



eBook

Automation-led Drop Shipment

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

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 just one click away - 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 underlying technology for these retailers however, is no longer a core competency. Using their own internal systems or antiquated legacy providers has created some key challenges over the years:

- Lagging behind in scalability, connectivity and security
- Limited connectivity options such as rigid EDI, XML or flat files
- Lack of visibility to partner activity
- No automated notifications, alerting and monitoring tools
- High transaction costs
- Losing key drop ship vendors to retailer competition due to high transaction cost
- Lack of innovation and future-proofing

Fear of Change

Retailers have always been fearful of changing their technology solution, especially an already existing, fully-integrated drop ship platform. The assumption is, if it is working why change? In addition, there are six key preconceived migration challenges:

1. A complex integration into legacy internal systems.
2. The challenge of maintaining a superior customer experience throughout the entire order lifecycle.
3. There are hundreds, if not 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. Perceived lack of a better solution on the market.

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 so they can use the new provider's features to stay proactive and sign up more vendors.

Focus on your ability to add over 100 new drop ship vendors a week using your new modernized platform.

TOP 5 REASONS TO RETHINK YOUR CURRENT DROP SHIP SOLUTION:

- 1 You need a modern, 100% cloud-based platform to actively manage and grow your e-commerce activity.
- 2 Complexity is increasing and EDI and flat file integrations are just not cutting it anymore.
- 3 Costly monthly fees for old technology and communications are killing your margins.
- 4 Your suppliers and brands are leaving you to sell to your competitors.
- 5 Your customers are buying through other channels/retailers.

FOLLOW THE DIGITAL COMMERCE TRANSFORMATION TO STAY RELEVANT

Since its infancy in the mid-1990s, eCommerce has always been a rapidly changing industry. Today, we are in the midst of an extraordinary transformation in digital commerce. Traditional retailers that are not embracing this dramatic shift are going out of business, while innovative retailers are experiencing a retail renaissance. Consumers are buying more than ever. According to Forrester, over the next five years online sales are expected to grow by \$401 billion. Among the top three contributors to this growth 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

A primary source of retailers' exponential online growth over the past few years is due to the modernization of their drop ship automation program. 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 superior technology that is much more cost effective. According to Forrester, in 2020 41% of retail and brand professionals have a drop ship program in place.

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.



WHY STAYING WITH YOUR INTERNAL DROP SHIP AUTOMATION WILL FAIL

Retailers who have experience with either their own home-grown drop ship automation solution, or utilize third party legacy providers such as CommerceHub 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 dwindling vendor base has ultimately led to a shrinking product assortment and a decline in drop ship revenues. Coupled with the high maintenance costs of internal operation support teams to handle all of the manual processes and the transaction costs to process inventory and other large, key supply chain data are all inevitably causing these retailers' drop ship programs to fail.

For example, JC Penney was selling over \$1 Billion gross merchandise volume (GMV) online with a vast network of drop ship suppliers through CommerceHub. Even if the company's brick and mortar stores were not performing, it might have been able to save its online business with a superior, timely technology solution for its drop ship network. Earlier this year Walgreens migrated their drop ship program off the CommerceHub platform to Logicbroker. Walgreens is focused on modernizing its technology stack and, with Logicbroker, has migrated close to 200 supplier connections in less than six weeks.

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Logicbroker helped us overcome our internal IT barriers and illuminated a path to accelerate our vendor onboarding.”



AMBER ROBERTS
Digital Marketplace Planning &
Strategy at Kroger

CASE STUDY Kroger



Kroger is America's largest grocery retailer, focused on delivering their customers a first-class shopping experience while working to end hunger and eliminate food waste.

CHALLENGES before Logicbroker:

- o Needed to implement expanded assortment to maintain competitive edge
- o Sought new vendor relationships with ease of onboarding

BENEFITS after Logicbroker:

- o Leveraged the Logicbroker team to make valuable supplier introductions and apply learnings from other integrations
- o Offer more connectivity options such as RESTful API and native connectors to vendors' systems
- o No provider cost to vendors

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MODERNIZE YOUR DROP SHIP AUTOMATION BY MIGRATING TO LOGICBROKER

The Logicbroker platform was built using millions of dollars in Research and Development (R&D) to provide the next generation of drop ship automation and supply chain data integration and management. Its innovative technology, purpose-built for the complexity of eCommerce fulfillment, and dedicated technical support enable fast time to value through a frictionless implementation and migration process. In subsequent sections, we outline the details of how this migration happens based on these key factors.

