one
One Network Enterprises™

Home Delivery and Same-Day Delivery

How Retailers Can Win On the Next Big Battleground

One Network Enterprises™

One thing Amazon has done very successfully is they've owned the entire value chain. They've owned the last mile, the moment that matters. That moment is when the package arrives. Once you can own the moment that matters, you build a loyal customer base."

SUCHARITA MULPURU, RETAIL ANALYST AT FORRESTER RESEARCH

A RACE TO THE LAST MILE

Strategically, compared to other areas of the business, the supply chain was a relative backwater for retailers. The conventional wisdom held that retailers only needed to keep pace with industry averages. But if the supply chain was once about the status quo for retailers, now it's about disruption.

Retailers now realize that to succeed in the coming years, they'll need to be able to offer home delivery and same-day-delivery services to compete in an increasingly competitive marketplace. The retailers that are taking this approach are experiencing dramatic increases in revenue, customer satisfaction, and market share.

This whitepaper first describes the changing behavior of today's consumers, as well as the increasingly high stakes battle between traditional brick-and-mortar retailers and online retailers over same-day and home delivery. Next, the paper shows how retailers can leverage One Network's cloud platform to enable a powerful home delivery service that supports the entire lifecycle of the transaction—from taking and processing the order, to sourcing, track and trace, and proof-of-delivery (POD).

WHAT DO TODAY'S CONSUMERS WANT?

A recent large-scale consumer survey by Ernst and Young found that the single greatest influencer to purchase for today's consumers was delivery terms, beating even influencers such as promotional offers, physical store design, and strength of website.

Furthermore, almost 1/3rd of consumers were willing to pay a premium for instant or swift availability. [1]

The consumer's desire (and willingness to pay) for convenience helps explain the strategy that Amazon, a famously secretive company, is following. Most observers agree that its massive building spree of fulfillment centers (adding 50 new facilities since 2010 alone) is setting the stage for same-day delivery throughout the U.S.[2] Even more extreme, in a widely covered announcement, Amazon recently announced a plan to use pilotless flying drones to deliver packages to customers within a half hour of placing an order.

Even if delivery by drone is still years away (or never happens), Amazon's actions are a clear signal to the other retailers that to satisfy the end consumer they'll need to own and deliver great service through to the last mile.

One key advantage that brick-and-mortar retailers have going forward is that they already have an existing distribution network in close proximity to the customer—the store. If you consider the top 100 retailers in the US, they have 100,000 points of distribution, with a square footage that dwarfs online retailers.

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1 Ernst and Young, "This time it's personal: from consumer to co-creator", 2013.
2 Bloomberg News, August 2013

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The Challenge: A Multi-Party Problem on a Massive Scale

Therefore, it seems clear that eventually competitive differentiation and market pressures will require retailers to offer delivery that reaches from the local store to the home. This will require the ability to plan, collaborate, and coordinate with fulfillment partners & retail locations on different levels. To keep service levels high, retailers must be

Home Delivery Technology Challenges

- Traditional technology unable to scale to meet the huge data volumes associated with the online orders delivered from store locations or DCs
- Vertical systems and databases that can't integrate critical demand, supply, and logistics data across customer, parcel carriers, private fleets, 'white-glove' installation and service partners
- Planning engines can't optimize the entire network
- Difficult to sense and manage ever-changing demand signals in the home-delivery model in real time
- Lack of visibility to customer demand
- Inability to plan, coordinate, or collaborate with outside fulfillment partners (couriers & carriers, 'white glove' installation services, etc.)

able to rapidly create the optimal plan for home-customer fulfillment, track shipments across multiple partner networks, and instantly share this data with their customers. Yet one of the biggest challenges to implementing a successful home delivery service for today's global retailers is that traditional technology systems are ill-equipped to meet the problem.

