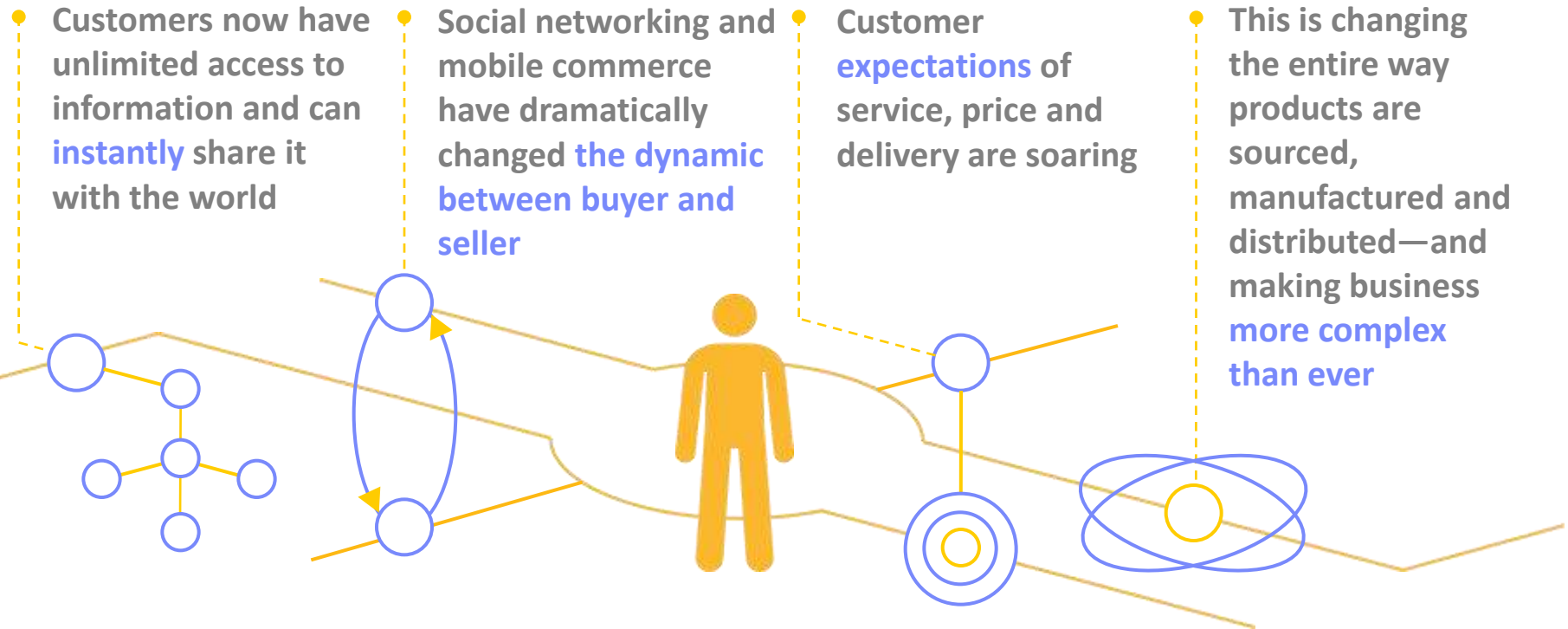


# Smarter Commerce

Redefining business in the age of the customer



# We have entered the age of the empowered customer



## 250 million

Number of tweets sent via Twitter each day

## 75%

Percentage of people who believe companies don't tell the truth in advertisements

## \$93 billion

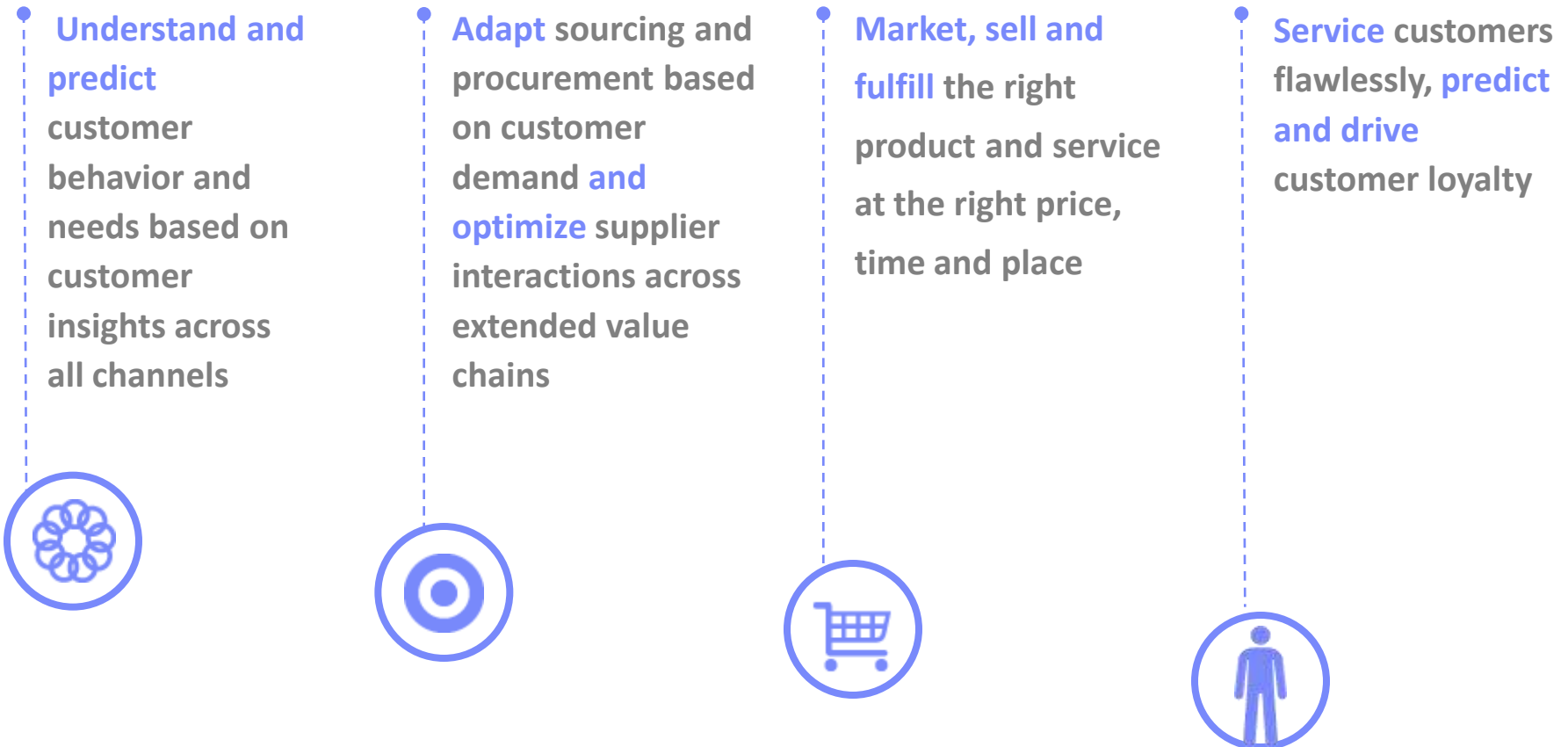
Amount in sales missed due to out of stock inventory

# And they are reshaping businesses



# Power has shifted — compressing margins and changing paradigms

## *In this new era, businesses need to:*



# Successful companies are staying competitive by transforming their approach to commerce



## 95%

Amount a major transportation company reduced partner integration time.



## 41%

Amount a retail pet company increased sales per unique web visitor. Also increased open and click-through rates to five times the industry average.



