

**eBook**

# **Automation-Led Drop Shipping**

The next step in drop ship automation and supply chain data integration for retailers



## EXECUTIVE SUMMARY

### Key Challenges

To stay ahead, retailers must embrace the current digital commerce transformation. Otherwise, they risk losing loyal customers to competitors that are just one click away - eroding their market share.

Growing product assortment and offering more inventory online using a drop ship or marketplace program has been a core component for many successful retailers.

However, when designing their drop ship or marketplace program, many organizations fall into the trap of using their own internal systems or antiquated legacy providers and that has created some key challenges over the years:

- Lagging behind in scalability, connectivity and security
- Limited connectivity options such as rigid EDI, XML or flat files
- Lack of visibility to partner activity
- No automated notifications, alerting and monitoring tools
- High transaction costs
- Losing key drop ship suppliers to retailer competition due to complexity and cost
- Lack of innovation and future-proofing

### Fear of Change

Retailers have always been fearful of changing their technology solution, especially an already existing, fully-integrated drop ship platform. After all, if it's working, why change it? Retailers often have these preconceived notions about migration challenges:

1. A complex integration into legacy internal systems.
2. The challenge of maintaining a superior customer experience throughout the entire order lifecycle.
3. There are hundreds, if not thousands of suppliers integrated to the retailer's legacy drop ship provider.
4. High monthly fees could continue if migration takes years to finish.
5. Lack of digital resources to help with changes and migration.
6. Perceived lack of a better solution on the market.

### Recommendations

**Collaborate** with retailers who have modernized their platform using a new drop ship automation provider. Legacy providers will continue to push antiquated EDI solutions, while new providers have embraced API-driven solutions that provide much more than just a workable solution but one that can scale with your organization.

**Research** new technologies that will help you stay competitive with your drop ship program. Don't assume you're doing everything you can. Innovate, explore, and learn new ways to reach your target audience.

**Choose** new, innovative solutions that can free up at least 50% of your operational resources that are currently working on manual tasks with the legacy drop ship provider. With a new solution, those FTEs can use the new provider's features to stay proactive and sign up more suppliers.

**Focus** on your ability to add hundreds of drop ship suppliers a week using your new modernized platform.

## TOP 5 REASONS to rethink your current drop ship solution:

- 1 Taking weeks to months to launch a new supplier is missed revenue for both you and your suppliers.
- 2 Complexity is increasing and EDI and flat file integrations are just not cutting it anymore.
- 3 Costly monthly fees for old technology and communications are killing your margins.
- 4 Your suppliers and brands are leaving you to sell to your competitors.
- 5 Your customers are buying through other channels/retailers.

## Follow the Digital Commerce Transformation to Stay Relevant

Since its infancy in the mid-1990s, eCommerce has always been a rapidly changing industry. Today, we are in the midst of an extraordinary transformation in digital commerce. Traditional retailers that are not embracing this dramatic shift are going out of business, while innovative retailers are experiencing supply chain excellence.

Consumers are buying more than ever. [According to Forrester, US online retail spending will reach \\$1.6 trillion by 2027.](#) Some of the top contributing factors to this growth are:

1. **Embracing change.**
2. **Digital transformation.**
3. **Allowing your customers to shop however they want:**
  - Understanding their needs
  - Delivering a superior user experience
  - Offering diverse product assortment



According to Forrester, US online retail spending will reach **\$1.6 trillion by 2027.**

A primary source of retailers' exponential online growth over the past few years is due to the modernization of their drop ship automation program. By implementing the next generation of drop ship automation with a platform such as Logicbroker, retailers have been able to retain and grow their customer base while 'wowing' their suppliers with superior technology that is much more cost effective. According to [a Digital Commerce 360 survey of 83 online retailers in 2021](#), 66% were already utilizing drop shipping and another 14% planned to do so in the near future.

**MODERN APIs** to bypass the world of legacy supply chain data. Simplify with one connection to rule them all.

- 1 Aggregate EDI, XML, CSV, and JSON data.
- 2 Easily code with your preferred language.
- 3 Well-documented to get you set up quickly.



