

Drop-Ship Management

Flexibility and Faster Fulfillment Through Direct Shipping

Outsourced manufacturing can significantly reduce product costs and improve competitiveness, but it creates longer lead times that often result in late orders and dissatisfied customers. E2open[®]'s Drop-Ship Management application enables companies to orchestrate the direct delivery of products from manufacturing sites to customers, dramatically cutting lead times, keeping costs low and ensuring excellent customer service.

Outsourcing is a popular manufacturing strategy to lower per-unit costs, but it adds new logistical complexity since goods are first shipped through brand owners' facilities on the way to clients. The added steps make it harder to maintain market share and stay competitive by providing the fast service customers expect. As brand owners are continuously challenged to deliver products faster, adhere to tight deadlines and meet rigid service-level agreements, the idea of adding an extra step — or simply maintaining one — runs counter to service objectives and can be costly.

One of e2open's Supply Management intelligent applications, e2open Drop-Ship Management helps brand owners meet deadlines and provide great service by enabling them to collaborate with manufacturers and ship goods directly from suppliers to customers.

The application synchronizes brand owners and their suppliers, coordinating the exchange of data across every stakeholder involved in order fulfillment. It also proactively identifies potential inventory excesses and shortages at third-party inventory hubs, preventing missed shipments or stock-outs.

Key Features

- Converts consumer orders at retailer locations into purchase orders for suppliers
- Allows suppliers to prepare drop-shipments for direct transport to end customers
- Tracks drop-ship orders from manufacturing to fulfillment
- Identifies exceptions, mismatches and errors in orders, and provides workflow triggers for resolution
- Seamlessly integrates with the broader inventory, purchase order and buy-sell processes

Key Benefits

- Reduces procurement costs by streamlining purchasing and enabling direct shipping from multiple tiers of contract manufacturers, co-packers and suppliers
- Improves competitiveness and reduces service-level agreement (SLA) penalties by shrinking lead times
- Reduces overall costs by facilitating shipments directly to the consumer, eliminating unnecessary third-party costs such as warehousing and transportation
- Improves productivity of brand-owner and supplier planning personnel by providing intelligent workflows
- Right-sizes inventory levels across the network in conjunction with e2open's Inventory Collaboration application

Direct and Cost-Effective Shipping

E2open Drop-Ship Management enables companies to use third-party manufacturers and inventory hubs and still quickly fulfill orders by orchestrating the delivery process between suppliers, manufacturers, retailers and consumers.

Drop-Shipment Orchestration Across All Tiers

In a traditional order fulfillment scenario, retailers place purchase orders (PO) with brand owners, receiving and stocking goods in stores or warehouses to fulfill customer orders. With drop-shipping, retailers receive the consumer order first and then convert it to a PO which they send to the brand owner or supplier who, in turn, delivers the product directly to the consumer. In this reversed scenario, the retailer doesn't yet have the inventory on-hand. However, they must still deliver the goods to the consumer as quickly — and with the same level of service — as if they did. This requires all the supply chain parties to be perfectly synchronized. E2open Drop-Ship Management empowers this synchronization. It orchestrates the end-to-end process between the retailer, brand owner, contract manufacturer and supplier, reducing lead-times and overall supply chain costs.

Seamless Communication With Suppliers and Contract Manufacturers

When suppliers receive a PO, they can communicate directly with the brand owner through the portal, sharing product and order information through an automated feed. They can also create a shipment request with a logistics provider, who also communicates directly through the application. This improved collaboration makes planning and operations teams from all organizations more productive than if they tried to communicate manually through inefficient methods such as emails, faxes and phone calls.

Real-Time Order Tracking

E2open Drop-Ship Management integrates with logistics operations to provide end-to-end visibility. During shipment, brand owners receive notifications each time carriers update delivery milestones. When shipments are late or early, or when delivery doesn't match the promise, companies find out immediately and can reroute or expedite accordingly to ensure service levels while minimizing landed costs.

Intelligent Workflows to Minimize Manual Efforts

If any of the shipping information, such as expected delivery dates, conflicts with what has been promised to the customer, the application sends out immediate alerts so the supply chain can adjust to ensure the end customer's expectations are met. Users can easily set up advanced business rules that give companies the agility to respond to disruptions.

Seamless Integration with PO, Inventory Collaboration and Buy-Sell Processes

Through integration with e2open's Purchase Order Management application, brand owners manage the entire lifecycle of the order, from generating POs for the supplier to the payment of invoices by end-customers. In addition, integration with e2open's Inventory Collaboration application enables them to manage inventory at all locations, whether supplier or brand-owner. The inventory in the network is right-sized so that the suppliers do not have to carry excess inventory to do drop-shipments.





End-to-End Supply Chain Management Platform

Once an organization implements any e2open platform application, it is easy to add more capabilities in the future for better visibility, coordination and control over the end-to-end supply chain. The e2open platform creates a digital representation of the internal — and optionally external — network, connects internal enterprise resource planning (ERP) and financial systems using SAP® and Oracle® certified adapters for timely data feeds, and normalizes and cleanses the data to make it decision-grade. Using machine-learning enabled algorithms and supply chain management applications, the platform processes the data and provides bi-directional, closed-loop communications back to ERP systems for execution. This facilitates the evolution of supply chain processes towards true convergence of end-to-end planning and execution.

By drop-shipping directly from suppliers to customers, brand owners can now freely enjoy the lower costs of outsourced manufacturing without sacrificing customer service levels.

About e2open

At e2open, we're creating a more connected, intelligent supply chain. It starts with sensing and responding to real-time demand, supply and delivery constraints. Bringing together data from customers, distribution channels, suppliers, contract manufacturers and logistics partners, our collaborative and agile supply chain platform enables companies to use data in real time, with artificial intelligence and machine learning to drive smarter decisions. All this complex information is delivered in a single view that encompasses your demand, supply and logistics ecosystems. E2open is changing everything.

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