



Case Study: Gap and VARGO®

Investing in Efficient, Automated Solutions to Reach New Peaks

About Gap Inc.

Gap Inc. is a leading global retailer specializing in clothing, accessories and personal care products for men, women and children offered under the Gap, Banana Republic, Old Navy and Athleta brands.

Today Gap has:

- 3,100 locations
- 6 brands that source from over 30 locations and ship to over 50
- 12 distribution centers

Overview + Challenges

In the wake of a devastating fire on the evening of August 29, 2016, Gap faced an urgent need to restore its fulfillment capabilities ahead of the peak holiday season. Recognizing the gravity of the situation and drawing upon its resources, VARGO® offered full assistance to Gap in bringing back online lost fulfillment capacities.

Gap formally engaged VARGO® to rearchitect their Gap online fulfillment system — leveraging VARGO®'s deep expertise as a systems integrator. VARGO® took ownership of the entire lifecycle of the solution, from conceptual design through to operational readiness, reimagined the fulfillment system architecture, designing a layout that optimized space utilization, material flow, and operational efficiency. This included repurposing a retired apparel system and integrating it into a new configuration that doubled the lost capacity from the fire. The result was an innovative solution that not only addressed immediate operational challenges but also laid the foundation for scalable growth across Gap's fulfillment network. This reimagined system delivered greater efficiencies, shorter order cycle times, and improved order accuracy, becoming a model for future expansion and optimization throughout the enterprise.

The Gap team describes their culture as “unafraid to innovate” and note that they take pride in their approach to learning. When they find a process or approach that works, they work quickly to scale it across their network. Conscious of continually looking to improve and push forward innovation with breakthrough solutions, the Gap team recognized the need to be proactive in building a fulfillment network that could react quickly, deliver fast, and get ahead of anticipated e-commerce growth. As a proven partner for success in a time of extreme challenge, VARGO® would become a key partner in success over the next nearly 10 years of growth.

Solution

VARGO®'s solutions came with a few key features that have been paramount to the growth of the entire Gap

Those include:

- **Workflow and automation orchestrated by COFE® WES** – VARGO®'s COFE® was the first and remains the most advanced Warehouse Execution System available, organizing and optimizing order fulfillment by sequencing and synchronizing workflows. This solution ensured the most efficient use of all Gap resources including space, equipment and personnel.
- **Speed to solution** – VARGO® consistently demonstrates speed and precision in solving complex challenges and delivering solutions — whether navigating global disruptions like pandemics, recovering from facility damage, adapting to dramatic shifts in business models, or driving everyday continuous improvement. VARGO®'s ability to respond rapidly and effectively in any environment earns our recognition as a trusted systems integrator and innovation partner.
- **Installation, integration, and commissioning** – VARGO® oversaw the physical installation of equipment and systems, followed by rigorous testing and commissioning to ensure operational readiness. Further, the team ensured all the technologies were seamlessly integrated with COFE®, to deliver a fully functional system that exceeded all performance expectations.
- **Supplier relationships and network** – Leveraging its extensive network and deep industry relationships, VARGO® sourced critical automation technologies with unprecedented speed — often reducing lead and installation times from 18 months to mere weeks.
- **Optimizing existing resources** – Noting that Gap had made significant investment in existing automation technology, the VARGO® approach sought to incorporate that equipment where it would still serve the ultimate goal of increased throughput, while minimizing additional CapEx spend.



VARGO® solutions across the Gap network have implemented a variety of automation technologies, all orchestrated by COFE® WES. With over 20 years of proven results and a commitment to continuous improvement, VARGO® has long standing relationships with the most innovative vendor partners in the industry, allowing efficient procurement of the right technology with the capability to meet their current capacity demands and allow for growth potential to meet forecasted demand.

Vendor technologies across the Gap network include:

- MHS & Dematic conveyor
- OPEX® SureSort™
- TGW Systems carton ASRS
- Speedrack active pick modules & reserve storage
- Eurosort bombay style sorters
- Interroll cross belt shipping sorters
- Lafayette Engineering, Inc. controls and electrical equipment
- Matthews controls and electrical equipment
- Accutech auto packaging systems
- FMH automatic trailer loaders
- And more currently in progress...



Results

The solutions delivered by VARGO® across the Gap network have not only delivered beyond project returns, but also continue to take them to their highest peak in history year after year.

The VARGO® solution has taken Gap facilities from 10's of thousands of units per peak day to 500,000 and 1+M units per peak day based upon the facilities configuration.

Network wide, order cycle times have come down from 56 hours to 14 hours, with expedited orders flowing in less than 45 minutes. As compared to conventional WMS led solutions, pick productivity across the Gap network has nearly doubled with VARGO®'s COFE® WES as a result of its lean, pull-based process.

Additionally, prior to the integration of COFE® in the Gap system, between 5% and 10% percent of orders processed were inaccurate. Now, with the integration of COFE® and its self-correcting capabilities, only 0.1% of orders run into accuracy issues.



<2M to 6M+

Tripled peak-day units capacity

200 UPH +

Increased picking per
hour productivity

under 12 hrs

Cut average cycle time

<0.1%

Reduced problem orders

“We are proud of our nearly decade-long relationship with Gap, Inc. helping them expand their fulfillment operations. Their passion to automate and innovate aligns perfectly with our mission to deliver smarter, more efficient solutions that drive growth and create long-term value.”

— Bart Cera, CEO of VARGO®

Corporate Headquarters
5555 Frantz Rd.
Dublin, OH 43017

Cincinnati
4680 Parkway Dr.
Suite 201
Mason, OH 45040

614.876.1163 Corporate
877.876.6384 toll free
VARGOsolutions.com