## Why Staying With Your Internal Drop Ship Automation Will Fail

Retailers who have experience with either their own home-grown drop ship automation solution or utilize third party legacy providers such as CommerceHub or SPS Commerce are familiar with the challenges. They have been losing suppliers monthly due to high transaction costs and lack of innovation and product enhancements.

This dwindling supplier base has ultimately led to a shrinking product assortment and a decline in drop ship revenues. Coupled with the high maintenance costs of internal operation support teams to handle all the manual processes and the transaction costs to process inventory and other large, key supply chain data are all inevitably causing these retailers' drop ship programs to fail.

For example, Bed Bath & Beyond was selling over \$3 Billion in gross merchandise volume (GMV) online with a vast network of drop ship suppliers through CommerceHub. Even if the company's brick and mortar stores were not performing, it might have been able to save its online business with a superior, timely technology solution for its drop ship network as more and more suppliers vacated the drop ship program. Instead, the retailer reported an 18% drop in eCommerce sales between 2021 and 2022 due to an inability to scale.

In 2020, Walgreens migrated their drop ship program off the CommerceHub platform to Logicbroker, setting them up with a technology stack built to scale and a clear plan for online growth. With their previous drop ship provider, Walgreens struggled with rising supplier onboarding costs and a lack of visibility into supplier inventory and reporting. Together, Walgreens and Logicbroker migrated close to 200 suppliers in less than six weeks.



[Logicbroker] has a strong **'we are one team' mentality** and are responsive and supportive. I look forward to what the future brings."



### JENNIFER RABER

Director, Retail Digital Business Enablement, Walgreens

# Walgreens

## SUCCESS STORY

### Walgreens

Poised for major, continuous online growth, Walgreens traded its outdated drop shipping solution for Logicbroker's more agile platform. Walgreens migrated to the Logicbroker platform in under two months, overcoming supplier onboarding fees, cumbersome legacy software, and opaque reports.

## CHALLENGES

before Logicbroker:

- Previous EDI provider's approach no longer agile enough to meet demand
- Lack of visibility into supplier inventory/performance and reporting

## BENEFITS

after Logicbroker:

- Reduced Walgreens' IT development load by leveraging existing infrastructure with new modern end points
- Platform and drop ship suppliers migrated in 6 weeks, with no third-party contracts or fees for suppliers
- Better inventory visibility and understanding of supplier performance

[Read the Full Story](#)

## Modernize Your Drop Ship Automation by Migrating to Logicbroker

The [Logicbroker platform](#) was built using millions of dollars in Research and Development (R&D) to provide the next generation of drop ship & marketplace automation and supply chain data integration and management. Its innovative technology, purpose-built for the complexity of the eCommerce supply chain, and dedicated technical support enable fast time to value through a frictionless implementation and migration process. In subsequent sections, we outline the details of how this migration happens based on these key factors.

- **Complete freedom for your drop ship suppliers:**
  - No monthly or transaction fees
  - Flexible integrations choices: continue using existing tools, such as EDI, XML, flat files, or portal or upgrade to the modern way of integration using Logicbroker's RESTful API, [commerceapi.io](#)
  - Be up and running in days, not weeks or months
  - Have visibility to all your data and analytics
  - Option to modernize your suppliers' integration platform should they choose to do so
- **No hidden monthly transaction fees** for communication, inventory feeds or orders.
- As a cloud-based solution hosted on Microsoft Azure, **we continually enhance the platform through frequent updates** and new releases of functionality. Logicbroker customers drive the product roadmap.



### SUCCESS STORY

## Bosco's

With a strict deadline in place, Bosco's needed a brand-new drop ship program in under eight weeks. Bosco's migrated to Logicbroker's fast, cloud-based API platform for increased inventory transparency, quick and automated vendor onboarding, and a reduced IT load.

