Disrupting E-Commerce

How digital networks are delivering excellence in the omni-channel consumer experience

By 2020 total e-Commerce sales will exceed $27 trillion. The rise of e-Commerce has shifted the balance of power away from retailers and brands and put the consumer squarely on top. Customer experience metrics now overshadow traditional notions of value such as price, performance and availability.

How is it that some e-Commerce companies are able to execute flawlessly and always seem to delight their customers while most are struggling just to maintain mediocre performance?

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Today, a single negative experience with a single consumer can snowball within hours into a social media backlash and result in millions of dollars in lost sales and severely damage the brand.

How is it that some e-Commerce companies are able to execute flawlessly and always seem to delight their customers while most are struggling just to maintain mediocre performance?

The answer lies in the underlying disruptive technology and the process disciplines that have been built to exploit them.

THE DIGITAL ADVANTAGE

Consider for a moment what is possible with a network. Just imagine …

- **A digital network connects** every consumer, every retailer to the entire value chain of manufacturers, suppliers, logistics service providers and trading partners in real time.

- **The network supports all channels and business models** including brick and mortar stores as well as digital non-stock and marketplace models.

- **The network runs itself.** It automates many of the manual processes that material and logistics planners go through today with 'intelligent agents' that can make the

right decisions based on your priorities. Thus, optimized planning is embedded within execution in real time and allows you to operate near theoretical limits.

- **The network is a system of engagement** overlay above various systems of record across all network members. It provides a common consumer driven objective, shared plans and a transaction, communication and collaboration backbone. The network engages all the players to orchestrate consumer driven processes across trading partners from cradle to grave.

- **The network is predictive and resilient.** Streaming data from POS, chatter in social media and IoT is monitored to keep a pulse on consumer preferences and product performance.   The network proactively anticipates consumer consumption and detects demand and supply disruptions *to autonomously re-balance plans and orchestrate execution* maintaining business continuity.

- **The network learns.** Intelligent machine learning agents learn from past signals and examine predicted trends from pattern recognition agents to automatically adjust planning and execution agents including inventory agents, replenishment agents, transportation agents and forecasting agents. Deploying business network aware intelligent agents onto the network delivers impressive results in very short time frames.

- **Plan, collaborate and execute on a single platform.** On an as-needed exception basis, trading partners plan, collaborate, and execute on a single platform in real-time, with no information delay nor discrepancies that exist with today's mix of EDI, portal, and email networks.
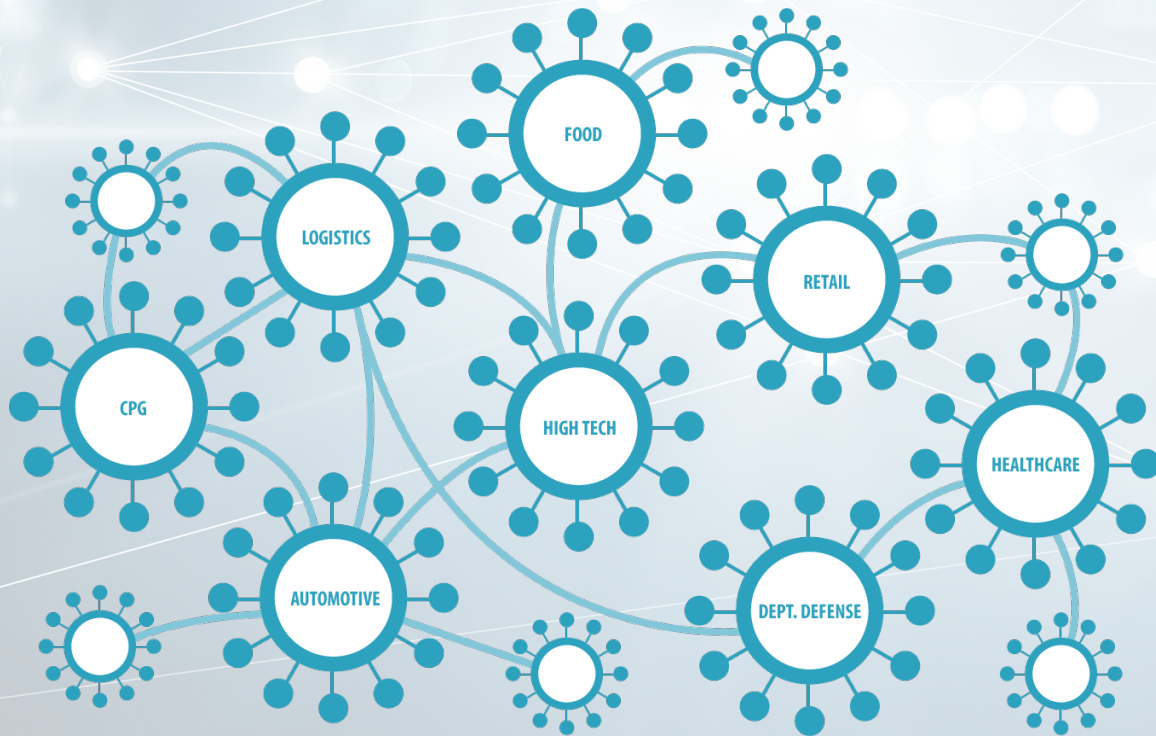
- **The network is highly responsive and agile.** During new product introduction and other product transitions, it is capable of monitoring inventory health at retail and distribution all the way back to production. It balances supply and demand across the network by automatically entering/exiting prioritized allocation modes and ramping production up or down as necessary.

