Shipping Service Levels - Introductory Material

Shipping Service Level Basics

Part of the process to fulfill an order requires EVP to determine a *carrier-service-level* (i.e. How do I ship the order from the selected fulfillment source). With an order, a sales channel may send specific *carrier-service-levels* to utilize OR a *generic carrier-service data-format.* A *generic carrier-service data-format* denotes a latency group that must be utilized for the order. Once EVP has determined the carrier-service-level latency requirements indicated by the sale channel, it must rationalize this to the fulfillment source (i.e. Stock, Dropship, Cross-dock).

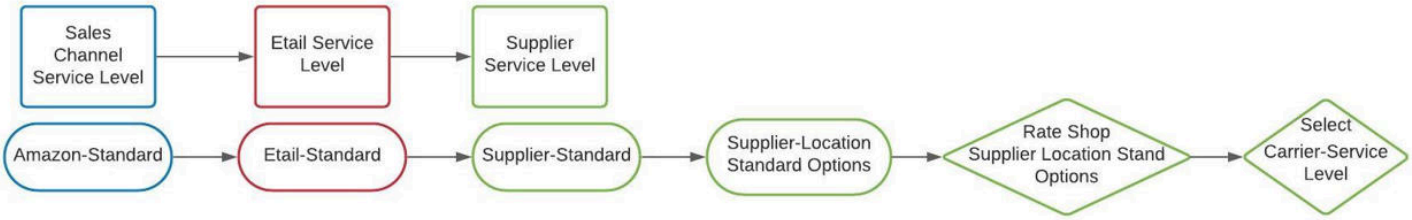
EVP must rationalize the *service-level data-format* from sales channels to the *service-level data-format* of a supplier channel. Historically, this required rationalizing every supplier channel *service-level data-format* to sales channel service-*level data-format* combination (see Figure 1). To simplify the configuration requirements for the shipping service level (and as a best practice) EVP can normalize *service-level data-formats* from both sales and supplier channels on the Etail Channel. Meaning the *service-level data-format* from any channel can be mapped to a *generic service level group (see Figure 2)*.

To set up a sales channel you Map from the Etail Channel Service Level Screen and "point at" the Sales channel as the source channel. To set up a supplier channel you Map from the supplier channel Service Level Screen and "point at" the Etail Channel as the source channel. *(see Figure 2)*

In layman's terms, EVP needs to understand the shipping-latency requirements indicated by the sales channel, then figure out the best shipping method to tell the inventory-source to utilize. During this process, EVP also determines the "Estimated Shipping Cost" for an order.

Costs and specific *carrier-service-levels* are determined at the end of the Shipping Service Level Rationalization Process. *Generic Carrier-Service Data-Format* is the primary reference point of the Shipping Service Level Rationalization Process.

An initial concept to understand is the types of Shipping Service Level data EVP utilizes. There are three categories of Shipping Service Level Data; There is specific Carrier Service Level information, Generic Carrier Service Level Information, and Sales Channel Specific Carrier Service Level Information. Specific Carrier Service Level information means a specific carrier and service level is indicated. Generic Carrier Service level information is when a code is sent that only specifies a latency requirement but not a specific carrier or service level. Lastly, there are Sales Channel Specific Shipping levels; Typically, these only indicate a latency requirement.



Types of Carrier Service Level Data

Specific Carrier Service Level	
Carrier	Service Level
FedEx	FedEx-Ground
	FedEx-2Day
	FedEx-Home Delivery
UPS	UPS-Ground
	UPS-Express
	UPS-International

Generic Carrier Service Level	
Generic Carrier-Service Data-Format	Latency Requirements
Standard	3-6 Days
SecondDay	1-2 Days
Express	1-3 Days
Prime	1-2 Days
Expedited	2-3 Days

Overnight	1 Day

Sales Channel Specific Carrier Service Level	
Sales Channel	*Generic Service-Level Data-Format*
Amazon	Prime
Walmart	Value
eBay	Guaranteed Delivery