### CHALLENGES

before Logicbroker:

- Legacy EDI provider's approach no longer agile enough to meet customer demand
- Errors caused by lack of visibility into supplier inventory and performance
- Needed a scalable tech stack without a heavier IT lift + ability to easily add new suppliers

### BENEFITS

after Logicbroker:

- Migrated to Logicbroker in just 6 weeks
- Increased document and inventory transparency
- Switching away from VAN connection saves Bosco's thousands each month in fees
- Ability to expand supplier offerings with reduced internal IT load

[Read the Full Story](#)

## The Ease of Migration

When Logicbroker migrates a retailer and its suppliers, there will be a one-time integration between the retailer's systems and Logicbroker. Logicbroker will work with the business operations and technical teams to identify all interface systems, such as OMS, WMS, and accounting.

The overall migration process is essentially 'lift and shift,' migrating the existing pipe from the incumbent drop ship 'hub' to Logicbroker in order to eliminate or minimize impact to the retailer's engineering resources.

## How do you get started?

The dedicated Logicbroker implementation engineering team will review existing specs and documentation through a discovery meeting and a solution design workshop with the retailer's business operations and/or technical teams. Next, Logicbroker engineers will review the existing order lifecycle in a whiteboarding session, outlining the cycle in its entirety to ensure proper alignment. At this time, the collective teams will also decide if there are opportunities to enhance and/or streamline the existing process.

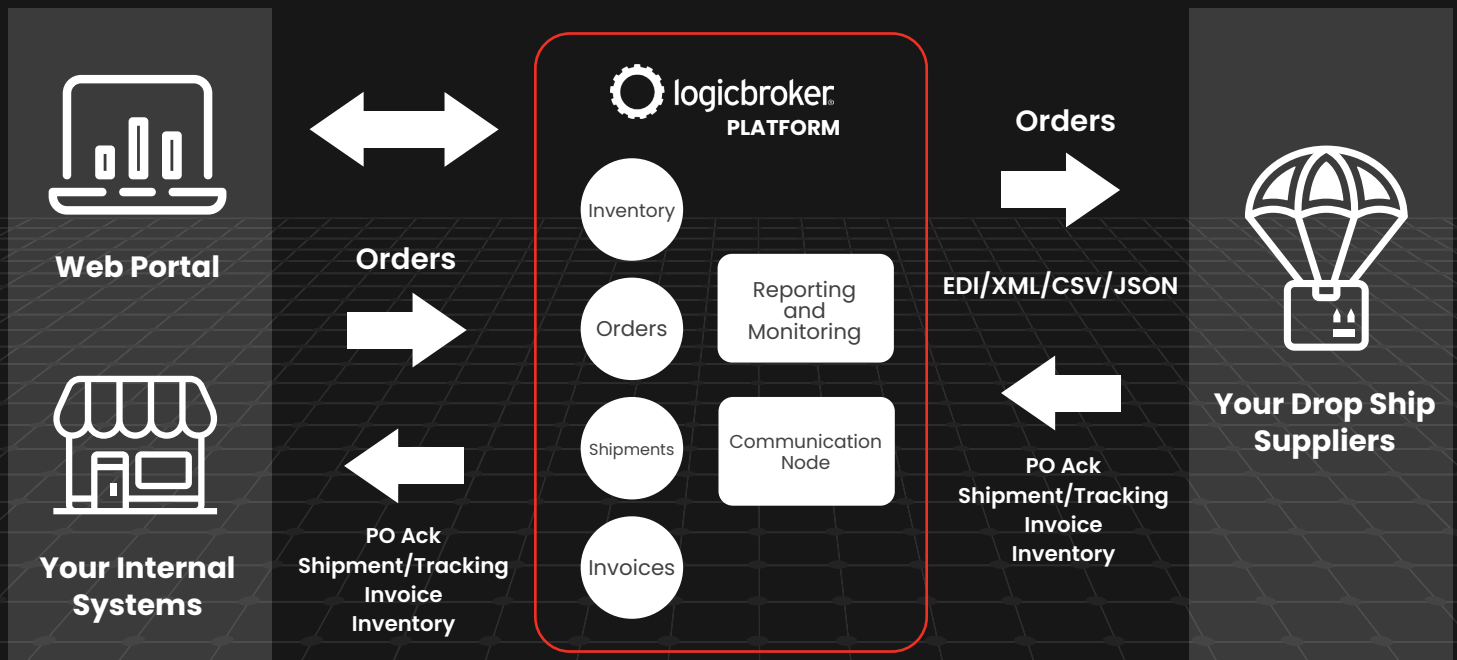


Logicbroker's technology has modernized and streamlined this process, connecting us to our suppliers faster than ever and with a lower cost of ownership. We have better vendor management capabilities now, and with complete visibility of our digital supply chain, we are positioned for great scalable growth."



