



IBM Watson Order Optimizer

Omni-channel fulfillment is no longer just a business differentiator. It's necessary for survival.

Benefits

- Continuously improve Omni-channel profitability
 - Balance fulfillment capacity
 - Execute new sourcing decisions in real-time to minimize shipping costs
 - Increase confidence in fulfillment planning decisions
 - Accelerate sell-through and minimize markdowns
 - Gain actionable insight into Omni-channel fulfillment performance
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As online sales grow and take a larger bite out of in-store revenue many retailer's very survival depends on their ability to adapt quickly and give customers the Omni-channel fulfillment flexibility that they expect.

*59% of consumers choose a retailer based on
Omni-channel capabilities*

Retailers have scrambled to deliver on these shifting expectations but are finding that the cost and complexity of offering flexibility in order fulfillment is eating away at already thin margins.

Retailers have seen:

- A 300% increase in the cost-to-serve the Omni-channel customer
- 18% of every dollar spent goes toward order fulfillment

Omni-channel fulfillment doesn't have to negatively impact the bottom line

Successful retailers have leveraged Omni-channel as a way to increase traffic into stores where customers buy more.

- 79% of consumers will pick-up their online purchases in-store¹
- 71% of consumers will buy additional products while picking up orders in-store²

The way Omni-channel is stressing organizations is forcing executives to ask a new set of difficult questions. Retailers that have addressed these challenges, are delivering a profitable Omni-channel experience that delights their customers by delivering orders at the speed they want to gain competitive advantage.



A new vision for Omni-channel fulfillment

IBM®'s Watson Order Optimizer provides Fulfillment Operations teams with capabilities to optimize against competing business objectives such as how and where customers want orders shipped, time-to-delivery, and cost.

Practitioners gain the ability to compare and test new fulfillment strategies prior to implementing based on historical data and knowledge of future demand for a faster, more agile response to customer behavior, market opportunities and competitive threats.

With Order Optimizer, Omni-channel executives can leverage advanced analytics to execute real-time fulfillment optimization to maximize capacity while reducing shipping cost for increased profit, especially during peak periods.

Order Optimizer helps retailers to understand and act upon changes in the market as they occur to perfectly balance between protecting margins, utilizing store capacity, and meeting customer delivery expectations.

Benefits

- Easily execute optimized fulfillment plans at the lowest cost-to-serve
- Prove out fulfillment scenarios prior to go-live to ensure improved performance
- Scale existing fulfillment capacity to accommodate increased customer demand
- Leverage real-time sourcing flexibility to make better use of 'at risk' and returned inventory
- Gain a holistic, actionable view of Omni-channel across eCommerce, Merchandising, Logistics, Store Operations, and Supply Chain

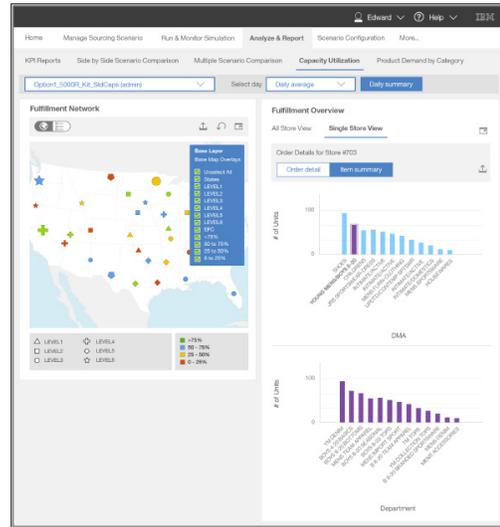


Figure 1: Fulfillment network and overview

Works with every order management solution

Order Optimizer is designed to integrate with any order management solution, making it easy to apply advanced analytics, simulation and real-time optimization to your existing capabilities.

Order Management is the enabler for Omni-channel Commerce, but to improve effectiveness requires intelligent fulfillment capabilities that enable Omni-channel Fulfillment practitioners to easily execute optimized fulfillment plans at the lowest cost-to-serve.

