

# Five ways to cut DC costs with the Internet of Things

The warehouse might not be the first thing that comes to mind when you think of the Internet of Things (IoT). But in fact, warehouses and DCs represent a wide-open opportunity for using smart devices to collect data for better decision-making. Sensors attached to conveyors, pallets, lighting fixtures, and the like feed data to sophisticated analytical software platforms that look for patterns, problems, and opportunities for improvement. Here are five common payoffs.



## 1. Reducing utility costs.

An IoT system can reduce utility costs by switching off lighting and overhead fans when motion sensors indicate a room is empty.



## 2. Boosting worker productivity.

An IoT can pay off by cutting labor costs and boosting worker productivity. The network would pull data from mobile technology platforms such as radio-frequency identification (RFID) terminals, bar-code scanners, or pick-to-light stations, then integrate performance information with a warehouse management system, yard management system, or labor management system to identify inefficiencies.



## 3. Identifying performance trends.

An IoT can help identify trends in the performance of a system, such as uncovering problems with bar-code label quality by analyzing data from 3-D scanning and dimensioning equipment.



## 4. Cutting handling costs.

DCs can tag pallets and products with sensors to identify inefficiencies in the way lift trucks, conveyors, and workers move materials. Linked to a WMS platform, that information can be used to help cut handling costs, drive inventory reductions, monitor warehouse inventory, and avoid out-of-stocks.



## 5. Driving strategic decisions.

Managers can use the data harvested from the IoT to help guide high-level strategic decisions. Once linked to a network, a warehouse can then be connected to other warehouses or to an entire supply chain, allowing managers to take the big picture into account when making decisions.

Despite the potential benefits, implementing an IoT network requires an investment of time and money. Common challenges include finding ways to communicate securely between devices, transmitting and storing huge amounts of data, and protecting privacy.