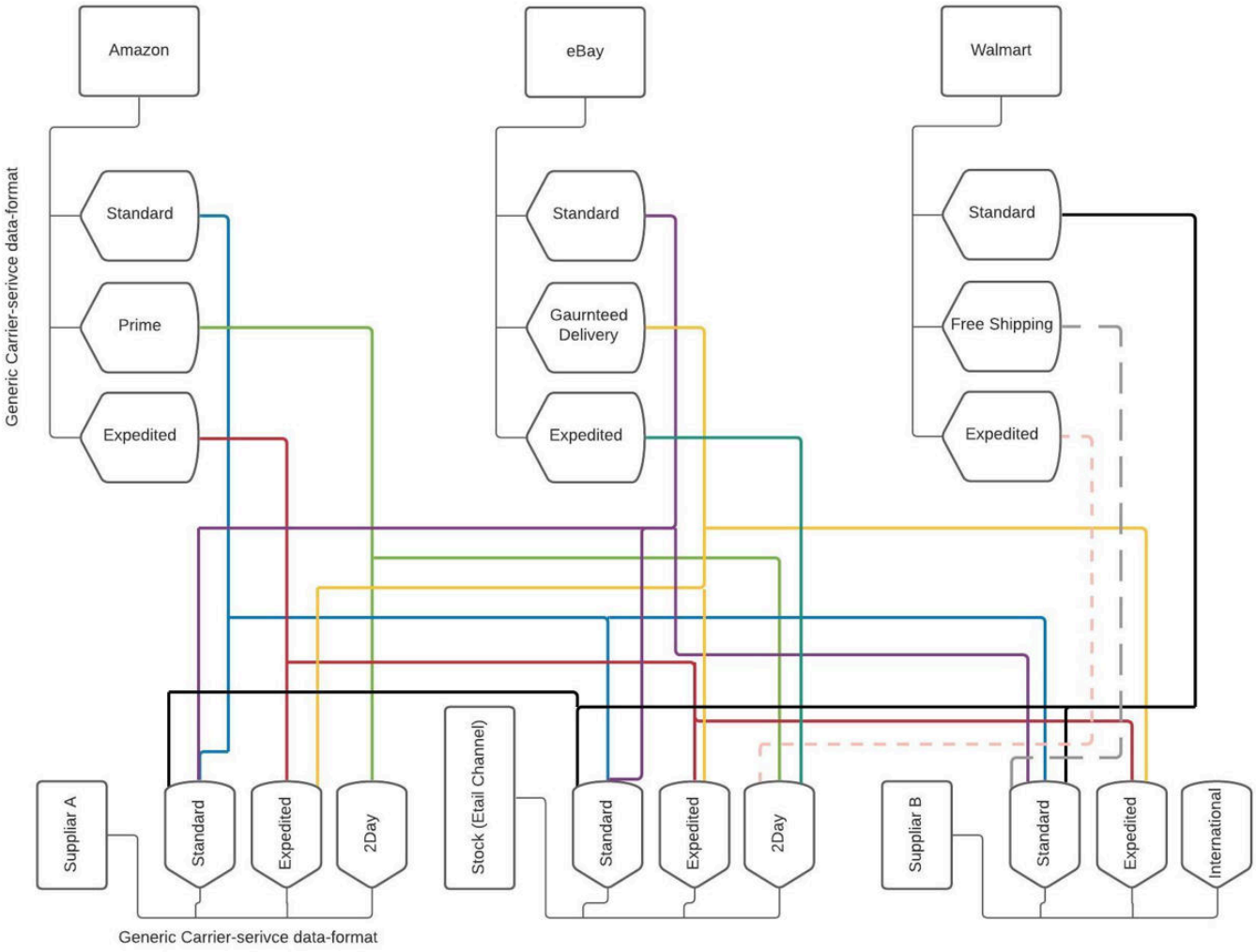


Figure 1: Old Style Shipping Service Level Configuration

