

Expand product assortment without increasing inventory costs

IBM Sterling Drop Ship

Executive Summary

Drop shipping is a best practice many companies want to adopt. As retailers seek ways to expand product assortment without adding inventory costs, they are looking for ways for manufacturers and distributors to drop ship directly to their end customers, in support of initiatives like endless aisle. Manufacturers can also benefit from drop ship as it helps them to shorten order lead times by having the merchandise shipped directly from contract manufacturing companies. National account customers ask for one point of customer service, but look for local distribution and services that manufacturers typically don't provide. In spite of all the benefits, managing a drop ship program can be a challenge when companies attempt to integrate their business processes with those of their trading partners and gain visibility into available inventory and order status.

In this Solution Overview, you will learn about:

- How to gain visibility into available inventory and order status information
- How to effectively manage exceptions with proactive alerts
- How to integrate business processes with all your trading partners

Benefits of this solution:

- Increase revenue by expanding product assortment without increasing inventory costs
- Reduce operational costs and shorten order fulfillment lead time by automating the order processes
- Improve customer satisfaction with on time delivery by leveraging real-time visibility into available inventory

IBM® Sterling Drop Ship allows you to effectively implement and manage order fulfillment directly from your trading partners, orchestrate and automate the order collaboration process, while managing a network of vendors throughout the order-to-cash process.

Visibility in real-time

Lack of visibility into your supply chain can create a performance gap, whether it be visibility into order status or inventory availability information needed to be able to meet customer delivery expectations. This results in poor customer service or high inventory levels.

Sterling Drop Ship enables you to gain real-time visibility into trading partner inventory availability for accurate promise dates and on time delivery of the order. It also provides complete visibility into any part of your order lifecycle from point-of-sale through delivery, so you can provide timely updates regarding order status to your

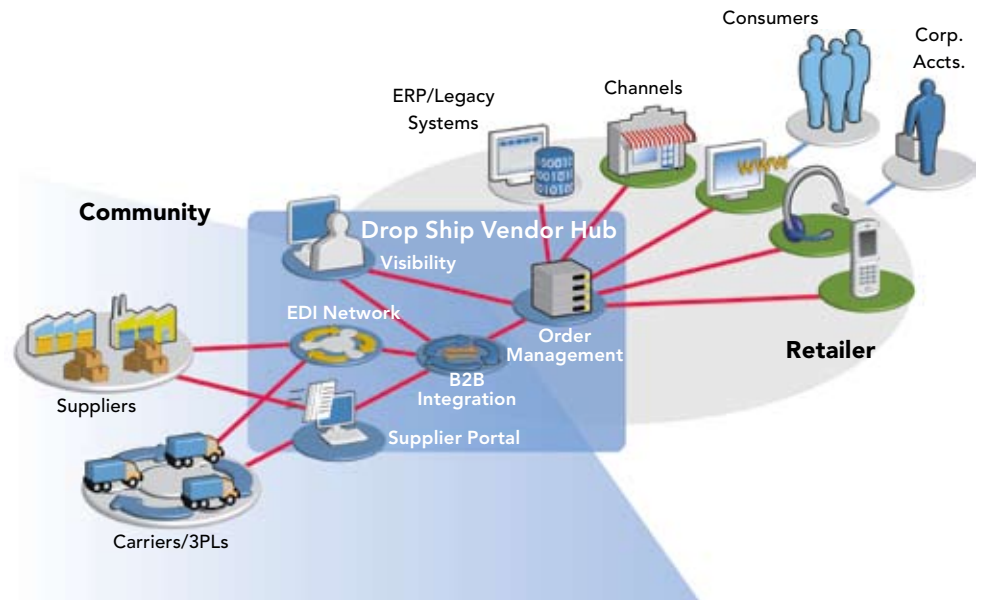
customers, thereby increasing customer satisfaction levels.

End-to-end order collaboration

Many organizations rely on inefficient manual processes to collaborate between trading partners and complete transactions. Handling orders manually increases the order processing time, creates errors, and results in high per-order fulfillment costs. Enhanced integration and efficient execution of order processes delivers significant reduction in costs and time.

Sterling Drop Ship consolidates orders across multiple channels and automates the order collaboration process across all your trading partners, thereby streamlining every phase of your order process, including fulfillment, customer service, payment, and returns. Sterling Drop Ship enables you and your trading partners to share order and shipping information so they can quickly and easily ship products directly to your customers.

