



Declare war on stock-outs with IBM Sterling Always In Stock

IBM Sterling Always In Stock

Executive Summary

Since the first store proprietor opened for business, out-of-stocks (OOS) have plagued retailers of all types and sizes. Unfortunately, today's consumer experiences an OOS during 17.8% of their shopping trips.¹ Annual lost sales from customer-perceived out-of-stocks for North American retailers amount to \$93 billion.² This is not an acceptable condition for any retailer who expects to survive and thrive. IBM® Sterling Always In Stock attacks OOS at their core—before they negatively impact your customer—helping you save the sale and delight the customer efficiently and cost-effectively. The solution provides store associates an efficient means of locating available-to-promise (ATP) inventory, selecting the optimum fulfillment scenario, completing the transaction with the customer still in the store, and automatically triggering fulfillment. The solution enables a store associate to conveniently locate available inventory through any point of sale system, kiosk, and or mobile smartphone. Sterling Always In Stock is packaged to implement quickly and begin reducing your lost sales due to OOS immediately, without having to increase inventory, experience lengthy implementations, or incur prohibitive overhead.

- 64% of consumers consider out-of-stocks a big issue; 22% consider it the biggest issue³
- When consumers encounter a stock-out, they will go to the competitor and purchase the product there 32% of the time⁴
- Fixing out-of-stocks would increase same-store sales an average of 3.7%⁵

Sterling Always In Stock

Consisting of key functionality from the IBM® Sterling Selling and Fulfillment Suite, this solution marries market-leading quality, reliability, and functionality with rapid implementation and straight-forward usability for store associates and call center agents.

Store associate user interface

The store associate user interface provides visibility into inventory availability at all eligible sourcing locations. It walks the associate through the process steps to locate inventory, consummate the sale with the customer still in the store, automatically trigger fulfillment, and get the product into the customer's hands—based on retailer-defined fulfillment rules and customer preferences.

Flexible order management

Flexible order management leverages the industry's most advanced cross-channel order hub to provide global inventory visibility for owned and unowned inventory, coupled with flexible sourcing logic to optimize fulfillment efficiency. This capability minimizes cost while preserving the flexibility to rapidly adapt to changing practices as your business continues to innovate.

Seamless business integration

Seamless business integration ensures timely access to up-to-date inventory information and real-time interaction with point of sale (POS) and warehouse management systems to deliver process continuity and status visibility, speed, security, and dependability.

¹ Source: RIS News, "Store Systems Study 2008"

² Source: RIS News, "Store Systems Study 2009"

³ RetailWire, "Out-of-Stock – Out-of-Chances"; 10/13/05

⁴ Source: Cross-Channel Brand Interaction 2010 Consumer Preferences

⁵ Source: RIS News, "Store Systems Study 2008"



Locate

- Source ATP inventory using rules
- Select preferred fulfillment location and method



Transact

- Capture the order
- Tender/confirm the purchase
- Reserve inventory



Fulfill

- Trigger Fulfillment
- Pick/pack/ship; hold; transfer
- Monitor and report status

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All components in this behind-the-firewall solution are designed to minimize implementation time and cost, optimize performance, simplify use, and create a seamless process across all locations, systems, and associates that the customer encounters before, during, and after the sale is complete.

Wrestle the OOS demon to the ground

Though retailers admit that OOSs are bad, the real percentage of OOS is actually 123% higher than retailers claim.⁶ What's worse, 82% of consumers say that when faced with a stock-out they make fewer trips to that retailer.⁷ This is even more dangerous since 53% of consumers admit that, given recent conditions, they now consciously shop at fewer retailers.⁸ With many retailers dramatically reducing inventory levels in response to difficult economic times, the likelihood of further stock-outs and customer dissatisfaction is even higher.