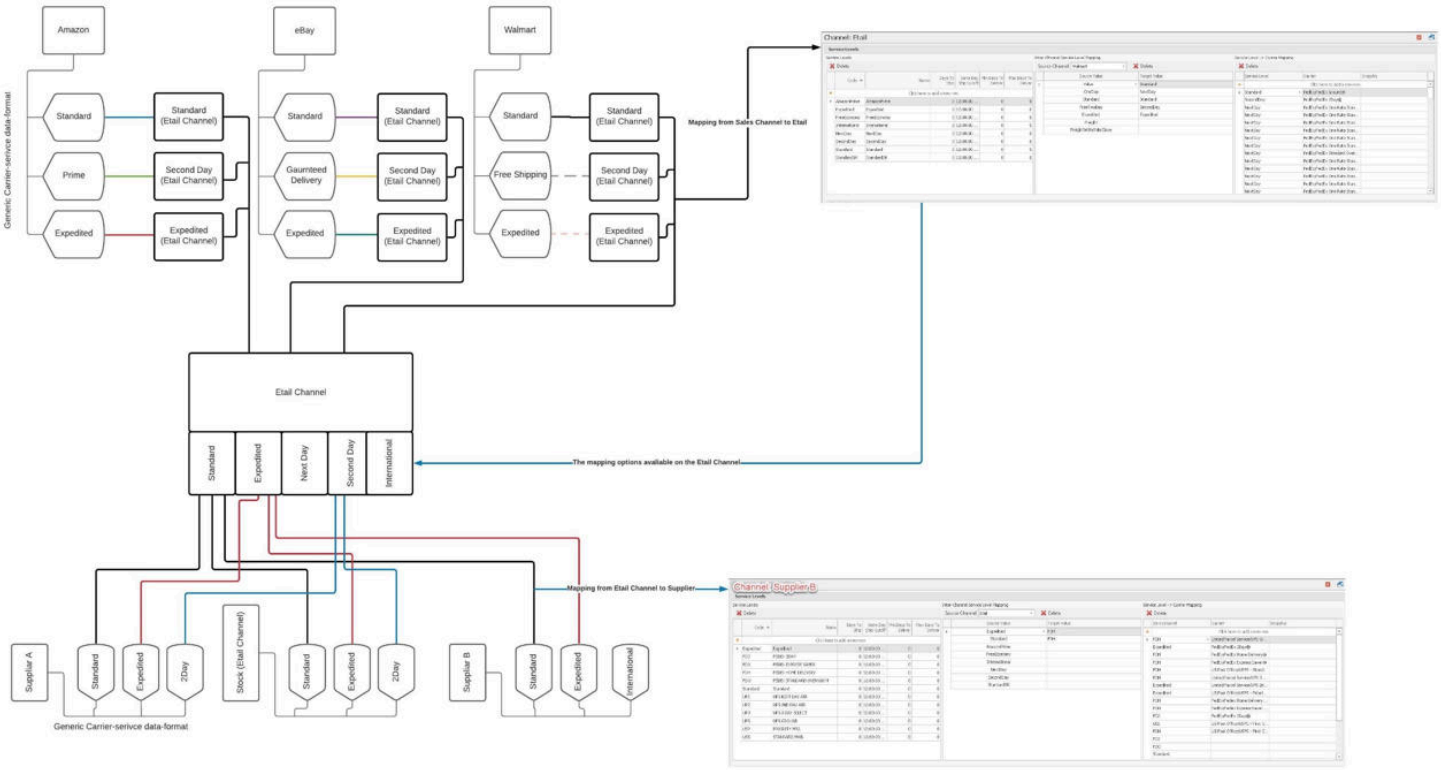
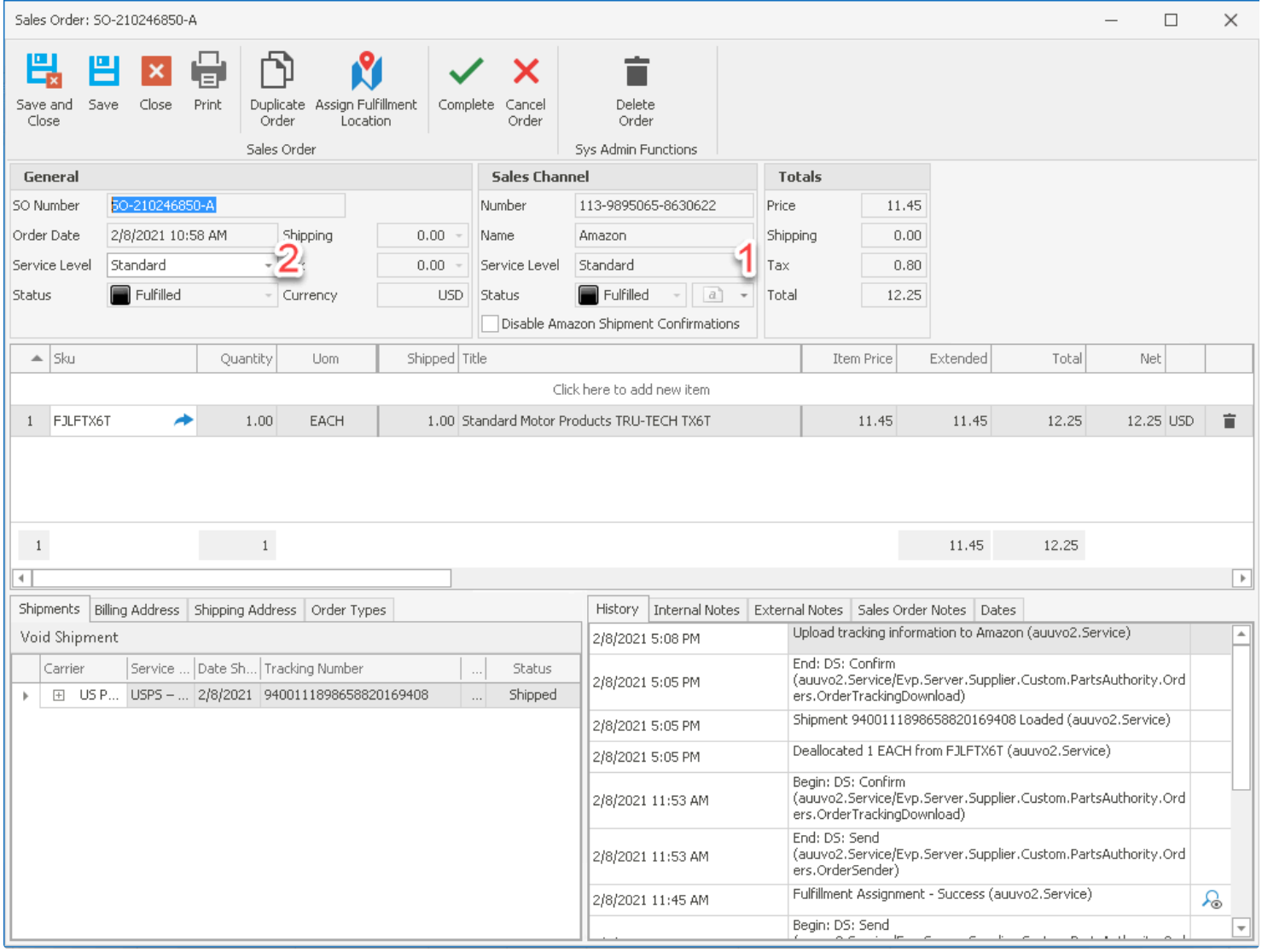