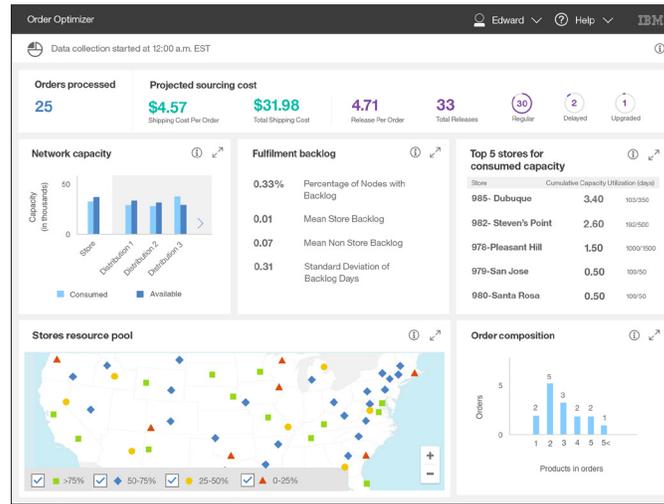


Figure 2: IBM Watson Order Optimizer dashboard

Gain instant clarity on business results

- Understand and evaluate factors impacting fulfillment performance down to the individual SKU and node level
- Identify and continuously monitor patterns and trends across both normal and peak business periods
- Adjust proactively through actionable insights when performance differs from expected results
- Utilize inventory at its most profitable price point
- Prioritize slow moving or obsolete store inventory to support e-Commerce demand
- Improve inventory sell-through

Simulate fulfillment strategies

- Compare simulations of fulfillment planning scenarios to ensure alignment with business priorities
- Predict fulfillment cost factors across all dimensions of Omni-channel operations
- Optimize the design of your network for last mile fulfillment (how many stores/DC's, capacity requirements)

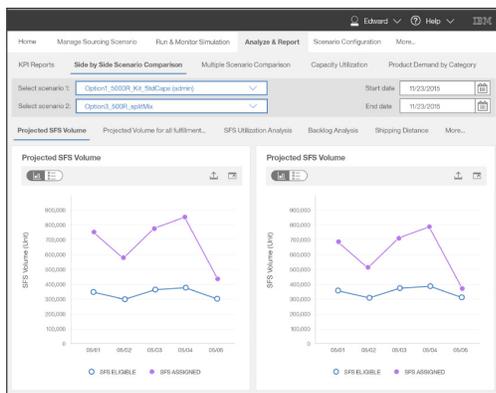


Figure 3: Analyze and report

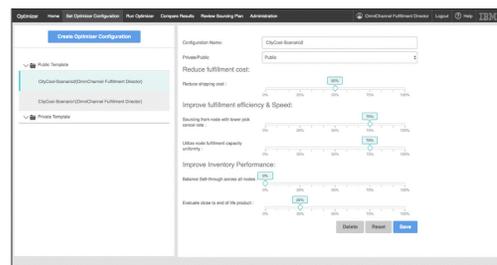


Figure 4: Set optimizer configuration

Real-time order sourcing & optimization

“We were able to save 7% or \$20M on total annual shipping costs through real-time order sourcing and optimization.”

-Leading Retailer

- Execute new sourcing decisions in real-time to minimize shipping costs
- Balance across different business priorities based on time of year (peak, non-peak) while reducing cost-to-serve
- Leverage cognitive capabilities to continuously learn and improve outcomes for Omni-channel fulfillment

Why IBM?

Traditional simulation and supply chain optimization solutions do not address last mile fulfillment sourcing decisions and can not optimize cost-to-serve against multiple business objectives. To achieve successful Omni-channel results retailers need capabilities that can intelligently balance fulfillment costs against service to enhance their order management systems.

To help, IBM now is offering a last-mile intelligent fulfillment solution that leverages advanced analytics and cognitive capabilities to give line of business users who are responsible for eCommerce, Merchandising, Store Operations, and Supply Chain new capabilities to execute optimized fulfillment plans at the lowest cost-to-serve.

For more information

To learn more about IBM's last mile fulfillment capabilities, please contact your IBM representative or IBM Business Partner, or visit: ibm.com/optimizer.



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¹ 2016 Consumer Expectations Study

² 2016 Consumer Expectations Study



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