## 50%

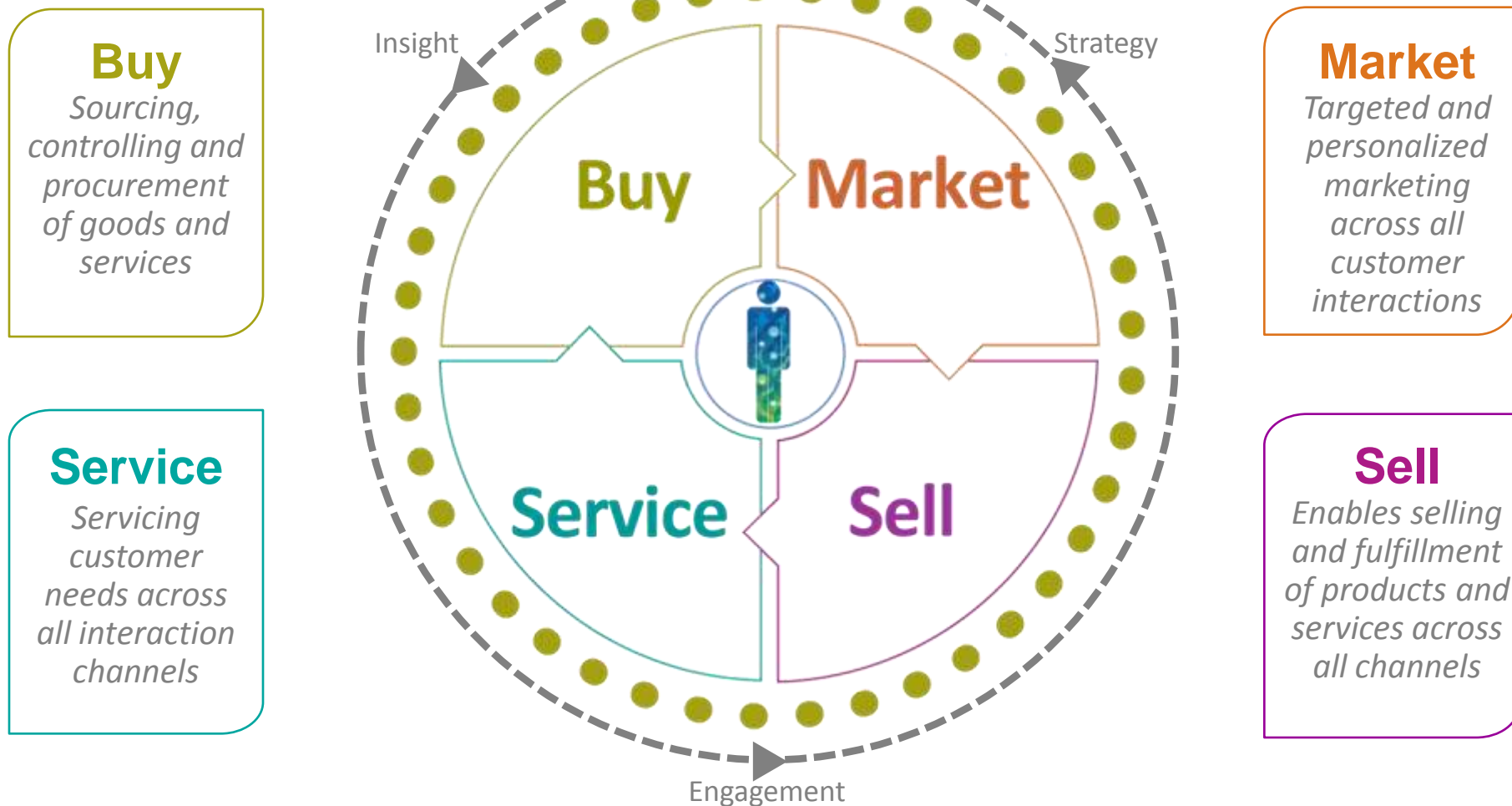
Amount a leading provider of teaching, learning and research solutions grew direct-to-consumer commerce revenues year over year.



## 376%

Amount a US-based national communications service provider boosted ROI by reducing customer churn.

# Smarter Commerce can help transform every phase of the commerce cycle



# IBM's integrated portfolio for Smarter Commerce

## VALUE CHAIN STRATEGY AND SERVICES

### Innovation and business value

Innovating and aligning business models to drive value to the customer

### Market and customer mgmt

Aligning sales, marketing and operations to engage with customers

### Operating and organization models

Designing operations, supply chain and the organization model to deliver customer value

## CORE BUSINESS SOLUTIONS AND PROCESSES

### Buy

- Supplier Integration & Management
- Supply Chain Management
- Payments and Settlements
- Strategic Supply Management

### Market

- Customer Awareness & Analytics
- Social Media Marketing
- Cross-channel Campaign Management
- Digital Marketing Optimization
- Pricing, Promotion and Assortment Optimization

### Sell

- Cross-channel Selling
- Order Management & Fulfillment
- Customer Integration & Collaboration
- Store Solutions
- Payments & Settlements

### Service

- Delivery, Service, & Support
- Customer Self-Service
- Case Management

## Value Chain Synchronization Through Integration

### Advanced Analytics

Customer Analytics | Operational Analytics | Threat and Fraud Analytics  
 Store analytics | Purchase analytics | Consumer loyalty | Predictive and prescriptive | Social Analytics | Master data management

### IBM SmartCloud and Workload Optimized Systems

Delivering agility, integration and automation to drive relevant business outcomes

# IBM's integrated portfolio for Smarter Commerce

## VALUE CHAIN STRATEGY AND SERVICES

### CORE BUSINESS SOLUTIONS

**BUY**

Intelligent and optimized supply chain strategies in anticipation of demand

**MARKET**

Personalized and relevant messages, promotions and pricing with unified multi-channel marketing

**SELL**

Customers and partners buy what they want, when and where

**SERVICE**

Anticipates behavior and delivers flawless customer service

## Advanced Analytics IBM SmartCloud and Workload Optimized Systems



# Recognized leadership for “E-Commerce, B2B Integration, MFT, Order Management”



## **IBM: Leader**

*Gartner Magic Quadrant: E-Commerce, Q4 2011*

## **Sterling Commerce: Leader**

*Gartner Magic Quadrant: Managed File Transfer, Q3 2009*

## **IBM: Leader**

*Gartner Magic Quadrant: Application Infrastructure for Systematic Application Integration Projects, Q4 2010*



