

**KNAPP**

knapp.com



# Automation Made to Order

Arvato Supply Chain Solutions –  
the basis for flexibility in action

Beauty products today, fashion items tomorrow – the sector-hopping third-party logistics provider (3PL) Arvato Supply Chain Solutions wants to offer their customers new solutions, and they need good ideas for that. The systems need to work perfectly with the items they handle today, and also be as flexible as possible, smoothly switching to other types of merchandise as and when required. That's a tough challenge! Tough, but not impossible. Partners Arvato and KNAPP have proved this together by creating the first fully integrated distribution platform for beauty products in Europe for DOUGLAS.

**arvato**  
**BERTELSMANN**  
Supply Chain Solutions

**Customer focus and best logistics competence on the international market**

<b>Sector</b>	3PL – third-party logistics
<b>Location</b>	86 warehouses in 30 countries
<b>Employees</b>	16,000
<b>Customers</b>	DOUGLAS, C&A, Olympus, Sennheiser, Rituals, and many others
<b>Current project</b>	Omnichannel solution with a high degree of automation for DOUGLAS in Hamm, Germany

## About Arvato

Arvato Supply Chain Solutions is an innovative service provider, a world market leader with an extensive portfolio in supply chain management and e-commerce. A member of the Bertelsmann group, Arvato's portfolio includes everything from typical logistics services to digital distribution platforms and omnichannel solutions.

Arvato develops tailor-made solutions for the entire order-to-cash cycle for end customers in the following sectors:

- Fashion, beauty and lifestyle
- Tech and telecommunications
- Healthcare
- Automotive, banking, insurance
- Publishing

## Partnership milestones

*“What’s particularly exciting about working on projects with Arvato is that both teams complement each other like a well-oiled machine. We all pool our energy and work together on a common goal – designing the perfect logistics system for Arvato’s end customer.”*

Hannes Kracher  
Sales Manager Wholesale  
KNAPP AG

Numerous successful businesses rely on Arvato, and Arvato relies on KNAPP. The two companies have been working together for more than 20 years, developing ideal solutions for Arvato's customers side by side.

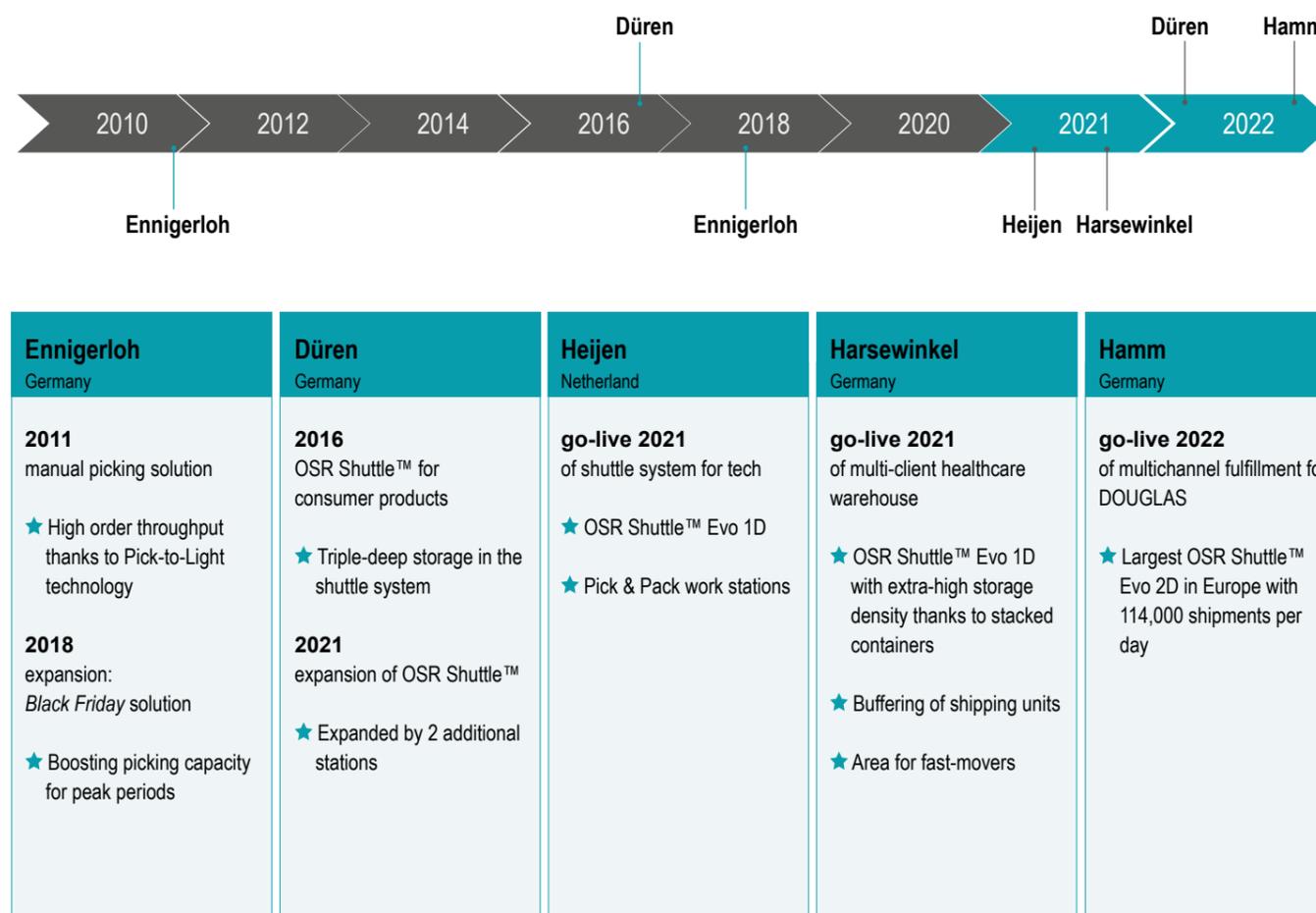
The teams meet often to work on new projects and exchange ideas, sparking each other's creativity. Over the years, they have built a strong sense of mutual trust. Sharing the same fundamental values makes it easy for KNAPP and Arvato to work together as equals. From this close and equal partnership, innovative solutions emerge.



