

Warehouse Management System

Buyer's Guide

So you're in the market for a new Warehouse Management System

Whether you are upgrading to a more sophisticated system, replacing old software, or about to launch your first WMS, this buyer's guide will provide straight-forward advice on how to end up with the right solution.

With the right amount of planning and foresight, you can make the right decision that will drive success in your warehouse for the next decade.





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The 15 Steps to Buying a Warehouse Management System

Your warehouse management system will have a profound impact on your profitability and growth. That's why it's essential to make the right decision.

With more than 100 warehouse management systems available today, selecting the system that fits your operating environment is a complex journey. From larger, more generic systems, to smaller systems with less functionality, to systems built for specific industries, selecting the right system will save thousands of dollars and countless staff hours.

The good news is that while every organization's buying journey is unique, the major steps taken during the WMS selection process are nearly identical. Based on years of first-hand knowledge and experience, we've compiled the major steps that you'll need to take to select the WMS that's perfect for you.

[Here are 15 Steps to Successfully Selecting a Warehouse Management System >>>](#)

1.) Build a List

The first step is to compile a large list of systems to evaluate. Start by Googling “Warehouse Management System,” and you’ll find 20+ pages of results.



You will also find some helpful sites that have already compiled lists for you.

Trade Publications

- DC Velocity
- Inbound Logistics
- Material Handling & Logistics
- Modern Materials Handling
- Supply Chain 24/7
- Supply Chain Digest

Software Review Sites

- Software Advice
- Explore WMS

Associations

- APICS
- The Council of Supply Chain Management Professionals (CSCMP)
- The International Warehouse Logistics Association (IWLA)
- The Warehousing Education and Research Council (WERC)

One of the best ways to build an initial list is to attend an industry trade show. Every trade association holds a conference where you can learn best practices while meeting potential WMS vendors. To review possible WMS partners, consider attending the Material Handling Institute’s ProMat and MODEX shows or IWLA’s Annual Conference or Technology Summit.

Research organizations such as Gartner also have a wealth of independent research on Warehouse Management Systems from a more technical perspective, while additionally providing information on the marketplace as a whole.

Your Goal for Step 1

Build a long, comprehensive list of potential Warehouse Management Systems. Without being too selective, include systems that look like they would be a perfect fit for your operations. Download as much content as possible during this step so you don’t have to go back later, including product overviews, videos, eBooks, infographics, industry briefs, case studies, corporate brochures, and white papers.

2.) Reviewing Marketing Materials

Your list of WMS providers will include a wide range of systems, from add-on modules that are part of an ERP system to best-of-breed WMS solutions that control everything within the four walls of your warehouse, to inventory control systems with basic receiving, putaway and picking functionality.

As you start reviewing the materials, ask yourself these questions:

- Is this system a fit with our current operations?
- Is this system a fit with our current technology?
- Does this system support our special processes, like Vendor Managed Inventory?
- Does this system provide the ability for our company to grow functionally and technologically?

Your Goal for Step 2

Broadly review the available WMS product documentation and quickly eliminate vendors from your list. At a very high level, the system should be a 90% - 95% fit with your current operations and technology solutions. As the core functionality of a WMS is largely consistent within product tiers, it will become much easier to identify if the product is a fit.





3.) Speak with Salespeople

With your newly-trimmed list of software providers in tow, begin to reach out to each vendor that made the initial cut to introduce your organization and learn more about their product.

