IBM WBIC and WBI for Retail- Flash Demo

Voice Script

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IBM WBI-C AND WBI-RETAIL/WALMART VOICE OVER SCRIPT

Scene 1:

Suppliers and retailers today are both facing the daunting challenge of managing multiple information streams that are constantly changing. This whirlwind of data related to customers, products, prices, promotions and distribution is confusing and cumbersome.

Many businesses are spending a lot of time and money on maintaining and tracking these dynamic flows of data leading to great inefficiencies in their businesses.

For example, research shows that
- Retailers are spending over $40 Billion dollars per year on reconciling incorrect purchase orders.
- 30% of the information that retailers use to order products is incorrect.
- Bad data costs the Consumer Packaged Goods industry $25-$100 Billion dollars per year.
- 60% of all invoices generated have errors.
- 43% of all invoices result in deductions.
- Each error costs $40-$400 dollars to reconcile.

Current Electronic Data Interchange business processes may require monthly subscription fees, monthly usage fees, phone charges, and VAN connection fees, which can add up to hundreds of thousands of dollars per month for a retailer and tens of thousands of dollars per month for a supplier.

The retail industry is suffering costly inefficiencies under the current business processes.

Scene 2:

However, the landscape is rapidly changing. Businesses in the retail industry are looking to reduce VAN costs and phone charges by moving towards

Electronic Data Interchange over the Internet using the AS2 standard as their primary connection with their trading partners. Experience has proven that Electronic Data Interchange over the Internet is now as available, reliable and as secure as the tradictional Electronic Data Interchange VAN.

Let's take a look at how a major retailer and one of its suppliers have traditionally done business in this environment. We'll then compare that to how they plan to operate in the future using Electronic Data Interchange INT AS2 over the Internet and IBM's Web Sphere Business Integration for Retail Distribution solution.

Currently, this retailer communicates with thousands of suppliers using phone lines and a dial-up communication engine. In addition, they are supporting a multitude of other protocols such as FTP, VANs, and Dedicated Frame Relay. Acquiring and supporting all of this hardware and specialty knowledge results in hundreds of thousands of dollars per year in costs for the retailer and tens of thousands of dollars per year in costs for its suppliers.

Now, let's follow the flow of a typical transaction between this retailer and one of its suppliers.

First, the supplier manually generates an invoice, pulling data from its back-end system, to be sent to the retailer.

Next, the invoice is manually entered through an EDI translator, such as IBM's Web Sphere Data Interchange, and becomes an EDI message.

Finally, the invoice, as an Electronic Data Interchange message is sent via an EDI VAN or a dial-up connection to the retailer

Then, the retailer must check its system for any incoming invoices and respond appropriately.

As you can see, in addition to being costly, this process leads to errors, confusion, delays, and inefficiencies across the business.

This retailer, as well as other major retailers in the industry, have recognized these inefficiencies and are working to move the retail industry in a new direction to improve transactions with suppliers.

Let's take a look at how this retailer is working with IBM using IBM Web Sphere Business Integration for Retail Distribution to target the inefficiencies in collaboration with its suppliers.

The new process flow incorporating IBM Web Sphere Business Integration for Retail Distribution would look as follows:

First, the supplier would again generate an invoice using data from its back-end system to be sent to the retailer.

The invoice would then go through Web Sphere Data Interchange and become an Electronic Data Interchange message.

However, in this new architecture, the invoice, in the form of an Electronic Data Interchange message, would then be sent to a system folder.

This Electronic Data Interchange message in the system folder would be picked up by an AS2 server.

The AS2 server encrypts the Electronic Data Interchange message and adds header information to conform it to the AS2 standard.

Then the invoice is sent to the retailer via the Internet.

As part of the AS2 standard, the retailer sends an electronic acknowledgement back to the supplier as soon as the data is received.

In the event the Internet data transmission fails, the AS2 server will retry a designated number of times, and if it still fails, the message will be placed in a recovery folder.

In that case, IBM provides for a backup route, the IBM VAN, which receives the message from the supplier, and forwards it on to the retailer.

Exchanging data via Electronic Data Interchange over the Internet eases the pain of managing multiple streams of information and provides a more cost effective mechanism to deliver standard Electronic Data Interchange documents across the Internet.

Electronic Data Interchange over the Internet provides a solid foundation for the exchange of business-to- business data over the Internet. It benefits not only the retailers but also suppliers, large or small.   It is a safe, secure and cost effective solution that will lead to increased sales, reduced costs and higher customer satisfaction.

Scene 3:

Let's look at another business integration solution from IBM. In this scenario, this-the-a retailer is using IBM's Web Sphere Business Integration for Retail Distribution to ease the pains associated with catalog item synchronization, both internally and between its suppliers. This solution provides a business integration framework that automates many item management processes, eliminating errors and reducing costs.

