Automation-led Drop Shipment

The next step in the drop ship automation and supply chain data integration for Retailers

logicbroker®

EXECUTIVE SUMMARY

Key Challenges

Retailers must embrace the current digital commerce transformation in order to remain relevant within the industry. Otherwise, they risk losing loyal customers to competitors that are one click away - hence eroding their market share

Growing product assortment and offering more inventory online using a drop ship program has been a core competency for many successful retailers

The technology for these retailers to offer drop shipment, however, is no longer their core competency. Using their own internal systems or a provider such as Commerce Hub has created some key challenges over the years:

• *Lagging the latest cloud solution in scalability, connectivity and security.*

• *Limited connectivity options such as rigid EDI, XML or flat files.*

• *Lack of proactive monitoring tools and support engineers.*

• *High transaction costs and monthly support fee.*

• *Losing great dropship vendors to retailer competition due to high transaction cost.*

• *Lack of innovation.*

Fear of Change

Retailers have always been fearful to change their technology solution especially the drop ship platform that is so integrated. The assumption is, if it is working why change? In addition, there are 6 key preconceived migration challenges:

1. Current complex integration to internal legacy systems.

2. How to maintain the superior customer experience throughout the entire order lifecycle.

3. There are hundreds to thousands of vendors integrated to the retailer's legacy drop ship provider.

4. High monthly fees could continue if migration takes years to finish.

5. Lack of digital resources to help with changes and migration.

6. Lack of better solution in the market.

Top 5 reason to rethink your current dropship solution

1. You need a modern 100% cloud based platform.

2. EDI and flat file integration is not just cutting it anymore.

3. Costly monthly fees for old technology and communication are killing your margin.

4. Your suppliers and brands are leaving you to sell to your competitors.

5. Your customers are leaving you to your competitors.

Recommendations

Collaborate with retailers who have modernized their platform using a new drop ship automation provider, such as Logicbroker, Commerce Hub, Radial, etc.

Research new technologies that will help you stay competitive with your drop ship program.

Free up at least 50% of your operational resources that are working on manual tasks with the legacy drop ship provider to use the new provider features to stay proactive and sign up more vendors.

Ability to add over 100 new dropship vendors a week using your new modernized platform.

FOLLOW THE DIGITAL COMMERCE TRANSFORMATION TO STAY RELEVANT

Ecommerce has always been a rapidly changing industry from its infancy in the mid 1990s. Today, we are in the midst of an extraordinary transformational time in digital commerce. Traditional retailers that are not embracing the transformation are going out of business. On the contrary, retailers that are going through a digital transformation are experiencing a retail renaissance. Consumers are buying more than ever. According to the National Retailer Foundation (NRF), this year U.S retail sales will reach $3.5 trillion, up about 4% over 2017. There are many contributors to this success. The top 3 contributors are:

1. Embracing change.

2. Digital transformation.

3. Allowing your customers to shop however they want:

• *Understanding their needs*

• *Delivering a superior user experience*

• *Offering diverse product assortment*

One of the big contributors to retailers' online growth success in the past few years is the modernization of their drop ship automation program as they go through their digital transformation. By implementing the next generation of drop ship automation with a platform such as Logicbroker, retailers have been able to retain and grow their customer base while 'wowing' their brand vendors with better technology that is much more cost effective. According to Gartner's 2017 Retailer Vendor Collaboration Survey, drop ship was the most commonly used collaboration type for physical product movement with 49% of survey responses stating they utilized it already.

Modern APIs to bypass the world of legacy supply chain data. Simplify with one connection to rule them all.

1 Aggregate EDI, XML, CSV, and JSON data.

2 Easily code with your preferred language.

3 Well documented to get you set-up quickly.

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WHY STAYING WITH YOUR INTERNAL DROPSHIP AUTOMATION WILL FAIL?

Retailers who used, or, still have their own drop ship automation solution or use 3rd party providers such as Commerce Hub or Radial are familiar with the challenges. They have been losing vendors on a monthly basis due to high transaction costs and lack of innovation and product enhancements.