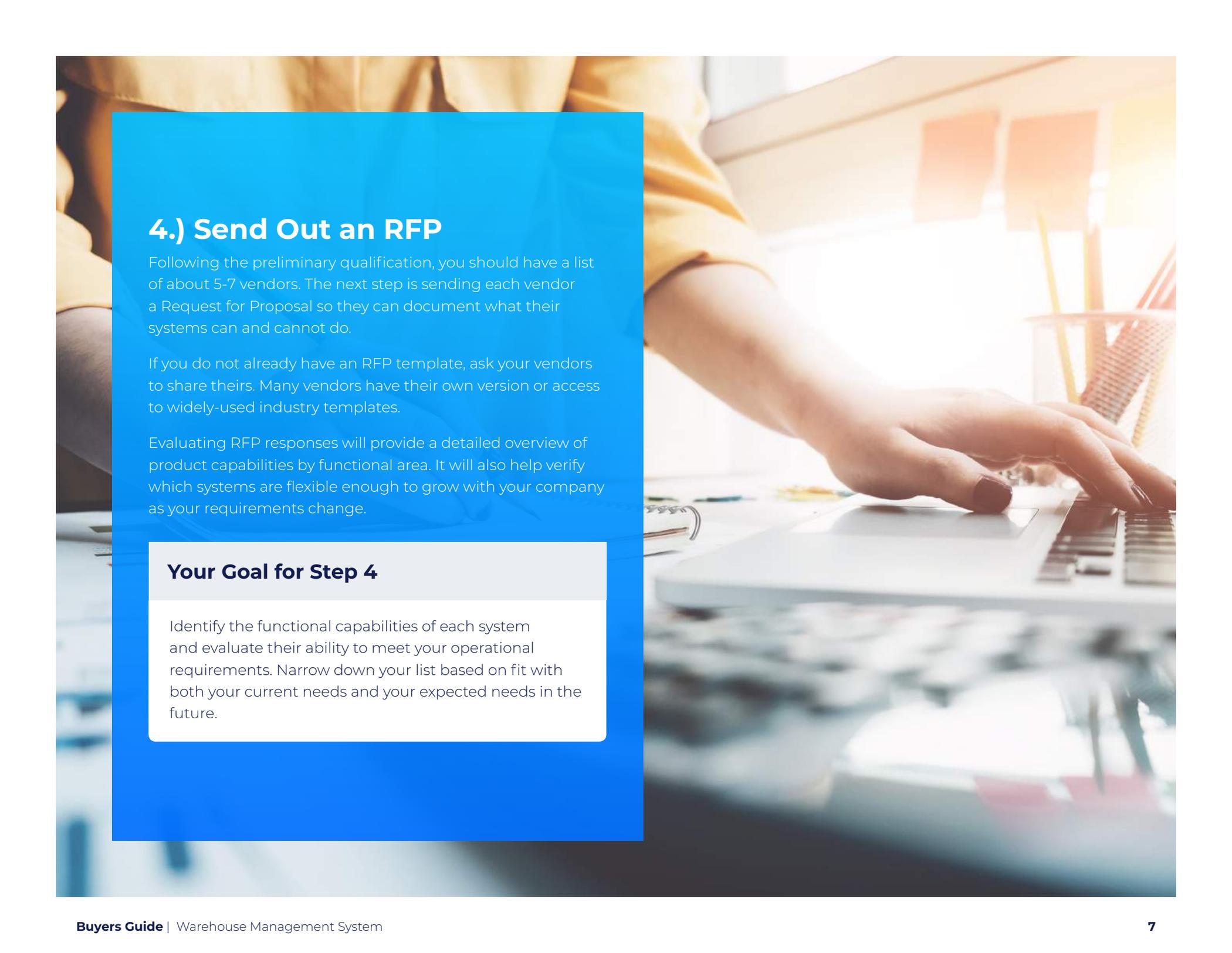
Be prepared to describe what you would like the system to do and what type of investment you are willing to make. The best way to immediately eliminate products is to identify if they are out of the ballpark, functionally or financially. A good salesperson will also likely ask you if funding exists for the project and if there is a timeframe for implementation.

You should start to determine if there is a basic technical fit. Get a brief idea of whether the system is flexible enough to work in your current IT environment. You might also want to discuss the type of mobile technology you are using and if the WMS will support Windows Mobile, iOS and Android devices.

Be sure to take a few moments to evaluate each company. Ask to hear a bit of their story. Find out how long they have been in business, how they got started, when their system was first developed and deployed. Ask whether they developed the system and if they continued to support the product. Identify what markets they serve and actively sell to, and who some of their customers are.

Your Goal for Step 3

Eliminate vendors that are not a functional or financial fit. For those who pass the fundamentals, start your basic operational review to determine which products are a good overall match.

A person wearing a yellow long-sleeved shirt is shown from the chest down, sitting at a desk and typing on a silver laptop. The background is a bright, slightly blurred office environment with a desk lamp and some papers. A large blue semi-transparent box is overlaid on the left side of the image, containing text.

4.) Send Out an RFP

Following the preliminary qualification, you should have a list of about 5-7 vendors. The next step is sending each vendor a Request for Proposal so they can document what their systems can and cannot do.

