

MOVING FORWARD



THE MANAGEMENT OF MOTION®

January 2008



Letter From the President

Where does the time go, 2007 has come and gone and we are hopeful the year was a success for all. As we look back on the record setting year, we pause to say thank you to all of our customers, team members, and business partners for allowing us the opportunity to serve you.

We look forward to a prosperous new year and continuing to assist you with continuous net gains.

Sincerely,

Chuck Frank, President/CEO

Customer Spotlight

We recently worked on a project with a company whose operation was store replenishment. What made this project interesting and challenging for AHS was the wet environment the operation would take place in. This called for a special design to reduce and prevent oxidation, at a cost that was justified for the project. Standard equipment was not an option and stainless steel was too expensive. After several successful meetings to discuss the working conditions and the operational process, a proposed solution was agreed upon. Our team of engineers went to work to research and find materials that would meet the proposed solution. The solution utilized conveyor which was powder coated and incorporated overhead conveyor to deliver packaging material to operators. In addition, the team installed neoprene washers to isolate and eliminate metal to metal contact, and provided rubber grommets for all supports between the floor and bases. To increase packing productivity for the client, ergonomic work stations were installed. This detailed design allowed for the conveying of open buckets of water to packing stations in a safe and efficient manner. The project was a success and delivered the return on investment that was originally outlined.



Go Green

Worrying about increases in energy costs? Reading about the effects of greenhouse gases on the environment? There are multiple tweaks you can easily make in your facility that will not only make you a good neighbor, but provide you the maximum return on your energy investment. Lighting upgrades, HVLS fans and conveyor energy management systems are guaranteed to cut your energy consumption, save money and reduce your ecological impact.

Replacing your old hi-bay metal halide light fixtures with new T5 or T8 hi-bay florescent fixtures will cut back the lighting portion of your electric bill up to 40%. To top that off, many utility companies are offering rebates equal

to 1/3 of the initial cost of the new light fixtures.

Installing an Energy Management System on your conveyor system will guarantee the conveyor is running only when products are being transported. Upstream photo eyes sense product and turn on downstream conveyors to move the product. By not allowing your conveyor to continue running without transporting product, you increase the lifespan of your equipment, decrease planned maintenance costs and save on energy costs. Not only will these relatively small changes contribute to helping the environment, but they'll also save your company resources.

Strategic Design Services

Third Party Fulfillment – Dotcom a New Perspective

Outsourcing services has been a strategy for many industries throughout the years. But, until recently, the industry has been sorely lacking in quality integrated fulfillment services for the Direct to Consumer market. History has given us the .com boom, the .com bust, and now what I call the .com resurgence and confidence.

We all remember the advent of the internet. (Who was it that claimed to be the father of the internet?) How exciting and convenient would it be to shop online? How safe would it be to shop on line? How quickly would we receive the merchandise? Would it be easy to return merchandise?

Hmm. The consumer answered that question with a resounding thud! Many new businesses became trashcan fodder. Only the strong would survive. We saw a number of logistics businesses crash and burn. We saw major brands receive black eyes. We had numerous internet service businesses fade into cyberspace never to be seen again. The idea, while brilliant, had too many flaws. It moved too quickly without the infrastructure being fully thought through. Quite frankly, it needed an integrated approach. The concept needed a way of bringing consumer expectations to the on-line shopping experience with secure and accurate data management. Out of the ashes rose a service industry with the answers to those questions and concerns.



Photo by Marshall Gamsey

And because of that we now have a significant number of providers of integrated services which are providing great business opportunities while taking care of the consumer's wishes of convenience, security, and great service.

While the industry was muddling their way through solving this problem; major retailers were dabbling with providing the service "in-house". And dabbling they did. It was a slow and tedious process with minimal success. The retail experts needed a quick solution to their challenge in providing great service and they have returned and continue to turn to third party providers (3PF). These providers have truly mastered the integrated shopping experience.

Some 3PF's reside in the background as unsung heroes allowing the retailers and product brands to retain their identities; others have created identities for themselves. The bottom line is simple: integrate your customers with your products and shopping experiences with state of

the art providers of web services together with logistics. As we continue to build confidence we will certainly break new ground. As we break new ground lets hope recent history repeats itself.

Field Services

The Importance of Being Prepare

Now that you have survived peak season and gotten thru the Holidays, its time to start preparing for next years peak. Take the time to evaluate your automated equipment performance during peak while it is still fresh on your mind. Make a list of things that worked well and things that didn't work well. The things that didn't work well should be the things you start trying to improve so that you are better prepared for next peak season.

Material Handling Basics

Risk Mitigation

Yes, accidents happen. But why? And more importantly, can we do anything about it? While some issues are unpreventable, we believe that a successful risk mitigation program will benefit your company and employees. A successfully implemented program will include routinely evaluating your facility for potential accidents and acting upon the findings to diminish those problems. This eliminates accidents and in turn increases profits. According to The Human Resources Portal, employers in the United States spend \$80 billion per year on workers' compensation. Spending time implementing cost effective safety programs and properly installing and auditing equipment will contribute to reducing the amount of money your company spends on workers compensation. Evaluating basic things such as rack and shelving, installing mirrors around corners and placing column protectors around all columns will reduce your risk in addition to ensuring your facility is running as efficiently as possible.



Integration Services

Implementing the Latest and Greatest Technology

AHS's Integration Services Team strives to stay before the times by introducing the newest technology to their clients. Recently, they were 4th in the world to implement the XcelSORT® Sliding Shoe Sorter in a third party logistics facility. The TGW-ERMANCO XcelSORT® Sliding Shoe Sorter was created for operations that require high-speed sortation of products into multiple discharge lanes.

The XcelSORT® efficiently and reliably sorts product at 200 cpm. The slat and shoe design greatly reduces the jams that are common with difficult-to-sort product such as unevenly weighted cartons, bagged items and very small or soft items. Product as long as 60 inches, and up to 100 pounds are conveyed at 510 feet per minute. Divert angles may be 22 or 30 degrees and each divert may sort in two directions.

The lengthy maintenance and repair times typical of shoe sorters are eliminated in the XcelSORT® through the use of heavy-duty components that are easily accessed and require relatively low maintenance. The

Do you know the answer to this question? You could be the winner of our quarterly Fun Fact trivia contest.

Who was the first MVP to win a Superbowl in his hometown?

To submit your answer, send an email to jwolfe@ahs1.com for your chance to win AHS apparel. Everyone who responds correctly will be placed in the Fun Fact Jar and a winner will be pulled at random. The winner will be notified by email.

Congratulations to our Fun Fact winner from last quarter: Jay Runck

Jay successfully answered the question, Which Cincinnati Bengal is responsible for the tackle that basically ended Bo Jackson's career?

The answer is: Kevin Walker

Thank you to everyone who participated in our Fun Fact Challenge! Jay, we hope you are enjoying your new AHS apparel.

If you have a fun fact challenge question, please submit it to jwolfe@ahs1.com to have it published in our next Moving Forward e-newsletter. If used, we will send a token of our appreciation.

FUN FACTS

entire chain mechanism is carried on polyurethane wheels for quiet, precise and durable operation. The simple, heavy-duty switch mechanism is easily accessed from the underside of the sorter without removing slats. If there is a need to remove slats, this is quickly and easily done.

The XcelSORT® is ideally suited for distribution centers, where high throughput is required and product orientation must be maintained. It provides speed, accuracy, and reliability while separating a single line of products into multiple discharge lanes. For more information contact our Integration Services team.