

# Channel Inventory Collaboration

Less Stock, Better Service

Excess inventory in partner warehouses and vendor-managed inventory (VMI) hubs is a burden that can lead to high excess and obsolescence costs. Collaboration with customers and partners provides valuable insights that enable more effective inventory management. The Channel Inventory Collaboration application provides visibility into each item and downstream location to help facilitate better inventory positioning and replenishment decisions. Multiple vendor-managed inventory (VMI) models are supported on the sell-side. The result is lower inventory and better customer service.

Whether in person or online, most companies reach their end customers through a combination of direct sales, multi-tier indirect sales, and retail sales. When sales are indirect and fulfilled by partners rather than the brand's distribution centers and warehouses, brand owners lose control and visibility over inventory. However, brand owners have a vested interest in inventory levels at their partners. They want to ensure that there is enough inventory to meet end-customer demand. They also want to avoid partners holding excessive stock, as this can lead to costly price protection payouts, product returns and write-offs, and the inability to sell other products (channel stuffing). At the same time, partners may maintain high safety stock levels to hedge against a lack of visibility into inventory in transit, delivery delays, and quality issues. Collaboration between brands and partners and adopting vendor-managed inventory (VMI) models can address the issue of lack of visibility and control, benefiting all parties.

Channel Inventory Collaboration provides real-time visibility into inventory across partner facilities, internal locations, and VMI hubs, allowing companies to manage and reduce financial liabilities and risks. Insight into inventory across the network helps brand companies place the right inventory in the right locations to reduce excess and obsolescence costs. Companies can perform what-if analysis for various scenarios in real-time, reducing safety stock, inventory costs, and working capital liabilities.

## Key Features

- Real-time inventory visibility covering in-transit, stock-in-channel, sell-in, sell-through, and sell-out quantities
- Automated pull and replenishment cycles along with suggested replenishment schedules based on min/max days of sales
- Configurable alerts for exceptions such as potential inventory shortages, excessive inventory, late shipments, and demand-supply imbalances
- Support for multiple VMI models, including virtual stock at brand owner location, consigned stock at customer locations, and stock at third-party logistics provider hubs
- Data connectivity that supports rapid customer onboarding, pre-built enterprise resource planning (ERP) interfaces and common data exchange standards

## Key Benefits

- 20 – 30% reduction in excess and obsolete (E&O) inventory and 5 – 10% reduction in consignment channel inventory
- 15 – 25% reduction in stockouts for increased revenue and customer satisfaction
- 10 – 20% reduction in lost revenue stemming from price protection claims
- 30-50% inventory turnover improvement through increased visibility and agility
- 35% decrease in the time required to resolve potential shortages

## Better Visibility for Better Decisions

E2open's powerful combination of visibility, analytics, exception management, and process automation enables demand and inventory tracking while working with partners to optimize replenishment. The application manages the inventory flow between brand owners and partners, constantly monitoring the balance of supply and demand, including shortages and surpluses. Accurate inventory information reduces the need to keep costly inventory and tie up valuable capital.

### **Right-sized inventory replenishment in a multi-tier network**

Typically, brand owners and their distributors have blanket order agreements, but these do not account for fluctuations in demand. The application uses factors such as consumption signals, target inventory days of sales, shipment size, and transit lead times to continuously replenish inventory. Users receive alerts on potential inventory issues based on the consumption and replenishment plans for each item at each location. By right-sizing inventory, companies can reduce the "bullwhip effect" across their partner network.

### **Comprehensive visibility into current and projected inventory levels**

The application provides finance teams with daily financial snapshots of all inventory. By receiving inventory reports and early warnings faster, brands and their partners have more time to act and can reduce excess inventory. Instead of wondering whose data is accurate, stakeholders at all levels of the distribution network can share the same information and solve problems together. Tracking capabilities extend to all inventory on hand, in transit, and on order, regardless of where it is physically stored, who manages it, or who owns it. The resulting end-to-end visibility enables rapid response and increases inventory turns.

### **Support for all types of vendor-managed inventory.**

VMI is a model in which brands own the inventory and determine which products and quantities to ship to channel partners based on demand signals, thus reducing or eliminating the bullwhip effect. Channel Inventory Collaboration enables brand owners to efficiently execute an inbound VMI process. Supported VMI configurations include virtual inventory at the brand owner, consigned stock at points of consumption or partner locations, and physical execution by third-party logistics (3PL) providers. Brands and their partners can operate almost as one, enabling streamlined information and product flow that leads to improved on-time delivery.

### **Fast onboarding for all partners**

Multiple connectivity options, including support for a wide range of standard industry protocols and payload types, application programming interfaces (APIs), extensible markup language (XML) standards, and electronic data interchange (EDI), as well as ensuring web portal access and email-based information exchange when a more manual process will suffice, minimize the technical burden on partners. They can come as they are. Reusable connections speed onboarding for partners already on the e2open network and enable streamlining of the collaboration process for downstream inventory management.





Collaborate with your customers and channels to gain visibility and control over inventory. Create a win-win solution that improves customer service and reduces costs.

## About e2open

E2open is the connected supply chain software platform that enables the world's largest companies to transform the way they make, move, and sell goods and services. With the broadest cloud-native global platform purpose-built for modern supply chains, e2open connects more than 400,000 manufacturing, logistics, channel, and distribution partners as one multi-enterprise network tracking over 12 billion transactions annually. Our SaaS platform anticipates disruptions and opportunities to help companies improve efficiency, reduce waste, and operate sustainably. Moving as one.™

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