



## CASE STUDY

CipherLab Customer Spotlight: Associated Grocers of Florida

### **CipherLab Helps Associated Grocers of Florida Deploy Unique Ordering Infrastructure**

#### **Profile**

Originally founded in 1945 by a handful of small stores, Associated Grocers of Florida (AGFLA) is a cooperative of independent retailers in the southeastern U.S. that is rapidly expanding throughout the Caribbean, Central and South America. Initially organized to increase the buying power of independent retailers, AGFLA has grown impressively to become one of the largest full line suppliers in the region. AGFLA headquarters now occupy more than 800,000 square feet of office and warehouse space in Pompano Beach, Florida; in addition, AGFLA acquired a 700,000 square foot warehouse in Ocala, Florida, and recently opened the first phase of a 1.5 million square foot shipping facility in Freeport, Grand Bahamas to service its growing membership. Today, AGFLA handles over 23,000 SKUs, and services more than 350 independent grocery stores in a total of 42 countries.

A retailer's biggest challenge is the bottom line. Independents often struggle to compete with large chains while simultaneously managing precariously low profit margins. In order to survive, independent retailers rely on a flawless flow of products to stock shelves and to continue to build a loyal and satisfied consumer base. To achieve this by giving its members access to a more diverse selection of goods, AGFLA increased its company space and expanded its inventory to over 23,000 SKUs, requiring a restructure of its ordering system.

At that time, AGFLA operated on older, used Telxon equipment, which had been the industry standard in those days. After Telxon Corporation was acquired; production of its hardware and spare parts came to a halt. As a result, AGFLA was left with Telxon equipment that was quickly becoming expensive, inadequate and difficult to repair given the limited number of spare parts on the market. The final straw was a programming defect within several Telxon units that prevented members from placing an order after the 21<sup>st</sup> scan of the UPC or warehouse barcode.

Fully aware of the importance among grocery stores to keep shelves stocked, AGFLA knew that drastic changes needed to be made to its ordering system. AGFLA wanted to find a solution capable of going beyond basic ordering functionalities. The solution needed to be cost-effective, easy to implement and, even more importantly, easy to use. AGFLA sought a solution that could generate a weekly download of its entire items file containing over 23,000 SKUs with each item's description, UPC, cube and weight and UAP.

AGFLA then began to dream of additional criteria for its ideal solution. Placing themselves in their members' shoes, AGFLA came to the conclusion that the solution should be capable of managing item availability, both at AGFLA and at each individual store. This feature would help retailers better plan the real estate layout of their stores AND keep shelves fully stocked. Additionally, during the ordering process, the solution needed to immediately inform the store of discontinued items, items temporarily out of stock, and seasonal supplies. The solution should also help retailers be more aware of items that might already be available internally in a store's back room.

Finally, the AGFLA wanted to incorporate a more efficient shelf tag service into the ordering system. Previously, placing an order for shelf tags was time intensive and required manually listing tags that were needed and submitting the list to AGFLA via phone, fax or email. AGFLA would then manually enter the request into its system, and produce and print the tags individually. The company sought to streamline the entire process by finding a solution that would enable a customer to electronically place an order for shelf tags during the ordering process by simply scanning the UPC or warehouse barcode, resulting in significant savings in time and resources for both parties.

## **Deployment**

With such a complex wish list, AGFLA knew it would be difficult to find a solution that could meet all of its criteria while delivering an immediate return on investment. However, after evaluating several competitive offerings, it determined that CipherLab had a product -- the 8021 acoustic coupler terminal -- capable of meeting its needs due to its rugged design, ease of use, reliability and affordability.

CipherLab's 8021 acoustic coupler terminal is ideal for the retail setting and is a particularly good choice as a replacement for older style terminals. The units can be ordered as either laser or linear scanners and offer over 100 hours of battery operation for reliability in the most demanding settings. The units are completely programmable, connect to standard phone lines and include up to 2MB of data memory and 2MB of program memory.

"The older Telxon units already in place at AGFLA were increasingly expensive to maintain and repair, and this was frustrating not only for us, but for our customers," said Noel Bostick, IT operations manager, Associated Grocers of Florida. "In keeping with our strong commitment to service, we looked for an economical, easy-to-use and deploy technology that could replace the Telxon units in the field. Most importantly, we needed a reliable solution that could be rolled out with minimum disruption to our customers' existing networks. CipherLab delivered the perfect alternative, and really allowed us to put the control for ordering in our customers' hands."

A surprising benefit of the partnership with CipherLab was the development of automatic container space calculation software for use on the CipherLab units. CipherLab's Intelligent Order Entry (IOE), designed specifically for use by grocery and C-stores, ensures that shipping container space is maximized to resolve packing problems and reduce overall freight costs. When used in conjunction with CipherLab's hardware, Intelligent Order Entry enables members to calculate the cubic footage and weight of bulk goods, thereby reducing wasted space in shipping containers.

“For our logistics system, weight is not necessarily the biggest cost factor – it’s space,” explained Bostick. “Now, customers know exactly how much container space will be required for each order. This enables us to proactively suggest adding or removing items to properly and completely fill a container, helping our members minimize shipping costs.”

Additionally, since AGFLA serves several grocery stores that are located in rural areas, the company took into consideration the availability of high-speed Internet connectivity when selecting a data capture system. The 8021 was the perfect hardware choice since it offers the capability of transmitting data over the Internet or acoustically over standard phone lines, and has the added benefit of requiring very little investment in staff training time.

AGFLA is already experiencing increased order accuracy and less labor costs with the CipherLab units. “We are now considering a second implementation that would migrate our customers’ hardware from acoustic communications to an Internet-enabled platform, further increasing our order and delivery responsiveness,” Bostick noted.

The AGFLA rollout is now approximately 60 percent complete, with 85 percent of the AGFLA stores to have the CipherLab units by the end of 2008. The deployment of the remaining CipherLab terminals will be completed in 2009.

### **About CipherLab**

CipherLab is a global leader in the design, manufacture and marketing of Automatic Identification and Data Capture/Collection products and systems. The company’s mobile computers and scanners are integrated into the networks of some of the world’s best-known logistics, retail, distribution, government installations and healthcare companies. North American headquarters are in Plano, TX. For more information, call 888-300-9779 or visit <http://www.cipherlab.com>.

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