If you do not already have an RFP template, ask your vendors to share theirs. Many vendors have their own version or access to widely-used industry templates.

Evaluating RFP responses will provide a detailed overview of product capabilities by functional area. It will also help verify which systems are flexible enough to grow with your company as your requirements change.

Your Goal for Step 4

Identify the functional capabilities of each system and evaluate their ability to meet your operational requirements. Narrow down your list based on fit with both your current needs and your expected needs in the future.



5.) View a Live Product Tour

If you have not already participated in any online product tours, now is the time to see what each system looks like in action. Register to attend live product webinars or schedule one-on-one demos.

At this stage, investigating the user experience with a critical eye is crucial. The easier a system is to use, the quicker your users will adapt to the new functionality, and the faster you will see a return on your investment.

You should get a feel for the user experience and be able to answer these questions:

- Is the system easy to learn and use?
- Does the system flow logically from function to function?
- Does the system provide easy access to and sharing of information?
- Is the system flexible so we can configure it to fit our needs?

A WMS should be simple to navigate, but it must be robust enough to manage your operational processes. You may be overwhelmed by all they can do, but don't be afraid of functionality that you are not using today. Consider asking if features can be hidden but still available for later use as your operation evolves.

Try to determine if the WMS can run your operations right now. If something seems to be missing, make sure to follow-up with the presenter so you can view that specific function at a later time.

Your Goal for Step 5

Determine if the system is easy and straightforward or hard and complex and try to get a better understanding of their general capabilities. Take particular note of those functions critical to your organization, like Demand Planning or 3PL Billing.

6.) Provide Specific Details About Your Operations

You should now have a good understanding of the unique features of each system on your list. At this point, you should be prepared to discuss every aspect of your operational process internally and evaluate products against a comprehensive list of requirements.



One of the most effective ways to do this is by describing, in detail, the flow of inventory through your warehouse facilities. Be prepared to answer questions such as:

- How is product coming in? By Purchase Order? EDI/ASN? Blind Receipt? Other?
- Do we have special storage considerations, like for Lot Control or Serial Number tracking?
- Do we perform QA inspections?
- How are Orders coming in? Do we use APIs, EDI/ASN, flat file, FTP, manual entry, Web Portals?
- How are Orders dropped to the floor? How is work distributed? How do we Pick?
- How do we Pack? Do we need Kitting or other Value Added Services?
- How do we Ship? What shipping carriers or systems are we using?

You should also be prepared to answer specific questions about technology, integration, and deployment. Be prepared to answer questions such as:

- Do we use barcoding now? Do we want the option to use RFID?
- What type of Mobile hardware are we using, or want to use? Ruggedized handhelds? iPads?
- What kind of Material Handling equipment do we use? Conveyors? Carousels? AS/RS?
- What type of Picking system do we use, or want to use? Voice? Pick-to-Light? Robotics?
- Do we need to interface with any existing systems, like Finance/Accounting or ERP/ MRP?
- Do we want to deploy the system in-house or in a Hosted Cloud/SaaS model?

Your Goal for Step 6

Put as much down on paper about your operational requirements as possible. After comparing your true needs and wants with available systems, you should have a good idea as to best-fit WMS options from a 30,000-foot level.

7.) Review Initial Quotes

Near the very start of this process, you should have clarified the type of investment required. Now is the time to get a much more precise understanding of what each system will cost.



Getting initial quotes will also help you evaluate pricing between vendors allowing you to compare costs. With initial quotes in hand, review line item pricing for each WMS. This will help you understand how the systems are priced (by location, by site or by user, by transaction) as well as each vendor's Professional Services model (hourly rates, implementation timeframes, high and low ranges). You should also discover ongoing costs such as maintenance and support, and hosting fees.

Your Goal for Step 7

Get a detailed understanding of how software products are priced, from user license fees to hosting costs. Define all additional costs including Professional Services fees, training, upgrades and maintenance and support.



8.) Deep Dive into Integration

One of the most complicated parts of the entire buying process is integration. This can be difficult to estimate from a cost and Professional Services perspective. At this point in the process, your team should go through a deep dive on integration with your short list vendors.

