



New European Distribution Center makes HARMAN fit for growth and omnichannel fulfillment

How to build a scalable and flexible logistics solution for a global consumer electronics leader? How can warehouse automation support a high volume business, more and more driven by unpredictable dynamics of e-commerce growth? How will a centralized logistics solution ensure high quality and SLA standards for both retail fulfillment and B2C fulfillment?

These were some of the questions, Arvato Supply Chain Solutions had been dealing with back in 2019, when Harman International decided to take their supply chain to the next level and make it future-proof for fast growth and the rise of omnichannel. The company is a global leader in audio technology, which bundles brands such as Harman Kardon, JBL, and many more, under its roof. In July 2019 HARMAN selected Arvato Supply Chain Solutions to design, build and run the European Distribution Center for lifestyle audio products, managing B2B fulfillment to retail stores and B2C fulfillment to end customers for HARMAN's e-commerce business.



"Arvato convinced us with its in-depth automation and process expertise. In addition, they were willing to invest in future-proof automation technology that supports our fast volume growth and increasing client demands. Scalability and flexibility of our fulfillment partner are critical to our success - and we found that with Arvato."

Henri Colijn
 Senior Director Operations EMEA,
 Harman International



The Customer

- Harman International is a wholly-owned subsidiary of Samsung Electronics Co, LTD., designs and engineers connected products and solutions for automakers, consumers, and enterprises worldwide, including connected car systems, audio and visual products, enterprise automation solutions
- Brands that are bundled under Harman International include JBL, Harman Kardon, AKG and many more
- Headquarters: Stamford, CT, USA
- Established: 1980
- Revenue: 8,8 billion USD in 2020
- Employees: More than 30,000 around the world





↓ 01 Initial situation

HARMAN Lifestyle's sales have increased sixfold in recent years. The enormous growth has a significant impact on the supply chains, as the volumes in the individual distribution channels are continuously increasing. Above all, the booming online trade and the associated customer demands on product availability, transport and delivery service have posed completely new challenges on the logistics of the audio technology company.

At the same time, market trends, like the reduction of channel inventories, created additional pressure on warehouse operations. Changes to the supply chain were necessary in order to further expand the market share with new products in the future – for example, HARMAN entered the gaming segment with the JBL Quantum series in mid-2020 – and to be able to accelerate the growing e-commerce business at the same time.

Therefore, HARMAN was looking for a strong and trusted partner with extensive industry knowledge and proven track record, who could set up and operate a robust, scalable and automated warehouse solution that is data and process driven.

↓ 02 Solution

Arvato Supply Chain Solutions fully meets these requirements. In both B2B and B2C fulfillment, the e-commerce and logistics service provider has in-depth industry know-how and many years of experience with the implementation and operation of various automated and semi-automated as well as highly data-driven solutions. Other important plus points were Arvato's willingness to invest, the ability to handle peak days and implement smart recruitment policies. Equally as important, both corporate cultures fit together well, which is reflected in a close and intensive exchange of information between HARMAN and Arvato. This trusting and cooperative partnership jointly optimized processes and responded to new business requirements with foresight in the future.

At the beginning of the project, Arvato invested a lot of time to fully understand HARMAN's strategic ambitions and to deep-dive into their business, processes and logistic data. Characteristics and order patterns in the B2B and B2C business were extensively analyzed with MS Power BI and extrapolated into the future. Data analysis results were visualized, validated and questioned together with HARMAN. These findings were necessary to define the degree of automation in the warehouse in terms of manpower and capacity, productivity, space requirements and the necessary investment.

Arvato's Services at a glance (B2B and B2C):

- Warehousing and Distribution (Finished Goods and Spare Parts)
- E-Commerce Fulfillment
- Direct-to-Retail Fulfillment
- Order Consolidation
- Peak Day Management
- (Semi-)Automated Pick-Pack-Ship
- Quality Management
- Returns Handling
- Testing and Refurbishment
- Consumer and Environmental Friendly Packaging





In addition, extensive process simulations were carried out for an entire year, taking into account peak seasons and the required work shifts with and without automation, in order to jointly determine the optimal business case. On this basis, it was possible to set up the required storage capacities and logistics solution in just four months without affecting HARMAN's ongoing business.

The fulfilment services are now provided at the Gennep warehouse in the Netherlands, where Arvato Supply Chain Solutions operates a modern logistics campus of 160,000 square metres for various customers from the high-tech, consumer goods and healthcare industries. Here, HARMAN occupies a logistics area of around 30,000 square metres – including storage capacities of more than 28,000 pallets. A special semi-automated solution was implemented to support the pick and pack processes, which is geared towards both the high-volume B2B parcel business for retailers in Europe and the increasing B2C online orders from end customers. For example, automatic box folding machines are used to select the optimal box sizes for customer orders at the beginning of the process. At the end of the process, a scanner technology is used that measures the height of the products in the box so that the packaging can be reduced to the smallest possible size and no additional filling materials are required. This is not only crucial for sustainability and a positive customer experience, but also reduces shipping costs. The carton is then automatically closed and labeled with the required shipping and hazardous goods labels.

↓ 03 Advantages for the customer

With this fulfilment solution, HARMAN is optimally positioned for their future growth. It can also be scaled to other countries and regions, making it much easier to enter new markets. This is supported by Arvato's global and cloud-based IT backbone for warehouse management, which allows HARMAN to work on the same system globally. In addition, HARMAN benefits from a continuous improvement program and clear dashboard visualizations, with which the daily process flows are transparently displayed and the development of the warehouse can be proactively driven forward. Thanks to the semi-automated solution, order peaks can now be flexibly managed, as the solution reduces the dependency on available labor in the market.

As part of the close and trusted cooperation, both partners have also agreed on an annual review of the engineering capacities of all warehouse processes in order to proactively adjust the development strategy in the warehouse or make further investments in automation technology at an early stage. Not only within the warehouse, but also beyond, there are further opportunities for expansion. HARMAN and Arvato therefore see their collaboration as the start of a long-term partnership in which great things can be achieved together.



For more information feel free to get in contact with us.

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Arvato Supply Chain Solutions is an innovative and international leading service provider in the field of supply chain management and e-commerce. Partners come together with industry specialists in the fields of Telecommunication, Tech, Corporate Information Management, Healthcare, Consumer Products and Publisher. About 15,000 employees work together to provide practical and relevant solutions and services worldwide. Using the latest digital technology, Arvato develops, operates and optimizes complex global supply chains and e-commerce platforms, as the strategic growth partner for its customers. Arvato combines the know-how of its employees with the right technology and appropriate business processes to measurably increase the productivity and performance of its partners.

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