**JENNIFER REDCAY**  
Supplier Direct Fulfillment at Boscov's

## Logicbroker's Drop Ship Solution



## Solution Design

After completing the discovery session, a solution design is implemented that will encompass the following items:

- Master integration to the retailer’s systems, configuration, and process.
- Supplier integration formats and business process validation rules, once the supplier is live.
- Supplier compliance data analytics and reporting.
- Supplier onboarding knowledge base with the retailer’s branding.
- Mutually agreed-upon phased approach to onboard suppliers, for example:
  - A few middle volume suppliers for the pilot phase
  - High volume suppliers phase
  - Remaining suppliers phase

## Configuration – A Frictionless Process

Once the solution design is collectively approved, Logicbroker begins the configuration process. A sandbox replica of the live solution will be configured in order to have the complete end to end solution working between the retailer and drop ship suppliers. All business rules and validations are configured with appropriate test cases for all suppliers. If there are any specific requirements, such as sourcing logic, product feed validation, inventory, and SKU lookups they all will be configured in days rather than months, as is the case with legacy providers due to their lengthy custom programming. There is no custom programming or software development work done within the Logicbroker platform. Logicbroker implementation engineers utilize their proprietary rule-based engine to make the appropriate configurations.



Through Logicbroker’s technology, [we are able to deliver on our] objectives while also being a trusted partner with **a leading drop shipping expert that understands our current and future needs.**”



**SHARON LEITE**  
CEO (Former),  
The Vitamin Shoppe



## Internal Testing

Once all configurations are completed, the internal testing between the retailer and Logicbroker will start in order to test every integration point within the master integration, as well as to certify test suppliers’ endpoints at the other end. This is one of the most crucial parts of the migration, as it ensures all configurations and validations work before any supplier outreach takes place. Logicbroker engineers usually find that their retail customers, such as Walgreens, Kroger, and Rite Aid are excited to notify their suppliers right away to share their new, powerful drop ship automation engine. However, in order to accelerate the onboarding process, it is prudent to configure and test everything first before proceeding to the onboarding cycle.

## CHALLENGES with your legacy drop ship provider:

- 1 Legacy Order Management System (OMS) or a Warehouse Management System (WMS) that has a very complex way to integrate to new platforms
- 2 Hundreds or thousands of suppliers are already integrated to current platform and migrating to a new platform seems impossible
- 3 High monthly fees for communication, Kilo-Character (KC) charges per transaction and per inventory feed, and enhancements requests that have been in the CommerceHub backlog for years
- 4 Drop ship suppliers are constantly complaining and some are leaving you due to the high monthly and per order fees from your provider
- 5 Lack of digital resources to make enhancements

## Easy for you, easy for your suppliers

Logicbroker's approach to the supplier onboarding process is highly automated, both for speed and to minimize the number of resources required. Once the internal testing is completed, Logicbroker will automatically send out forms to the suppliers designated for onboarding. The connection form is customized depending on your (the retailer's) requirements, and suppliers can easily indicate their preferred integration method and provide connection details. Once an integration option is selected, Logicbroker manages the applicable test cases to certify supplier readiness. Thorough testing is performed in the sandbox environment. Once testing is complete, the integration is pushed to production and monitored by Logicbroker's Operations team. Notification and compliance tools are activated to enforce supplier compliance. Throughout the entire onboarding lifecycle, the retailer has complete visibility as to which suppliers have completed the survey and the status of onboarding for each supplier.

To accelerate the onboarding process, Logicbroker offers flexible connectivity options for drop ship suppliers. These include:

### Supplier Portal

Suppliers can manually track orders and tracking information with the ability to import and export procurement data.

### Secure FTP

Leverages CSV/XML formatted files to bulk electronically exchange order and shipping information.

### EDI

Electronically exchange the required information without the need to rekey data.