In this exercise, you should identify all of the integration necessary for a successful implementation and each vendor's capabilities in areas such as:

- Inbound/Outbound ASN/EDI
- Pre-existing APIs
- Support for integration with Host systems like ERPs
- Support for integration with Material Handling equipment
- Support for integration with client or partner systems

With Non-Disclosure Agreements in place, consider exchanging API documentation with potential WMS vendors to verify that existing upload/download exchanges support your needs. If you are using EDI, determine with your team whether mapping will support standard transactions. If it seems modification may be needed, ask software providers for a cost estimate.

Don't forget to bring up data loading. Find out if there is a way to load your existing data automatically versus having to type it in by hand.

Your Goal for Step 8

Get a detailed understanding of the effort and cost of making your new Warehouse Management System work in your environment, and develop a specific plan for how the system will communicate with your other systems.





9.) Host a Warehouse Tour

Each vendor should now be ready for a first-hand look at your facility. This is your opportunity to showcase your operations and point out processes that may be unique, like pre-Receipt QA, Zone Picking or Recall Returns.

Be prepared to give a walking tour of your warehouse facilities and walk through your processes so both you and vendors can see how their systems and your operations fit together. This is also another good time to discuss your hardware and integration requirements.

Your Goal for Step 9

Provide each vendor with an up-close view of your facility and discuss what makes your organization special or unique. Each vendor should have a plan to support your process and procedure nuances and be able to confirm that their system can maintain your current operations.



10.) View a Personalized Demonstration

Now that each vendor has a thorough understanding of your warehouse processes and what makes your operations unique, you should be able to see how it will all work with their software.

This is typically done in the form of an onsite software demonstration for your entire team. These presentations can range from a couple of hours to a whole day, and may be guided by a list of topics you'd like to cover.

During each presentation, vendors should provide you with a thorough walk-through of each functional area to demonstrate their understanding of your specific requirements and how their software meets your needs, including:

- How work, such as Orders, is filtered and how tasks get passed to the warehouse floor
- How work is presented to users in the warehouse, like how it looks on a Smart Mobile device
- How work being done in the warehouse can be managed remotely
- How work in process can be monitored in real-time as transactions are happening

Your Goal for Step 10

Validate at least one WMS can run your operations. As much as possible, the system or systems should be a mirror of your current processes.



11.) Get an Accurate Price

Any vendors still on the short list should now be able to provide a more customized price. Your task is to root out any ambiguity. It should be clear what functionality gaps exist. Good salespeople should be able to provide precise time and cost estimates to fill any holes and meet your requirements.

Be open and honest about where you think software needs modification to work in your environment. Identifying modifications and applying estimates now eliminates confusion and misunderstanding that could derail the project later.

Your Goal for Step 11

Clarify exactly where WMS may not match up to your functional needs and estimate the costs required to fix those issues.