The first technological limitation comes from the fact that successful home delivery requires multiple participants in the supply chain to transact and collaborate. It's a complex operation: to be effective, the home delivery system should be able to track and manage customer orders, inventory in stores and distribution centers (DCs), a private delivery fleet, third party parcel carriers and logistics providers, and even "white-glove" installation and service partners—and do all of this with minimal system latency.

Yet because retailers maintain separate vertical systems and databases, they can't effectively integrate the critical demand, supply, and logistics data that home delivery requires. The result is lack of visibility and the inability to plan and coordinate with the customer as well as third-party delivery, fulfillment, and installation partners.

In addition to the inherent multi-party nature of a home delivery service, traditional systems also struggle to scale to meet the huge data volumes associated with online orders. It is nearly impossible for traditional supply chain management tools to sense and manage ever-changing demand signals in real time in a home delivery model
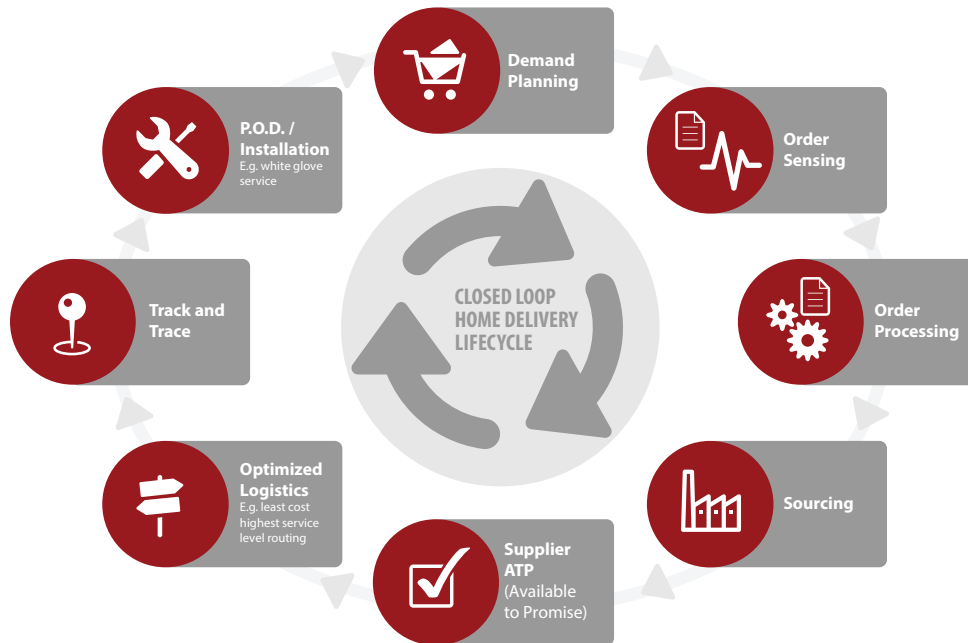
FIGURE: Closed Loop Home Delivery with One Network
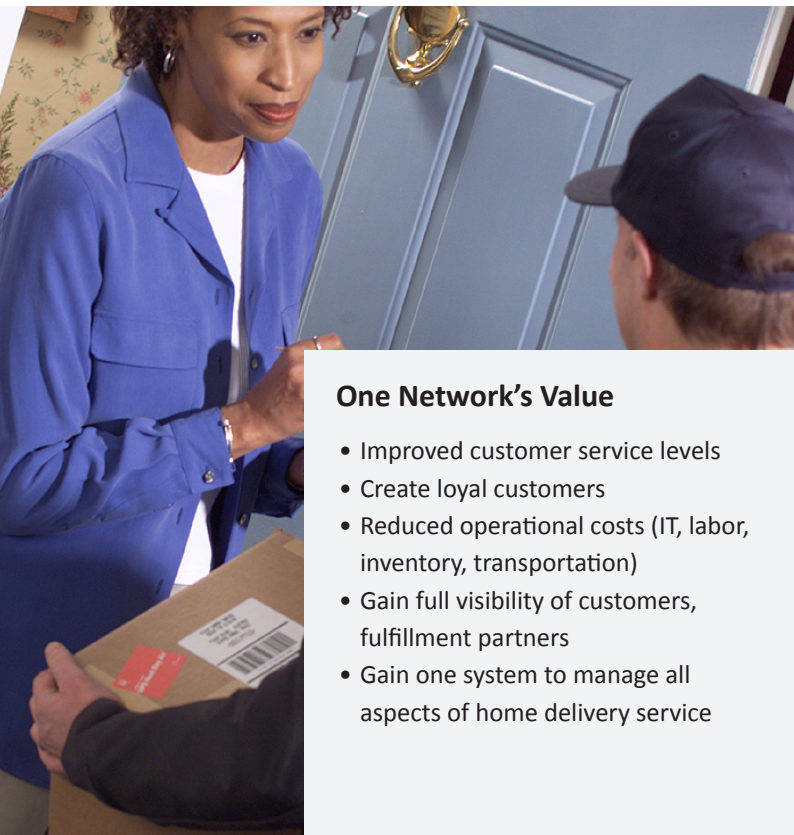
ONE NETWORK CAN HELP YOU WIN THE LAST MILE

