

## VIDEO SURVEILLANCE

# EYES ON THE WAREHOUSE

By: Paul Fisher

In many enterprises, security initiatives focus on protecting assets, products and merchandise. Yet, security risks begin long before that. Security has to begin with the supply chain and in warehouses and distribution centers.

According to a report from Deloitte, *The Ripple Effect: How manufacturing and retail executives view the growing challenge of supply chain risk*, supply chains are becoming highly sophisticated and vital to the competitiveness of many companies. But their interlinked, global nature also makes them increasingly vulnerable to a range of risks, the report says.

The report notes:

- Supply chain risk is a strategic issue. There are now more risks to the supply chain, and risk events are becoming more costly. As a result, 71 percent of executives said that supply chain risk is important in strategic decision making at their companies.
- Margin erosion and sudden demand changes cause the greatest impacts. The most common and the most costly outcomes of supply chain disruptions are erosion of margins and an inability to keep up with sudden changes in demand, which illustrates the extent to which the supply chain risk issue affects the “heart of the business.”
- Most concern about extended value chain. Executives surveyed are more concerned about risks to their extended value chain—outside suppliers, distributors and customers—than about risks to company-owned operations and supporting functions.
- Supply chain risk management is not always effective. Two thirds of companies have a supply chain risk management program in place, but only half the surveyed executives believed those programs are extremely or very effective.
- Companies face a wide variety of challenges. Executives cited a wide variety of challenges including problems with collaboration, end-to-end visibility and justifying investment in supply chain risk programs, among others. However, no single challenge stood out, indicating the need for broad approaches.
- Many companies lack the latest tools. Current tools and limited adoption of advanced technologies are often constraining companies’ ability to understand and mitigate today’s evolving supply chain risks.

Yet, security systems in a supply-chain facility can do much more than provide security.



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“I see many logistics companies using video management systems to not only secure their facilities, but also to create operational efficiencies,” says Paul Fisher, Vice President of Global Key and National Accounts at Salient Systems. “Many facilities are purchasing and installing hundreds of security cameras, and it’s paying them back in six to eight months.”

One example includes a warehouse that was experiencing continuous traffic jams around its facility, especially during peak loading and off-loading times. The problem affected business operations on many levels. Video surveillance was used to educate the operations team to the problem, and management permanently rerouted traffic around its facility to correct it.



Video management systems with functions such as analytics are also an important way in which traditional security and operations personnel can secure their facilities, while maximizing current resources, Fisher says. “For a truck to leave a warehouse with its load, it needs to be cleared on many levels. Yet, many facilities can have 300 or more dock doors, and during peak loading and unloading times, sometimes all trucks aren’t inspected, are delayed or manpower has to be increased.”

With video surveillance and video management systems that employ analytics, however, situational awareness and response time can be increased. When security and operations officials have immediate access to the video and the data they provide, they can respond quickly and effectively.

For example, warehouse security and operations need to ensure all trucks are never at “LTL”, which means less than a (full) load, because that results in lost profits. Every truck needs to be loaded to its capacity to optimize the fleet. However, loading docks are busy with many drivers and trucks departing at one time, and it can be difficult for management to ensure that all trucks are correctly loaded. Here, a VMS using advanced analytics can scan loaded trucks and transmit data such as truck weight to an operations team who, in turn, can quickly view that the truck is full to capacity and the load is properly secured.

Sometimes, says Fisher, trucks are returned to a warehouse with physical damage, some of which is not immediately noticed by management. Here, video surveillance and a VMS with analytics can measure the side, back and top to look for damages. “Some warehouses pay up to \$5 million a year to fix damaged trucks,” Fisher explains. “Analytics can scan a truck as it leaves the warehouse, then scan it again when it’s returned and see things such as a broken wheel. An operations team now has verifiable documentation to contact the driver and ensure that the damages are paid for.”

Warehouse theft is another challenge with warehouse operations. “We worked with a beer distributor who employed a forklift driver who was adding an extra pallet of beer to a truck, then selling it [on the street] for his own profit,” Fisher explains. “Management didn’t have the ability to physically monitor every activity that took place on the shipping dock, so the thefts weren’t caught until an inventory check, and by then, it was too late.”

Analytics with a video management system helped the warehouse operations team to catch the theft, Fisher says. “And sometimes it’s not an intentional theft,” Fisher adds. “Sometimes in warehouse operations it’s a clerical error, but it takes time to call drivers and ask if they have an extra pallet. A VMS with built-in analytics can help to track single or multiple pallets and products and will assist warehouse operations, not replace them,” he says.

The supply chain is a complex and sometime fragile endeavor dependent on a network of independent, yet interconnected moving parts. Video surveillance and VMS solutions can lead to considerable improvements in operational efficiency, safety and security.