- **There is full serialized tracking** of all high value assets (such as consumer electronic devices and smart-phones) throughout their lifecycle with visibility to full chain of custody. So, if recalls are needed, there is immediate visibility to specific impacted items and consumers.

- **Rapid network coherence.** As companies explore new business models, they are able to pull together a network of suppliers and trading partners and start orchestrating business in days not months or years.

- **Companies can future-proof their systems** through a scalable cloud platform with agile development tools that enable continuous improvement of systems and processes, as opposed to being locked into the processes defined by legacy & ERP systems.

In fact, this vision is already reality. One Network Enterprises has built out and deployed a digital operating network connecting retailers, manufacturers, suppliers, distributors, and logistics service providers. With over 60,000 companies on-boarded, forward-thinking companies are well on their way to digital transformation and already reaping dividends from the digital revolution.

THE REPUBLIC WIRELESS DIGITAL TRANSFORMATION STORY

Republic Wireless is an innovative provider of a new kind of low cost and award winning mobile phone service. In an industry often criticized for poor service and high costs, this small wireless service provider is seizing the opportunity to provide a truly customer focused mobile service and is disrupting the entire industry.

Republic Wireless distributes its product almost entirely through online and the company does not want its brand promise of product innovation and value to be tarnished by sub-par fulfillment experience. Knowing that customer expectations for fulfillment experience are being set by e-Commerce giants such as Amazon and Walmart's subsidiary

"We want our supply chain team to spend more time thinking and a lot less time doing. We want them to be strategic thinkers, decision makers, negotiators, and ultimately advocates for the customer experience – not order expediters."

ALAN PENDLETON, VICE PRESIDENT OF SUPPLY CHAIN, REPUBLIC WIRELESS

Jet.com, the company chose a strategy to compete through excellence in process discipline. From its early beginnings as a startup, Republic Wireless has outperformed the industry on fulfillment performance with:

•   Perfect Order Performance consistently above 95%

•   Proactive detection for 100% of customer delivery delays and exception driven personalized support response when a customer impact cannot be avoided.

According to Consumer Reports, Republic Wireless has some of the most satisfied customers in the industry, and was also named a recipient of PC Magazine's ***Annual Reader's Choice Award***.

The company's success has fueled rapid growth – and its supply chain has also grown tremendously in scale and complexity. With as many as 15,000 orders per day and growing, company leaders chose to invest in disruptive innovation in supply chain process scale and capacity. This complemented and supported their investments in product and customer experience.

Republic Wireless adopted a philosophy to have the core business processes of to be entirely touch-less so their staff can focus only on exceptions and service excellence. The company is using One Network's Real Time Value Network (RTVN) for e-commerce fulfillment, tracking, and exception resolution from procure to pay and from order to delivery.

The RTVN is enabling a touchless order process at Republic Wireless. It eliminates the need for manually entering or executing transactions so as to free up company staff to attend only to exceptions that the system did not automatically resolve.

It provides the company with real-time visibility into consumer orders while its intelligent agent technology monitors every milestone and leading indicators for every fulfillment order as well as inbound supply orders during execution. It warns the carrier of possible problems.

Leveraging One Network's resolution workbenches, Republic Wireless' team can collaborate in real-time, evaluate different scenarios and fix the problem to ensure orders reach the customer on time.

The solution also allows Republic Wireless to quickly resolve problems before they impact service to the customer and update the customer on the status of their order when necessary. RTVN brings together all the necessary parties, including Republic Wireless, its suppliers, third-party logistics providers, and parcel carriers in order to orchestrate inbound supply and e-commerce.

In just three months, the company has gone from1 supplier, 3 phone models, and 500,000 customers to over 25 suppliers, 19 phone models and over 3 million customers. It has gone from low-complexity to medium complexity overnight.

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However, with One Network, it has done so without adding any people and without having their employees work nights and weekends.

Despite its growth, Republic Wireless has maintained 99.5+% on time delivery and 95+% Perfect Order and a goal of 100% Customer Satisfaction.

DISRUPTIVE VALUE

The following table summarizes how the new paradigm of digital business networks adopted by Republic Wireless is fundamentally different from traditional enterprise systems.