This has ultimately led to a shrinking product assortment and drop ship revenue decline. Coupled with the high maintenance cost of internal operation support teams to deal with all the manual processes, and transaction cost to process inventory or other large key supply chain data are driving these retailers to an inventible failing drop ship program.

For example, Toys R Us was selling over $1B GMV online with a big network of drop ship suppliers through Commerce Hub. Even if their stores did not perform they could have saved their online business and the drop ship network with better technology on time. On the positive side, earlier this year both Sears' and Kmart's online businesses migrated their drop ship program off of the Commerce Hub platform to Logicbroker. They were able to modernize their technology stack and migrate close to 1,000 supplier connections in only 7 months.

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Utilizing Logicbroker allows us to offer our vendors a cost effective, technologically flexible approach to the drop ship business, addressing key issues for both SHC and our vendor community. Their experience in this space and dedication of the account team is allowing for a rapid migration with negligible business impact during the transition.

Beth Ligenza, Sr.
Director, Online Operations at Sears Platform

Case Study
Sears

Sears Holding Corps ranked on top 25 internet retailer with over $1B GMV through online sales through its own brands, marketplace and drop shippers.

Challenges before Logicbroker

• Loss of drop ship vendors due to ongoing monthly high cost to the vendors

• Lack of new features and connectivity for vendors

• Complex and highly manual operational support

Benefits after Logicbroker

• Migrate close to 1000 drop ship vendors in 6 months

• Offer more connectivity options such as RESTful API and native connectors to vendor systems

• Eliminate provider cost to vendors

MODERNIZE YOUR DROPSHIP AUTOMATION BY MIGRATING TO LOGICBROKER

The Logicbroker platform is built using millions of dollars in Research and Development (R&D) to provide automation-led drop shipment. It is the next generation of drop ship automation and supply chain data integration and management. Beyond its technology, dedicated technical engineers make the implementation and migration completely frictionless. In subsequent sections, we outline the details of how this migration happens based on these highlights:

Complete freedom for your drop ship vendors:

• *No monthly or transaction fees*

• *Flexible integrations choices: continue using whatever they do today such as EDI, XML, flat files, or portal or use modern ways of integration using our RESTful API commerceapi.io*

• *Be up and running in days, not weeks or months*

• *Have visibility to all your data and analytics*

• *Option to modernize your vendors' integration platform should they choose to do so*

No hidden monthly transactions fees for communication, inventory feeds or orders.

No backlogs of much needed enhancements. Logicbroker customers drive the product roadmap which provides all the requested enhancements through frequent releases at no additional fee.

49%
of brands and retailers employ drop ship as key component of their omni channel strategy

– Gartner

Case Study
Rural King Supply

Rural King Supply, America's Farm and Home Department Store, planted its roots in Mattoon, Illinois in 1960. Since that time, Rural King has added over 100 stores in a twelve state area. The heart of Rural King is the corporate office, distribution center and flagship store, located in its city of origin, Mattoon IL. They have now taken their brand online with a modern platform.

Challenges before Logicbroker

• Lack of automation

• A few orders a day and all processed manually

• Inability to grow online business

Benefits after Logicbroker

• Onboarded several hundred drop ship vendors in weeks

• API integration eliminated expensive custom development

• Product assortment expansion led to 100s to 1000s of orders daily

MODERNIZE YOUR DROPSHIP AUTOMATION
BY MIGRATING TO LOGICBROKER
cont.

The Ease of Migration

When Logicbroker migrates a retailer and its brand vendors, there will be a one-time integration between the retailer's systems and Logicbroker. Logicbroker will work with the business operations and technical teams to identify all the interface systems such as OMS, WMS, and accounting.

The overall migration process is essentially 'lift and shift,' migrating the existing pipe from the incumbent drop ship 'hub' to Logicbroker in order to eliminate or minimize impact to the retailer engineering resources.

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When it comes to drop shipping channels, Logicbroker has just made it easy to connect to retailers such as Nordstrom.com, target.com, and we were just able to pick up those channels in a week.