Additionally, IBM's Web Sphere Business Integration for Retail Distribution enables suppliers to connect to retailers via several services and catalogs either

individually or in tandem. Currently, IBM's solution is UCCnet certified and is being used with Sinfoss, WWRE, and Transora.

IBM's Web Sphere Business Integration for Retail Distribution solutions provides retailers and their suppliers with integration tools to synchronize communications. These solutions not only leverage legacy applications and integrate disparate data, but also reveal the combined data in meaningful and useable formats. IBM has proven technologies that extend the benefits of industry standard registries like UCCnet and GENEODE. Data is not only shared between retailers and suppliers, but it is automatically validated and reformatted for use by internal systems.

Let's walk through the traditional process of catalog item synchronization with a supplier.

First, the supplier's back-end system generates a new item to be sent to the retailer.

The suppler manager reviews the new item data

Next, the supplier uses a variety of means to send item catalog information to multiple retailers, creating multiple relationships inside a complex, point-to-point process.

The retailer verifies the item information with supplier via phone, fax or email.

The retailer approves item information and manually enters information into its back-end system.

Data is keyed in manually one number at a time while errors are being generated and forcing the data to be re-entered.

Now, let's compare that process to one using Item Registry and IBM's Business Integration for Retail Distribution solution.

First, the supplier's back-end system generates a new item to be sent to the retailer.

Next, the new item data is reformatted to Item Registry standards by WebSphere Business Integration.

Then, the supplier uses WebSphere Business Integration for Retail Distribution to send the data to Item Registry.

Item Registry then automatically sends the new item data to the retailer.

The Item Registry data attributes are limited in scope. Sometimes, the retailers require more data attributes from the supplier than Item Registry requires. In this case, the supplier may want to publish the new item directly to the retailer.

The supplier again uses WebSphere Business Integration for Retail Distribution to send the data to the retailer.

The retailer's WebSphere Business Integration for Retail Distribution receives the data and the category manager validates it.

The retailer's category manager approves the new item data.

The retailer's back-end system catalog is updated with new item information.

A response is sent to Item Registry and the supplier via WebSphere Business Integration for Retail Distribution.

So, exactly how much time and cost can be saved by WebSphere Business Integration for Retail Distribution and Item Synchronization? To answer this question, we can use IBM's Holosofx business modeling tool to perform an analysis.

Let's assume a typical supplier works with twenty retailers. Over the course of a year, a typical supplier will distribute twenty new items to the retailers.

Currently the process looks like this:

The Supplier's back office system generates a new item and the sales team collects information to be sent to the Retailer.

The Supplier manager reviews the new item data.

Then, the new item information will be sent to multiple retailers via phone, fax or email. Retailers will follow up using the same communication means.

The retailer verifies item information with the supplier via phone, fax, e-mail.

The retailer approves item information and manually enters information into its ERP system.

For a year, the whole trading group will spend a total of 255 man days and $3000 for communication cost.

Now let's look at the new process with Item Registry built on WebSphere Business Integration.

The Supplier's back office system generates a new item and the sales team collects information to be propagated to Retailer.

The supplier manager reviews the new item data

The new product data is reformatted to Item Registry standards by Web Sphere Business Integration

If the supplier simply wants add the new item to the Item registry: Web Sphere Business Integration automatically sends the data in AS2 format to the Item Registry

If the supplier wants to publish the new item to the retailers, in addition to the Item registry; Web Sphere Business Integration automatically sends the data, in AS2 format to the Item Registry.

The Item Registry then automatically sends the new item data to Retailer.

The retailer's category manager verifies item data.

The category manager approves the completed item data.

The retailer's ERP catalog is updated.

For a year, the whole trading group will spend total 55 man days and eliminate communication costs

Scene 4:

The retail item synchronization example illustrates that by using IBM WebSphere Business Integration solutions, a tedious and costly process can be streamlined into an efficient process. And the likelihood of human processing error will be reduced as well.

Using Web Sphere Business Integration for Retail Distribution and Item Registry allows for a much simpler catalog item synchronization process that ultimately reduces cost, time and manual errors. By reducing the number of manual steps, IBM enables suppliers and retailers to get the right products on the right shelves at the right price.

Scene 5:

IBM Web Sphere Business Integration for Retail Distribution has helped retailers and suppliers simplify the complex and confusing flows of dynamic data between each other resulting in greater efficiencies, lower inventory and logistics costs, fewer errors, and greater customer satisfaction.

To learn more about how IBM can help you with Web Sphere Business Integration for Retail Distribution, please visit our web site.