## **IBM Leader**

*The Forrester Wave™: B2C eCommerce Platforms, Q4 2010*

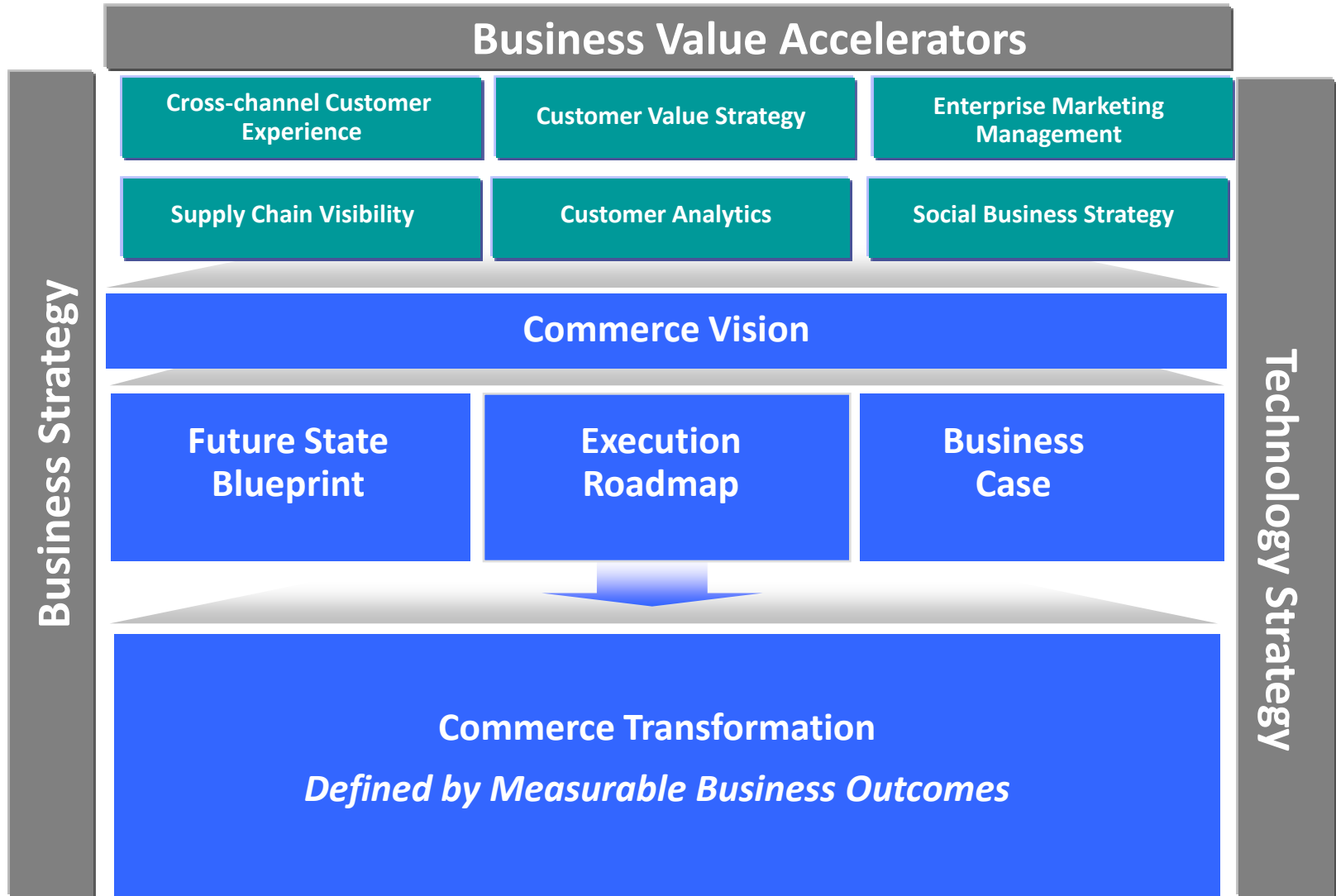
## **IBM: Leader**

*Forrester Wave™: Comprehensive Integration Solutions, Q4 2010*

## **Sterling Commerce: Leader**

*Forrester Wave™: Order Management Hubs, Q3 2010*

Get started with these entry points and accelerate transformation



# Service

## Strategy & Enablers

- CRM Strategy
- Contact Center Optimization
- Channel Transformation
- Key Value Enablers - Process Excellence, Organization & People Strategy, Technology Strategy and Change Management

## Core Business Solutions

- **Core Business Processes**
  - Delivery, Service, & Support
  - Customer Self-Service
  - Case Management
- **Products**
  - Sterling Commerce (Delivery & service Scheduling, Reverse Logistics)
  - IBM Case Manager (Case Design, Run-time, Analytics, Collaboration, Rules & Events)
  - Unica (Service Notification & Communications)
  - Retail Store Solutions (POS Hardware & Software for Retail Stores)
  - SPSS DM, SPSS Modeler, IBM Content Analytics, Cognos Monitoring
  - IBM WebSphere Portal
  - IBM Customer Experience Suite
  - Technical and Product Support Outsourcing

## Analytics

- Customer, Marketing and Sales Analytics; Purchase Analytics, Predictive Analytics

## Workload Optimized Systems

- Transaction optimized system for high-volume transaction workloads – Power Systems, System x
- IBM Smart Analytics System

**Servicing customer needs across all channels to drive repeat sales and increase lifetime value of customers**

## Business Value

**Increase revenue and improve customer satisfaction** by providing relevant, value-added services that nurture customer relationship and loyalty

**Provide differentiated, customer-centric post-sales support** (on-line or call center) to improve revenue and customer loyalty while **reducing care costs**

## “Service” processes and capabilities

- Deliver product or services via preferred channel
- Offering carefully targeted, value added services during support interactions
- Provide support/service personnel and customers with current, accurate and complete information regarding products, services, promotions, policies and procedures
- Facilitate first call resolution
- Advanced analytics to continually improve delivery, service and support efficiently

### Service

- Delivery, Service, & Support
- Customer Self-Service
- Case Management

## Typical benefits from IBM “Service” solutions



**Drastically decreased time to add new customers**

Decreased set up of new company from 2 days to 2 minutes



**Savings in excess of \$1 million over 3 years**

Improved delivery service and support resulting in annual savings



**Meeting demand 100% of the time**

Guaranteed fulfillment in the Columbian electrical system

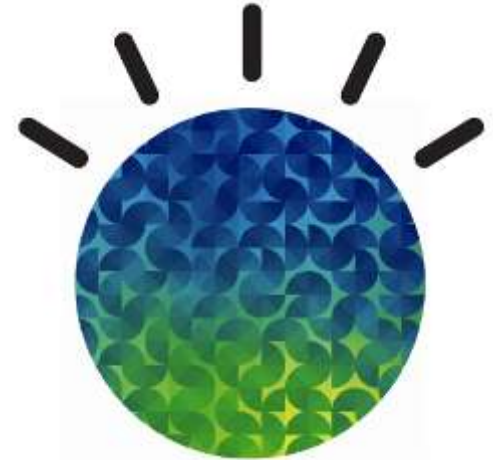


**Total cost of ownership reduced by 90%**

Increased visibility into entire supply chain, improved customer satisfaction, and lowered costs

## Delivering the next generation of commerce

- Deliver compelling customer experiences across channels
- Synchronize the entire supply chain, reduce costs, improve visibility to meet demand
- Have deep awareness and insights about customers, and drive targeted customer interactions
- Increase revenue by providing relevant, value-added customer engagement and drive loyalty
- Drive efficiency, manage risk and identify opportunities at every stage of the commerce cycle

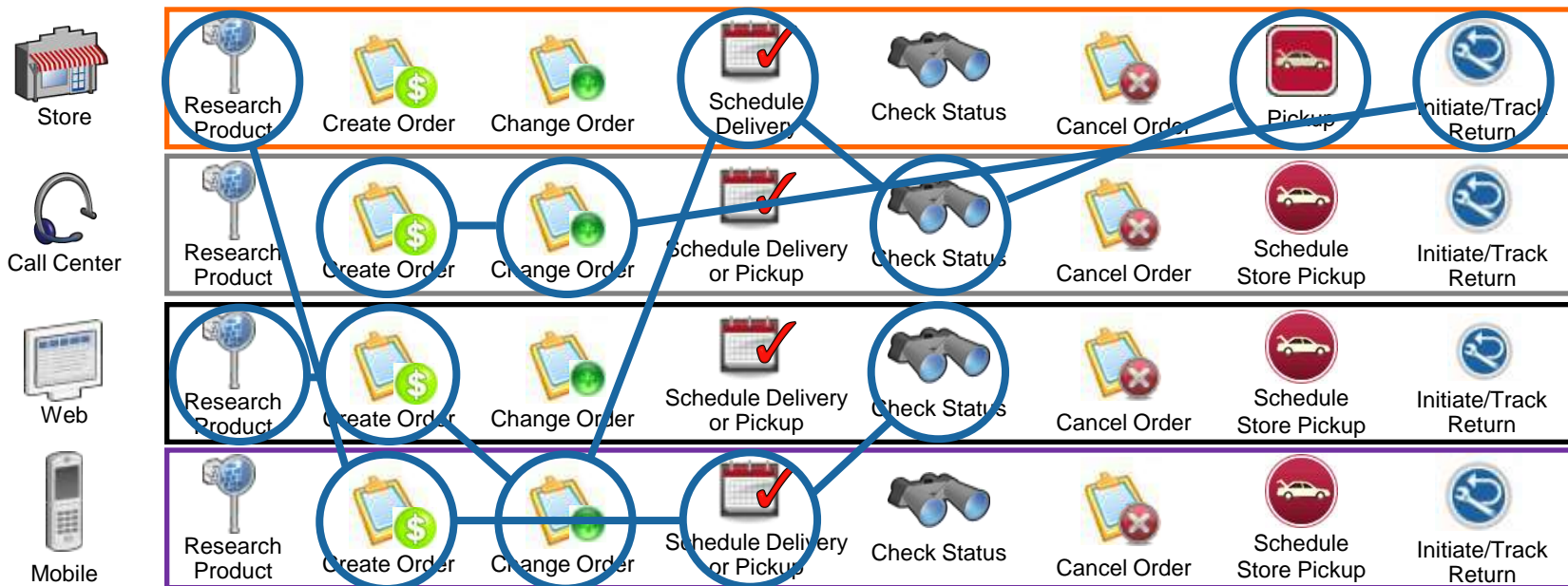


# Cross Channel Supply Chain Management Trends and Considerations



# Today's 'Smarter Consumer' Sees One Brand,

Not Multiple Channels...and, their interactions with your brand are varied, and ever changing





