

CASE STUDY

DENNER INCREASES THE EFFICIENCY OF ITS DISTRIBUTION CENTRES WITH LYDIA VOICE AND LFS

Customised solutions from EPG improve the discounter's process quality

Denner AG, Switzerland's leading food discounter, efficiently supplies approximately 850 stores daily, necessitating streamlined, secure, and swift warehouse logistics processes. To meet these requirements, Denner relies on the successful implementation of the LFS warehouse management system, provided by EPG (Ehrhardt Partner Group). Additionally, the implementation of the pick-by-voice solution, LYDIA™ Voice, has improved both process flows and order picking quality simultaneously. Denner AG, a full-range retailer with 2,000 products, has evolved over 150 years into a food retailer with a dense store network. The company's

rapid growth and extensive product range have increased logistical demands. To address this, Denner adopted a new warehouse management system, as the previous provider's system was no longer developed. According to David Martinovic, Project Manager for Logistics at Denner, three criteria were crucial in selecting the new system: "A new system needed to ensure the existing reliability of deliveries to our stores, make our logistics processes and order picking more efficient and replace the predominantly manual processes. The modular structure and adaptability of LFS were also decisive criteria for us. We are thus in a position to grow steadily and develop the system further independently."



CHALLENGE

- Increased efficiency in distribution centers was needed to meet the demands of supplying around 850 stores daily
- The old warehouse management system was no longer being developed further, necessitating the introduction of a new system
- Different requirements for hard goods and fresh products



SOLUTION

- EPG developed a customized solution for Denner's semi-automatic picking system, ensuring seamless integration with LFS
- LYDIA Voice, a pick-by-voice solution, was introduced to optimize order picking processes
- LFS and LYDIA Voice provided employees with hands-free operation, improved accuracy, and increased picking speed



RESULTS

- LFS implementation increased throughput and improved efficiency in warehouse logistics
- LYDIA Voice improved order picking processes and process quality
- Customized solution integrated LFS with a semi-automatic picking system for autonomous goods compilation

EPG'S SOLUTION FOR SEMI-AUTOMATIC PICKING SYSTEM

Denner partnered with EPG for a swift implementation of their warehouse management system. The Schmitt distribution center has reliably operated with LFS since July 2019. LFS was subsequently implemented in Frauenfeld, Lyss, and Dietlikon, with final implementation in Mägenwil in October 2021. The Mägenwil center spans 25,000 square meters, serving 320 stores in Aargau and neighboring cantons via 100 daily truck deliveries. The semi-automatic picking system uses electric overhead conveyor vehicles (caddies) to efficiently compile goods for stores, relaying order information to LFS.

The supply chain software specialists at EPG developed a customised solution for Denner, because "we didn't have a standard interface for this, so we completely reprogrammed the connection to LFS" says EPG Project Manager Michael Bergmann. LFS seamlessly integrates with the semi-automatic picking system in Mägenwil, facilitating efficient order transfer. The warehouse management system manages inventory and processes customer orders independently. It communicates directly with the system and controls the picking process using designated caddies, ensuring accurate retrieval of goods. Picking data is reported back to LFS, which also allows for order updates, including processing priority changes and stock corrections, ensuring consistent availability of goods for picking.

Denner makes a distinction between distribution centres for hard goods and fresh products, where goods are stored and handled at a temperature between zero and five degrees. The commissioning of products needs to be adjusted accordingly: "The weight of fresh products such as cheese or meat varies – unlike that of drinks or detergents, for example, which always weigh the same. Since the orders from the stores usually consist of many items and mostly only small quantities are ordered, picking is a major challenge," Martinovic explains. EPG therefore had to integrate the different requirements into LFS. The warehouse management system now splits the customer orders into picking orders that are picked by different employees in the individual warehouse areas.

LYDIA VOICE MAXIMIZES PICKING SPEED

To minimize errors as picking numbers increase, Denner implemented LYDIA Voice, a voice-controlled picking solution integrated with LFS. It optimizes employee workflows by providing instructions in German or French through headphones, specifying goods and quantities. Error prevention is enhanced by check digits, and pickers confirm each pick using system-understood code words. "Thanks to LYDIA Voice and the perfect connection to LFS, our employees have both hands free, do not have to cover unnecessary distances and can thus achieve maximum pickup speed," says Martinovic. The Denner project manager also emphasises that no language training was required for LYDIA Voice. The voice control was ready for use after half an hour of training, which also led to a high level of acceptance among employees.

LFS UPDATE DEPLOYED TO ALL DISTRIBUTION CENTERS

"The roll-out of LFS or the introduction of a picking solution in all five distribution centres is one thing. Much more important than the software itself, however, are the people behind it. In EPG, we have found a partner at eye level who goes the extra mile. We are able to continuously develop together," says Martinovic. He has initiated the next projects with EPG. By 2025, the LFS release change from V8 R02 to V8 R04 should be completed at existing sites. Additionally, a new distribution centre for fresh produce and hard goods will be built in Mägenwil and Aclens by 2025, directly receiving the latest release from LFS."

ABOUT DENNER

- Denner AG caters to the complex Swiss market with a wide range of food and beverages. The company offers a diverse selection of high-quality branded products as well as its own private labels. In addition to food items, Denner also provides an extensive range of non-food products, including household goods, appliances, and toys. With a strong focus on environmental consciousness, Denner AG stands as a pioneer in the demanding Swiss market.