Jordan Brandley
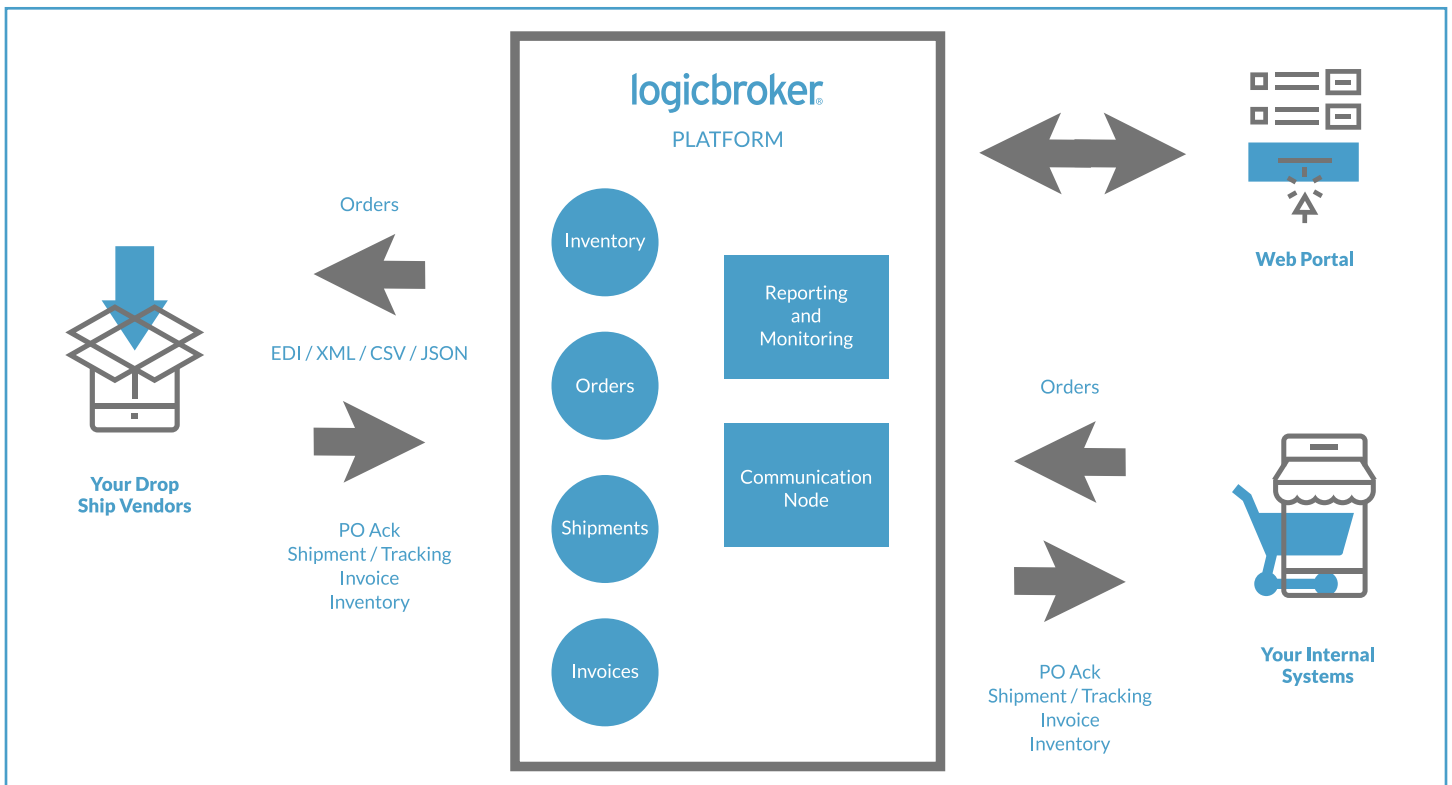Director of Operations and Finance at Little Unicorn

As a Retailer, you ask, "How do I get started?"

