

ARE YOU READY FOR B2B CONVERGENCE WITH B2C?

Part 1 of a 2 Part Webinar Series

- **Bryan Ball**, *Vice President and Group Director*,
Supply Chain, Retail and Operations Practices
- Bob Heaney**, Research Director
Supply Chain Execution and Retail



BRYAN BALL

Vice President
and Group
Director,
Supply Chain,
Retail and
Operations
Practices

Over 30 years experience in supply chain, operations, and materials management.

Industry Experience:

- VP of Supply Chain for FuelCell Energy, Inc
- VP of Global Supply Chain for Fluidmaster Inc
- Director of Supply Chain for Dover Industries Unified Brands
- Leadership roles at Stanley Mechanics Tools, i2 Technologies and Dover Corp. – Unified Brands

Education and Certifications:

- Bachelors in Industrial Engineering and Masters in Industrial Engineering from Auburn University
- American Production and Inventory Control Society Certified (APICS)

FEATURED SPEAKER



BOB HEANEY

Research Director

*Supply Chain & Retail
at Aberdeen*

Bob Heaney is a seasoned professional with over 25 years of distinguished leadership experience in research, analysis, and advisory roles in Supply Chain Engineering. Bob's coverage area within Aberdeen includes various elements of Supply Chain Execution (Transportation Management, Warehouse Management, Distributed Order Management and Supply Chain Visibility)

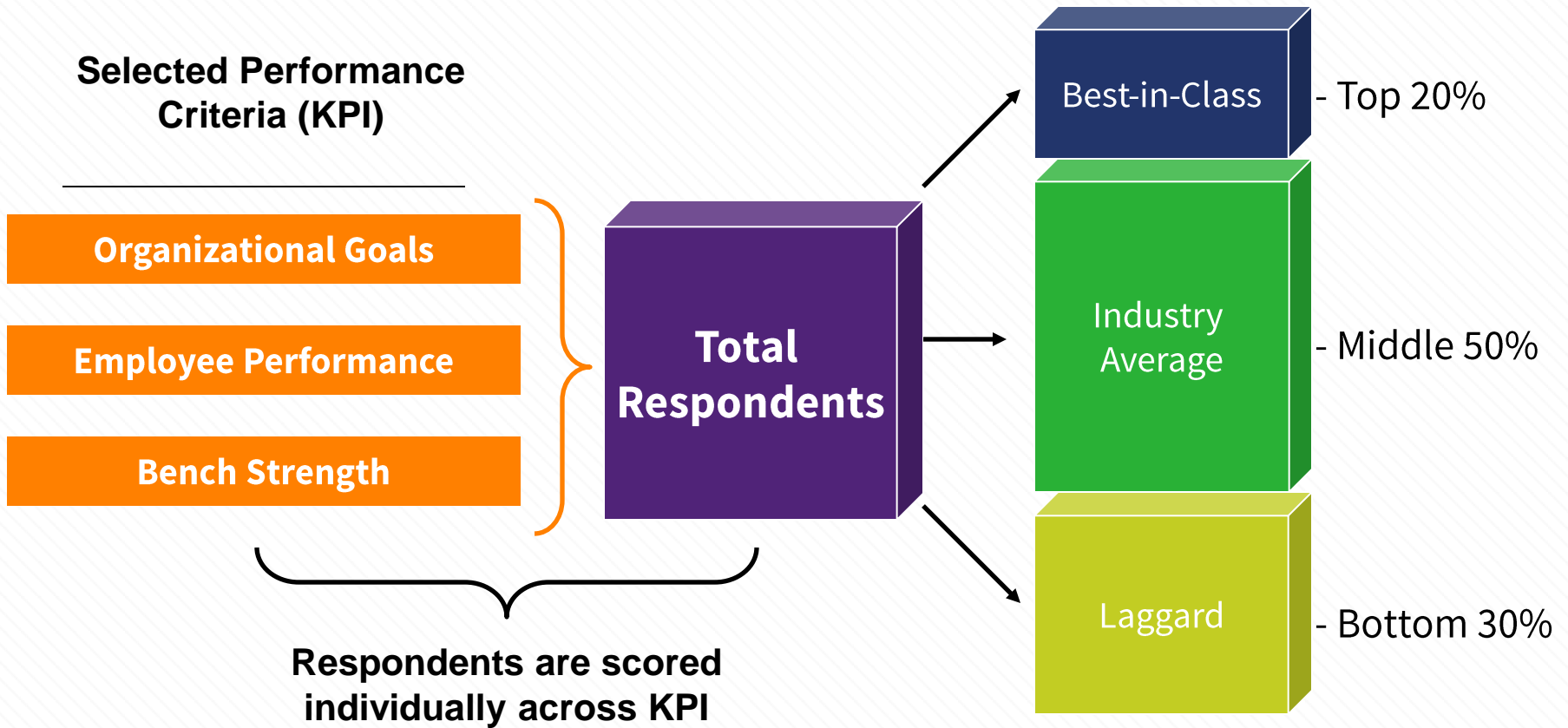
An industry insider and internal advisor to company executives, Bob has been active in designing, reengineering, selling, and transforming the end-to-end supply chain for Fortune 500 companies.



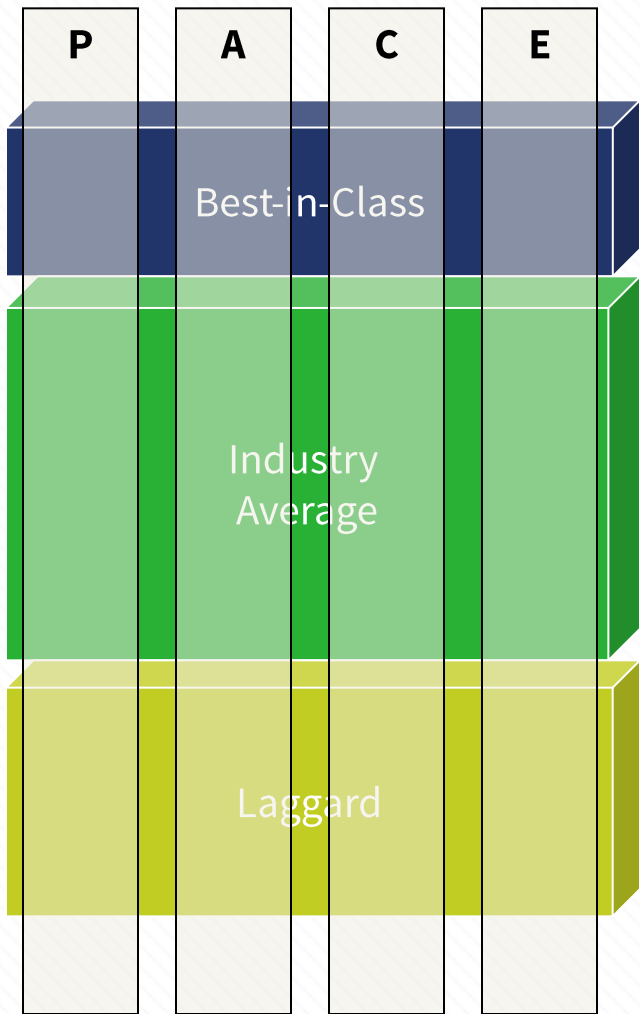
ABERDEEN METHODOLOGY

ABERDEEN MATURITY CLASS FRAMEWORK

DEFINING THE BEST-IN-CLASS



UNDERSTANDING WHAT IT TAKES TO ACHIEVE SUCCESS



What you need to do to become Best-in-Class:

- What processes you should have in place
- What you need to measure
- Organizational changes you might want to make
- Data / Knowledge management considerations
- Technologies you should evaluate

ABERDEEN'S RESEARCH METHODOLOGY

PACE: END-USER INVESTIGATION

PRESSURES



ACTIONS



CAPABILITIES



ENABLERS



What is causing organizations to think differently?

