**360-Degree Logistics Solutions by TGW –
How to save money through Total Cost of Ownership**

**When looking to invest in an automated logistics centre, businesses have to evaluate multiple aspects — and not only regarding the technical equipment, space requirements or possible future developments. They also have to consider their long-term plans and how the logistics centre will be able to expand and develop to meet future corporate goals. Equally important during the initial investment stage is the need to consider the Total Cost of Ownership.**

Considering Total Cost of Ownership (TCO) early in the planning of an automated logistics installation helps businesses to estimate not only their initial investment costs, but also all related costs that will later accrue during the facility’s operation. TCO planning provides businesses with an outlook into the future, quantifying both the immediate (and future) returns from their investments today and identifying potential savings in the long-term.

“What our customers want is a reliable, flexible, long-lasting, high-performing logistics installation that will support their plans today and tomorrow. They want a well-proven, smart overall solution maintained by competent logistics experts. They want to know exactly what to expect and how to keep their costs low, while maintaining high operational performance levels and order fulfilment accuracy,” says Christoph Wolkerstorfer, Managing Director at TGW Logistics Group.

To address all possible aspects that might influence their customers’ future business needs, TGW offers overall solutions with a 360-degree view, including planning, design, software, installation and commissioning, and Lifetime Services and support. Through this complete line of offerings, TCO can be predicted easily, and savings identified at an early stage.

**What are 360-degree logistics solutions?**

The ideal automated logistics solution includes everything required to support an operation’s material flow processes, beginning with the planning stage. It not only offers mechanical equipment, but also controls and software that optimise all processes and easily handle exceptions to ensure the installation runs like clockwork. The goal is to meet each customer’s requirements and expectations 100% throughout all 360 degrees of their operation.

Working with the customer, TGW analyses their existing business data and their current supply chain processes to design the optimal installation. All TGW solutions are based on high-performance automated equipment, including automated storage and retrieval machines, shuttles, picking modules, conveyors and sorters. When integrated with TGW’s flexible Warehouse Management System and Warehouse Control System, a complete, end-to-end logistics solution that minimises TCO can be created.

Christoph Wolkerstorfer explains: “With a TGW 360-degree logistics solution — planned, designed and realised according to thoroughly analysed processes and needs and based on proven, high-performing TGW modules and the TGW Software Suite — our customers can focus on their core business and, depending on the system, decrease their Total Cost of Ownership by up to 50%.”

**Key considerations when calculating TCO**

To calculate TCO, it is important to understand that the true costs of a logistics system are more than just the initial investment or capital expenditure (CAPEX). A systems integrator must consider operational costs (OPEX) in order to provide a comprehensive TCO for the initial installation and to predict possible savings.

Costs include: labour operating and running the system, energy usage, spare parts, maintenance, and upgrades to the software and hardware throughout the entire life cycle of a logistics solution. The goal of TGW’s 360-degree logistics solutions is to reduce those expenses from the start by developing and implementing customised operational strategies for the customer.

**Labour costs**

There will always be certain areas in a logistics solution that require human resources. Labour costs are strongly dependent on the degree of automation. However, TGW ensures that these areas are ergonomically designed, resulting in better working conditions, higher productivity and fewer injuries. Technology has evolved into goods-to-person systems — such as the TGW FlashPick® and PickCenter product families that support up to 1,000 picks per hour for the most effective deployment of people and equipment — which meet growing omni-channel demands with single-piece-picking solutions. With this state-of-the-art technology, operators’ performance is increased by fivefold, while picking errors are reduced significantly.

**Energy costs**

The combination of the intelligent TGW Software Suite with energy-efficient components that feature lightweight construction, gears and drives, ensures that TGW’s automated solutions use up to 50 percent less energy (depending on the system requirements). For example, TGW KingDrive® conveyor technology, which — compared to conventional conveyor systems — is engineered to decrease energy costs by more than half.

**Maintenance, spare parts and on-going life cycle costs**

To make on-going maintenance easier for customers, TGW offers customisable Full Service Packages that include spare and wear parts and all relevant services, performed by a qualified team of TGW on-site engineers. Customers can choose from a variety of contracts, while their automation investment is backed by a high-quality warranty package.

Christoph Wolkerstorfer emphasises: “Customers rely on our high-quality products and the availability of our systems, which is why we offer this service option — to eliminate any potential risk related to our installations. We want our customers to be able to concentrate on their core tasks without worrying about the detailed logistics processes inside the automated warehouse. We know how the installation works, and how to continuously improve the system.”

For further TCO reduction, TGW installations typically have very few wear parts and low maintenance requirements. Because they are built from standard components that are easily obtained, overall maintenance work is much easier to perform. “It is a fact that up to the same amount of the initial investment needs to be reinvested into operational costs during the first 10 to 15 years of an installation’s life cycle. Trust us with your operation and you will never need to worry about your life cycle costs,” adds Wolkerstorfer.

[www.tgw-group.com](http://www.tgw-group.com)

**About TGW Logistics Group:**

TGW Logistics Group is a global leading systems provider of highly dynamic, automated and turn-key logistics solutions. Since 1969 the company has been implementing different internal logistics solutions, from small material handling applications to complex logistics centres.

With about 2,500 employees worldwide by now, the Group implements logistics solutions for leading companies in various industries. In the business year 2015/16, the TGW Logistics Group generated sales revenues of 532 million Euros.

**Pictures:**

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