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Chris Bailey, National Operations and IT Manager, Magna



**MAGNA**  
HOME ENTERTAINMENT

**Distribution centre:** Brisbane, Queensland

**Manhattan solution:** ManhattanSCALE™:  
Supply Chain Architected for Logistics Execution

## Magna Home Entertainment sustains growth & improves business processes with Manhattan Associates

### Magna Updates Warehouse Management System on the Back of Impressive Growth

**M**agna Home Entertainment (formerly known as Magna Pacific) is a subsidiary of film and production group, Beyond International. It operates one centralised distribution centre in Brisbane and also has a sales office in Melbourne. In total the company employs 70 people throughout Australia.

#### Challenge:

Magna needed to update its warehouse management system through increased picking efficiencies and reduced inventory levels to sustain company growth.

Beyond International’s home video business includes both Magna Home Entertainment and Beyond Home Entertainment and covers almost all categories in the Australian market. Magna Home Entertainment specialises in Children’s, Documentary and Television while Beyond Home Entertainment targets the Rental and Back Catalogue features, Television, Live Comedy and Sports Market. Based in Brisbane, Melbourne and Auckland the businesses maintain separate Sales & Marketing functions each focused on their respective categories and customers, allowing greater focus and attention on their product mixes.

#### Solution:

Manhattan SCALE: Supply Chain Architected for Logistics Execution

For Magna Home Entertainment (Magna), the original catalyst for updating its warehouse management system was an impressive growth curve, resulting in the need for a more efficient distribution centre— with a goal of increasing productivity and cost savings. Moving from a 1,000 square metre site to a new 4,000 square metre distribution centre (DC) prompted Magna to reassess its former picking methodologies and manual operations. Given the physical size of the new facility and the greater distances between picking, packing and storage areas, it quickly became apparent that the company could no longer pick efficiently using a paper-based process.

#### Results:

Improved order accuracy; increased picking efficiencies; reduced inventory levels; creation of clear business processes; improved integration with other IT systems.

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According to Chris Bailey, National Operations and IT Manager at Magna, increasing picking efficiencies and reducing inventory levels were crucial factors in selecting a warehouse management system. With more than 1,700 SKUs in its DC, 1500 of which are part of its active catalogue, inventory accuracy is essential.

“My goal was really very simple. I wanted a system that could tell me exactly what stock we were holding at any given time—whether raw materials in the warehouse or finished products on a truck to a customer. I also needed to know whether we were holding too much stock from any one line, or too little of more popular lines,” Bailey said.

#### **Manhattan Associates Demonstrates Industry Expertise & Provides Flexibility**

To position the company for continued growth, Magna wanted to base operations in its new DC on best practices. Part of that approach included implementing a flexible warehouse management solution to provide complete, real-time visibility into raw materials, finished goods and distributed products.

“We selected Manhattan SCALE™: Supply Chain Architected for Logistics Execution for several reasons. Manhattan Associates’ extensive industry experience was obvious as soon as we started talking to them. They ran assessments on our operations, determined scenario planning for the move and helped develop best business practices for our DC,” explained Bailey. “When we looked at the solution, we were impressed that it had obviously been developed based on the way a warehouse should operate. It was just as flexible as any of its competitors’ products, but with a range of best practices options preconfigured in the system if we chose to use them— which, of course, we did.”

There were other key factors that drove Magna’s decision. From an IT perspective, Manhattan SCALE offers flexibility and works well with the company’s overall IT landscape, “From a financial standpoint, the ROI was a key reason we chose this system and we saw that it could add real cost benefits through its integration strength with existing systems we had in place,” said Bailey.

In addition, Magna was also impressed with Manhattan Associates’ clear upgrade path, as well as the company’s R&D capabilities, which meant it felt confident that the investment it was making was long term and in instances where issues may arise, Manhattan would have the resources and expertise to resolve them immediately.

“Not only was the system world-class but the staff at Manhattan Associates worked alongside Magna every step of the way during the initial implementation and training,” Bailey added. “We were in the process of moving premises and stock. Without their drive, we wouldn’t have achieved the implementation and turnaround as quickly and efficiently as we did. The Manhattan Associates team helped us develop a project matrix that covered all aspects of the move and the transition to the new system. The push came from the Manhattan team and they drove the matrix, not the other way around, which was great. We basically designed a new distribution centre, moved to our new premises and installed a new system within twelve weeks.”