Figure 2: Best Practice Shipping Service Level Configuration

The process below will walk through an example of EVP executing the Shipping Service Level Rationalization Process. It will focus on a single service level.

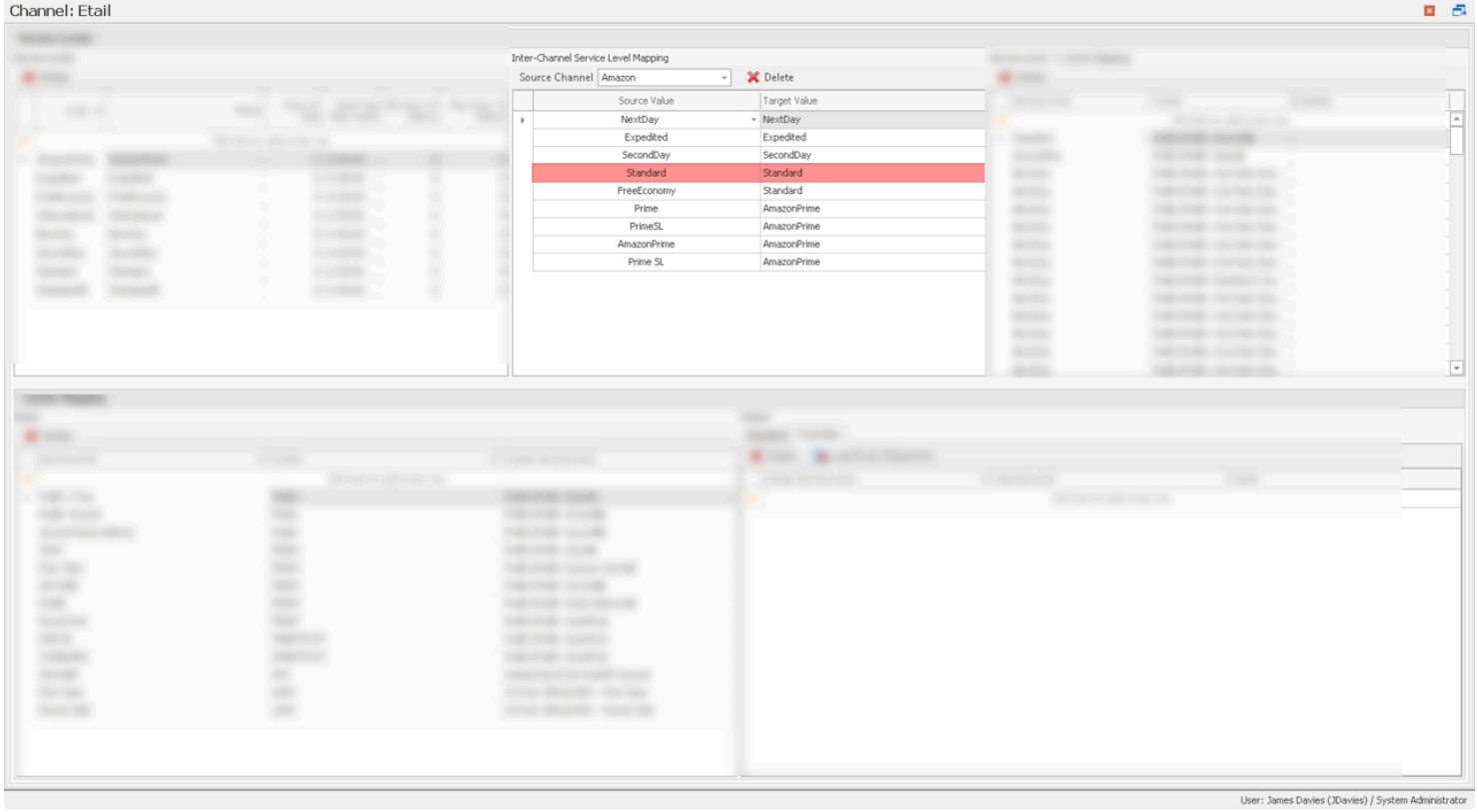


Step 1: EVP receives a SO from a Sales Channel and rationalizes the Service Level Data provided by the Sales Channel