# Cross-channel Selling

Creates an Any, Any, Any Experience for Your Customer



## Selling

- Enable “Save-the-Sale” and “Endless-Aisle”
- Customer service and e-Storefronts
- Cross-channel, enterprise order management
- Role based order capture and call center management
- Guided selling and personalization



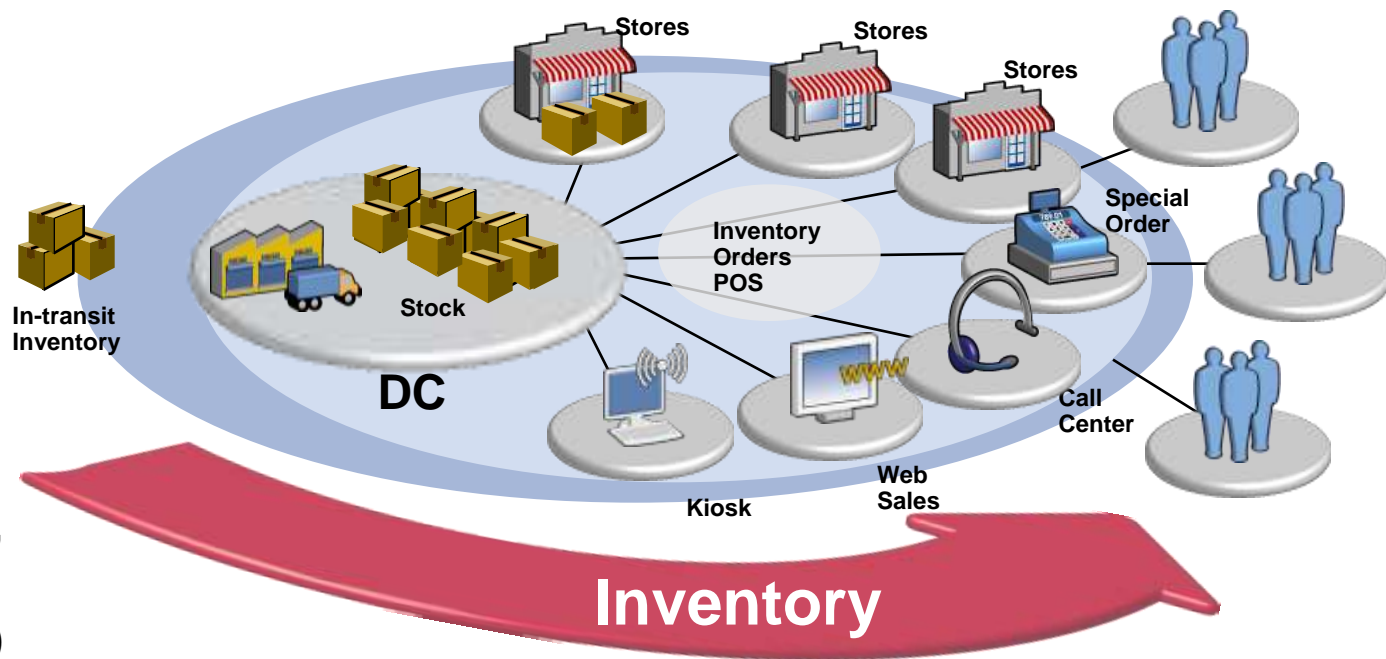
# Cross-channel Fulfillment

Creates an Any, Any, Any Experience for Your Customer

Product 

## Fulfillment

- Dynamic order orchestration
- Global visibility of orders, inventory and shipments
- On demand supply chain visibility and TMS
- Store based pick-up, transfers and fulfillment (ship outs)

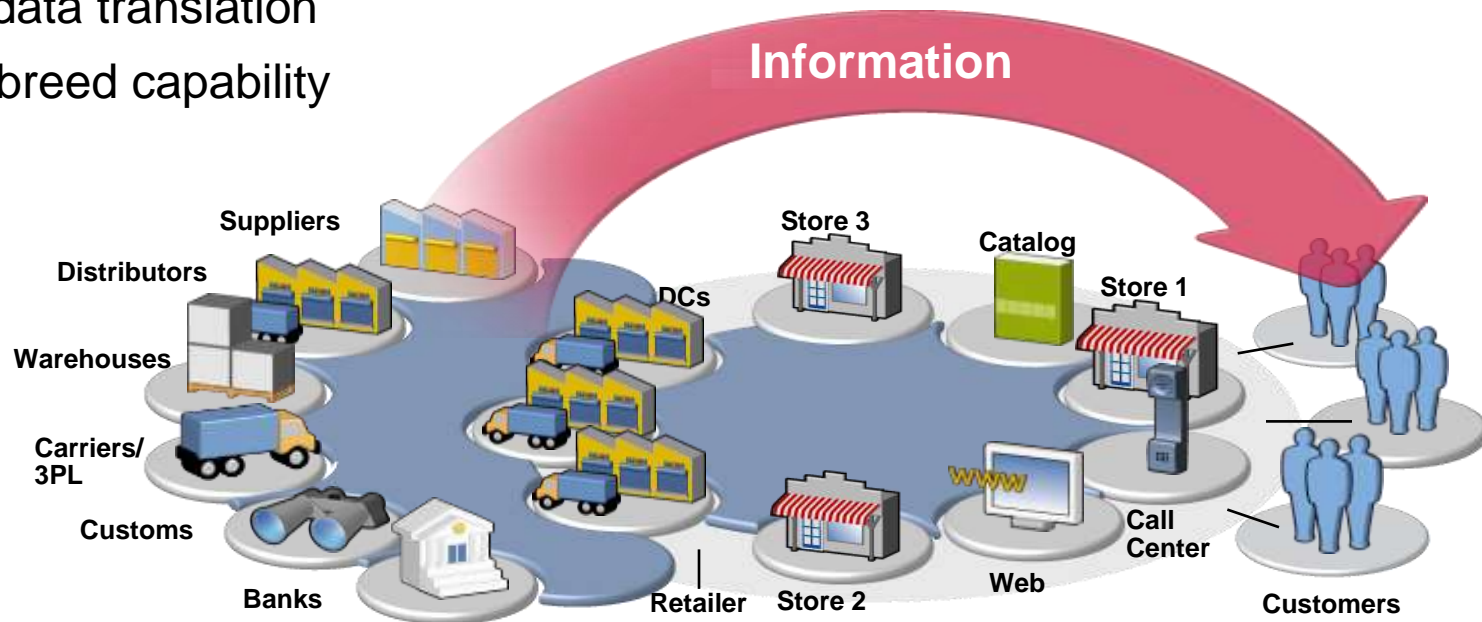


# Cross-channel Connectivity

Creates an Any, Any, Any Experience for Your Customer

## Including:

- B2B Integration/automation with trading partners
- PCI compliant communication.
- Any to Any data translation
- EAI best of breed capability



# The journey to seamless cross-channel order management has many valid starting points but only one logical end point



# Sample Sterling Commerce Retail Customers and their Solutions

								NORDSTROM	DSW	WILLIAMS-SONOMA	
eCommerce	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Catalog and Offer Mgt	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Multi-Channel Order Mgt	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Global Inventory Visibility	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Supply Chain Event Mgt	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Supply Chain Visibility				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		
Warehouse Mgmt & Store Ops						<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Special Orders Store Pick-up	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Returns/ Reverse Logistics	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Vendor Drop/Direct Ship Orders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Delivery/ Install Coordination	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>					

# ILog's Optimization Solutions Provide Planning Capabilities For Driving The Most Efficient Utilization Possible

## ■ Network optimization

for location of facilities, assignment of stores, managing seasonality, and carbon footprinting.