Leveraging the performance monitoring capabilities of Manhattan SCALE, which is architected on the Microsoft .NET framework, Magna can ensure that any issues are addressed before they become a problem. The system generates an automatic e-mail or SMS alert allowing management and staff to take immediate action and ensure that warehouse operations continue to flow smoothly.

According to Bailey, the ability to take immediate action when operations begin to divert from the plan is one of the best aspects of the solution.

### **Magna Increases Productivity & Improves Overall Visibility of Supply Chain**

With two receivers, two replenishers and four pickers, Magna witnessed its warehouse productivity increase by 130% within the first six months of go-live. In addition the company enjoyed a payback for the project well within the estimated 20-month timeframe.

Since implementing the system, Magna has continued to enjoy an order accuracy of 99.99%. “Thanks to Manhattan Associates’ solution, it is now impossible to pick an incorrect title,” Bailey explained. “The solution has eased staff frustration, reduced picking errors and virtually eliminated inefficiencies in shipping incorrect product.”

Manhattan SCALE has also made life easier for Magna employees who work outside the warehouse. According to Bailey,

“Our customers and our sales department never had an accurate view on the status of an order, whether in picking, packing or shipping. Since implementing the solution we have been able to provide them with complete visibility of their orders. Incoming calls from customers have been dramatically reduced so the sales team can focus on outgoing calls and are far more productive.”

“I like to call the solution a ‘start-start’ system, as opposed to a ‘stop-start’ system, for orders. It has provided our staff—from IT to operations—smoother processes and greater inventory accuracy. Plus, from an operational perspective, we have so much more confidence in our general warehouse capabilities, which is fantastic,” Bailey concluded.

### **Magna Takes Advantage of Enhanced Capabilities via Solution Upgrade**

Having successfully managed its warehouse operations using Manhattan SCALE for the past three years, the company made the decision to undergo a significant upgrade of the solution earlier this year following its acquisition by film and television production group, Beyond International. The company wanted to integrate its warehouse management solution with a number of core business systems being used by its new parent company, including the Electronic Data Interchange (EDI) system, which enables the company to transfer electronic data to trading partners.

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“Given the pivotal role that the solution plays in helping us manage our day-to-day warehouse operations, we recognised an immediate need to integrate the upgraded version of the solution with the core systems being used by our new parent company. Similarly, given that some key customers such as Kmart and Big W use a different trading system, it was imperative we integrate with Beyond International’s EDI system so that they too could realise some of the instant benefits from the platform,” he explained.

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Magna also wanted to leverage a number of enhanced capabilities added to the upgraded warehouse management solution. In particular it was impressed with the increased flexibility of Manhattan SCALE and the ease with which it could integrate with the back-end database used by Beyond International, which uses the Microsoft SQL 2005 server.

Additionally, Magna saw value in the pre-existing interface between the company's enterprise resource planning (ERP) system, Microsoft Dynamics NAV and Manhattan SCALE, leveraging the Microsoft.NET framework. This interface has enabled Magna to link its warehouse management solution effortlessly with the company's finance and sales ordering systems, providing greater visibility and optimisation throughout its entire supply chain.

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Implementing Manhattan SCALE has enabled Magna Home Entertainment to continually make improvements to its warehouse performance, despatch or receiving, as demand and seasonal requirements dictate.

Since implementing the solution almost three years ago, Magna Home Entertainment has effectively integrated its business processes to a level that was previously unattainable. The increased visibility and the best practice strategies provided through Manhattan SCALE have highlighted areas for continuing improvement, allowing the company to better understand its supply chain operations and continually operate at an optimal level.

#### Overall Benefits:

With Manhattan SCALE, Magna Home Entertainment has been able to:

- Increase picking efficiencies and reduce inventory levels
- Increase warehouse productivity by 130% within the first six months of go-live
- Achieve 99.99% order accuracy
- Create a series of clear business processes
- Improve integration with other IT systems



#### Learn more about Manhattan Associates and our solutions:

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