- o Complete freedom for your drop ship vendors:
 - No monthly or transaction fees
 - Flexible integrations choices: continue using existing tools, such as EDI, XML, flat files, or portal or upgrade to the modern way of integration using Logicbroker's 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
- o No hidden monthly transactions fees for communication, inventory feeds or orders.
- o As a cloud-based solution, we continually enhance the platform through frequent updates and new releases of functionality. Logicbroker customers drive the product roadmap.

41%

of retail and brand professionals have a drop ship program in place

Source: Forrester Q1 2020 Omnichannel Panel Survey

and another
16%

plan to implement one within the next few years

CASE STUDY

Rite Aid



Rite Aid Corporation is a drugstore chain in the United States, ranked number 94 in the Fortune 500 list of the largest United States corporations by total revenue.

CHALLENGES

before Logicbroker:

- o Needed to update their webstore platform & refresh product offering
- o Manual processes created supply chain errors
- o Existing vendors needed to migrate to the new storefront

BENEFITS

after Logicbroker:

- o Onboarded 25+ drop ship vendors in weeks
- o Reduced manual touchpoints by 45%
- o Expanded virtual inventory offerings with drop ship

[Read the Story](#)

MODERNIZE YOUR DROP SHIP AUTOMATION BY MIGRATING TO LOGICBROKER *cont.*

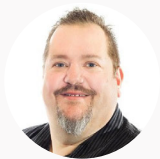
The Ease of Migration

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 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's engineering resources.

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When I think of Logicbroker, I think about how responsive their people are. I sleep better at night knowing their team is monitoring our eCommerce supply chain performance.



SHANE THOMAS
Director, eCommerce Operations at Rite Aid

As a retailer, you ask, “how do I get started?”

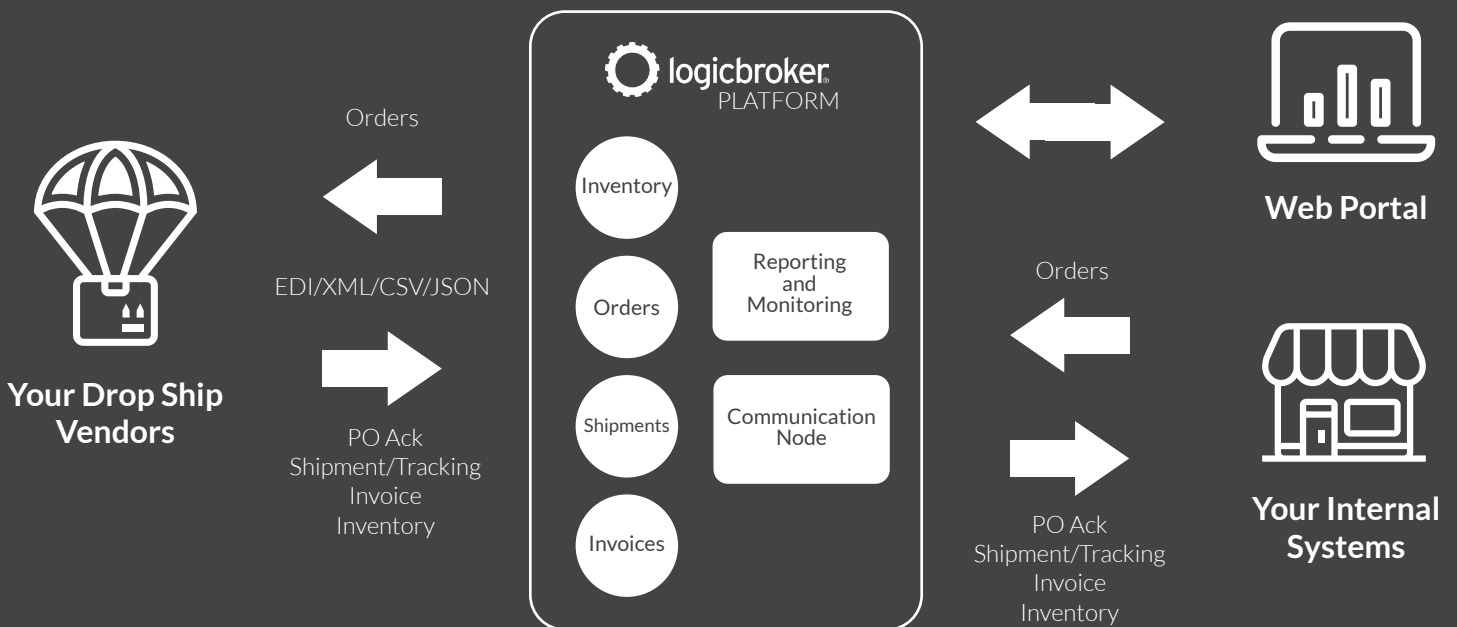
The dedicated Logicbroker implementation engineering team will review existing specs and documentation through a discovery meeting and a solution design workshop with the retailer's business operations and/or technical teams. Next, Logicbroker engineers will review the existing order lifecycle in a whiteboarding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

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The partnership with Logicbroker has set the stage for the FULLBEAUTY Brands team to significantly scale our drop ship business thanks to their competitive technology, robust vendor performance reporting and analytics, and fantastic customer service.