Sterling Always In Stock leverages the industry's gold-standard for order/inventory management and sourcing to give store associates the ability to (1) efficiently determine item availability, eligibility, and optimal fulfillment location; (2) consummate the sale while the customer is still in the store; and (3) automatically trigger and track fulfillment of the purchased product. Even better, Sterling Always In Stock works with your existing POS and WMS systems to minimize implementation time and complexity, optimize performance, and accelerate speed to benefit. Sterling Always In Stock enables you to save the sale quickly, efficiently, and with minimum operational overhead.

A key solution in the retail portfolio

Sterling Always In Stock draws on the best of the best from the Sterling Selling and Fulfillment Suite. At its core, the solution boasts the industry's

most advanced cross-channel order management hub. The myriad capabilities available in this robust order hub include the integration flexibility to work with existing systems. These capabilities combine to provide the holistic, real-time inventory and order visibility and management needed to recover from in-store stock-outs, save the sale, and delight the customer. Never before has there been such a guaranteed means of reducing lost sales due to OOS and driving incremental revenue.

Solving the out-of-stock problem for retail

As economic pressures have combined with consumer spending cuts, retailers have aggressively cut back on inventory levels. With less safety stock to buffer risk, there's been a marked rise in lost sales due to in-store stock-outs. Meanwhile, consumer patience with OOS is disappearing with 39% of consumers saying that after experiencing a stock-out, they shop more often at a competitor's store.⁹

⁶ Source: IHL Group "What's The Deal With Out-Of-Stocks"; 2008

⁷ Source: "What Consumers Want In Their Shopping Experience"; July 2007

⁸ Source: Fleishman-Hillard Research Survey, "The Multi-Channel Shopping Experience"; January 2009

⁹ Source: "What Consumers Want In Their Shopping Experience"; July 2007

Unfortunately, up until now, retailers wrestling with in-store stock-outs have had no efficient, reliable means of locating ATP inventory, saving the sale, and satisfying the customer in a cost-effective, timely way. Store associates had to call other locations and tie up additional store associates to have them search for the OOS item at their location. If the item was found, there was no automated process for holding the item back for customer pickup or transferring it to the customer's preferred location. Nor was there any guarantee that the customer would actually travel to the in-stock location to purchase the product there.

Sterling Always In Stock addresses these issues with speed, reliability, and efficiency. Leveraging real-time, back-end integration into all systems that monitor inventory availability, the solution provides the store associate with visibility into ATP inventory at every eligible fulfillment location and specifies the optimal location from which the product should be fulfilled (whether being shipped, held for pickup, or transferred).

The solution interfaces with the existing in-store POS to consummate the purchase of the OOS item before the customer ever leaves the store. No more concerns about the customer visiting your competitor to purchase the item. No more risk of the customer deciding that traveling to your in-stock location is too much trouble.

Finally, on completion of the financial transaction in the POS, Sterling Always In Stock automatically triggers the appropriate notification to the designated fulfillment location. No more concerns about a store associate misplacing the item for customer pickup. No more concerns about someone forgetting to ship the item. And, because of the solution's integration

components, you and your customer maintain complete order status visibility throughout the process.

Sterling Always In Stock leverages advanced process orchestration/automation with cross-channel order management and seamless integration to help retailers recover from stock-outs, capture the sale, and delight the customer in the most efficient, cost-effective manner possible.

No other solution provider can deliver the combined standard of excellence for seamless cross-channel order management and business integration that's available from Sterling Commerce. These game-changing capabilities are proving that the war on OOS can be won. And, they are redefining the competitive landscape for those retailers who are no longer willing to accept lost sales due to stock-outs as an unavoidable cost of doing business.

Using mobility to enrich the customer experience

Sterling Always In Stock capabilities have been extended to mobile digital devices. IBM® Sterling Store Associate Mobile provides store associates with access to product and inventory availability information to handle customer inquiries, consummate the sale while the customer is still in the store, and trigger and track fulfillment (via shipping from a DC or store to the customer's designated location or reserving inventory for customer pickup at an in-stock store). This mobile digital device interface to Sterling Always In Stock enables store associates to increase productivity and efficiency while elevating the customer experience by placing the critical information and save-the-sale functionality at their fingertips. Now, with Sterling Store Associate Mobile, you can minimize customer wait time and inconvenience and serve them wherever they happen to be in the store.