Your Goal for Step 12

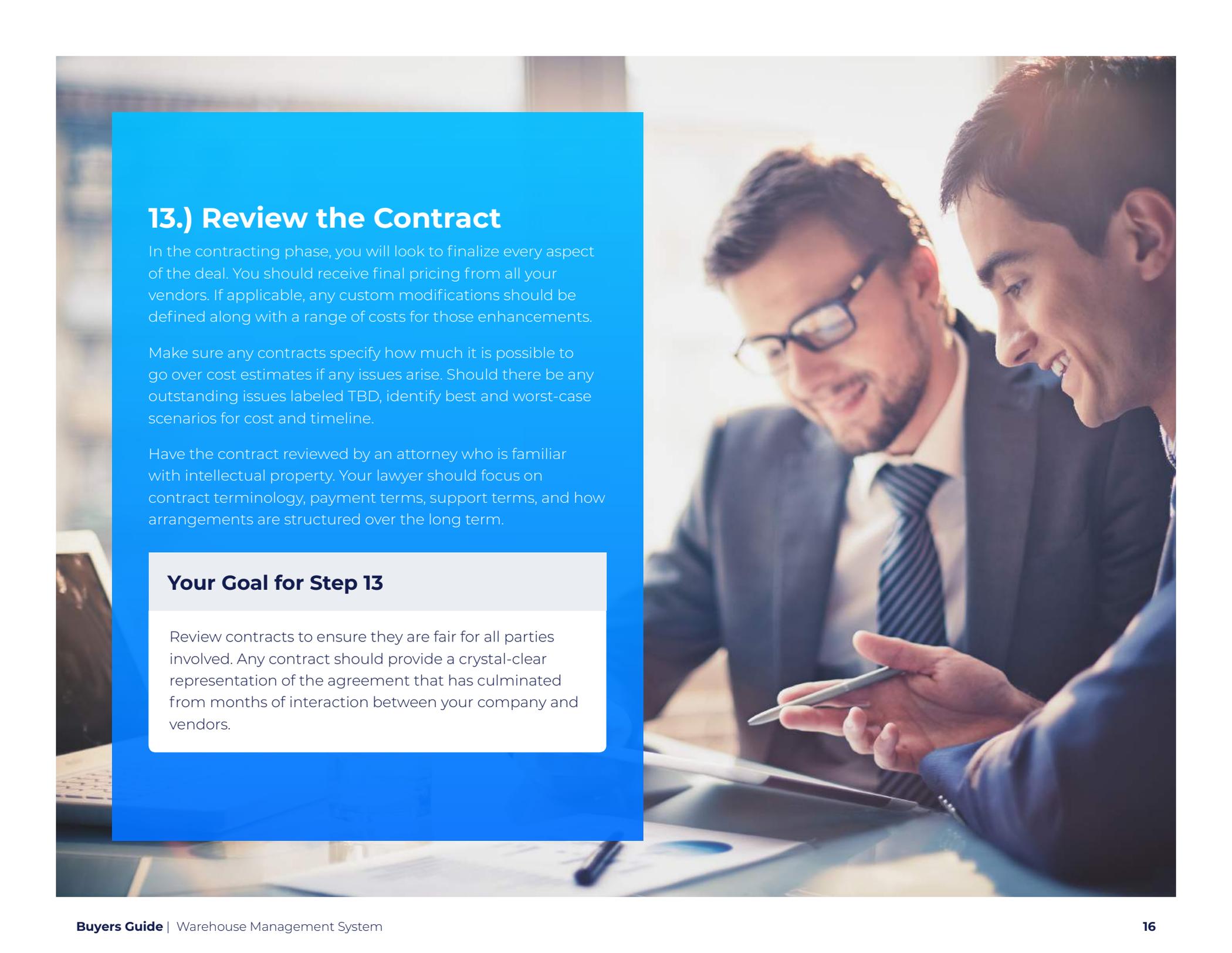
Make reference calls or visits to organizations that are running the software. Ask a series of questions to find out what they like and don't like about the system and vendor.

12.) See the Software in Action

The truest test for any WMS software provider is when they allow prospective buyers to speak with current customers. Take this opportunity to visit customer facilities and verify what vendors are saying about their systems.

When you are at the facility, seek out users. Ask them to show you the WMS screens they are viewing. Find out what users like and don't like about the system. Ask them if they think it is easy or complicated. Ask them about the implementation process and if there is anything they would have liked to know before they started. Ask them how they were trained and how quickly they adopted the new software.

Most of all, ask existing customers to explain how the vendor responded when an issue arose. How quickly did they respond? How thorough were they in addressing the issue? How would they rate the experience on a scale from 1 – 10.



13.) Review the Contract

In the contracting phase, you will look to finalize every aspect of the deal. You should receive final pricing from all your vendors. If applicable, any custom modifications should be defined along with a range of costs for those enhancements.

Make sure any contracts specify how much it is possible to go over cost estimates if any issues arise. Should there be any outstanding issues labeled TBD, identify best and worst-case scenarios for cost and timeline.

Have the contract reviewed by an attorney who is familiar with intellectual property. Your lawyer should focus on contract terminology, payment terms, support terms, and how arrangements are structured over the long term.

Your Goal for Step 13

Review contracts to ensure they are fair for all parties involved. Any contract should provide a crystal-clear representation of the agreement that has culminated from months of interaction between your company and vendors.



14.) Negotiate the Specifics

Now is the time to ask for each vendor's best and final offer. You should be provided with a clear understanding of user seat pricing, Professional Services hourly rates, and any other fees including hosting, upgrades, support and maintenance, and training.

When comparing costs by vendor, review the specific line item detail in each contract so you are comparing apples to apples. Ask each vendor for specific reasoning behind each line item so you have a clear understanding what the costs will be in year one, year two, year three and so on.

Your Goal for Step 14

Get final pricing and final terms for all aspects of the WMS software purchase so that you understand and can accurately compare products. You should have everything you need to make a final decision.