The dedicated Logicbroker implementation engineering resources will review existing specs and documentation through a discovery meeting and solution design workshop with the retailer business operation and/or technical resources. Next, Logicbroker engineers will review the existing order lifecycle in a white boarding session, outlining the cycle in its entirety to ensure proper alignment. At this time, the collective team will also decide if there are opportunities to enhance and/or streamline the existing process.

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Over the past year we have experienced tremendous growth. We have grown our business 10x, and couldn't have done it without our partnership with Logicbroker.

Colby Ross
Director, Product Management

logicbroker®
PLATFORM

Inventory
Orders
Shipments
Invoices

Reporting and Monitoring

Communication Node

Orders
EDI / XML / CSV / JSON
PO Ack
Shipment / Tracking
Invoice
Inventory

Your Drop Ship Vendors

Web Portal

Orders
PO Ack
Shipment / Tracking
Invoice
Inventory

Your Internal Systems

Solution Design

After completing the discovery session, a solution design is implemented that will encompass these items:

One-time integration to the retailer's systems, configuration and process.

Vendor integration formats and business process validation rules once the vendor is live.

Vendor compliance data analytics and reporting.

Vendor onboarding portal guide with the retailer branding.

Phase approach to onboard vendors, for example:

- *A few middle volume vendors pilot phase*

- *High volume vendors phase*

- *Remaining vendors phase*

Configuration – A Frictionless Process

Once the solution design is collectively approved, Logicbroker begins the configuration process. A sandbox replica of the live solution in will be configured to have the complete end to end solution working between retailer and dropship vendors.

All business rules and validations are configured with appropriate test cases for all vendors. If there are any specific requirements, such as sourcing logic, product feed validation, inventory and SKU lookup, they all will be configured in days rather than months of custom programming, as is the case with the legacy providers.

Internal Testing

Once all configurations are completed, the internal testing between the retailer and Logicbroker will resume in order to test every integration points within the one-time integration as well as certify test vendors' endpoints at the other end. This is one of the most crucial part of the migration, as it ensures all configurations and validations work before any vendor outreach takes place. Logicbroker engineers usually find that their retail customers, such as Sears, Kroger, and Rite Aid are excited to notify their vendors right away to share their new powerful drop ship automation engine. However, in order to speed up the onboarding process it is prudent to configure and test everything first before proceeding to the onboarding cycle.

Challenges with Your Legacy Dropship Provider

1 Legacy Order Management System (OMS) or a Warehouse Management System (WMS) that has a very complex way to integrate

2 100s or 1000s of vendors integrated to current platform and migrating to a new platform just sounds impossible

3 High monthly fees for communication, Kilo Character (KC), per order, per inventory and enhancements requests that have been in the Commerce Hub backlogs for years

4 Drop ship vendors are constantly complaining and some are leaving you due to the high monthly and per order fees from your provider

5 Lack of digital resources to make enhancements

MODERNIZE YOUR DROPSHIP AUTOMATION BY MIGRATING TO LOGICBROKER
cont.

Easy for you, Easy for your Vendors

Logicbroker's approach to the vendor onboarding process is through automation, both for speed and to minimize the number of resources required. Once the internal testing is completed, Logicbroker will automatically send out surveys to the vendors designated to onboard at each phase. The vendor survey is personalized to each vendor to select the best integration choice. Once an integration option is selected, Logicbroker manages the applicable test cases to certify vendor readiness. Thorough testing is performed in the sandbox environment. Once testing is complete, the integration is promoted to production and monitored by Logicbroker Operations. Notification and compliance tools are activated to enforce vendor compliance. Throughout the entire onboarding lifecycle, the retailer has complete visibility as to which vendors have completed the survey, and the status of onboarding for each vendor.
To accelerate the onboarding process, Logicbroker offers flexible connectivity options for drop shipping vendors. This includes:

Supplier Portal
Vendors can manually track orders and tracking information with the ability to import and export procurement data.

Secure FTP
Leverages CSV/XML formatted files to bulk electronically exchange order and shipping information.

EDI
Electronically exchange the required information without the need to rekey data.