1. – The Service Level provided by the sales channel
    a. – The Etail Service level rationalized

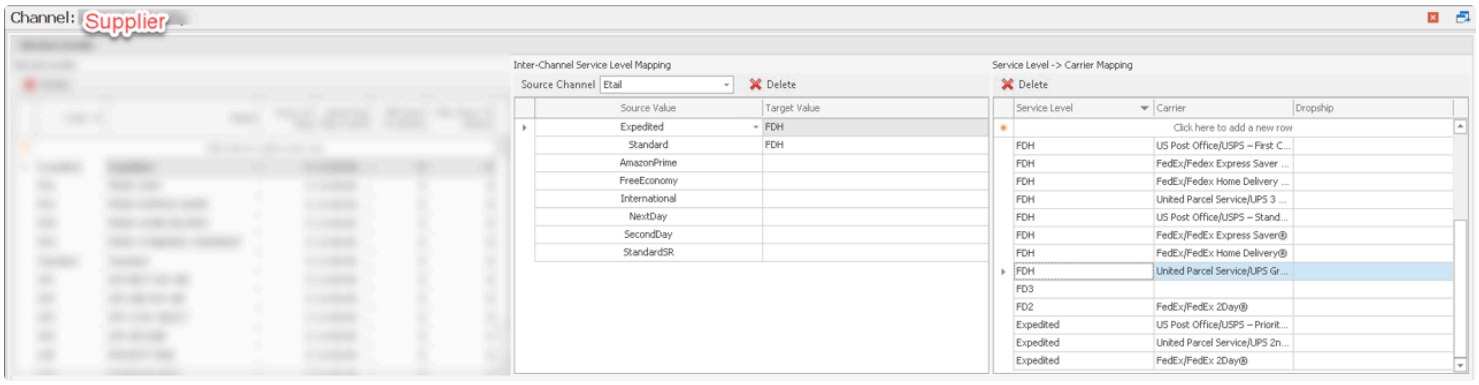
Step 1 (Continued)

Amazon Standard mapped to Etail Standard because of configured on the Etail Channel Shipping Service Level screen. NOTE: We are on the Etail Channel Service Level Screen and the Source Channel is the Sales Channel.



Step 2: EVP determines a fulfillment source, and the rationalization of the Standard Service level occurs; Meaning we determine which options we have to ship the order via the selected fulfillment source. NOTE: We are on the Supplier Channel and the Source Channel is Etail.

Standard is mapped to the Supplier Code “FDH”; In the Service Level → Carrier Mapping section, FDH is mapped to multiple Carrier options. This is the superset of options available for this supplier.



Step 3: After EVP determines a fulfillment location it rates shops all available options based on the location configuration AND the channel shipping service level configuration (Step 2).

Note on Step 2 that FDH is mapped to multiple carrier options. At that point, it is a label not tied to any specific cost model. It is on the location that these labels are tied to a shipping cost model and generate a specific cost (*Figure 3-C*).

This is to allow location-specific configuration; For example, you have a supplier with three locations and each location has different shipping costs (or overhead fees). Because EVP determines shipping cost at the location level it can handle these configuration requirements.

The important point to note is that on Step 2 (on the shipping service level screen) the carriers in the "Service Level → Carrier Mapping" is a label not tied to any cost and only creates a superset of options that are then configured for each supplier location (Step3).

The carrier options labels are setup on the System → Carriers screen (*Figure: 3-A*). The options available for the "carrier" section of the "Service Level → Carrier Mapping" are what is configured on the System → Carrier screen. Again, these act only as label not tied to any specific costs. It is during Step 3 that the labels are tied to a SCM on a specific fulfillment location.