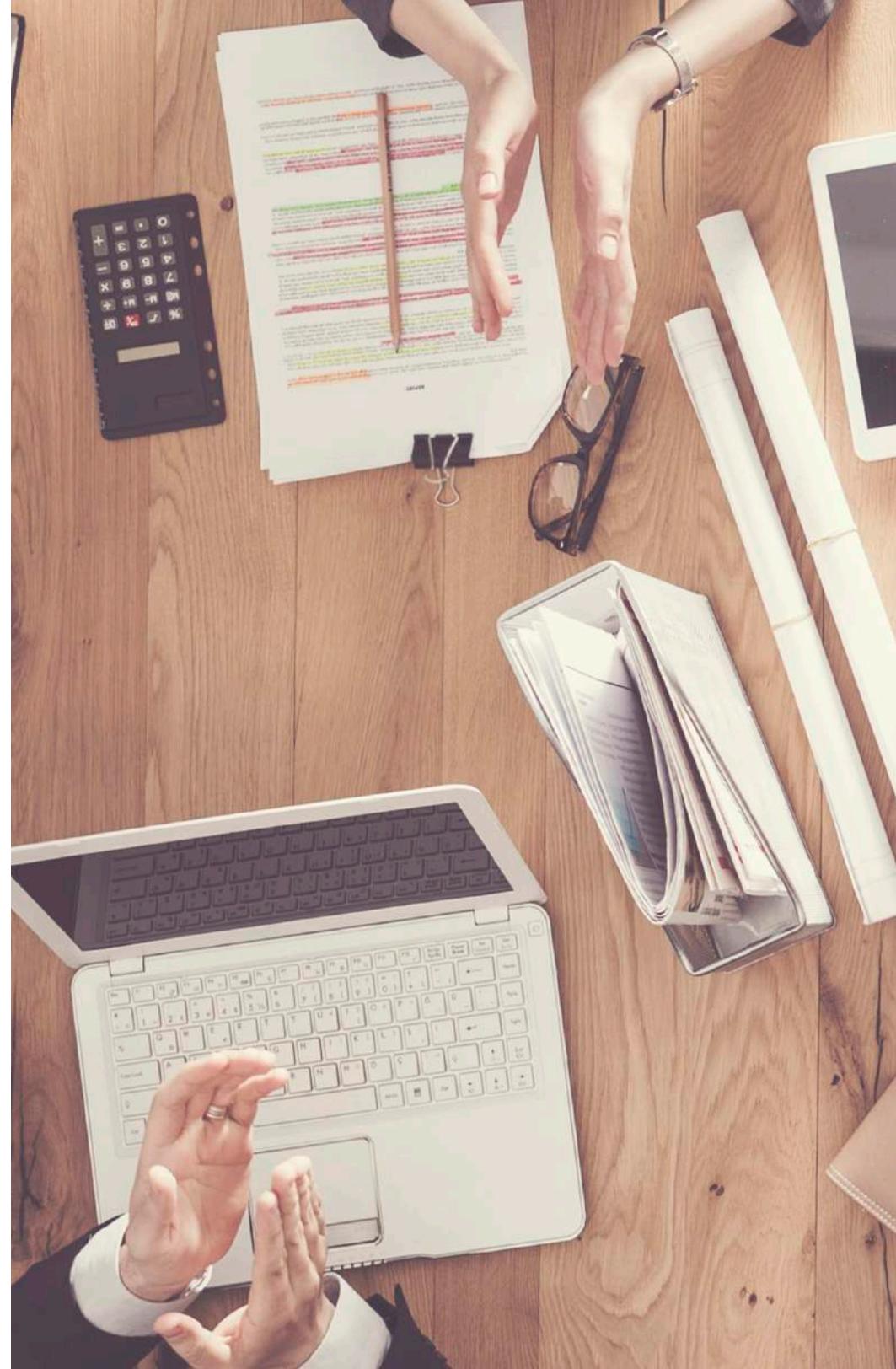
15.) Sign the Contract

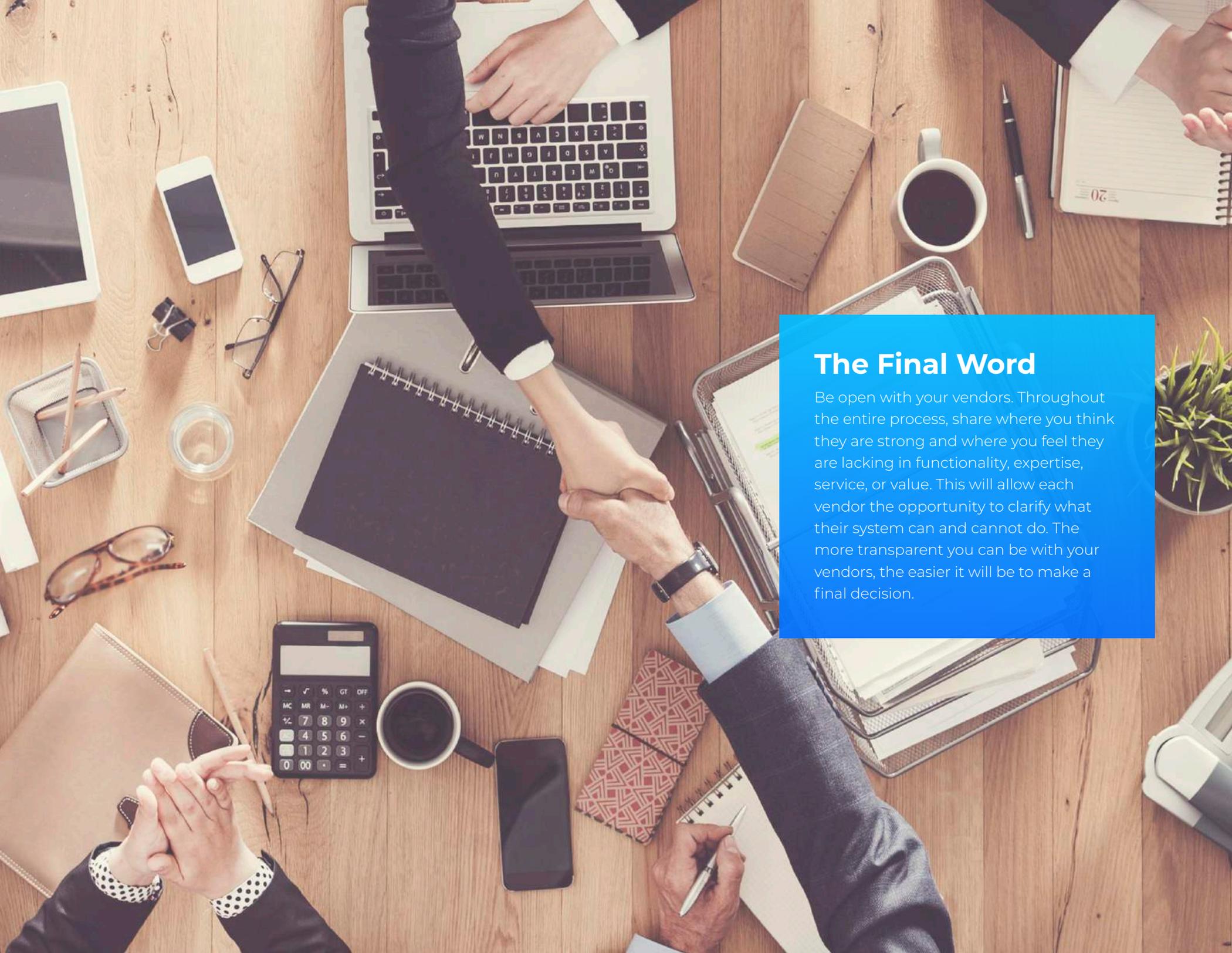
After months of team meetings, product demonstrations, and calls with software vendors, you are ready to select a Warehouse Management System partner. Take a moment to review your entire journey with each vendor and document any special insights on your operations they can provide.

At this point, you should have a final Statement of Work, and there should be no red flags in the contract. You should also begin discussions about next steps and how you'll transition to the organization's Project Management Office to prepare for your implementation.

Your Goal for Step 15

Select a vendor that will be key to your organization's growth over the next decade.





The Final Word

Be open with your vendors. Throughout the entire process, share where you think they are strong and where you feel they are lacking in functionality, expertise, service, or value. This will allow each vendor the opportunity to clarify what their system can and cannot do. The more transparent you can be with your vendors, the easier it will be to make a final decision.



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