**Value:** 5-15% reduction in supply chain costs, better service to stores



## ■ Transportation optimization

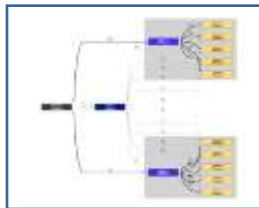
for routing analysis, static and dynamic routes, backhaul, and fleet sizing.

**Value:** 10-30% reduction in transportation costs, better make delivery windows



## ■ Inventory and product flow optimization

for flow path optimization, service level optimization, buffer locations. **Value:** 10-30% reduction in inventory costs, better fill rates.



## ■ Space planning

to determine the best layout of products in the store.

**Value:** increase in sales



## ■ Assortment allocation

for determining how to distribute same item with different sizes to the stores.

**Value:** Increases sales of items with multiple sizes



## ■ Replenishment optimization

for determining how much and when to buy to trade off discounts and inventory.

**Value:** 3-5% reduction in procurement costs



## ■ Work force scheduling

for determining optimal schedule given all relevant constraints

**Value:** Reduction in labor costs



# Achieving Cross-Channel Excellence Is Very Complex

## Multiple Sourcing Channels

- Domestic
- International
- Internal Sourcing
- DCs
- Stores
- Cross-Channel
- In Transit
- On Order

## Multiple Sales Channels

- Store
- eCommerce
- Catalog/Call Center
- Special Order
- Kiosk
- Mobile
- Resellers/Partners

## Multiple Product/Service Offerings

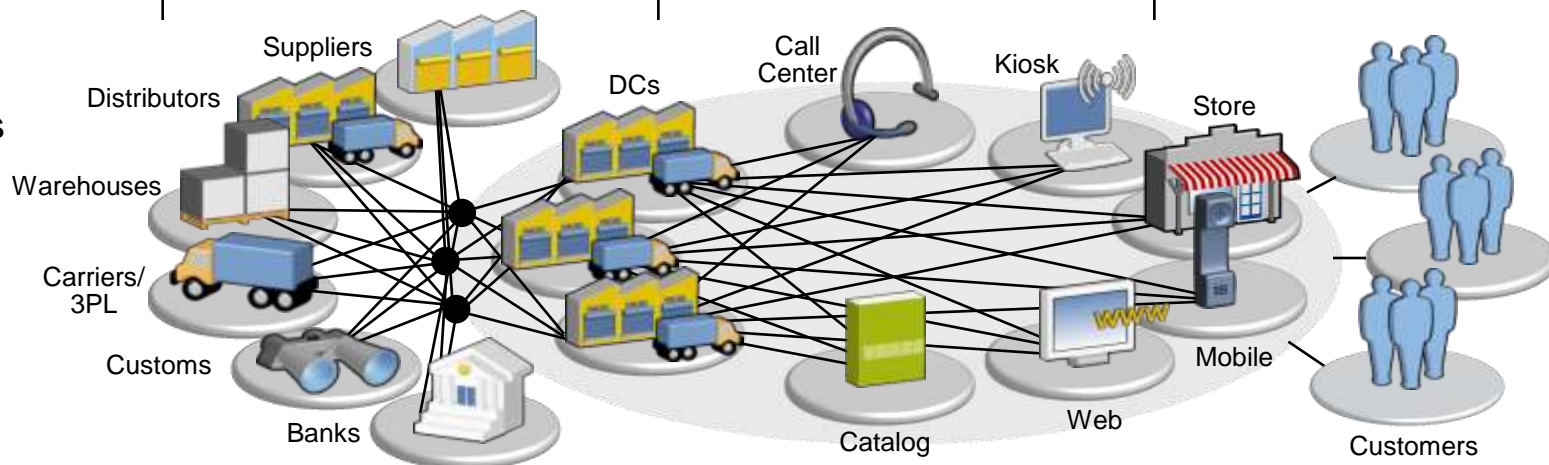
- Tiered (A, B, and C) Items
- Expanded Assortment/Endless Aisle
- 3<sup>rd</sup> Party Products/Services
- Bundles
- Installation/Support/Warranty

## Multiple Customer Segments

- Consumers
- Multi-Channel Customers
- Loyalty Customers
- Commercial Accounts
- Geographic
- Demographic
- Psychographic

## Multiple Supply Chain Participants

- Suppliers
- Carriers
- Freight Forwarders
- Customs Agencies
- Customs Brokers
- 3PLs
- Public Warehouses



## Multiple Enterprise Units

- Brands
- Divisions
- Business Units
- Acquisitions

## Multiple Distribution Methods

- Supplier-to-DC
- Supplier-to-Stores
- DC-to-Stores
- Cross-Docking
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## Multiple Fulfillment Methods

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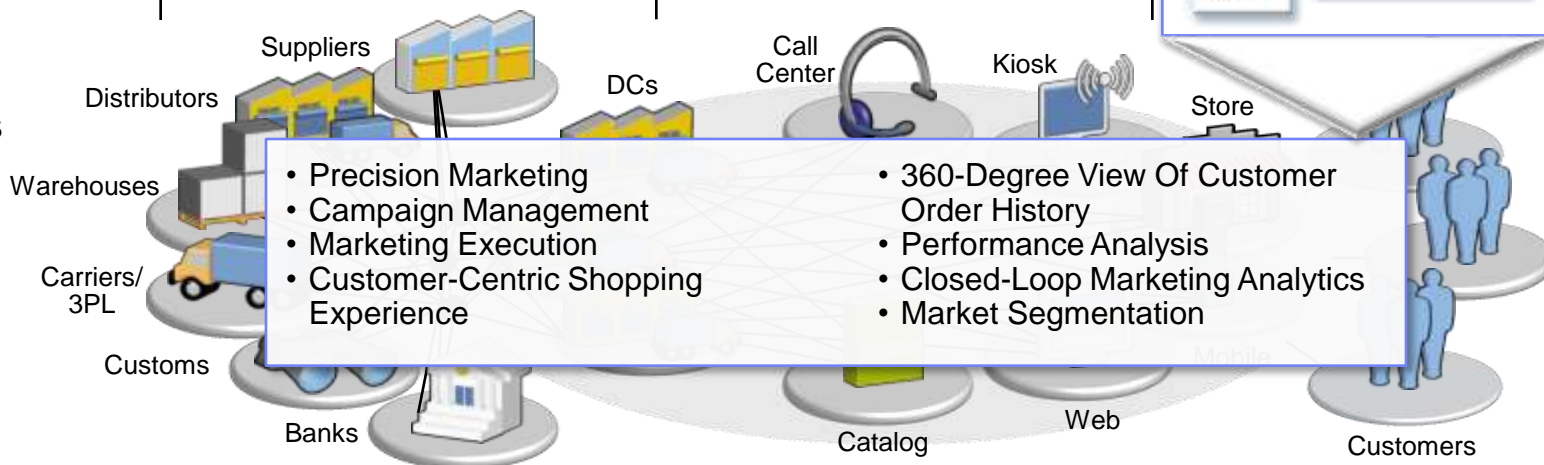
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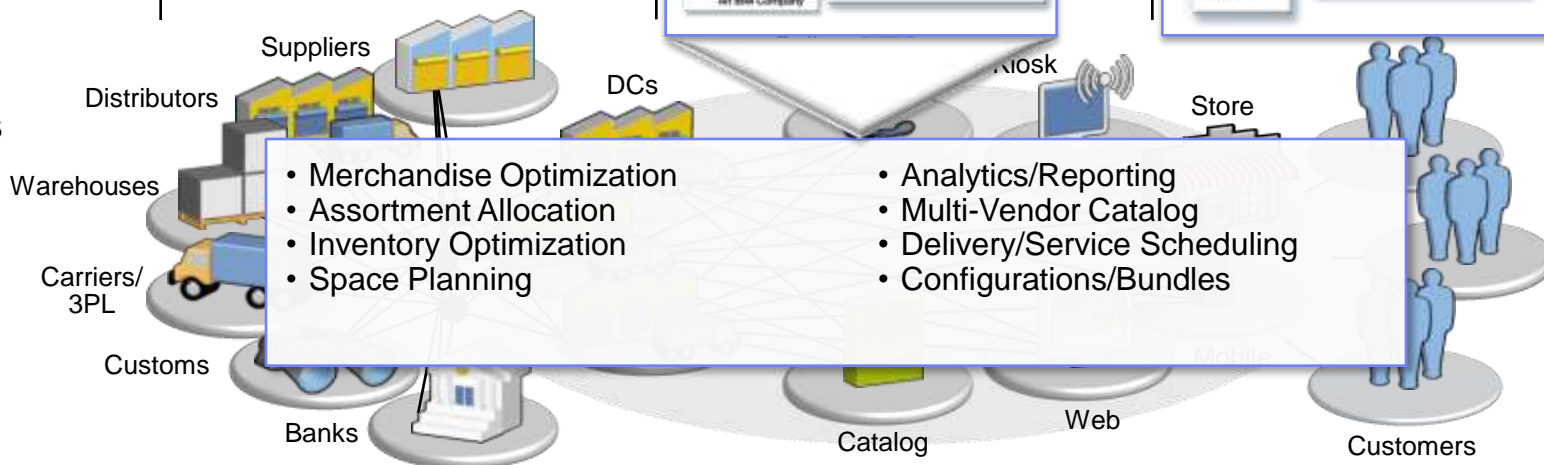