External and internal forces that impact an organization's market position, competitiveness, or business operations.

What strategies are they using to respond to pressures?

The strategic approaches that an organization takes in response to industry pressures.

Why are they achieving greater success?

The business capabilities (organizational, process, knowledge management etc.) required to execute corporate strategy.

What technologies and services are enabling them to succeed?

The key technology solutions required to support the organization's business practices.

A blurred background image showing three business professionals in an office setting. A woman with blonde hair is on the left, a man in a white shirt and blue tie is in the center, and a woman with dark hair is on the right. They appear to be in a meeting or discussion.

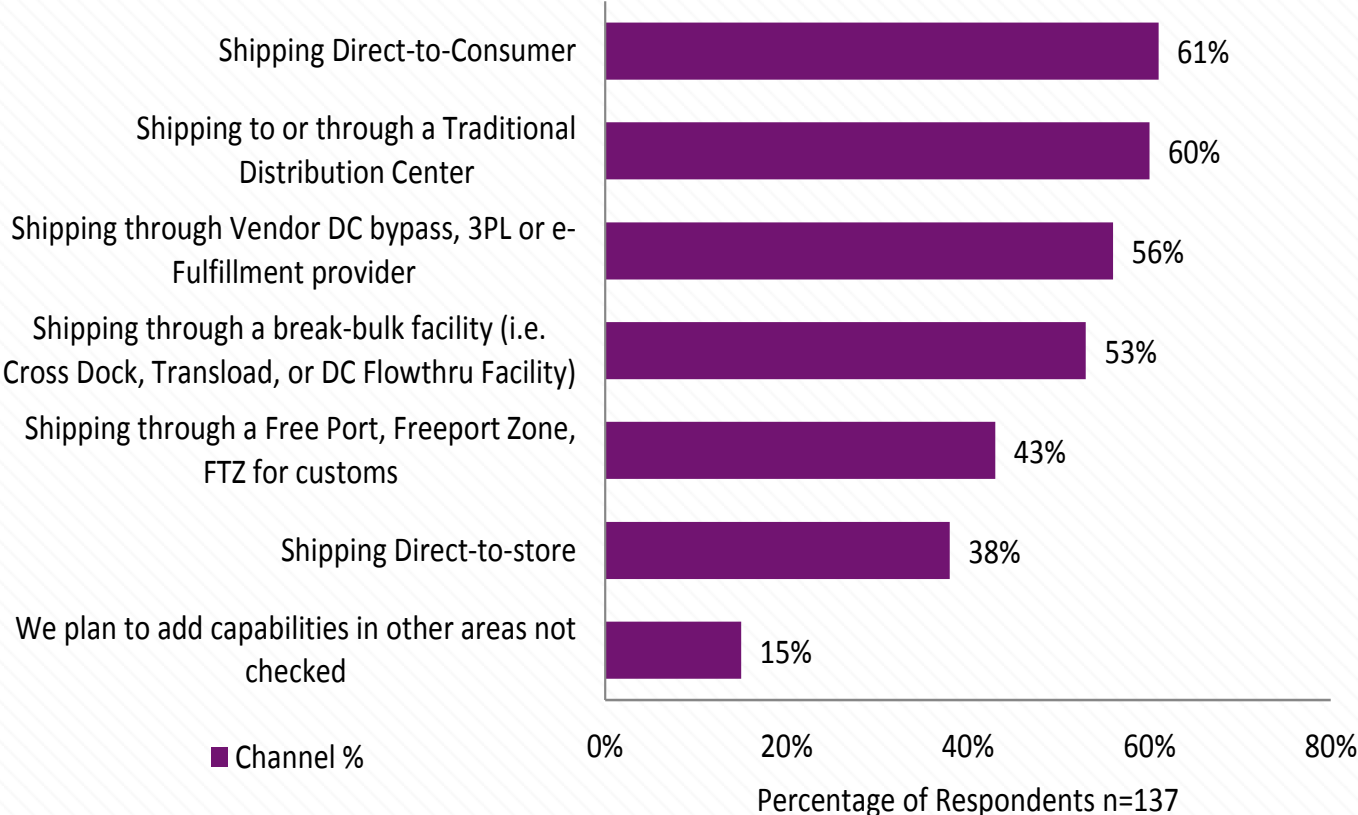
B2B CALL TO ACTION

Introduction:

B2B Convergence with B2C: A Call to Action

- Logistics Flows indicate the emerging trend
- The Impact to B2B Companies
- Existing Capabilities – ***THE CALL TO ACTION!***
- Key Takeaways

Multi Channel Logistics Flows:



Source: Aberdeen Group, July 2014

Global Demand-to-Fulfill Logistics Flows:



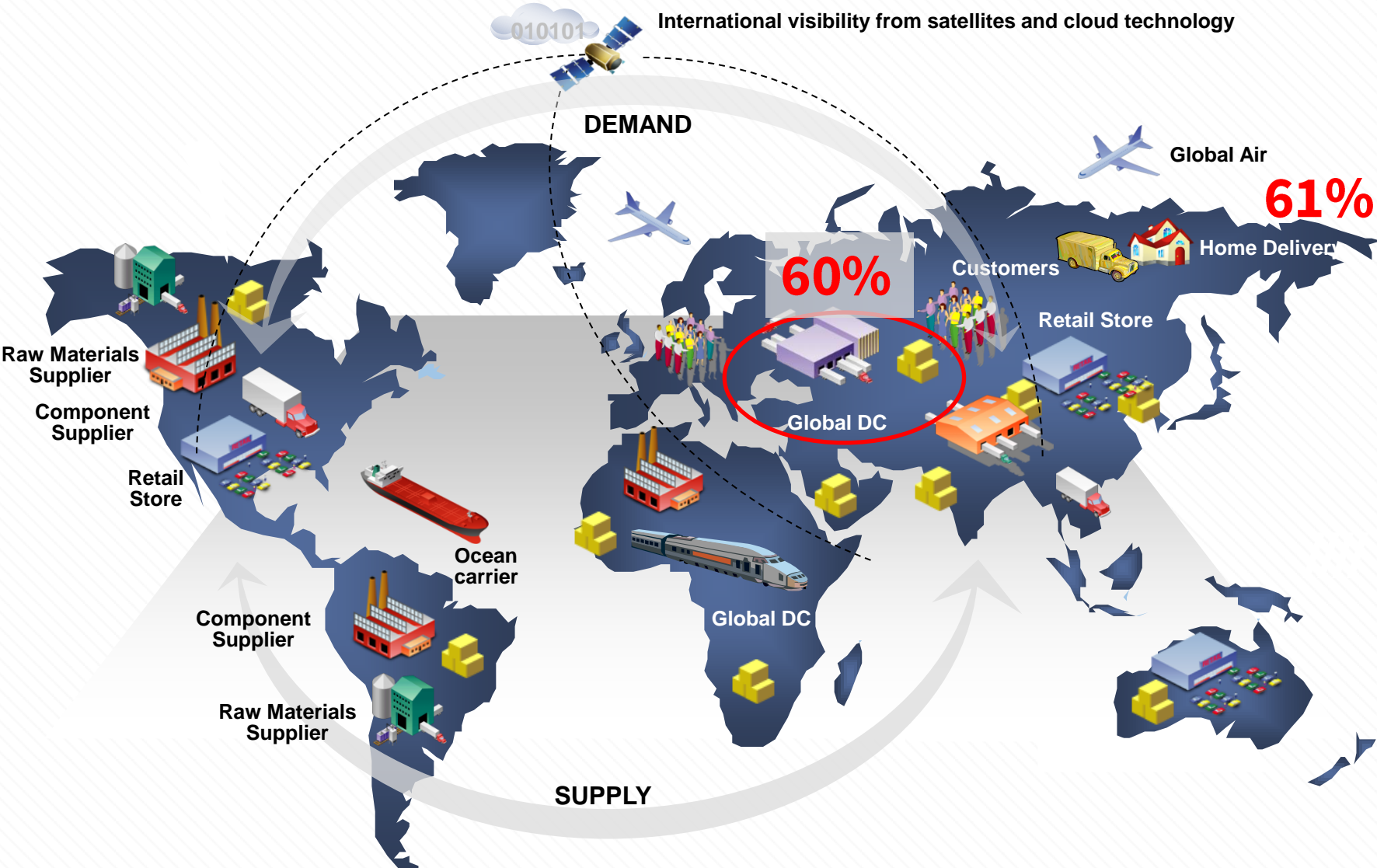
Global Demand-to-Fulfill Logistics Flows:



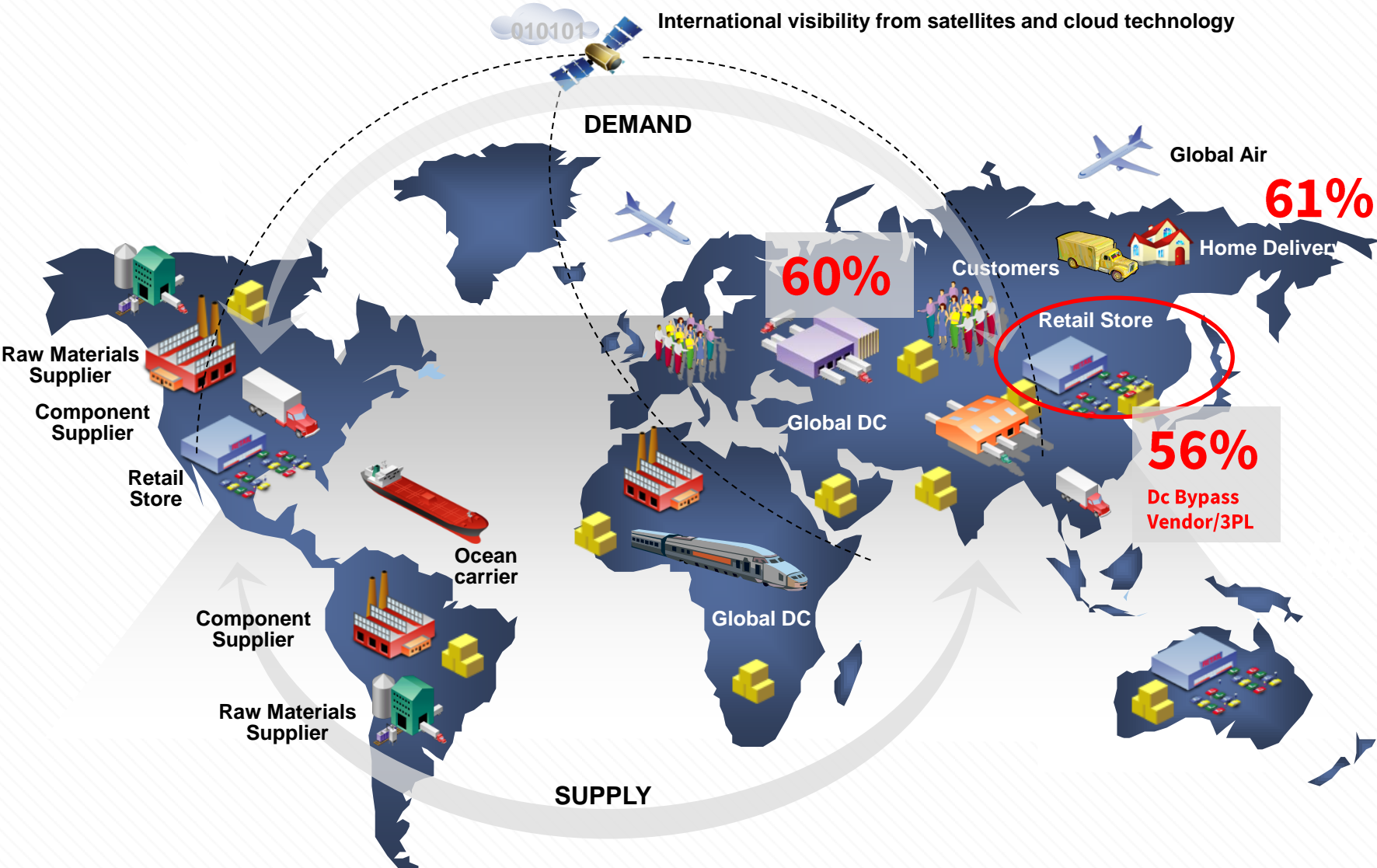
Global Demand-to-Fulfill Logistics Flows:



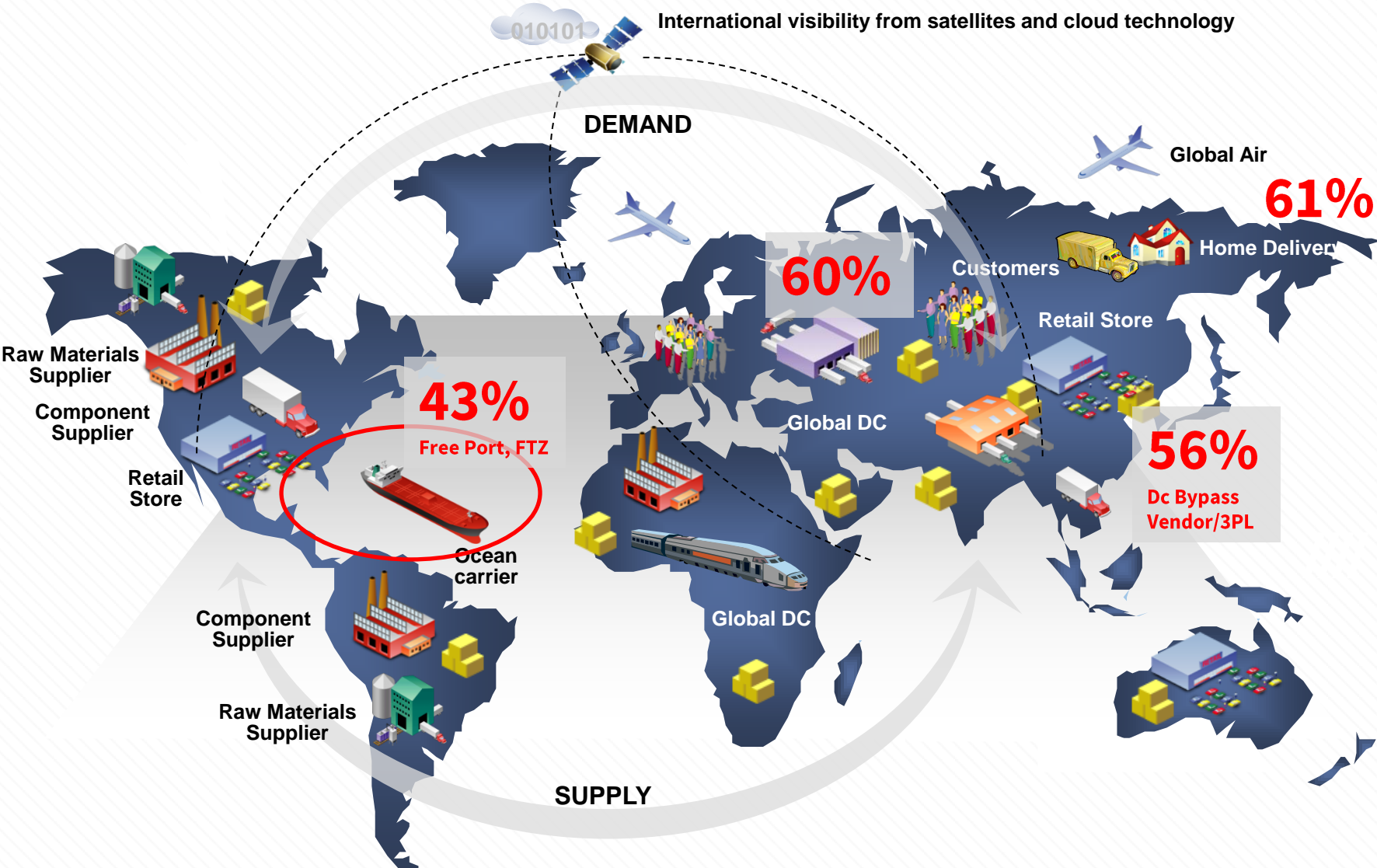
Global Demand-to-Fulfill Logistics Flows:



Global Demand-to-Fulfill Logistics Flows:



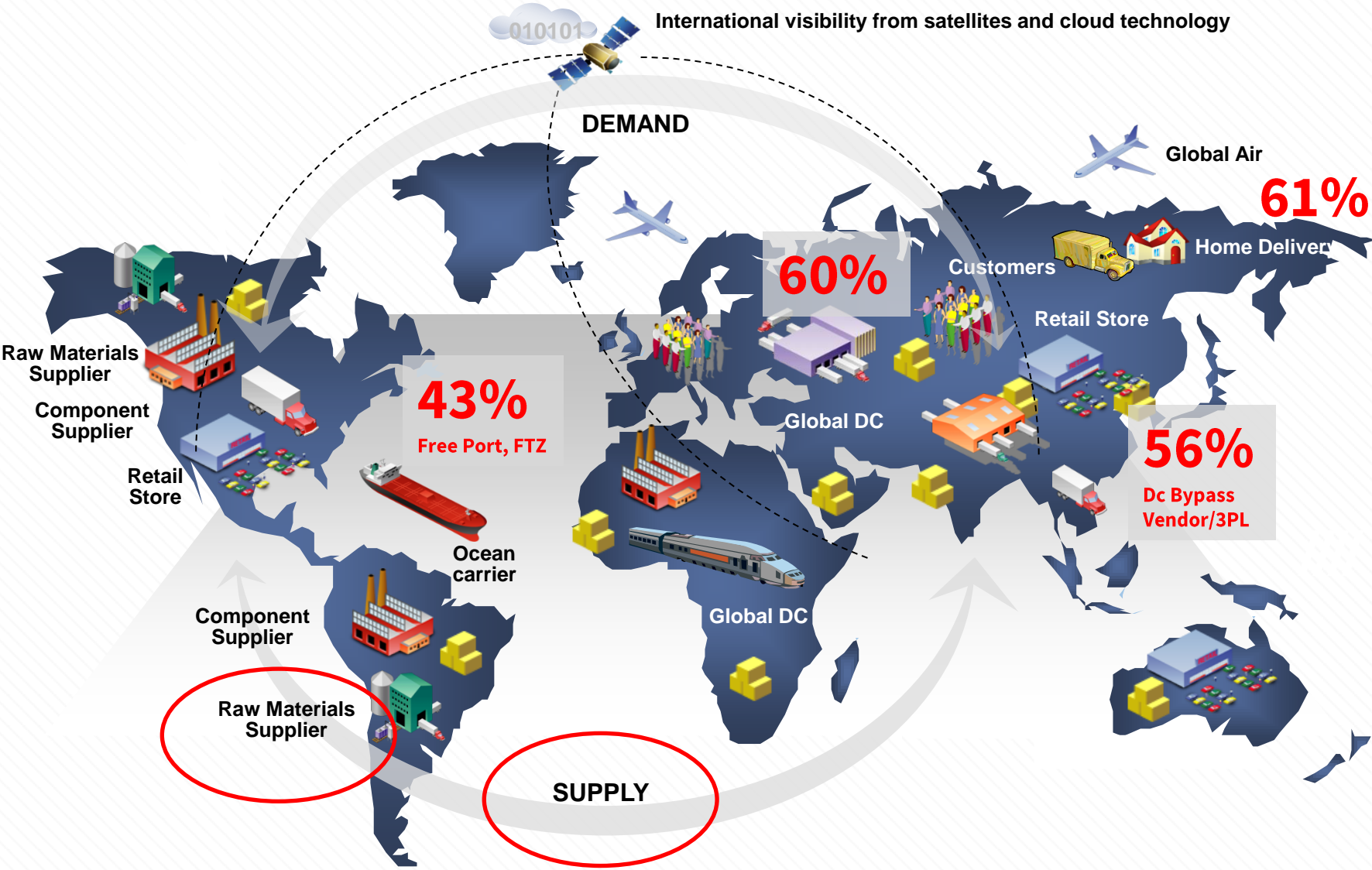
Global Demand-to-Fulfill Logistics Flows:



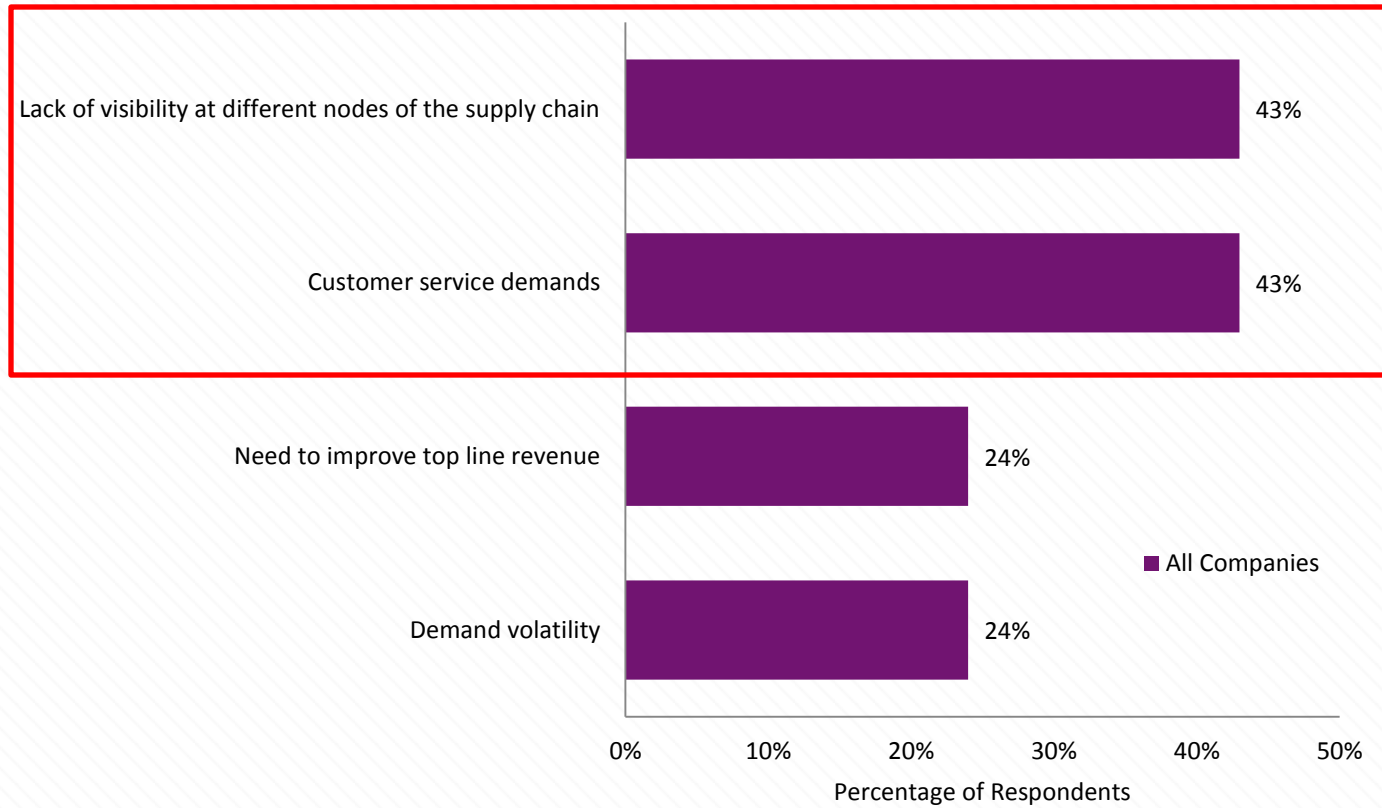
Multi Channel Logistics Flows: Evidence of Convergence

- Shipments to and through a distribution center
 - Was 75%-80% 2-3 years ago
- Shipments direct to customer
 - Was 45%-50% 2-3 years ago
- Now they are both **equal at 61%**
- Fundamentally moves B2B from bulk to single shipments at execution.

Global Demand-to-Fulfill Logistics Flows:



Business Pressures



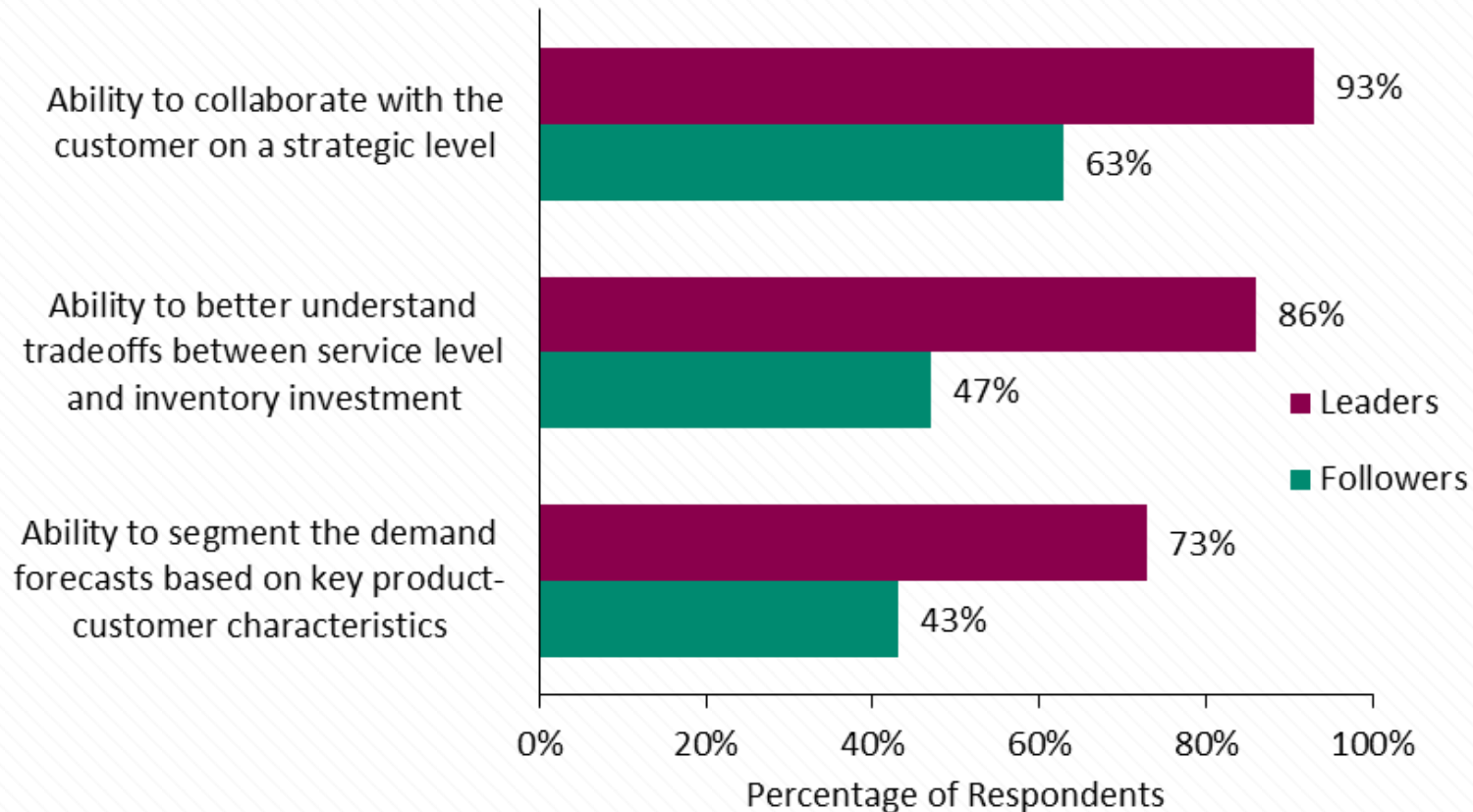
Source: Aberdeen Group, July 2014

Areas of Impact and Changes Required

- Planning and demand segmentation
- Visibility to Inventory
- Real-time communication with suppliers to facilitate execution decisions for drop shop and in transit changes.
- Real time data for *cost* to enable decision making on proper source.
- Visibility to disruptions
- Seamless interaction from order to fulfillment

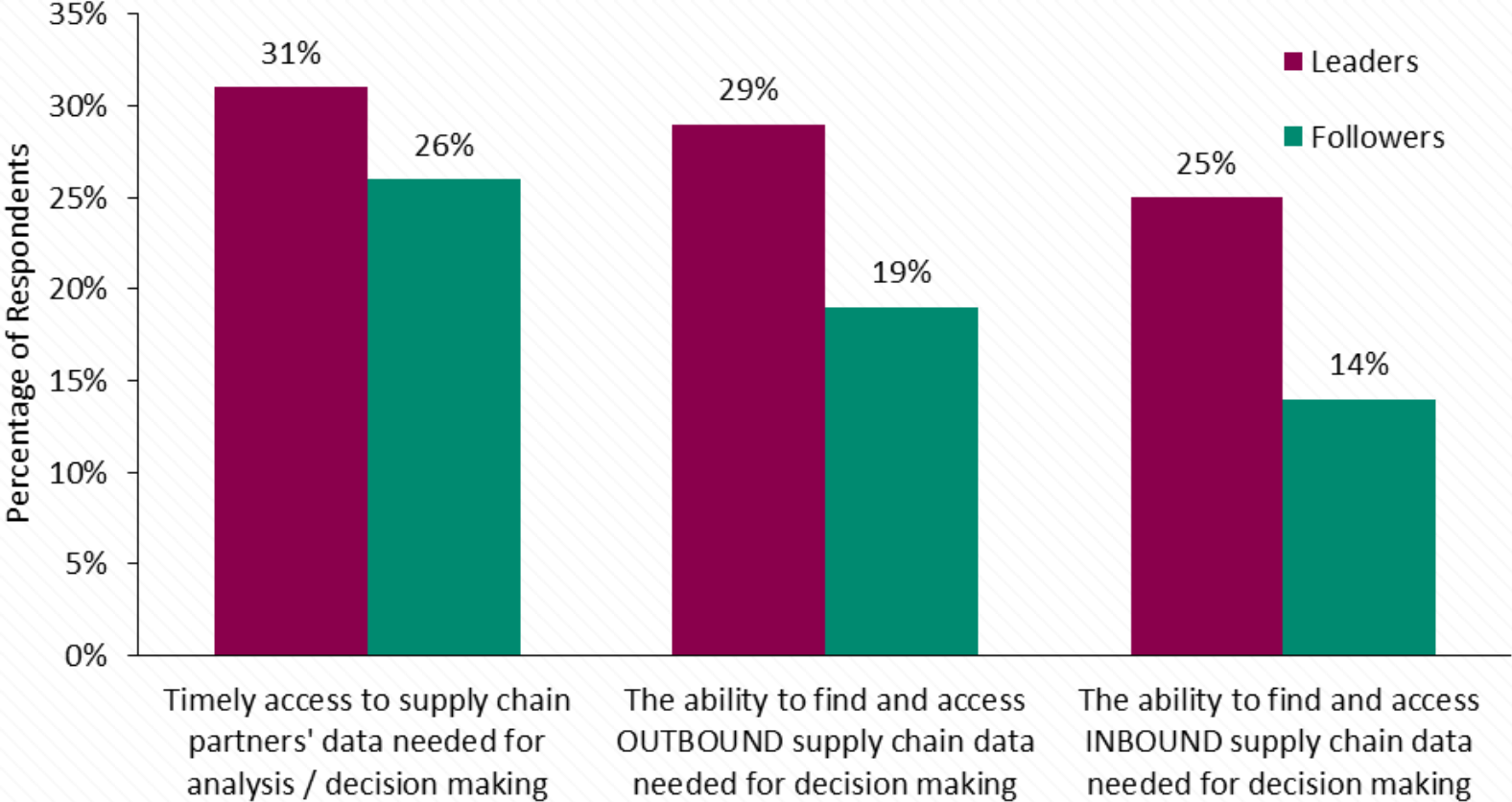
Source: Aberdeen Group, July 2014

Convergence Impact on Planning Level: Demand Segmentation, Planning and Inventory/Service Level Tradeoffs