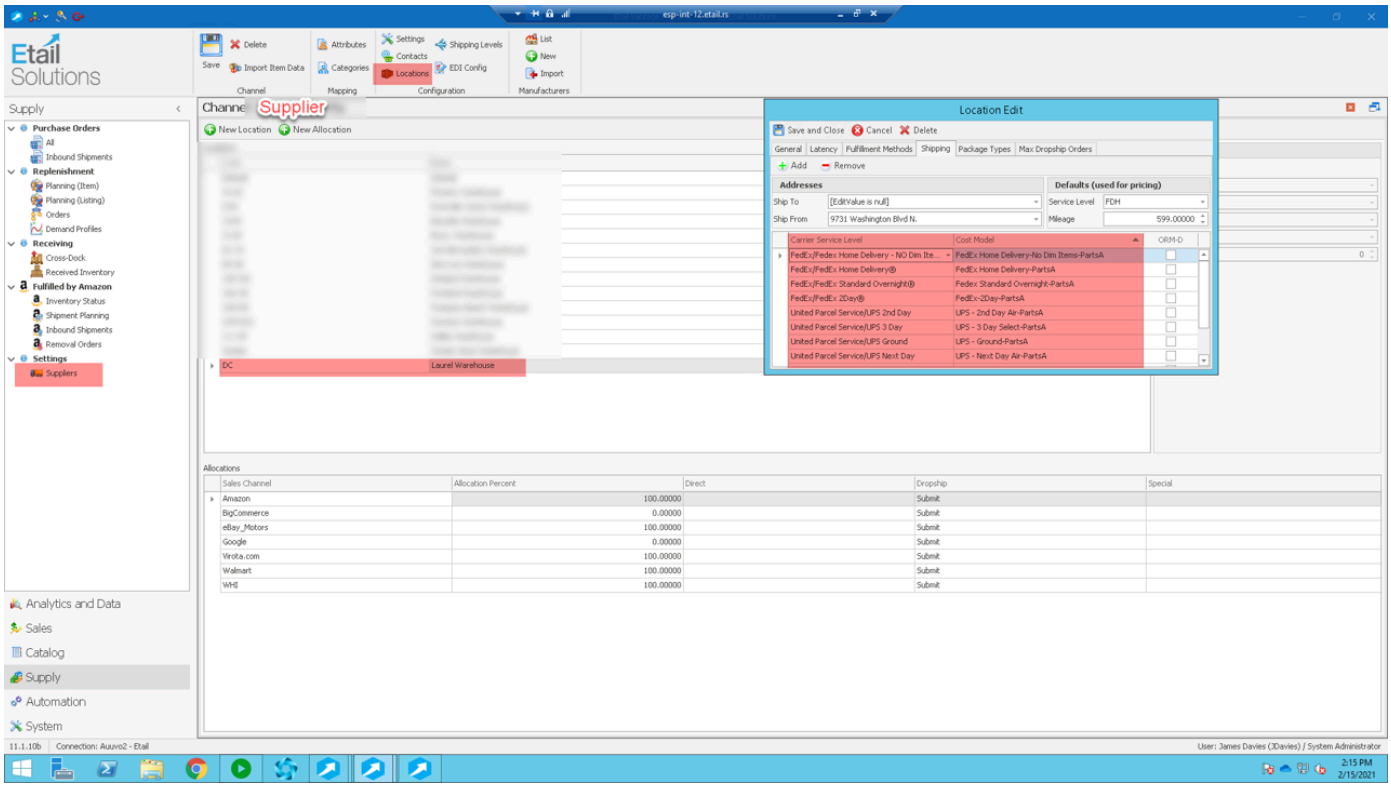
The location selected for this location was the "Laurel Warehouse"; Standard configuration has the cheapest option selected (This is configured on the System → Setup → Selection Order tab) (*Figure: 3-B*).

See the Document "Shipping Cost Model Basics" for a more in-depth review of how SCM determine costs.

Step 2 (Shipping Service Level Screen)		Step 3 (Fulfillment Location → Shipping Tab)	
Supplier Carrier Service Map Value	**Carrier Service Label**	**Carrier Service Label**	**Shipping Cost Model (SCM)**
FDH	US Post Office/USPS – First Class	US Post Office/USPS – First Class	USPS – First Class Mail – Packages – PartsA
FDH	US Post Office/USPS – Standard Mail	US Post Office/USPS – Standard Mail	X
FDH	FedEx/FedEx Express Saver – NO DIM	FedEx/FedEx Express Saver – NO DIM	X

	Items	Items	
FDH	FedEx/FedEx Home Delivery – NO DIM Items	FedEx/FedEx Home Delivery – NO DIM Items	FedEx Home Delivery-No Dim Items-PartsA
FDH	United Parcel Service/UPS 3 Day	United Parcel Service/UPS 3 Day	UPS – 3 Day Select-PartsA
FDH	FedEx/FedEx Express Saver	FedEx/FedEx Express Saver	X
FDH	FedEx/FedEx Home Delivery	FedEx/FedEx Home Delivery	FedEx – Home Delivery-PartsA
FDH	United Parcel Service/UPS Ground	United Parcel Service/UPS Ground	UPS – Ground -PartsA
NOTE: Step 3 not all options are tied to a SCM so these options are not considered when determines fulfillment/cost from this specific location			