By partnering with One Network, retailers can offer their customers a robust home delivery service. One Network's cloud platform, the Real Time Value Network, is designed to solve the home delivery problem by offering a full suite of services that enable 360 degree visibility of the customer's order from the time it is created to when it is sourced and eventually delivered to the customer—while managing all logistics processes throughout.

As the only "many-to-many" technology designed for today's supply chain—One Network uniquely enables all participants to connect just once to the network to be able to work together to quickly deliver the product to the end customer.

One Network Home Delivery Services

- **Demand Planning:** Utilizing historical sales, seasonal impact, retailers can collaborate with their suppliers to establish demand plan and continually update demand forecast based on sales.
- **Order Processing**
- **Online Payment and Billing**
- **Sourcing from multiple inventory locations:** (DCs, Store)
- **Supplier Available to Promise:** Transmits customer orders to the supplier and tracks availability of product against the orders.
- **End-to-end Visibility:** Provides complete shipment life cycle traceability even across different shipping organizations
- **Dynamic rating, routing:** For example, least cost/highest service level routing
- **Exception-based Alerts & Reports:** provides email & dashboard alerts for delivery issues and analytics & reports to do causal analysis and performance monitoring.
- **Proof of Delivery and Pickup:** capture electronic signatures and available on the web.
- **Appointment Scheduling:** Pick-up and delivery appointment scheduling.
- **Contract Management and Bidding:** Manage base contract and individual customer contracts
- **Mobile Device Support:** Pick up and drop off operations managed on mobile devices.
- **Barcode Printer Support:** Integrated into barcode printers for receipts and tracking labels.
- **Integrated logistics** (parcel carriers, LTLs, flatbeds, private fleet)
- **Load building**—optimized
- **Analytics, Score carding, Reporting**

ABOUT ONE NETWORK ENTERPRISES

One Network's Real Time Value Network™ is the world's only many-to-many supply chain platform in the cloud, and the world's first and only real time, automated decision-making solutions suite. It enables an unlimited number of trading partners to plan, execute, monitor, synchronize, and optimize in real time all of the business processes and events that take place throughout their extended supply chains, from customers to raw material suppliers. Enterprises from a variety of industries are connected to the Real Time Value Network, including leading companies in high tech, retail, consumer products, the public sector, automotive, energy, and logistics. Headquartered in Dallas, One Network also has offices in Europe, India, and China. For more information, please visit www.onenetwork.com

One Network's Value

- Improved customer service levels
- Create loyal customers
- Reduced operational costs (IT, labor, inventory, transportation)
- Gain full visibility of customers, fulfillment partners
- Gain one system to manage all aspects of home delivery service

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