TENLEY MEMERING
Director, Operations and Technology at FULLBEAUTY Brands



MODERNIZE YOUR DROP SHIP AUTOMATION BY MIGRATING TO LOGICBROKER *cont.*

Solution Design

After completing the discovery session, a solution design is implemented that will encompass the following 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's branding.
- Phased approach to onboard vendors, for example:
 1. *A few middle volume vendors for the pilot phase*
 2. *High volume vendors phase*
 3. *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 will be configured in order to have the complete end to end solution working between the retailer and drop ship 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, as is the case with legacy providers due to their lengthy custom programming. There is no custom programming or software development work done within the Logicbroker platform. Logicbroker implementation engineers utilize their proprietary rule-based engine to make the appropriate configurations.

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Logicbroker to me and my team means modern technology, fast, flexible, scalable, with real people making me feel like a customer- something that all technology companies should be about.



ADAM STRUM
Chairman/C.E.O. at Wine
Enthusiast Companies

Internal Testing

Once all configurations are completed, the internal testing between the retailer and Logicbroker will resume in order to test every integration point within the one-time integration, as well as to certify test vendors' endpoints at the other end. This is one of the most crucial parts 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 Walgreens, 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 accelerate the onboarding process, it is prudent to configure and test everything first before proceeding to the onboarding cycle.

CHALLENGES WITH YOUR LEGACY DROP SHIP PROVIDER:

- 1 Legacy Order Management System (OMS) or a Warehouse Management System (WMS) that has a very complex way to integrate to new platforms
- 2 100s or 1000s of vendors are already integrated to current platform and migrating to a new platform seems impossible
- 3 High monthly fees for communication, Kilo Character (KC) charges per order and 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 DROP SHIP 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 for onboarding. The vendor survey is personalized to each vendor in order 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 pushed to production and monitored by Logicbroker's operations team. 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 information about our native extensions..



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 time

NATIVE EXTENSIONS



Web Portal

Create and manage all commerce data from our responsive web portal



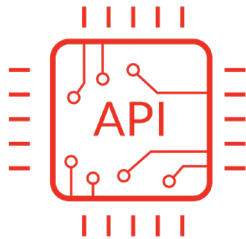
Secure FTP

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 support for all your supply chain data management



API

The only EDI provider with a complete API support (CommerceAPI.io)



Native Connectors

Prebuilt integrations with most major platforms, including ShipStation, Magento, NetSuite and more

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 superior service to help the merchandising, operations, and technology teams migrate and implement their drop ship solution without any disruption to their existing business. Logicbroker customers see immediate results through automation and efficiency, while realizing significant cost savings over their internal solution or their antiquated legacy service providers.

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



AJ PLUMMER
Senior Experience and eCommerce
Lead at Mars

About Logicbroker

Logicbroker provides the fastest time to value of any enterprise-level drop ship and eCommerce fulfillment solution. We drive over \$2.2 billion annually in online sales for its top retailers with our next generation drop ship cloud platform, unified marketplace and fulfillment distribution.

Our network is comprised of 4,000 brand suppliers & 140+ certified retail and marketplace channels. Retailers, brands, marketplaces and 3PLs can increase online retail growth and expand product assortment quickly and cost effectively with our API-led cloud platform. 

49%

of brands and retailers
employ drop ship as a key
component of their omni-
channel strategy

-Gartner

CASE STUDY **FULLBEAUTY Brands** **FB**

FULLBEAUTY Brands is an American plus size women's and men's apparel and home goods holding company based in New York City. Proprietary brands under the FULLBEAUTY Brands umbrella include: Woman Within®, Roaman's®, Jessica London®, ellos®, swimsuitsforall®, KingSize®, Brylane Home®, all unique branded sites, and fullbeauty.com®, an online marketplace offering a curated collection of the finest brands and thousands of products – the premier fashion and lifestyle destination for women sizes 12+.

CHALLENGES

before Logicbroker:

- Rising costs and inventory issues
- Struggled to onboard vendors with legacy technology
- Unable to launch new vendors

BENEFITS

after Logicbroker:

- Migration completed in just 5 weeks
- Open, clear communication for FULLBEAUTY and their vendors with Logicbroker client services
- Access to Power BI and robust reporting to make more informed merchandising decisions
- Better vendor relationships

[Read the Story](#)