Figure 3-C



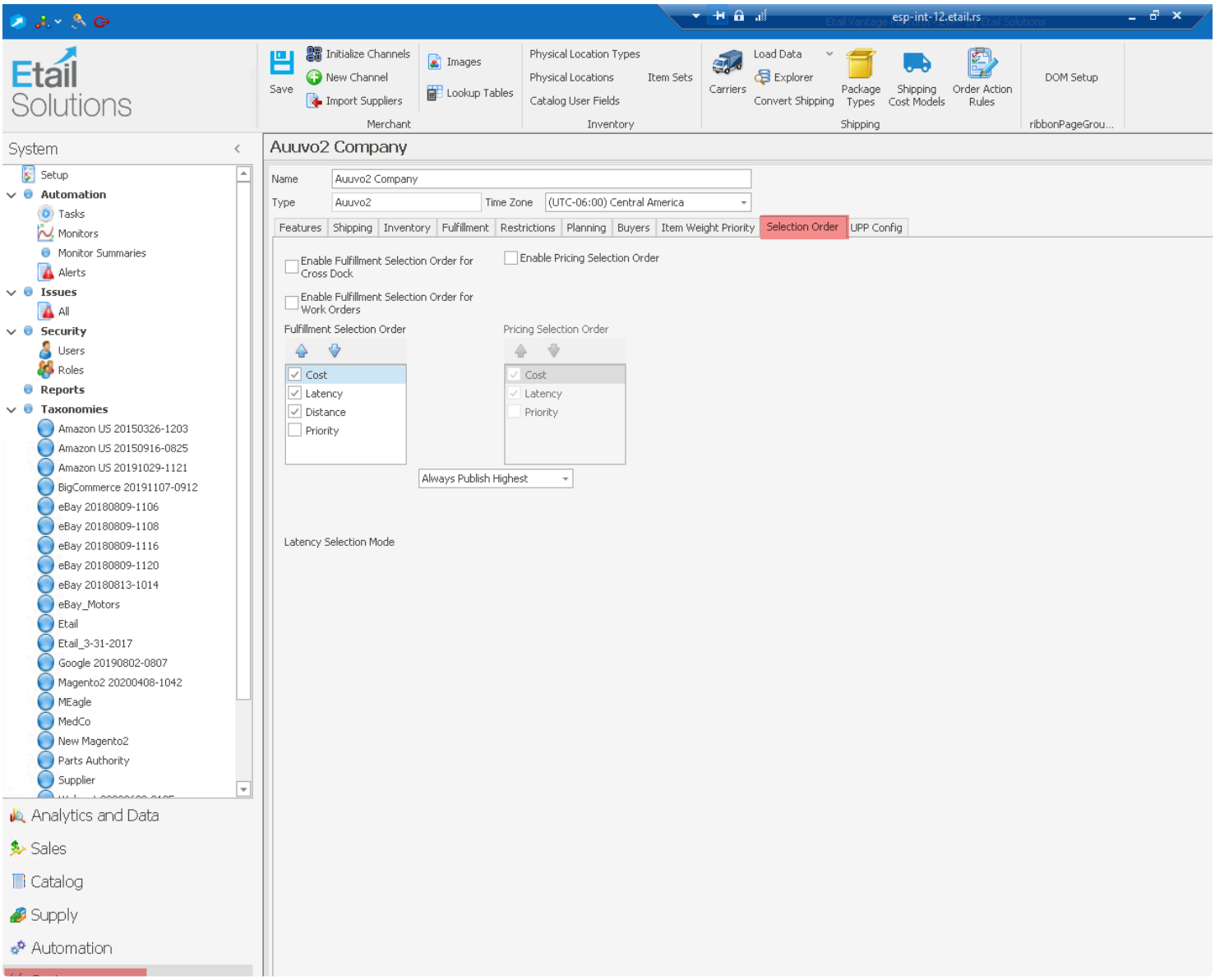
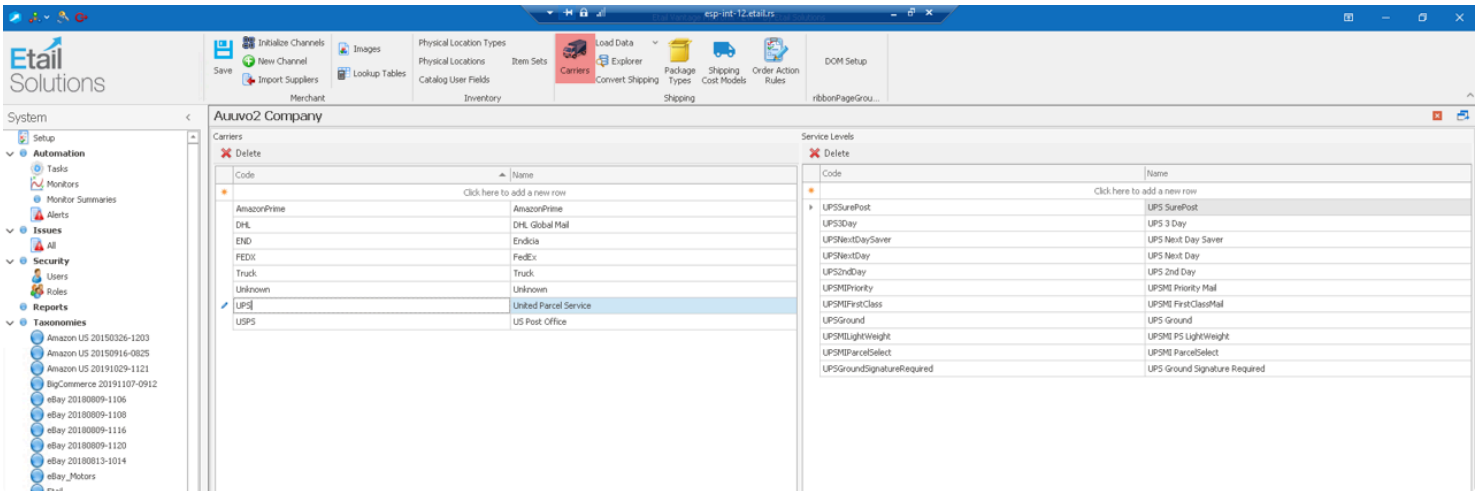


