

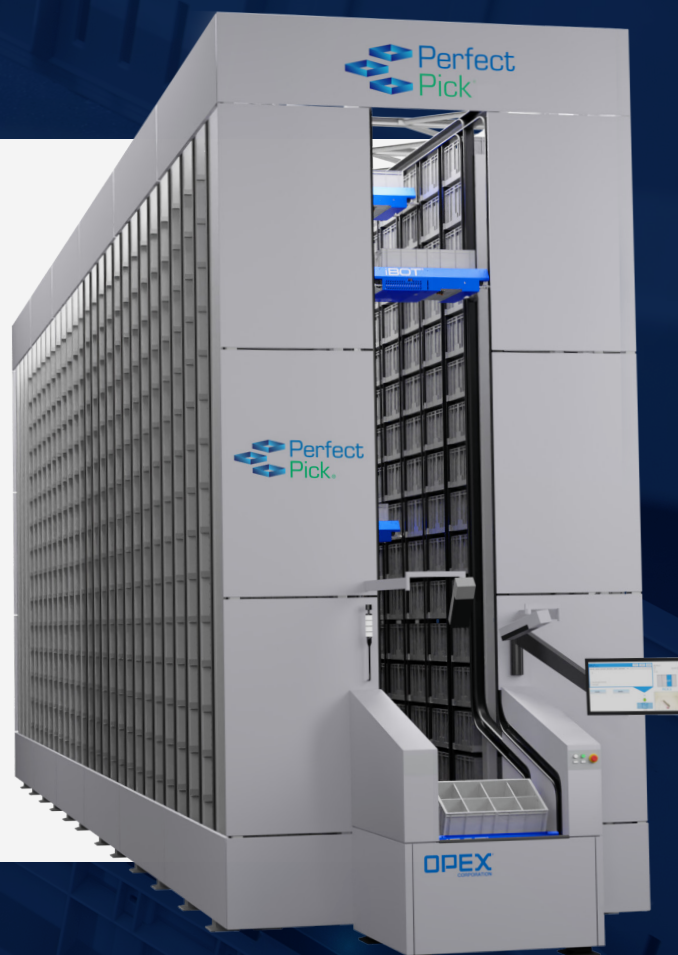
Case Study:

iHerb Relies on OPEX® for Best-in-Class Customer Fulfillment

iHerb's supply chain gets a boost by incorporating OPEX®'s first-of-its-kind robotic technology to assure orders are processed quickly and accurately.

"Perfect Pick® has about **three times the labor efficiency** compared to our batch-based distribution center in California and processes orders in **one-tenth the time**. Perfect Pick® **allows us to meet our same day shipping goals — we can get an order through our system in about 15 minutes.**"

Director of Operations at iHerb



Key Challenges:

Rising **labor shortages** in the supply chain workforce was inadequate for the growth of iHerb's business.

On-demand delivery service expectations increased iHerb's need for a business model that guaranteed **last-mile delivery**.

Delivering exceptional service was critical for meeting iHerb's **customer satisfaction** and building brand loyalty.

The Background

iHerb is a pure-play Internet retailer that sells over 35,000 different vitamins, supplements, and natural health products. Their products range from a variety of goods, such as green and organic products, nutritional foods, organic cleaning products, natural make-ups and lip balms, and more. With the majority of their products consisting of only a few, small-dimensioned items, they need a fast access solution with a full range of SKU capabilities.

To easily reach the East Coast, and capitalize on DHL's air hub near Covington, iHerb built its second distribution center in Hebron, Kentucky to better reach both a national and international audience.

The Challenge

With sales growing at an annual rate of over 50% the last few years and an expanding international customer base that includes over 180 countries, iHerb needed to open a new distribution center to support its California fulfillment operations and deliver on its same-day shipping goal. However, with rising labor shortages, high rent rates, and the need to minimize mispicks and decrease returns and exchanges, iHerb needed a solution that provided multiple picking scenarios and maximum throughput without increasing their labor costs or square footage.

The Solution

iHerb's new Hebron facility was built to ease the strain on its California fulfillment operations. To do that, they selected a first-of-its-kind, 10-aisle Perfect Pick® system that allowed them to deliver on their same-day shipping promise, hold 3 million units, and not increase their footprint. Because the Perfect Pick solution relies on iBOT® technology — a multi-directional, intelligent, wireless vehicle — iHerb will be able to adapt their system to quickly and accurately automate customer fulfillment and distribution center needs.

iHerb's Perfect Pick® system has 17,000 tote locations with each tote configured with four to eight storage compartments to match the small dimensions of their SKUs. This allows each tote to hold up to eight different SKUs. Fast-moving items are placed in redundant locations across all ten aisles for optimum access, providing the capability to process more than 40,000 orders a day. The system configuration was designed as a "blueprint" for future installations.

Here's how it works:

As orders are received, iHerb's control system assigns them to 20 goods-to-person picking stations, and directs a steady flow of cartons to the correct solution. From there, the OPEX iBOT® robots transport totes of iHerb goods from the storage locations to the pick stations, tilting the totes upon delivering, to present the products at an ergonomic angle for the workers.

With each tote managing different SKUs, the Perfect Pick® system ensures very high-picking accuracy with its pick-to-light feature, which identifies the compartment that contains the required item. In addition, the picture of the item and UPC code are shown on a nearby computer display, directing workers on fulfilling accurate orders at high speeds.

Key Results:

15 min

Minutes it takes to process a real-time order from induction of the order to when the order arrives at the shipping dock.

20% scale-up

The Perfect Pick configuration can scale-up an additional 20% throughput if required by the iHerb team.

1/10 labor

The Hebron facility uses a tenth of the labor in its sister facility in California.

The Future

With the success of the first Perfect Pick® system installation in Kentucky, iHerb installed a second system at iHerb's Moreno Valley, CA facility. Now, iHerb will be able to effectively transport inventory to and from picking and sorting locations and provide a more efficient warehouse across two locations.

"The biggest benefit of the Perfect Pick® is that it is very scalable...just add iBOTs®."

Director of Operations



Have questions?
Contact us.

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