Datasheet

IBM Watson Order Optimizer

Leverage cognitive intelligence to minimize total cost-to-serve

Watson Customer Engagement

IBM

Benefits

- Continuously improve cost to serve
- Optimize inventory capacity
- Execute 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

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 the fulfillment flexibility that consumers expect 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 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.

- 79% of consumers will pick-up their online purchases in-store[1]
- 71% of consumers will buy additional products while picking up orders in-store[2]

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.

A new vision for Omni-channel fulfillment

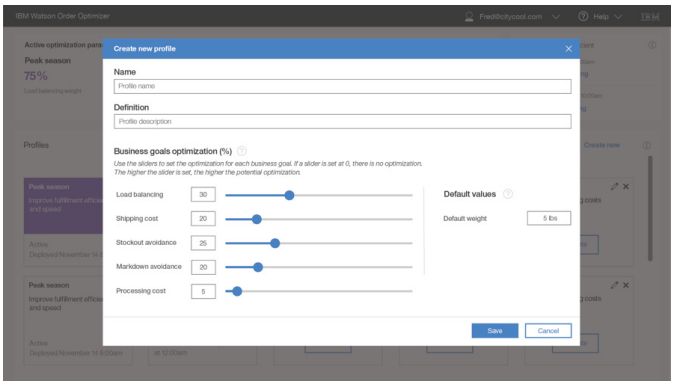
IBM®'s Watson Order Optimizer provides Fulfillment Operations teams with capabilities to optimize against competing business objectives such as how and where customers want orders shipped, time-to-delivery, and cost.

With Order Optimizer, fulfillment executives can leverage advanced analytics to help them make real-time optimization choices that maximize capacity, while reducing shipping costs. These more informed sourcing decisions can dramatically increase profits, 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 better understanding of the impact of Omni-channel decisions across eCommerce, Merchandising, Logistics, Store Operations, and Supply Chain



Store product page

Enhances your order management solution

Order 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 & optimization

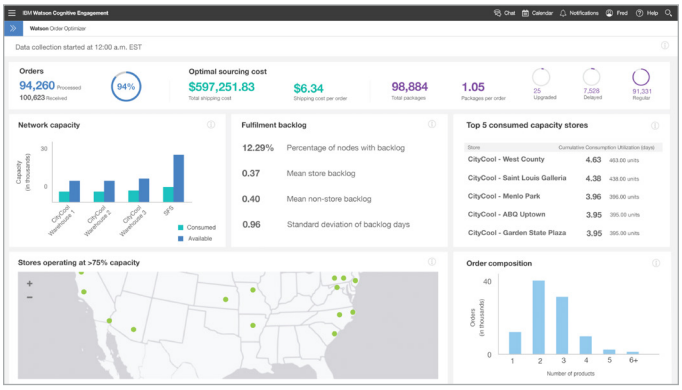
- Execute new sourcing decisions in real-time to minimize shipping costs
- Balance across different business priorities based on time of year (peak, non-peak) while reducing cost-to-serve
- Leverage cognitive capabilities to continuously learn and improve outcomes for Omni-channel fulfillment

Multi-objective Optimization

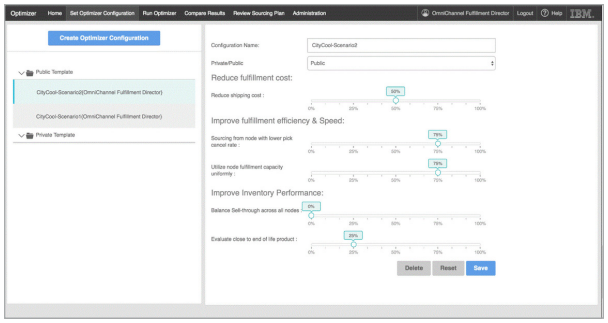
- Optimize transportation costs and SLA at time of selecting sourcing node
- Intelligent weight allocation
- Intelligent upgrade and downgrade to optimize customer satisfaction and lower cost
- Automatic order splitting to reduce costs
- Ability to optimize delivery dates
- Includes order processing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

Coming Soon - Simulate fulfillment strategies

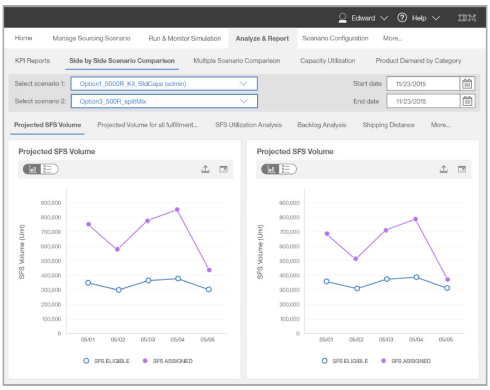
- Compare simulations of fulfillment planning scenarios to ensure alignment with business priorities
- Predict fulfillment cost factors across all dimensions of Omni-channel operations



IBM Watson Order Optimizer dashboard



Set optimizer configuration



What-if Simulation

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 Watson Order Optimizer 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.com/optimizer.

© Copyright IBM Corporation 2017

IBM Corporation
Route 100
Somers, NY 10589

Produced in the United States of America
July 2017

IBM, the IBM logo, ibm.com, and Watson Customer Engagement are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the Web at "Copyright and trademark information" at http://www.ibm.com/legal/us/en/copytrade.shtml

This document is current as of the initial date of publication and may be changed by IBM at any time. Not all offerings are available in every country in which IBM operates.

The information in this document is provided "as is" without any warranty, express or implied, including without any warranties of merchantability, fitness for a particular purpose and any warranty or condition of non-infringement.

IBM products are warranted according to the terms and conditions of the agreements under which they are provided.

Statement of Good Security Practices: IT system security involves protecting systems and information through prevention, detection and response to improper access from within and outside your enterprise. Improper access can result in information being altered, destroyed or misappropriated or can result in damage to or misuse of your systems, including to attack others. No IT system or product should be considered completely secure and no single product or security measure can be completely effective in preventing improper access. IBM systems and products are designed to be part of a comprehensive security approach, which will necessarily involve additional operational procedures, and may require other systems, products or services to be most effective. **IBM does not warrant that systems and products are immune from the malicious or illegal conduct of any party.**

ZZS03270USEN-04

Watson Customer Engagement