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## Voice upgrades accuracy and productivity for Newegg

Blended with light-directed picking, voice picking supports peak season and variable SKU locations for Internet retailer.

By Josh Bond, Associate Editor

September 01, 2014

Newegg.com is the largest pure “e-tailer” in the world behind Amazon.com, earning \$3 billion in revenue last year. Specializing in electronics, computer hardware and software, the company encountered rapidly changing SKU mixes that challenged its ability to reconfigure existing pick-to-light infrastructure. By adding voice picking technology, the company boosted productivity while reducing training time for new hires from four days to two hours.

Newegg’s DCs stock 50,000 SKUs. Combined with SKUs supplied by other sellers on its Web site, that number is in the millions. On average, the company’s Memphis facility fills 50,000 to 65,000 orders per day, quadrupling during peak seasons. When it first went into business in 2001, Newegg relied on manual bar code scanning with radio frequency (RF) technology, says Kunal Thakkar, senior vice president of operations at Newegg. As business grew, Thakkar says, light-directed picking was added to the mix, coupled with RF. Light-directed picking, now used in almost all of the company’s DCs, will now also include voice-directed picking combined with scanning and RF technology.

“Voice provides a dual advantage,” Thakkar says. “It combines the productivity of pick-to-light with the accuracy of an RF scanning tool.”

Paired with ring scanners, the new voice system (Vocollect by Honeywell, vocollectvoice.com) allows employees to use two hands while working. This flexibility is key to the fluctuation of product locations in e-commerce, where 3,000 to 5,000 SKUs are changed every month. In addition to a decreased dependence on pick-to-light infrastructure, Thakkar says the operation has benefited from the inventory management voice enables. “You can communicate very well with the warehouse management system, and it’s two-way communication,” he says. “The WMS can immediately redirect a picker to an item, where the picker can report low inventory and prevent a stockout.”

The same number of employees can now pick 25% more, and accuracy is at 99.9%



By adding voice picking technology, Newegg boosted productivity while reducing training time for new hires from four days to two hours.

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following a 23% reduction in mispicks. During peak season, the system also allows for much faster training as the picking workforce is increased by as much as 30%.

Thakkar says the company has already rolled out voice picking in its Indianapolis facility, where he expects a return on investment within eight months. The company's Memphis facility intends to expand the use of voice from the picking area into receiving and shipping processes.

## About the Author



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Associate Editor

Josh Bond is an associate editor to Modern. Josh was formerly Modern's lift truck columnist and contributing editor, has a degree in Journalism from Keene State College and has studied business management at Franklin Pierce.

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