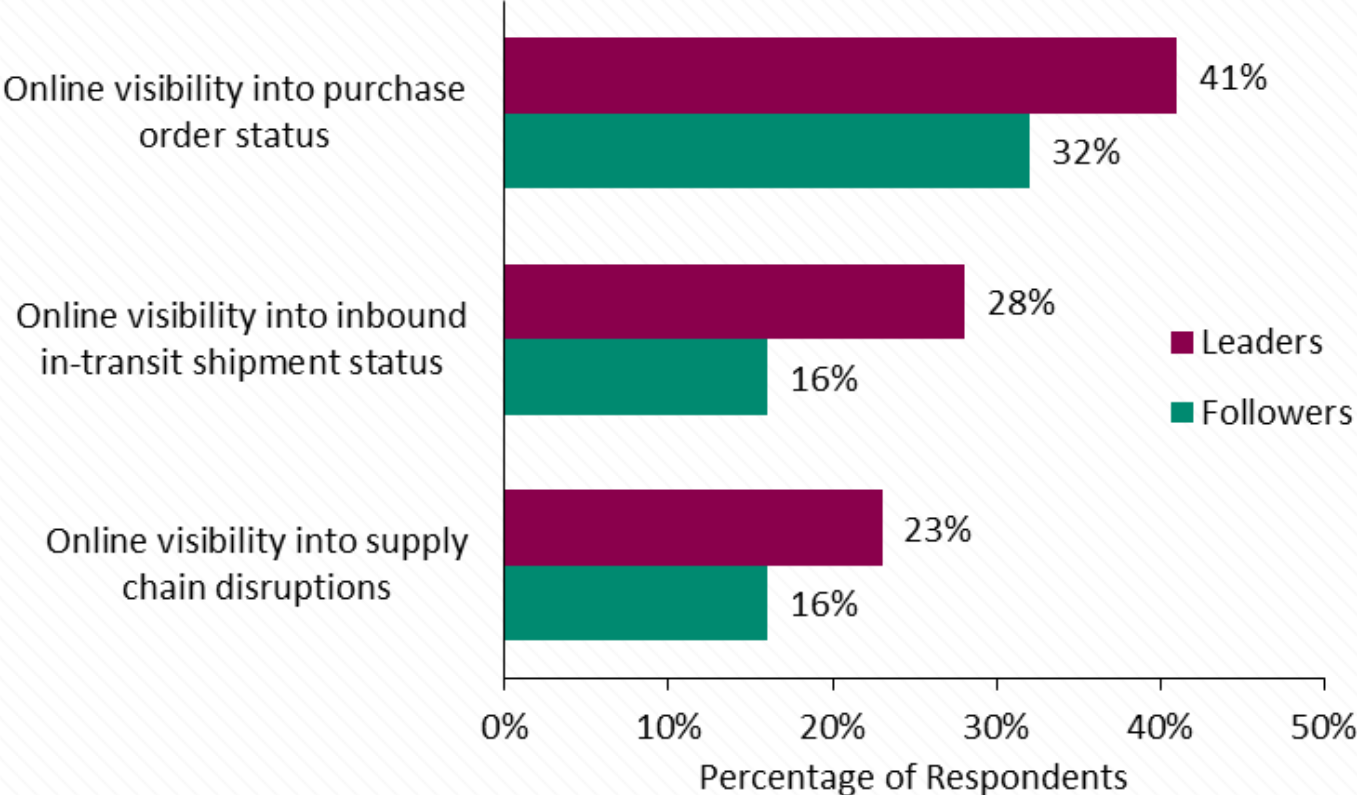
Source: Aberdeen Group, October 2014

Convergence Impact on Responsiveness: Inventory Visibility for Process Advantages



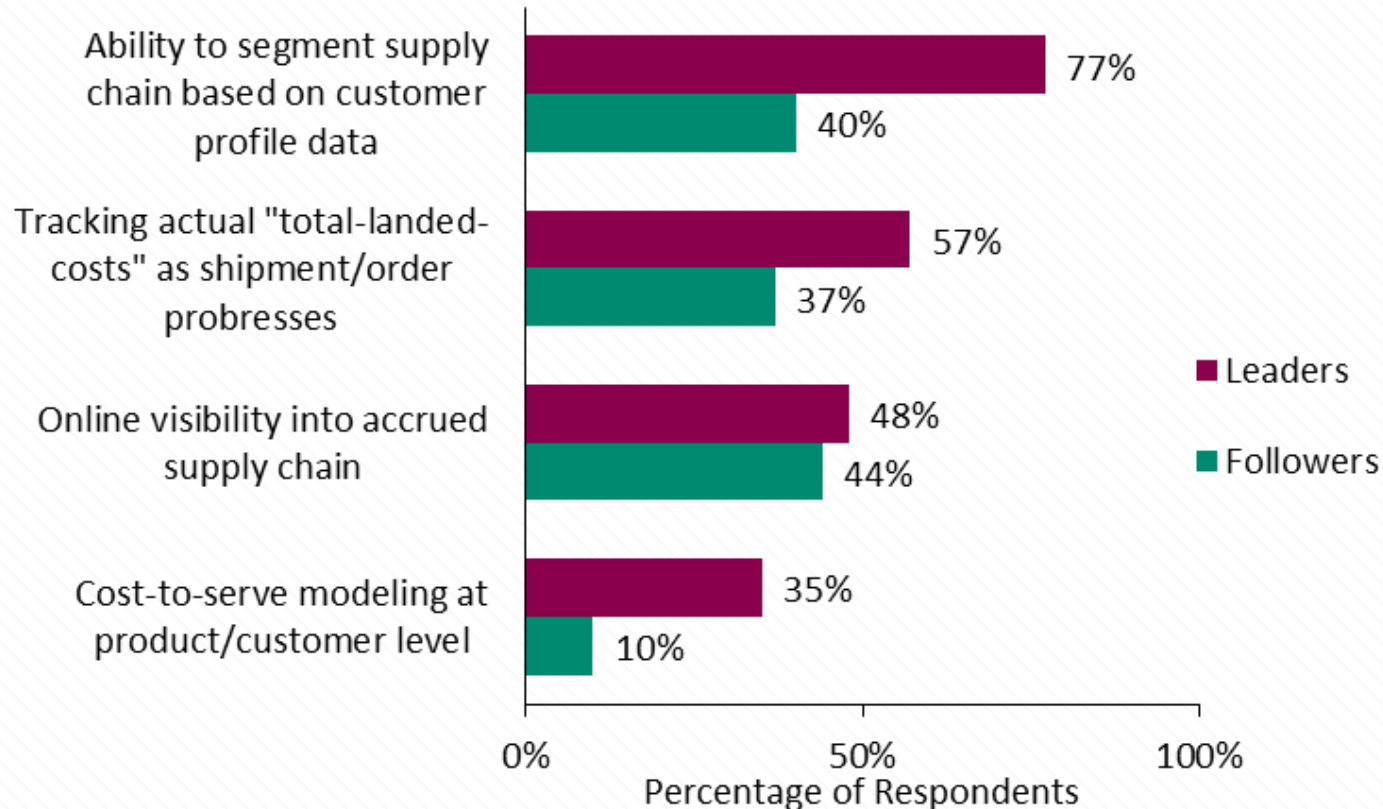
Source: Aberdeen Group, October 2014

Upstream Visibility: Supply Chain Visibility- External and Disruptions



Source: Aberdeen Group, July 2014

Ability to Make Profitable Decisions: Cost Modeling For Logistics Roll Up and True Cost-to-Serve



