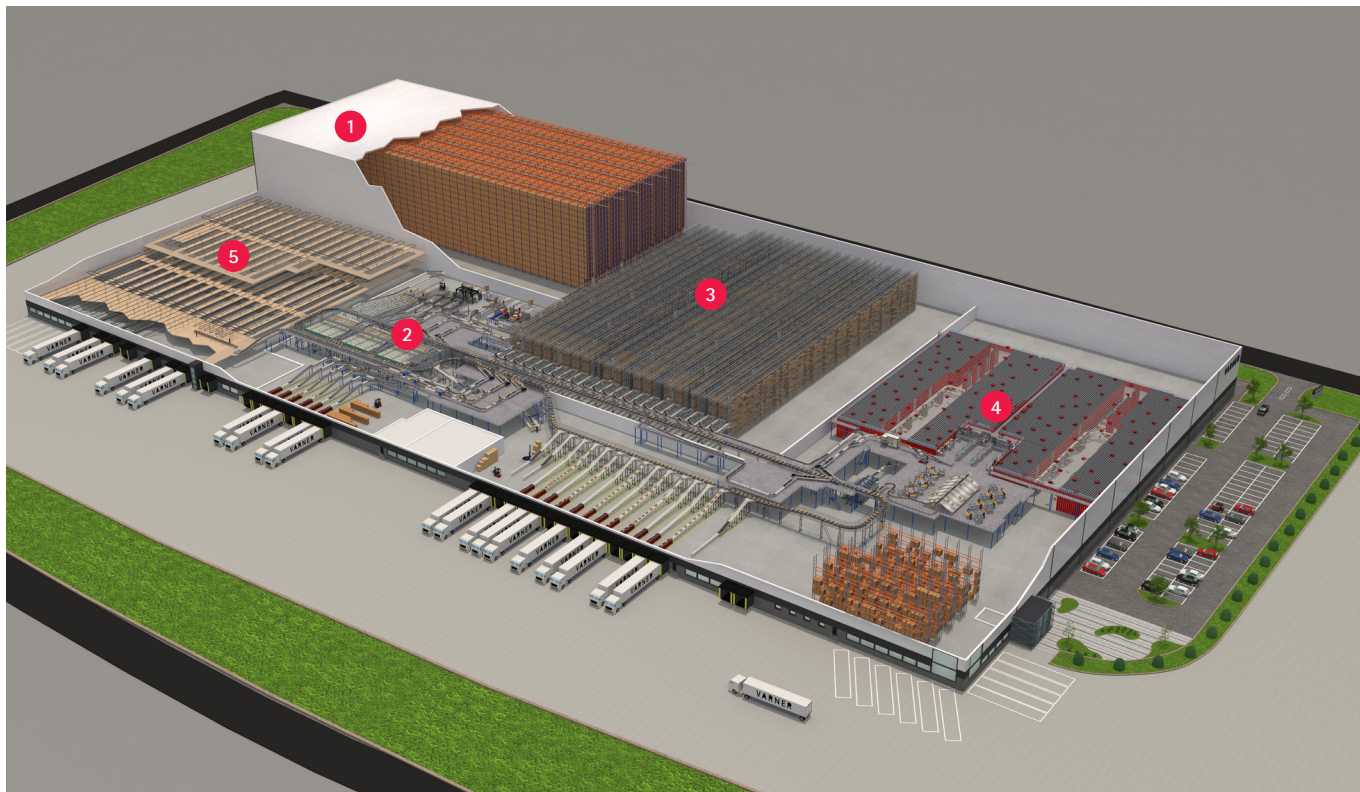
The first store opened in 1962, and the jewel in the crown, Dressmann, was founded five years later. Expansion really accelerated in the 1980s with the purchase of Cubus and the establishment of Carlings in 1985 and continued into the 1990s with the acquisition of Bik Bok and Hagenfeldt. In the 2000s, Urban and Wow were added, along with Volt in 2006. During the last ten years, the most successful concepts have been developed and expanded, and the operation has developed an increasingly coherent

structure and group processes for IT, logistics and supply chain management.

In recent years, logistics and supply chain management has been prioritized with the aim of collecting and utilizing resources and skills in a more rational way. Previously, each chain had its own logistics depart-

ment as well as its own warehouses and working methods. Coordination between the companies was lacking. In view of this, taking a comprehensive approach to logistics has been a natural step, and for a number of years now, a detailed master plan for the Group's long-term logistics development has been followed.





1) High-bay Warehouse for pallets, 2) Cross-belt sorter, 3) High-bay Warehouse for light goods, 4) AutoStore, 5) Equipment for hanging garments.