Sterling Commerce in the retail industry

Sterling Commerce has been providing solutions for retailers and their supply chain partners for over 30 years. We are widely recognized as a leader in our solution categories. And, our longevity, robust solution offering, and vast customer base speak to the enduring value we deliver to our customers year after year.

Did you know

Sterling Commerce provides secure integration, process automation, and cross-channel management to more than 30,000 customers.

- Our secure connectivity, integration, and process automation solutions are used by leading companies in the retail supply chain including more than: 1,200 retailers (including all 25 of the top 25 retailers), 2,800 distributors, 11,000 suppliers, and 9,000 carriers
- Our hosted integration solutions connect more than 280,000 trading pairs and securely connect to the customer bases of more than 90 additional networks
- The most innovative retailers in the world use our cross-channel selling and fulfillment applications to redefine the customer experience, create unique competitive advantages, and drive operational efficiency
- Only Sterling Commerce offers end-to-end, cross-channel selling and fulfillment applications; secure connectivity, integration, and process automation solutions; and the power of community to instantly access a global network of tens of thousands of integrated, automated companies

The Sterling Always In Stock solution addresses these issues.

Issue	Capability	Benefit
Customer wants an item that's out of stock in a store	<ul style="list-style-type: none"> • Provides real-time integration with back-end systems to locate ATP inventory at stores, DCs, and more • Determines optimum shipping location (for ship-to-home or ship-to-store) or best store (for alternate-store-pickup or store-to-store transfers) 	<ul style="list-style-type: none"> • Ensures accurate ATP quantities • Avoids customer disappointment • Enforces retailer-defined criteria for fulfillment options • Provides fulfillment flexibility per customer preference • Minimizes shipping/transfer costs • Optimizes inventory utilization
Store associates have no efficient means of quickly locating ATP inventory of out-of-stock items	<ul style="list-style-type: none"> • Provides real-time look-up of ATP inventory at all eligible fulfillment locations • Recommends 1st, 2nd, and 3rd fulfillment locations by preferred fulfillment method • Immediately reserves inventory at the designated fulfillment location 	<ul style="list-style-type: none"> • Minimizes store associate time locating ATP inventory • Minimizes customer time waiting to find out about inventory availability • Ensures minimum shipping/handling costs • Avoids promises of inventory that's not actually in stock
Store associate has no efficient means of capturing the customer's order for the out-of-stock item	<ul style="list-style-type: none"> • Provides process-driven screens to walk the store associate through the information-collection process • Seamlessly interfaces with existing POS to handle completion of financial transaction • Gets and logs confirmation of completed financial transaction from POS 	<ul style="list-style-type: none"> • Minimizes store associate time collecting customer information • Ensures accurate information capture for fulfillment • Minimizes customer time completing the transaction • Retains sensitive consumer financial data within existing, secure POS environment
Store associate has no efficient means of triggering fulfillment by the designated location	<ul style="list-style-type: none"> • Automatically triggers integrated pick/pack/ship notice to the designated fulfillment location for ship-to-home or ship-to-store fulfillment • Automatically triggers pick-and-hold, pick-and-transfer, or pick-and-ship instructions for alternate-store fulfillment 	<ul style="list-style-type: none"> • Minimizes associate time during fulfillment process • Avoids process disconnects between store and fulfillment location • Facilitates timely fulfillment • Maintains and monitors order status through all channels for the customer, associate, or call center agent

About Sterling Commerce

Sterling Commerce, an IBM® Company, helps organizations worldwide increase business agility in their dynamic business network through innovative solutions for selling and fulfillment and for seamless and secure integration with customers, partners and suppliers. More information can be found at www.sterlingcommerce.com.



For all Sterling Commerce offices worldwide, visit www.sterlingcommerce.com

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