*“We’ve been successfully working with KNAPP for many years, especially in the Beauty sector, where we continue to combine our competencies and implement intelligent and efficient solutions for our customers.”*



Jens Braun  
Vice President  
Arvato Supply Chain Solutions



“The recent rapid growth in e-commerce fuels a marked trend towards automation.”

Jens Braun  
Vice President  
Arvato Supply Chain Solutions

**Interview** with Jens Braun and Hannes Kracher

Jens Braun, Vice President of Arvato Supply Chain Solutions, and Hannes Kracher, Sales Manager Wholesale at KNAPP, provide insight into the developments in the 3PL sector and talk about the changes they are dealing with.

### What's your response to the current developments in the 3PL sector?

#### Jens Braun

Since e-commerce is growing rapidly at the moment, there's a clear trend towards automation. The pace in logistics is picking up and peaks are getting more extreme, raising the bar for performance in logistics processes. Automation really helps to support our employees in their everyday work.

#### Hannes Kracher

For years, we've been working together with 3PL providers to create logistics solutions for their end customers. In the past year, we've noticed a marked increase in inquiries, and in the size and complexity of these inquiries. It's not unheard of for an end customer to state their wish for automation in their tender documents for the logistics service provider. This also means longer-term contracts between 3PL provider and end customer, creating better opportunities for including automation.

### How do changing customer needs influence your systems?

#### Jens Braun

Customers need the procedures and the flow of information during the order process to be as transparent as possible, and this has a huge impact on how we digitalize our processes. And naturally, data is increasingly important – for optimization, for planning capacities and for scheduling staff. This is what we work with every day.

#### Hannes Kracher

We are a solution provider. When we work on projects with a logistics service provider, there are two customers we need to keep in mind: the provider and the end customer. We need to make sure the end customer's requirements are met, and that the solution works well for Arvato on a technical and a financial level. Maximum system flexibility is especially important with intralogistics systems for logistics service providers. There are two ways

how this flexibility can be crucial. On the one hand, the end customer's requirements may change – for example, if new carton sizes are introduced – and on the other hand, the service provider may need to use the system for a different purpose.

### What other trends can you tell us about?

#### Jens Braun

Business is becoming more international and cross-border logistics requires that we keep expanding international shipping options with intelligent transport concepts.

#### Hannes Kracher

In 3PL projects, we've recently been seeing a trend towards central omnichannel hubs supplying local structures. The systems are designed both for B2B and for B2C and can supply several countries. Orders for several end customers are increasingly processed in one intralogistics system. This is called multi-client capability.

### How does Arvato consider sustainability issues in their business practices?

#### Jens Braun

All development at Bertelsmann is geared towards the goal of becoming climate neutral by 2030. The supply chain at Arvato is part of this wider process: We focus on supplying our locations with renewable energy, investing in photovoltaic systems, we reduce packaging material and vet our transport partners closely for sustainability criteria.