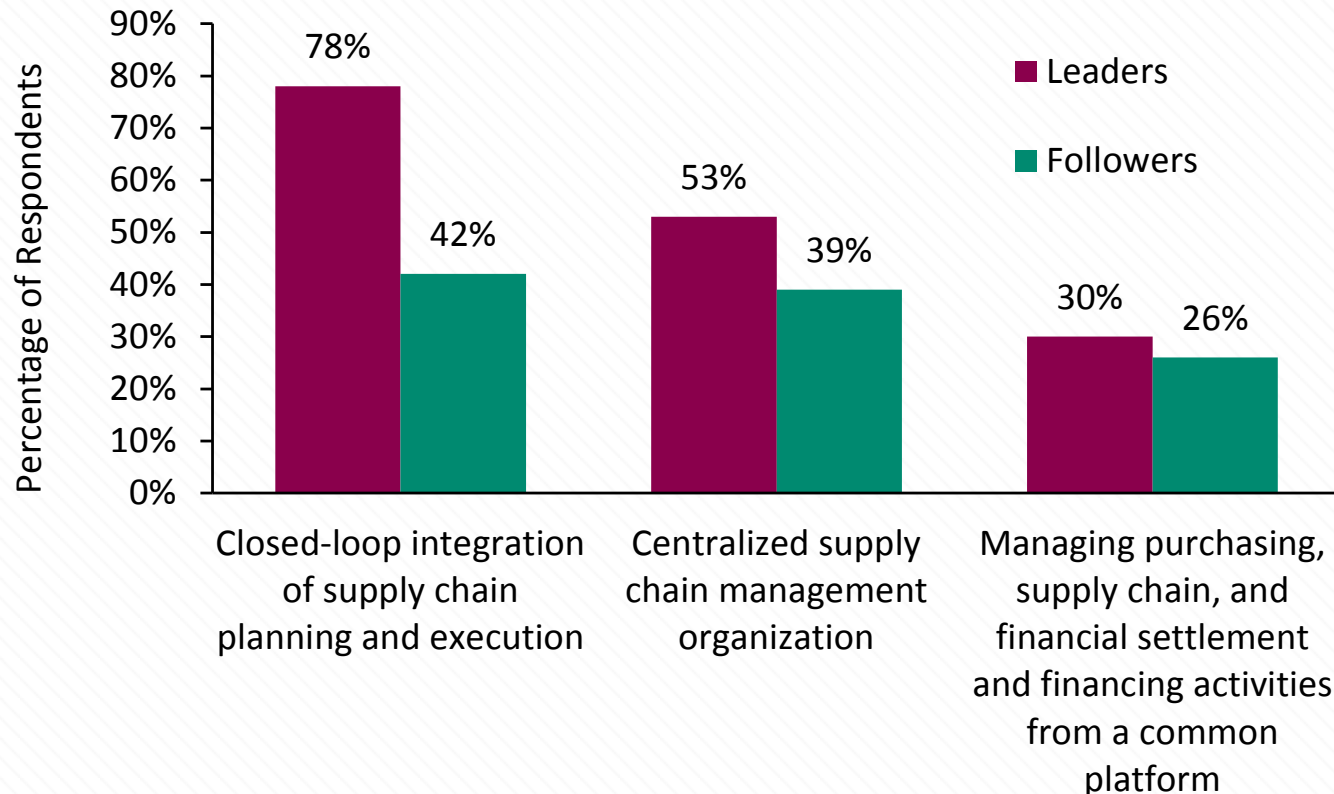
Source: Aberdeen Group, October 2014

Operating Capability : Process Capabilities for "Decisions on the Fly"!!



Source: Aberdeen Group, October 2014

Seamless Demand to Fulfillment Integration – All Orders: Closed Loop Integration & Organizational – External and Structural.



Carter's is maximizing profit by sorting and fulfilling demands from higher margin customers first

carter's | **OSHKOSH**
B'gosh



40% YOY increase in holiday demand – Calls decreased by 5%

Global Visibility

- Improved product availability and inventory utilization with complete view of all supply and demand
- Make informed transfer decisions on availability shortage and efficiently manage re-scheduling

Solution Components

- IBM® Sterling Order Management
- IBM Sterling Call Center
- IBM SmartCloud

Company Information:

Founded in 1865, Carter's Inc. is the largest branded marketer of apparel and related products exclusively for babies and young children. Owns the Carter's and OshKosh B'gosh brands. Sells through national chain and department stores, 700 owned stores, online, and via international resellers

Business Challenges:

- Orders were reviewed manually using reports and custom screens
- Distribution centers were set-up by brands & programs for one channel
- The system was for the US, leading to partial supply and demand pictures
- Work orders and trucks were used to rebalance inventory
- The system did not provide for efficient rules based allocation or rules based Order Fulfillment capabilities

The Solution:

Robust platform provides flexibility across multiple selling channels that share the same items. Also, provides logical separation of inventory between the wholesale and consumer channels and inventory ownership transfers between various enterprises.

IBM B2B Commerce: Driving Revenue and Growing Loyalty

- Winning in B2B requires sales and operation effectiveness and efficiency across all business models
 - Digital selling
 - Traditional field sales
 - Selling through a network of partners
- To achieve success you need a single commerce platform that allows you to:
 - Deliver unique, personalized experiences that make buying effortless
 - Empower business users to take control, increase margins, and cut time to market
 - Fulfill the customer promise by managing the order lifecycle from quote to cash
 - Create a superior selling and buying experience out of the box



Key Takeaways

- B2B Convergence with B2C is here
- Logistics flows provide the evidence
- The shift for B2B is from bulk to single item orders and shipments
- The impact – Order management through Fulfillment
- Fundamental capabilities are lacking – even for Leaders
- **CALL TO ACTION** – Get ready now!!



For questions or more information...

Please contact:

Rod Martinez

Commerce

Product Marketing Manager

rodm@us.ibm.com

or

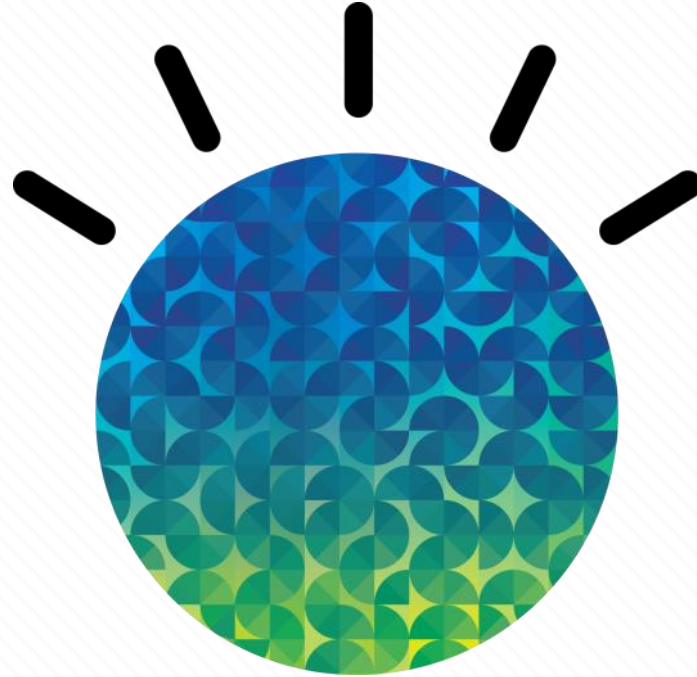
Bryan.ball@aberdeen.com

VP and Research Group Director,

Supply Chain , Operations and Research

Practices

We look forward to you listening to Part 2 of this webinar series coming soon.



Thank you for listening.