Sterling Drop Ship automates the order process between retailer and trading partner community



“As retailers look for ways to further expand their direct-to-consumer businesses, many are considering vendor drop-ship programs as a means to build incremental, cross-channel sales and expand products without inventory investment.”

Avoiding the Profitability Pitfalls of Direct Vendor Drop Ship
AMR Research, January 2009

Effective execution with exception management

Sterling Drop Ship offers advanced exception management capabilities and the performance reporting necessary to eliminate fulfillment errors. You can enforce specific business rules and establish automated alerts so that you can proactively monitor the performance of your trading partner community. And when an order problem arises, the event notification and exception process within Sterling Drop Ship can immediately alert your customer service representatives so that they can respond properly and take appropriate action to maintain customer commitments.

Sourcing at its best

As your trading partner network grows, you need an order management solution with a capable sourcing engine that will allow you to manage fulfillment outside the four walls as well as orchestrate the fulfillment of each order line independently.

By leveraging Sterling Drop Ship’s intelligent order sourcing engine, you can determine the most efficient and cost effective location to fulfill an order and still meet customer’s delivery date on the order. The fulfillment options can be based on configurable rules that

you establish, such as customer type, geographic region of the ship-to location or ship-to node, and item classification.

Connect rapidly with trading partners

EDI communications are key for improving efficiencies and facilitating supply chain integration. You need a sound platform of collaborative practices in order to streamline the systems by which you interact with trading partners—big and small—in your extended network.

Sterling Drop Ship provides a single, comprehensive integration platform that supports any data type, any format, or any communication protocol, assuring delivery while moving, securing, and managing all critical data. It enables you to connect rapidly with all your trading partners through direct connectivity or supplier portal. Direct connectivity means you can exchange data with several trading partners directly, regardless of the protocols (e.g. FTP, secure FTP, AS2). The Web-based supplier portal is also a low cost alternative for trading partners who are not EDI enabled. Whether a trading partner is connected with you directly or through the portal, Sterling Drop Ship allows you to manage through a single process.

Sterling Drop Ship	
Collaborative order management	Aggregates inventory information, sources drop ship orders, and sends purchase orders to trading partners for fulfillment.
Order sourcing configurability	Selects fulfillment options based on configurable rules and criteria (customer type, geographic region of the ship-to location or ship-to node, item classification, etc).
Real-time order status	Provides visibility of order shipment status in real-time starting from placement to delivery.
Available-to-promise inventory visibility	Offers an accurate view of available-to-promise inventory including on-order, on-hand, and in-transit inventory across all trading partners.
Direct connectivity	Enables trading partners that are compliant with EDI or XML to receive and send transactions directly from the seller through a single, secure connection.
Non-EDI access	Provides a Web-based supplier portal for trading partners who are not capable of system-to-system communications to participate in the drop ship process.
Exception management	Proactively monitors the trading partner community for problem orders to take appropriate action and maintain customer commitments.
Performance reporting	Provides complete visibility into the performance of the trading partner community with community-based reporting capabilities.
Brand continuity	Enables trading partners to comply with seller-branded labels and ship through preferred parcel carriers.

Sterling Drop Ship also allows you to outsource some or all of your trading partner onboarding services, ongoing connectivity, and community management, enabling you to better monitor and manage your business.

Empower your trading partner network

Implementation and management of a drop ship program directly impacts your bottom line and the customer experience. It is important when making decisions to stay focused on the primary objectives: effective management of the trading partner network and providing high-quality service to your customers.

Sterling Drop Ship is a subscription-based solution that enables you to implement and manage order fulfillment directly from your trading partners. It helps you reduce the overall cost of managing your network of drop ship vendors, provides complete order

visibility, and orchestrates a previously difficult to manage order-to-cash process with trading partners.

Realize the benefits of Sterling Drop Ship now

Sterling Drop Ship allows you to increase revenue and improve customer satisfaction without increasing operating costs by enhancing collaboration with trading partners and automating the drop ship order process. Sterling Drop Ship:

- Enables inventory visibility and ordering of drop ship items across channels
- Optimizes sourcing via a rules-based engine
- Executes and manages the drop ship order fulfillment process
- Provides process visibility, monitoring and exception management

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 partners 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

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.

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