"Internally we have had the goal to build 'the worlds best warehouse' in order to challenge ourselves during the project and after. During the work, I have noticed that the actual process and the cooperation has worked extremely well. We have obtained a flexible, cost-effective, ergonomic and green solution."

Anders Eriksson,
Logistics Director at Varner

"Today, we work systematically and have given careful consideration to developing our supply chain. The goal is to take advantage of economies of scale, increase efficiency, and to offer a good delivery service to our chains and their clients. At the more comprehensive level, it is also about building a logistics system that facilitates continued, profitable growth," says Anders Eriksson, Logistics Director at Varner.

FLEXIBLE, COST-EFFICIENT AND GREEN SOLUTIONS

To succeed with this ambition, Varner's owners and management decided to build a new central warehouse in Vänersborg in 2012, and through that, replace a large number of external warehouses. The ambition was, and remains, at a monumental level: to build an ultra-modern, automated warehouse that will meet the Group's needs for many years to come and that can serve all of Europe. After an extensive procurement process, Swisslog was chosen as partner for the design, construction and long-term operation.

"Swisslog's innovative design solution was the final deciding factor. During the work, I have noticed that the actual process and the cooperation has worked extremely well. We have obtained a flexible, cost-effective, ergonomic and green solution," says Anders

Eriksson. He says that Varner's personnel are always extremely committed to their projects – both large and small. Therefore, during the design and construction phases of the central warehouse, a number of people from Varner have basically worked full-time with Swisslog's project management. It has been a true partnership where people have explicitly discussed, questioned and challenged to reach the highest standards.

FUTURE-PROOF, STATE-OF-THE-ART SOLUTION

In June 2014, ground was broken and construction started. Exactly two years later, the new, modern central warehouse was completed according to plan. After a careful analysis, the city of Vänersborg was selected as the location for the central warehouse; a place which Varner has now jokingly renamed "Varnersborg". This location was chosen due to the geographical proximity to both Norway and the EU, as well as the proximity to the Port of Gothenburg. For safety's sake, Varner acquired an extra piece of land, to allow for a long-term expansion.

"Internally we have had the goal to build 'the worlds best warehouse' in order to challenge ourselves during the project and after," says Anders Eriksson with a smile. He tells us that the assignment to Swisslog has been to deliver a distribution center that is state-of-



the-art and capable of handling continued rapid expansion; an advanced automatic warehouse facility where Swisslog is listed as a partner for the long-term systems operation and maintenance.

Varner's new distribution center is a complete solution that handles today's demands for omni-channel; in other words, supply chain operations on the customer's terms, whether they buy in the store or online. Therefore, there is a specific area of the new central warehouse dedicated to the growing e-commerce business, which for the most part, is fully automated. The entire facility is built to be able to be expanded in a cost-effective manner.

COMPETENCE CENTER WITHIN SUPPLY CHAIN MANAGEMENT

The facility in Vänersborg is both a central warehouse and a competence center that brings together the Group's personnel within logistics and supply chain management. The facility is continuously recruiting employees with new skills and it is expected to employ 80-100 people within a few years.

"We are proud and excited about our excellent facility. But we must never forget that the central warehouse's function is, through the use of the right skills and equipment, to ensure a high level of service to stores and end customers as well as an efficient supply chain and control of our growing flow of goods. All of this is necessary to continue to expand aggressively and profitably," explains Anders Eriksson.



FACTS AND FIGURES

STORAGE & MATERIAL HANDLING

High-bay Warehouse for pallets with 7 Vectura Stacker Cranes, 48 000 pallet locations

Automatic palletizers and de-palletizers in front of HBW

ProMove pallet conveyors

High-bay Warehouse for light goods with 22 Tornado Miniload-cranes, 500 000 dynamic carton locations

AutoStore with 224 robots, 116 300 bins

QuickMove light goods conveyors

Cross-belt sorter

Telescopic conveyors for unloading/loading (18pcs)

Equipment for hanging garments (OCS)

WMS & CONTROLS

SynQ:

Warehouse Management System (WMS)

Material Flow Control (MFCS)

Automation Control (ACS)



BENEFITS

- Future-proof, flexible, agile, ergonomic, sustainable and scalable intralogistics solution
- Increased sales volume and margin through better product availability
- Cost reductions in administration, order fulfillment, working capital, transport and warehousing
- Improved service through better product availability, delivery precision and shorter lead times
- Increased order accuracy, stock level control and less need for in-store logistics work
- Reduction of product returns
- Fast and efficient for precise omni-channel order fulfillment

SWISSLOG SERVICE

- Conceptual and detailed design study, design and engineering
- Systems Operations including software support
- Service and Support