#### Hannes Kracher

Sustainability is a key concern for the KNAPP group, and we always keep this in mind when working on customer projects. One example from the Arvato project: Instead of using labels, information is printed directly on the cartons, which reduces waste. The shuttles in our automatic storage system recuperate braking energy, which lowers the system's energy consumption.



The goods go to the employee, not the other way around  
Utilizing and analyzing data ensures transparency

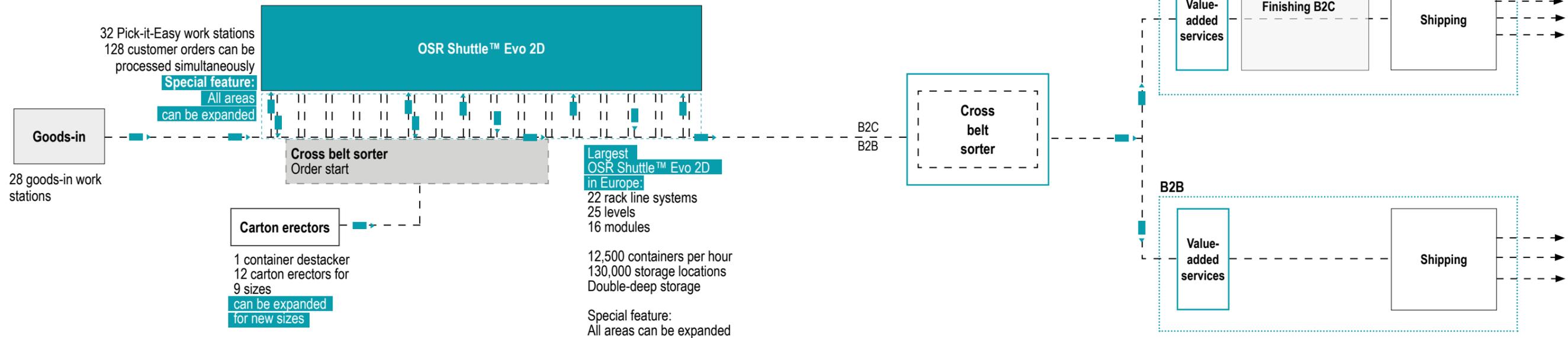


The latest generation of OSR Shuttle™ Evo:  
2D-capable and super-dynamic



## The beauty (of) platforms

Focus on digitalization and automation in the new distribution center for the customer DOUGLAS in Hamm, Germany



### Requirements for the omnichannel solution in Hamm



#### 1. System performance:

An order volume that high needs a powerful system. All warehouse processes were simulated beforehand to ensure that the system performance is strong enough to handle them.



#### 2. Flexibility:

This is an omnichannel warehouse, all work areas are used flexibly. For example, Arvato can use the goods-to-person work stations for processing both e-commerce and store orders.



#### 3. Room to grow:

All areas can be expanded if the dynamics of the market, especially in e-commerce, require it.

### The first fully integrated beauty platform in Europe

Arvato Supply Chain Solutions is implementing a comprehensive omnichannel warehouse concept for their customer DOUGLAS that will fulfill both e-commerce and store orders. The tailor-made warehouse automation concept will boost flexibility and throughput, allowing DOUGLAS to react to tight delivery deadlines for stores and e-commerce orders in a cost-efficient way even during seasonal peaks.

For the new distribution center, KNAPP will deliver a highly dynamic shuttle

system with the newest 2D-generation OSR Shuttle™ Evo. This system boasts around 130,000 storage locations, 32 modern ergonomic work stations and a storage and retrieval capacity of 12,500 containers per hour, all managed by material flow software KiSoft.

In a total space of 38,000 m<sup>2</sup>, Arvato will be managing all the logistics and fulfillment for orders selected from up to 150,000 different DOUGLAS products, shipping to the DACH region and the Netherlands.



## Today for tomorrow

For logistics service providers like Arvato, flexibility is key. Their warehouses may need to process fashion items one day, and beauty products the next. It's crucial to keep this flexible usage scheme in mind right from the start in the planning and design phase. Every warehouse area is designed to support the logistics processes of Arvato and DOUGLAS perfectly, while remaining flexible and open for future changes to processes or products.

The warehouse can be expanded to handle up to 8,000 shipping units an hour. Some components, such as the three cross belt sorters, are already designed for the projected final workload to keep the impact on production or picking during an expansion to a minimum.

### Fit for the future

- Room to grow – warehouse capacity can be expanded
- More picking work stations (goods-to-person) can be added easily
- Dynamic adaptability to changes and seasonal fluctuations (e.g. peaks and troughs of demand, legal framework)
- New carton sizes can be integrated flexibly