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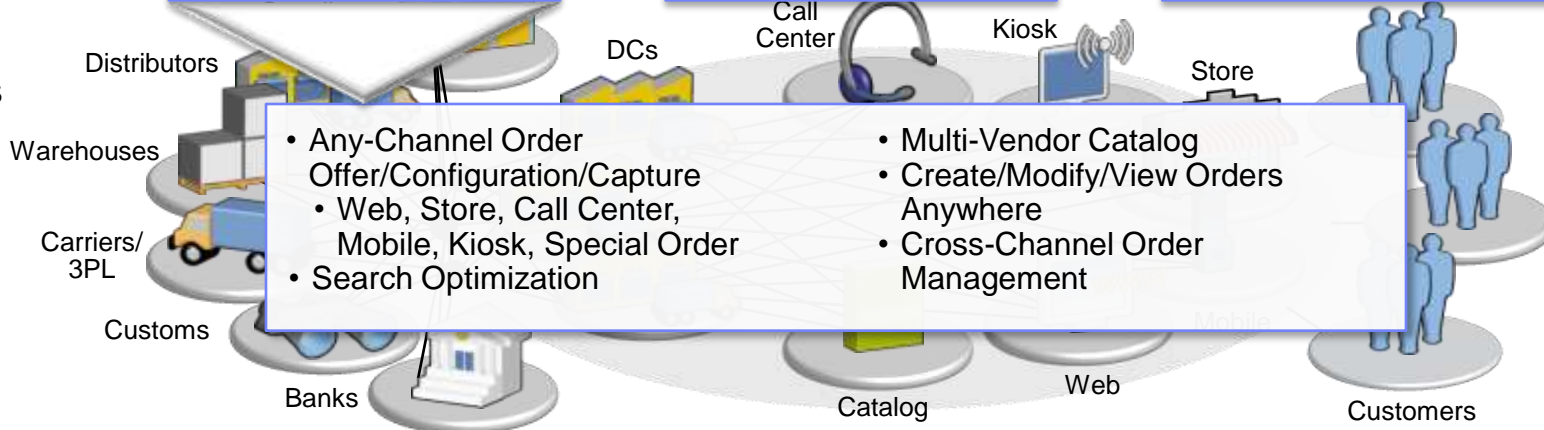


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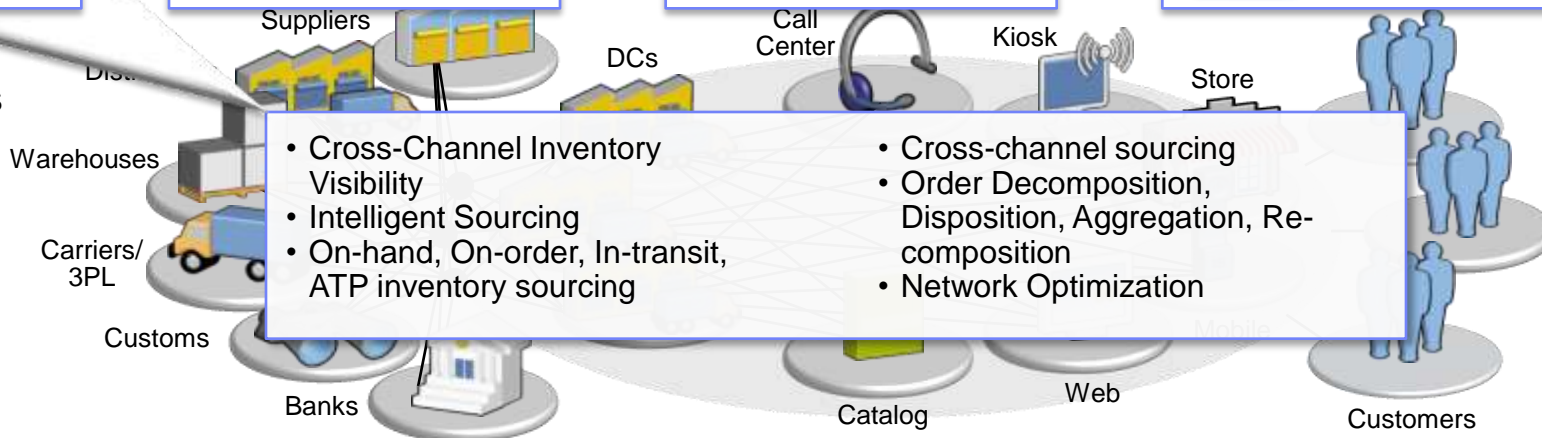


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- Cross-Channel Inventory Visibility
- Intelligent Sourcing
- On-hand, On-order, In-transit, ATP inventory sourcing

- Cross-channel sourcing
- Order Decomposition, Disposition, Aggregation, Re-composition
- Network Optimization