### Commerce API

Provides real-time integration between trading partners and your internal systems.

### Native Extensions

The suite of Logicbroker-developed platform connectors.

*Please see following page for more information about our native extensions.*



Drop ship brands see  
**257% GMV**  
 growth every time they add a new retail channel  
 -The Logicbroker Index



Logicbroker helped us overcome our internal IT barriers and illuminated a path to accelerate our [supplier] onboarding."



### AMBER ROBERTS

Digital Marketplace Planning & Strategy (Former) at Kroger



## HELPFUL

## ONBOARDING TIPS

Below are some helpful tips to efficiently handle the onboarding process:

- 1 Allocate the right resources at the right time
- 2 Finish all requirements and internal integrations before engaging with the suppliers
- 3 Pilot with a few suppliers to validate the end to end flow
- 4 Recalibrate after the pilot rollout to have a smooth transition for the large remaining suppliers
- 5 Business process and technical integration should be communicated at the same time



## NATIVE EXTENSIONS



### Web Portal

Create and manage all commerce data from our responsive web portal



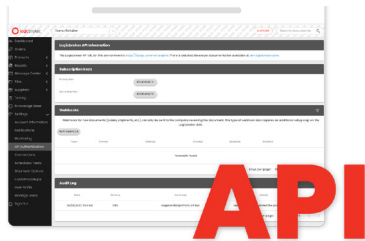
### Secure FTP

Secure at rest and transport built on top of our Commerce API to exchange data in EDI/XML/Text formats



### EDI

Native Electronic Data Interchange support for all your supply chain data management



### API

The only EDI provider with a complete API support ([CommerceAPI.io](https://CommerceAPI.io))

**ShipStation**<sup>®</sup>



### Native

Prebuilt integrations with most major platforms, including ShipStation and Shopify

Tap into our network of industry-leading technology and implementation partners to automate your fulfillment operations in record time.

[VIEW ALL TECHNOLOGY PARTNERS](#)

## Benefits of Migration to Logicbroker


In today's ever-changing digital marketplace, retailers need the expanded assortment and unmatched efficiency that Logicbroker provides. Beyond the platform, Logicbroker's dedicated resources provide superior, white-glove service to help the merchandising, operations, and technology teams migrate and implement their drop ship solution without any disruption to their existing business. [According to Forrester Research](#), Logicbroker's drop ship customers experienced a 500%+ ROI while reducing their FTEs by 3. This shows that customers see immediate results through automation and efficiency, while realizing significant cost savings over their internal solution or their antiquated legacy service providers.



## About Logicbroker

Logicbroker is the premier Supply Chain Experience Management (SCXM) eCommerce platform. Our unique B2B and D2C offerings give manufacturers and retailers a single source of truth for their supply chain, yielding real-time visibility and communications, higher compliance rates, lower transaction costs, and exceptional customer experiences. Through drop ship, marketplace, and supply chain visibility solutions, Logicbroker can help your organization achieve Supply Chain Excellence.

Our integrated suite connects all participants of an organization's supply chain regardless of the type of business model: owned inventory, drop ship, or marketplace. We work with mid-market and Enterprise manufacturers and retailers across a number of verticals including Health & Wellness, Home Improvement, Consumer Electronics, Toys & Babies, and Consumer Packaged Goods and service brands such as Samsung, The Vitamin Shoppe, Walgreens, Coca-Cola, and Rite Aid.

[Get in touch with our team](#) to learn how we can help you achieve supply chain excellence. 



### SUCCESS STORY

## Kroger

Kroger's fully-automated drop ship solution powered by Logicbroker opened up not only an endless aisle of inventory but also grew its eCommerce revenue and supplier base without additional fees.

### CHALLENGES

before Logicbroker:

- Needed to expand product offerings to maintain competitive edge in a changing retail landscape
- Wanted to launch a successful drop ship program to complement their successful grocery offerings

### BENEFITS

after Logicbroker:

- Leveraged the Logicbroker team to make valuable supplier introductions and apply learnings from other integrations
- Quickly onboarded new suppliers to meet Kroger's launch deadline
- Kroger can now easily grow their supplier base with no additional supplier fees

[Read the Full Story](#)