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Here's Why Businesses Need A Warehouse Management System



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Businesses of all types and sizes are leveraging online retail technology to offer their goods to customers all over the world. A winning e-commerce strategy can take your company to the next level, but first you need to figure out how you'll manage your inventory and customer service. This is where a warehouse management system (WMS) comes in. These tools give you everything you need to manage products, streamline processes, and save you money. Here's what you need to know.

What is a WMS and How Does It Work?



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ns, a WMS helps optimize all your warehouse

It's extremely important not only because it tracks all of the materials in your warehouse, but it can also create systems to streamline how workers pick products and pack orders. It provides you with the ability to track merchandise entering the warehouse, being packed onto shelves and into various places, and when it leaves the warehouse for order fulfillment.

Since the warehouse management system has all of the information at hand, when a customer sends an order, it will immediately be able to check if the products are available. Instead of a person manually cross-referencing the order and the stock, the WMS will automatically mark the order as ready for packing. This saves a great deal of time and effort. In fact, many WMS services end up paying for themselves when used effectively.

Why Use Warehouse Management Systems

Part of the online retail landscape means being able to fulfill any order as efficiently as possible. In order to do that, you need a warehouse management system to understand where all of your materials and goods are in the warehouse to ultimately reduce order latency, processing costs and order errors.

A warehouse management system can help you speed up your order fulfillment, and it can also help you keep track of what is selling well. When you're able to see what products are leaving the warehouse the most often, you can find new ways to optimize the way you set up the warehouse. You can track raw materials when they come in and make sure they're in the best place for stocking and manufacturing. The best selling products can be next to the loading dock or the packing area, as opposed to being on the opposite end of the space.

Types of Warehouse Management Systems

Integrated Vs. Standalone WMS

There are two types of warehouse management system software you can use to stay on top of all of your incoming and outgoing product operations.

An integrated WMS is normally an add-on from your existing Enterprise Resource Planning (ERP) provider. ERP systems manage invoicing, accounting and tracking inventory. The warehouse management system takes the orders and directs the order picking process, inventory and receiving and shipping of products. When everything is able to integrate into one system, it's much easier to keep track of which orders are best to invest money in.

If you have a product that's selling very well but has a low profit margin, you could choose to restock a product with a higher profit and slightly lower sales instead. You can keep an eye on



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system is feature-rich software that primarily serves the warehouse. Therefore, it might have limited functionality for other aspects of your business, such as inventory or accounting. Since it is tailored to warehouse management, this type of WMS can have advanced reporting features that will help you level up your warehouse.

Overall, it depends on how you manage priorities in your warehouse.

On-Premises Vs. Cloud-Based WMS

In basic terms, an on-premises WMS is one in which you are responsible for hosting and maintaining both the hardware and software associated with your system. While this gives you complete control over things like uptime and security, it also comes with a large upfront cost because you are responsible for all of the components. You will also need to keep your WMS regularly maintained.

While very small businesses can be comfortable using on-premises WMS, managing everything yourself can be a headache. Alternatively, cloud-based WMS systems are typically charged on a subscription basis, but they are hosted on a remote server. Things like bug fixes and software updates are handled by the vendor, and you typically get a guaranteed level of service uptime when you sign up.

The more an online retail business grows, the more you need to assess the most effective way to manage all of the products. Customers have high expectations when it comes to shipping and even order packaging these days, so it's important to eliminate confusion in the warehouse. Saving all the time and resources involved in on-premises systems can be a good way of doing just that.

Frequently Asked Questions (FAQs)

- + **How do I choose a warehouse management system?**
- + **What are warehouse management activities?**

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