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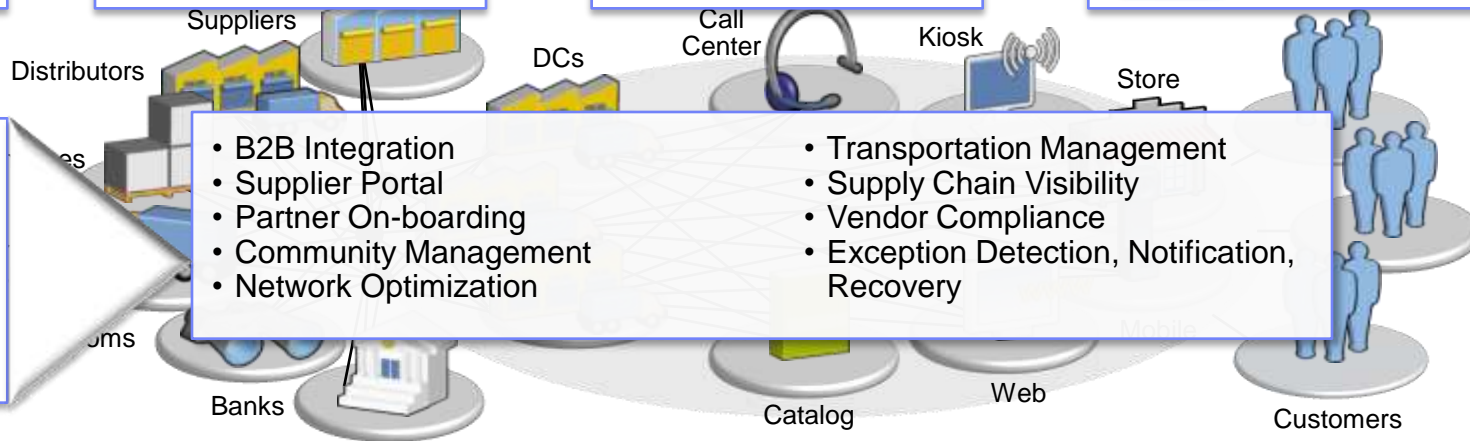
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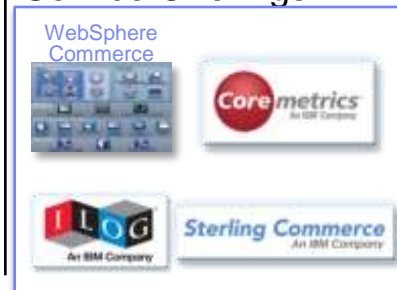
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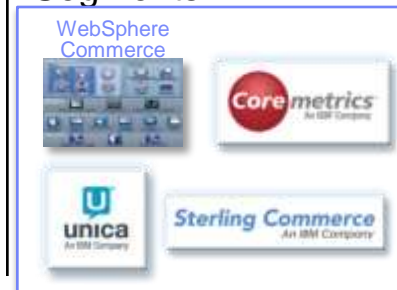
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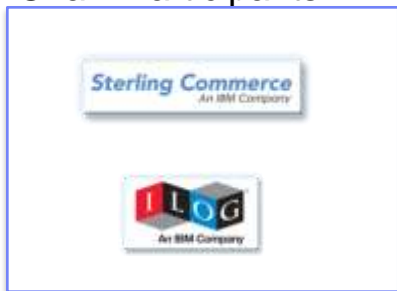
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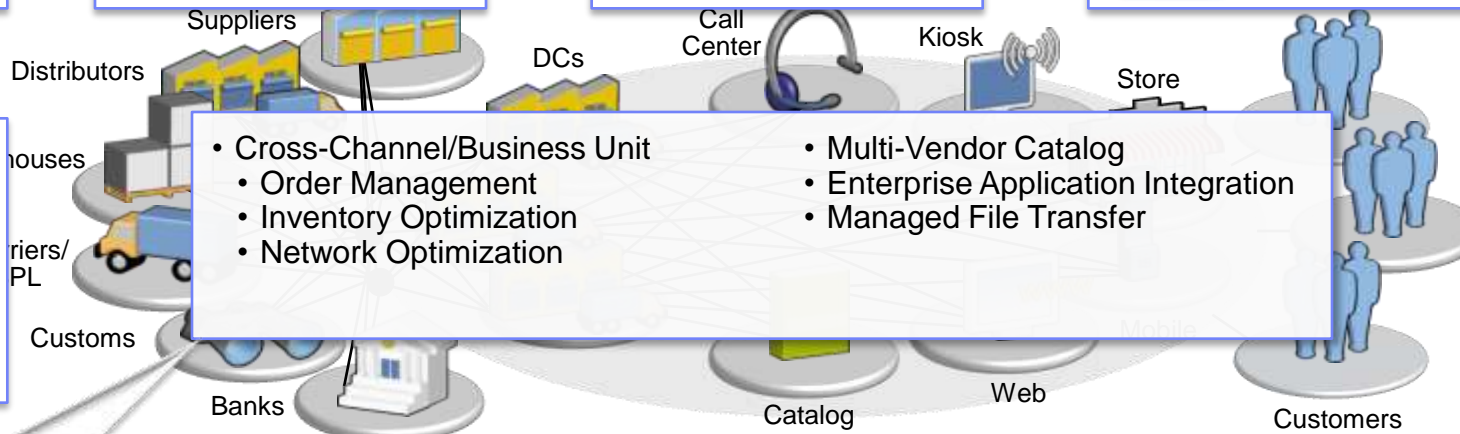
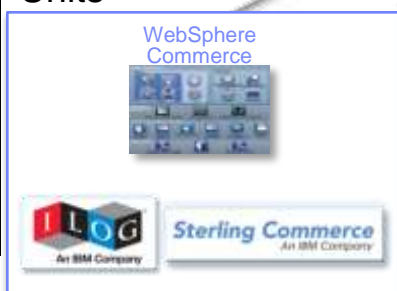
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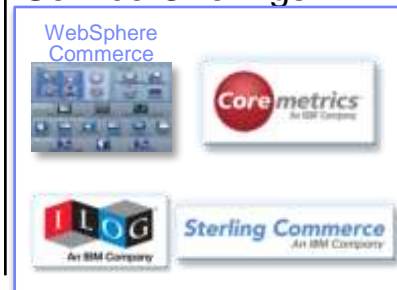
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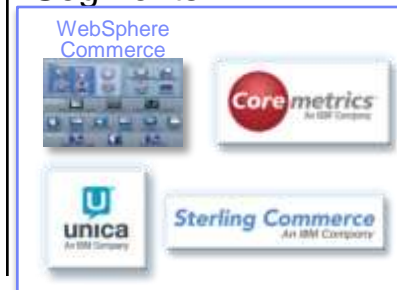
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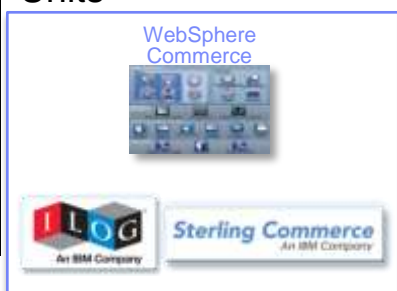
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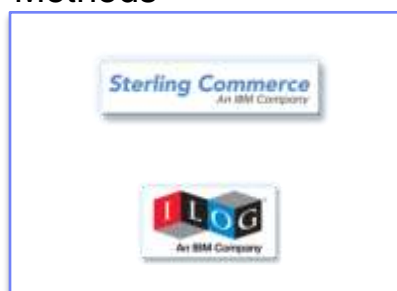
## Multiple Supply Chain Participants



## Multiple Enterprise Units



## Multiple Distribution Methods

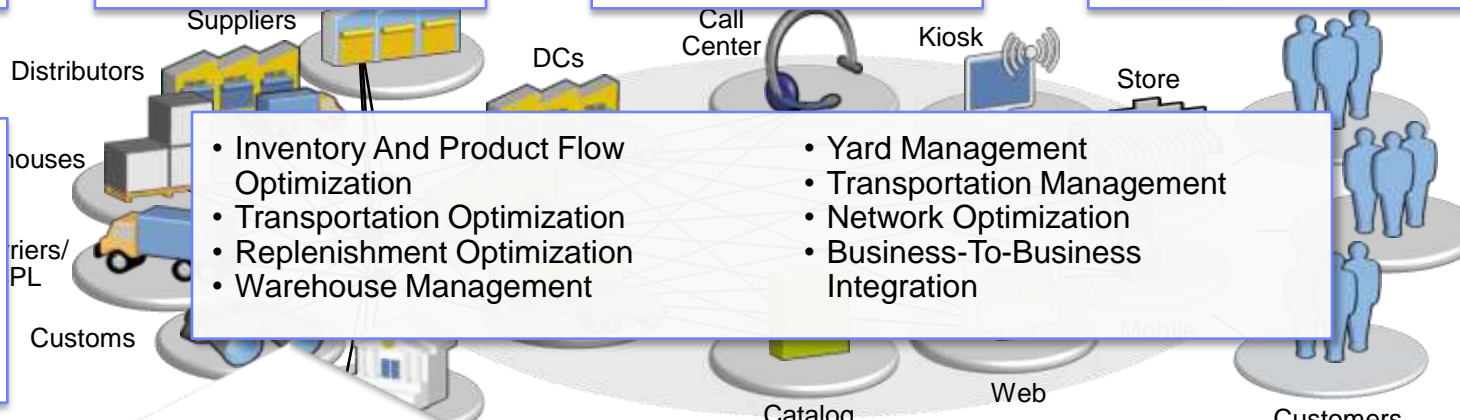


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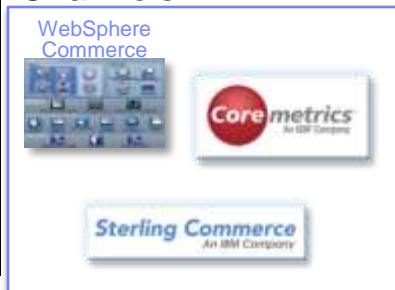