Commerce API
Provides real-time integration between trading partners and your internal systems.

Native Extensions
The suite of Logicbroker-developed platform connectors.
Please see following page for more.

Helpful Onboarding Tips

Below are some helpful tips to efficiently handle the onboarding process:

1 Allocate the right resources at the right time

2 Finish all requirements and internal integrations before engaging with the vendors

3 Pilot with a few vendors to validate the end to end flow

4 Recalibrate after the pilot rollout to have a smooth transition for the large remaining vendors

5 Business process and technical integration should be communicated at the same
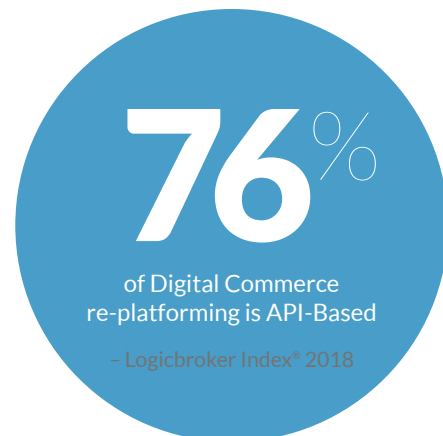
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We evaluated many EDI providers within the digital commerce industry and found Logicbroker to be the only EDI providers that have a solid API based platform to abstract all EDI complexities while maintaining its robustness.

Evan Robinson
CTO, Ingram Micro Commerce and Fulfillment Solution

76%
of Digital Commerce re-platforming is API-Based
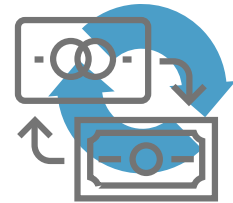
– Logicbroker Index® 2018

Web Portal

Create and manage all commerce data from our responsive web portal

Secure FTP

Secure at rest and transport built on top of our Commerce API to exchange data in EDI/ XML/Text formats

EDI

Native Electronic Data Interchange supports for all your supply chain data management

API

The only EDI provider with a complete API support commerceapi.io

Native Connectors

Already built connectors to most major platforms

Benefits of Migration to Logicbroker

In today's retail renaissance era, Logicbroker provides the next generation of drop ship automation. Beyond the platform, Logicbroker's dedicated resources provide the superior service to help the merchandising, operations, and technology teams to migrate and implement their dropship solution without any disruption to their existing business. Logicbroker customers immediately see results through automation and efficiency, while realizing a significant cost saving over their internal solution, or their service provider such as Commerce Hub.

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We are able to offer our My M&M's products online to major retailer by using Logicbroker flexible platform. Ease of integration is key for Mars to be able to scale cost effectively.

AJ Plummer
Business Partnership Manager, MARS INFORMATION SERVICES

About Logicbroker

Logicbroker provides a cloud-based integration hub that connects the fragmented platforms involved in digital commerce and automates the exchange of everything from inventory and orders, to shipment tracking information and invoices. We provide this drop ship automation and supply chain data integration and management for retailers and brands such as Rite Aid, Sears, Kroger, Zebit, Mars M&M, Fossil, Linens N Things, Dollar General, Charming Charlie who process millions of transactions daily.

60%
of Logicbroker users consider Amazon both a partner and a competitor
– Logicbroker Index® 2018

Case Study
Zebit

Zebit is an e-commerce credit solution that serves over 200 million Americans who value the proposition of buy now, pay over time at 0% interest without a credit check. By providing an underserved consumer base up $2,500 of interest-free credit and access to a marketplace of millions of brand name products, Zebit grants members the ability to transact online and offline at everyday prices while spreading their payments over time. Zebit benefits the consumer by disintermediating predatory cash lending and passing the savings onto the member.

Challenges before Logicbroker

• High volume transactions

• 100% online business through drop shipment that can't grow without automation

Benefits after Logicbroker

• Grow order volume over 1,000% while maintaining the same headcount

• Flexible connectivity with rigid drop shippers

• High automation through Logicbroker API and native connectors