



AMERICAN APPAREL  
LOS ANGELES, CA

206

SPEED  
ACCURACY  
SPACE EFFICIENCY

**ABOUT AMERICAN APPAREL**

American Apparel was founded in 1998 and went public in 2007. It is the largest apparel manufacturer in the U.S. and a wholesaler of high quality fashion basics. It has a global presence of 251 stores in 20 different countries.

**ABOUT SDI**

SDI is an innovative provider of systems and solutions to the retail, wholesale, fulfillment and e-commerce industries for all aspects of distribution center materials handling.

As both consultants and systems integrators, the company provides clients with a total logistics solution package which includes materials handling consulting, as well as design, engineering, fabrication, installation and integration services.



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## KEY HIGHLIGHTS

### The SDI Solution for American Apparel

**CONSULTANCY APPROACH** SDI Partnered with American Apparel to centralize, optimize and reduce costs of their distribution operations for their global, multi-channel environment.

**AUTOMATED SOLUTION** The implementation of the automated distribution system and unit level fulfillment SORTRAK system has enabled American Apparel to reduce their labor force significantly.

**ENHANCED OPERATION** The new single-level facility significantly reduced costs, allowed room for growth and had a quick ROI. Additionally, it rose the CPU and UPH up from below industry norms. The system seamlessly integrates wholesale, retail and e-commerce fulfillment.



#### THE CHALLENGE

American Apparel's fully busy distribution operations occupied 400,000 sq ft, which were spread out into six floors and used two freight elevators. They had over 600 employees who fulfilled global orders for wholesale, retail, and online customers manually, while most distribution functions were paper-based. Due to their manual distribution process, they were losing inventory and not operating efficiently.

As part of SDI's consultancy approach, the company worked closely with American Apparel to provide centralization and a "50-year" upgrade in nine months. Without a true WMS, most distribution functions were paper-based and were managed using the company's Microsoft Dynamics ERP system.

#### THE SOLUTION

SDI was a part of a comprehensive approach that entailed moving American Apparel into a single-level, 250,000 sq. ft. distribution facility, 15 miles from the Los Angeles Factory/HQ. The facility has 32 dock door positions and has the capacity to process 80M+ units per year. SDI provided the entire MHE solution including a SORTRAK unit sorter system to process retail and wholesale orders. SDI also interfaced and designed the process for the implementation of a new WMS. American Apparel selected HighJump as the new WMS, which replaced Microsoft Dynamics AX, as a true tier-one WMS. Additionally, SDI included a 24-hour support agreement to ensure maximum uptime of the automated solution.

#### THE SYSTEM

American Apparel's sales have increased 13% from 2011 and expect to continue to grow. The new facility and its systems accommodate for many years of growth, will continue to reduce opportunities for inventory shrink, and it expects to bring the cost per unit down to below 20 cents from their original mid 40 cents.

The solution accommodates over 80,000 SKUs and typical volumes reach over one million units weekly. The SDI SORTRAK has provided 250 of sort destinations and dynamic waving capability ensures the destinations are used efficiently. The SORTRAK utilizes a dual tray to offer 14,400 tray opportunities per hour. Item detection is achieved using camera technology that enables a huge variety of products to be handled and can also be used to record product induction integrity.

SORTRAK has been able to improve accuracy of unit level fulfillment to over 99.5%

"I like everything, but if I had to choose one thing, it would be the sorter," Jim Sweeney said. "We wouldn't be able to do it without the sorter, with the volume, it would be a lot of bodies."