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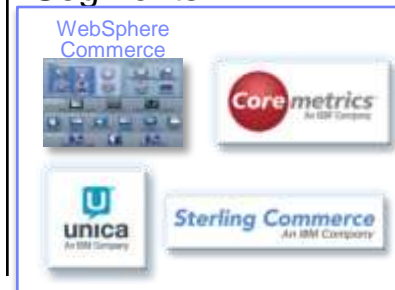
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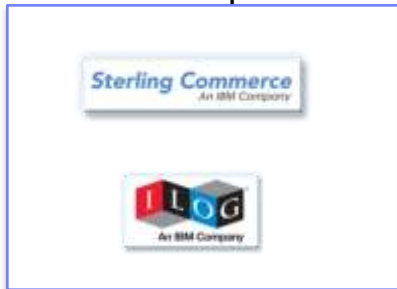
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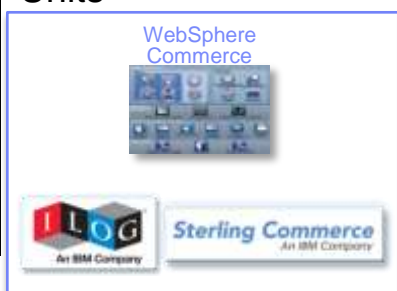


## Multiple Supply Chain Participants

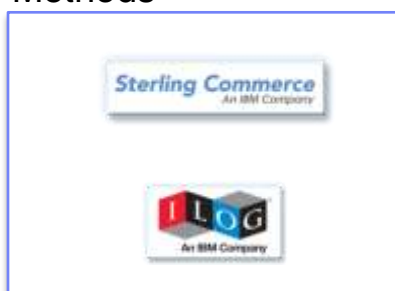


- Ship To Home From:
  - DC, Store, Drop-Ship Suppliers
  - Cross-Channel In-store Pickup
  - Cross-Channel In-store Returns/Reverse Logistics
- DC-To-Store/Store-To-Store Transfers
- Complex Inner-Order Fulfillment
- Order/Shipment Status Visibility
- Delivery/Service Scheduling

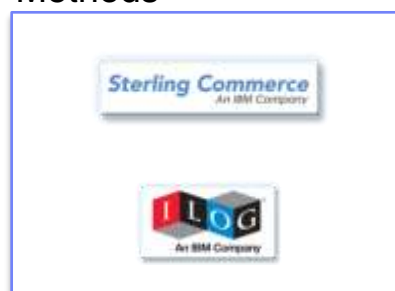
## Multiple Enterprise Units



## Multiple Distribution Methods



## Multiple Fulfillment Methods



## Multiple Blind Spots

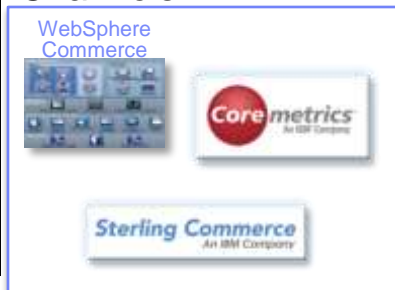
- On-hand and ATP Inventory (at stores, DCs, suppliers)
- Order Status
- Shipment Status
- Drop-Ship Status
- Holistic View Of The Customer

# Achieving Cross-Channel Excellence Is Very Complex

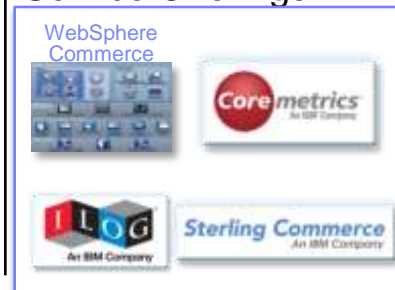
## Multiple Sourcing Channels



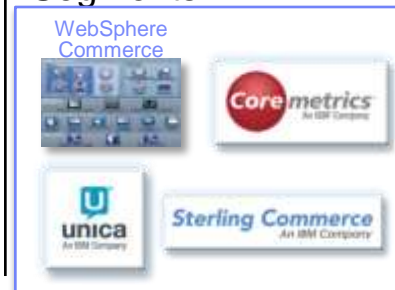
## Multiple Sales Channels



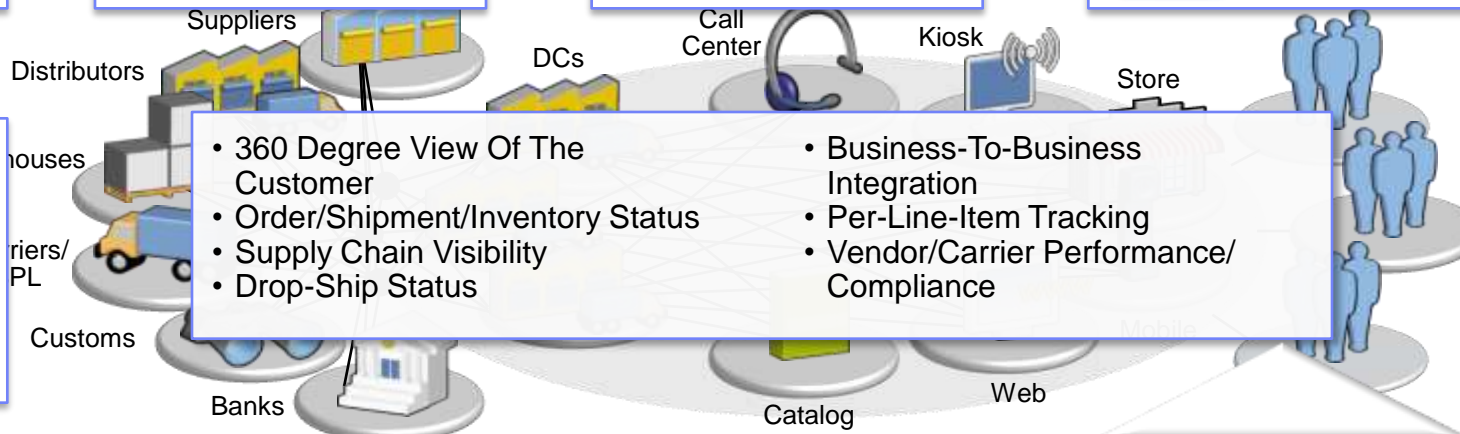
## Multiple Product/Service Offerings



## Multiple Customer Segments



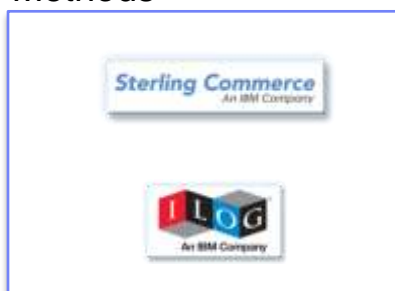
## Multiple Supply Chain Participants



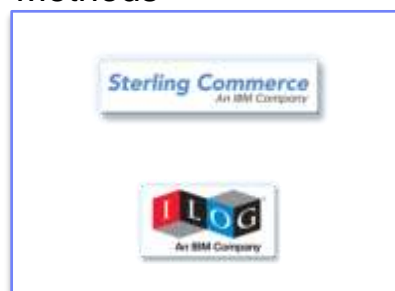
## Multiple Enterprise Units



## Multiple Distribution Methods



## Multiple Fulfillment Methods



## Multiple Blind Spots

