



CONTROLLING COSTS >>

A TIME FOR CUTTING COSTS



Commercial profile: Zetes

89% of customers see cost reduction with data capture systems

Data capture and wireless working in the warehouse deliver some of the fastest return on investment for companies looking to cut costs. They bring the critical information of real-time information, removal of paper-based processes and improve productivity and accuracy.

The recent survey conducted by identification and mobility solutions expert Zetes, it found that its customers had achieved significant and measurable business performance improvements. As a result of the survey to understand the different ways its data capture and goods identification systems had saved money.



Mike picking orders that are in stock in a warehouse

Typically, in warehouses such as voice-directed order picking, data capture through barcode scanning or an electronic proof-of-delivery system, had delivered a return on investment within 12 months of implementation.

This was achieved through improvements to worker productivity plus better operational and data accuracy reported by up to 80 per cent of customers.

Some 50 per cent of customers confirmed they had achieved a fast return on their investments and seen reduced operating costs, improved product quality and reduced on through-life risks. On average, savings for some retailers are expected to 3 per cent of annual turnover.

A further 18 per cent of customers reported savings improvements to cost over-

view and/or provided to retailers. In addition, it has helped improve profitability by reducing error rates and efficiency. James Murray, senior vice-president of Zetes, believes customers are better equipped to adapt to the economic conditions by becoming more agile and faster to respond to changing market requirements only comes from the supply chain.

"As the technology doesn't complicate to make it difficult, they are able to deploy staff to other areas and become more agile in coping with the difficult economic conditions," Murray said. "With the systems supporting the inventory process, business is not affected to have out-of-stock situations or to rectify operational errors – the same is easily avoided with the minimal investment in RFID and data capture technology."

On June 1, Zetes is holding a one-day conference in Dublin, due to be held at the Shelbourne Hotel, to discuss how they have improved their supply chain and warehouse operations with data capture and identification systems.

To find out more, contact Zetes on info@zetes.com



For businesses of all sizes, controlling costs and finding new efficiencies are top of the agenda – and ICT is expected to play a part, despite budget costs. Ian Campbell reports

No one expected this year to be easy. A Deloitte survey of 48 Irish chief information officers and IT managers, published last December, confirmed that business cost reduction was going to be top of the agenda for at least the next 12 months. To make a big challenge even bigger, the costs of running ICT solutions to create new savings and efficiencies at a time when ICT budgets are being slashed. In the Deloitte survey, nearly 60 per cent of respondents expected their IT budgets to be cut by up to 20 per cent this year.

This paradox has breathed new life into long-standing scepticism that has always cropped up in conversations between technology vendors and their customers. Regardless of whether they are selling hardware or software, unless they can propose potential productivity savings to offset their own time spent (ROI) and total cost of ownership (TCO), they are not going to get past the door.

An ugly fact of life is that reducing headcount is also part of the discussion. While it is desirable, but always been synonymous with automation and removing human intervention, it takes on more significance when firms are forced to let people go.

One up side of the recession has been that there is a drive to use often contradictory challenges may present organisations to re-evaluate their attitude to technology. Too often, ICT has been perceived as a cost by the team on rather than a way to cut costs. This has led to an unhealthy divide between the business and the ICT function. The gap might start to close as technology is identified as a way of helping companies emerge from the recession as more lean and efficient organisations.

Business alignment

Deloitte argued that aligning the business and IT was fundamental, in a situation where IT was considered a partner and not a cost burden. But nearly half of the survey respondents rated this approach as either fair or poor within their organisations. The path to alignment is about harnessing the power of technology and using it to improve sometimes a complex business process.

In formation life cycle management is a starting point. When different types of data are stored in a structured environment that is both usable and secure, a firm can begin to re-engineer processes to gain efficiency and save money.

The drive is to strip away complexity, a process helped by moving to a more homogeneous ICT estate. Progress for year post-build a solution or a more expensive to maintain and fix, usually into enterprise-wide systems. A more integrated, standards-based architecture is more recognised as the best platform for building a business.

Homogeneity of hardware is also a virtue. Purchasing, for example, in large quantities of desktop PCs from multiple manufacturers are replaced with a few multifunction devices from a single supplier. But this principle extends all the way from the data centre out to desktops and mobile devices.

It is a time described as the industrialisation of ICT, the drive is to turn it into a commodity by using good data and services that drive a commodity. On an on-line software as a part of the discussion and Gartner predicted it would be possible in 10 per cent of all communications systems by 2012.

The recession will encourage organisations to use open source applications to reduce non-proprietary software costs to a level that is more important than the money they can save.

McConnell's study of the market are also underway. The traditional in the data centre is now moving to the cloud and the desktop. The end point for many organisations, large and small, may well be cloud computing, where the burden of ICT is handed over to a service provider or an intermediary in a central data centre. The potential is not just about cost savings, if about a new simplicity.

The Deloitte Irish CIO survey results

- 80 per cent of respondents were in the middle of, or planning, an IT cost reduction programme
- 46 per cent planned to reduce permanent headcount
- 70 per cent of IT budgets were spent on "keeping the lights on"
- Information management was the IT priority followed by security
- 85 per cent of respondents saw information as a strategic asset
- Only 24 per cent of participants had been the business viewed them as a value-adding partner