

# IBM Sterling Fulfillment Optimizer with Watson

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## Highlights

- Execute optimized omnichannel fulfillment plans at the lowest cost-to-serve
- Protect margins, utilize store capacity and meet customer expectations
- Make better use of “at risk” and returned inventory
- Scale existing fulfillment capacity to accommodate more customer demand
- Prove out fulfillment scenarios prior to go-live

## Leverage artificial intelligence to minimize total cost-to-serve

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.

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

Retailers have seen:

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

IBM Sterling Fulfillment Optimizer with Watson is a cognitive analytic engine that enhances existing order management systems. It provides a “big data brain” to order management and inventory visibility systems that are already in place with retailers who have eCommerce fulfillment capability.

With Fulfillment Optimizer, retailers are better able to understand and act on changes in the market as they occur – to perfectly balance protecting margins, utilizing store capacity and meeting delivery expectations. These sourcing decisions can dramatically increase profits, especially during peak periods.

## 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 through offers of buy online and pick up in store, or the ability to return online orders to the store. And they have found that once a consumer is in the store, the value of their order increases.

- 50% of shoppers said that they've decided where to buy online based on whether they could pick their orders up in-store<sup>1</sup>
- 85% of shoppers say that they've made an additional in-store purchase while picking up an online order<sup>1</sup>

Omni-channel choices that customers are demanding have dramatically increased the complexity to fulfill orders. The ability to cost-effectively promise and deliver an order must now take into account way more data points in order to be successful. More cognitive methods must now be used to profitably meet the ever-changing demands of the consumer.

## Enhance your order management solution

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

A proven order management platform that provides intelligent fulfillment capabilities along with real-time order promising and inventory visibility, is the enabler for omni-channel commerce. However, to improve profitability, Fulfillment Practitioners need a cognitive solution that can easily utilize multiple data points to execute optimized fulfillment plans at the lowest cost to serve.

## Gain greater 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

## Real-time order sourcing

- 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 AI capabilities to continuously learn and improve outcomes for omni-channel fulfillment

## Multi-objective optimization

- Optimize transportation costs and SLA at time of selecting sourcing node
- Intelligent weight allocation
- Ability to optimize delivery dates
- Intelligent upgrade and downgrade to optimize customer satisfaction and lower cost
- Automatic order splitting to reduce costs
- Includes order processing labor rates as part of the calculation to present a full cost picture

1. <https://www.businessinsider.com/us-consumers-use-buy-online-pickup-in-store-2019-2>

## 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 profitable omni-channel results retailers need capabilities that can intelligently balance fulfillment costs against service to enhance their order management systems.

IBM Sterling Fulfillment Optimizer with Watson is 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.co/fulfillment](https://ibm.co/fulfillment)

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