

# AUTOMATION TECHNOLOGIES, LIKE AMRS, HELP RETAILERS MANAGE LABOR SHORTAGES

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When the coronavirus pandemic hit, ecommerce fulfillment underwent a massive shift in response to spikes in consumer demand. Disruptions to labor, logistics and product supply were previously taking shape, but new business restrictions and social distancing protocols brought on by COVID-19 only accelerated them. Labor shortages, particularly among drivers and fulfillment center workers, are the root of the industry's most challenging problems. To discuss these challenges and the industry's rapid increase in technology designed to address them, Digital Commerce 360 spoke with Shawn Cavasos, client executive, business development at VARGO.

## **DC360: Please describe the most pressing fulfillment challenges retailers are facing.**

**Cavasos:** With the introduction of new levels of automation like autonomous mobile robots (AMRs), robots, goods-to-person picking solutions, and automated storage and retrieval systems, there are new opportunities to help these systems work collaboratively. The technology stacks associated with synchronizing and sequencing work haven't evolved as fast as the equipment. This presents challenges to achieving the operational volumetric flow needed to satisfy today's dynamic business requirements.

## **DC360: How are retailers handling them?**

**Cavasos:** One of the most immediate solutions is sourcing robotics for tasks such as picking and transport. Using the affordable Robots-as-a-Service (RaaS) model, in which robots are paid for by a per piece or per transaction arrangement that includes repairs, maintenance, periodic upgrades and replacement of the equipment, is an excellent alternative to paying an hourly employee rate.

## **DC360: What other strategies can retailers implement to alleviate these issues?**

**Cavasos:** They need to simplify processes. Many businesses have expanded personalized service offerings to remain competitive, but this can further complicate the fulfillment process and increase labor dependency. Simplifying processes can help reduce labor and order cycle times.

Retailers should also increase the use of automation. The use of robots and artificial intelligence to supplement or replace repetitive tasks in the fulfillment operation is

accelerating. Finding ways to automate simple tasks within the warehouse workflow is perhaps the most prominent trend in ecommerce fulfillment, and it's advancing the fastest.

And finally, they should consider implementing microfulfillment sites into their network. Hiring 50 people from a region is far less daunting than 1,000 or more often required in large fulfillment centers. The microfulfillment strategy may include fulfilling from a nearby store, stores that have closed or dedicated microfulfillment centers. Having inventory properly positioned across the various sites to meet the area's demand is critical.

## **DC360: What does a successful fulfillment strategy look like today?**

**Cavasos:** Today's leaders continue to get creative with the labor and assets that are available. They are increasing the use of microfulfillment centers, which tap into available labor markets at existing sites. Investing in new technologies is inevitable for the longer term. Piloting these new technologies within a business's environment provides valuable feedback to iterate into larger scales—thus further reducing the labor requirement.

Most importantly, today's supply chain leaders are relying heavily on trusted, experienced partners to evaluate and integrate newer technologies using a holistic approach versus doing it alone. There are no "silver bullets" that solve all of today's challenges in fulfillment centers, however there are emerging technologies that can begin to offset some of the labor required when implemented with the right partner.

With every new technology that's integrated, fulfillment operations become more complex. If you are enamored with a specific new technology, do your homework and consult with experts that work with those technologies daily. Look for proof testimonials and visit operations with those technologies before you buy. Choose your partners wisely. There are just as many technology companies disappearing as there are appearing.