TRADITIONAL	NEW PARADIGM
Chain: The Business- to-Business-to-Consumer (B2B2C) chain has long delays and fragmentation. There are too many systems with multiple and inconsistent versions of facts.	**Network:** A Consumer- to-business-to-business (C2B2B) multi-party network where everyone has a single version of truth for end-consumer demand. All companies are on the same system managed through a sophisticated permissions framework.
Delayed Visibility: Each company in this chain has their own systems in their own silos. Each party second-guesses the others - driving bull-whip effect.	**Real Time Visibility:** True end-to-end visibility of demand, and supply from retailer to manufacturers, distributors, suppliers and logistics service providers.
Silos, Inside Out: Companies plan and execute separately. They exchange data between these enterprise silos as an after-thought via Business- to-Business (B2B) integration.	**Consumer Driven, Outside In:** Demand is sensed in real time at the point-of- sale or point of consumption and projected instantly back to all levels of the value chain. Optimized planning with a common consumer driven objective is embedded within real time execution.
Hub-to-Spoke: Single enterprise centric "ERP" behind firewall. Occasionally masquerading as a network via a hub-spoke type model that only serves the hub enterprise.	**Hub-to-Hub:** Multi-Party Business Network Platform. Every enterprise can be a hub in its own respect, and every enterprise gets value.
Manual Policy and Planning Parameter Updates. Manual reviews and updating of various types of policies that control planning systems results in planning results out of sync with reality resulting in degraded financial & customer service performance.	**Machine Learning:** Agents monitor planning and execution results as well as changes in predictive vectors to automatically change and modify business policies that guide planning and execution agents towards optimal financial and customer service results.
Brittle Supply Chain: The supply chain has been honed in for high-volume and fast turning products sold through brick and mortar retail channels working with a well established distribution network and pipeline of suppliers.	**Agile Network:** Flexible, network able to rapidly bring together communities of trading partners engaged in new relationships under new business models.
Rigid: Rigid Commercial Off the Shelf (COTS) solutions for the traditional supply chain business models.	**Agile:** Flexible, extensible, and modular platforms supporting business agility.
Incremental: Initiatives to drive incremental performance improvements.	**Breakthrough:** Digital transformation initiatives designed to drive breakthrough results.

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STARTING YOUR OWN DIGITAL TRANSFORMATION JOURNEY

Historically, any enterprise system implementation required a big bang approach to deploy. This approach proved to be enormously expensive, too long and too risky. In addition, it continues to cost companies significant dollars to support. More importantly, the inability to adapt these systems as business needs change is killing the agility of the companies to keep up with the pace of business.

The new generation of network cloud solutions is designed fundamentally different as a System of Engagement (SoE) versus the System of Record (SoR) design of ERP software. A SoE spans across SoRs and is designed to be network centric to facilitate collaboration amongst partners around a transaction or workflow, i.e. order-to-cash.

Unlike ERP, exchanging information with partners is not an add-on but a core part of the platform. It's much like how LinkedIn is designed for social networking vs. a stand-alone contact management application. You can track your contacts with both but one is purpose built for easy collaboration and automated updates vs. simply maintaining a list of contacts.

One Network has deployed integrating AI pattern recognition and machine learning to create Systems of Prediction that add new levels of intelligent analytics on top of Systems of Engagement to enable disruptive business models. One Network's investment in agent-based machine learning combined with POS pattern recognition and predictive AI agents drives planning and execution agents to deliver optimal results, high value and impressive ROI numbers, fast.

That's why many companies begin their journey by on-boarding onto a digital network and deploying an overlay Control Tower solution first.

Once your supply chain partners are connected to the network, each party can easily publish updates once (schedules, capacity, statuses, etc.) and all parties can simply subscribe to receiving the necessary information rather than having to build one-to-one interfaces with each and every partner. This is a significant savings on costs as well as time.

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Cloud platform solutions are designed to be continuously upgraded providing new capabilities on a frequent basis.

The benefits of eliminating information delays, real time visibility to all, and single version of truth alone pay huge dividends.

Then, companies must choose between a "dual platform" or "replacement" strategy approach and map out the digital transformation journey accordingly. If you are locked in and need to preserve your investment, then a dual platform strategy that embraces legacy systems is often the best method.

Rather than making costly modifications to the legacy systems, an overlay of services from the network can orchestrate business processes between functions and between companies. This will add agility and extensibility to partners. Companies can evolve at their pace and minimize risk.

However, if you are an emerging business not yet locked in or, if your legacy systems are already unsustainable, then a network as a straight replacement strategy may be appropriate. In this instance, companies start by deploying the new platform as an alternative to legacy, which enables them to simplify their business and introduce agility.

Regardless of the approach, cloud network platforms can be deployed in months rather than years. The platform is modular unlike monolithic ERP systems. It allows for short step-by-step projects (similar to sprints in an agile development methodology) that are rapid, self-funding, and low risk.

Cloud platform solutions are designed to be continuously upgraded providing new capabilities on a frequent basis. For traditional ERP systems, you are locked into expensive upgrade cycles where it's not uncommon to spend millions more to re-implement the system to take advantage of new capabilities.

Visionary companies are already adopting digital cloud networks to drive breakthrough results.

The choice is clear: disrupt or be disrupted.

WHERE TO BEGIN

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8