Figure 3-B

Figure 3-A



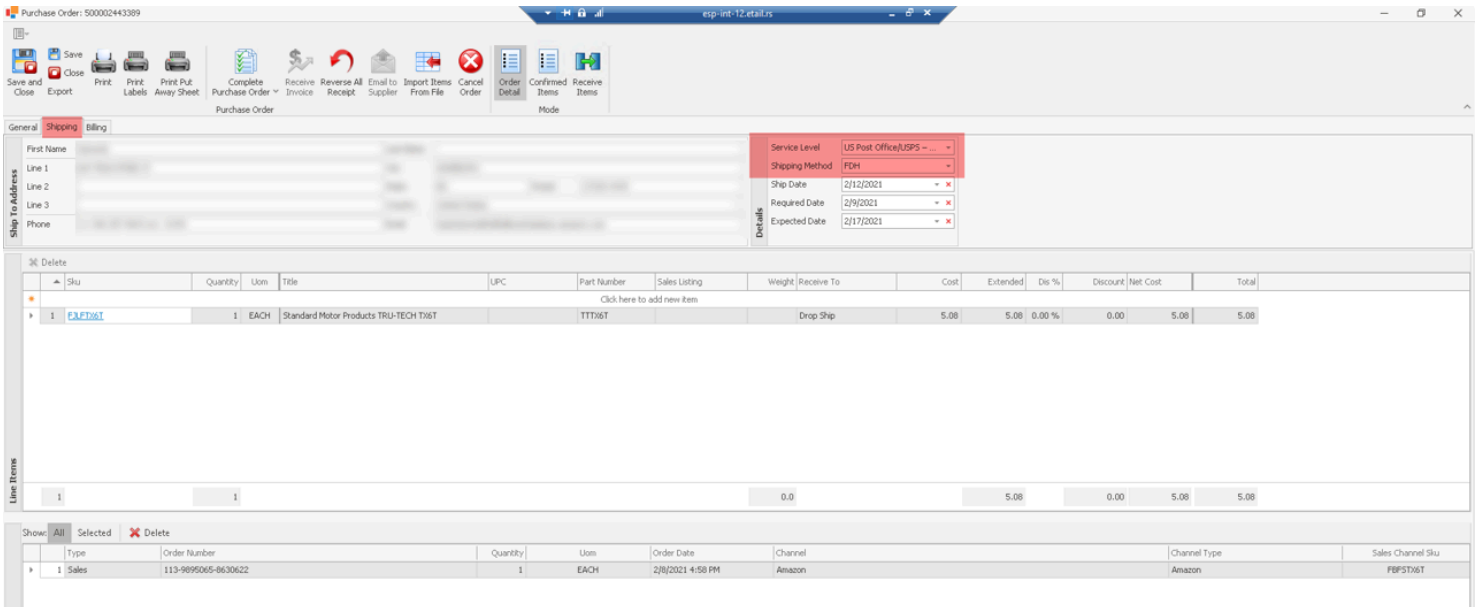
Step 4: After EVP rate shops the available options for the selected fulfillment locations and determines which method to be utilized:

CrossDock: Creates a CD Order with the service option selected

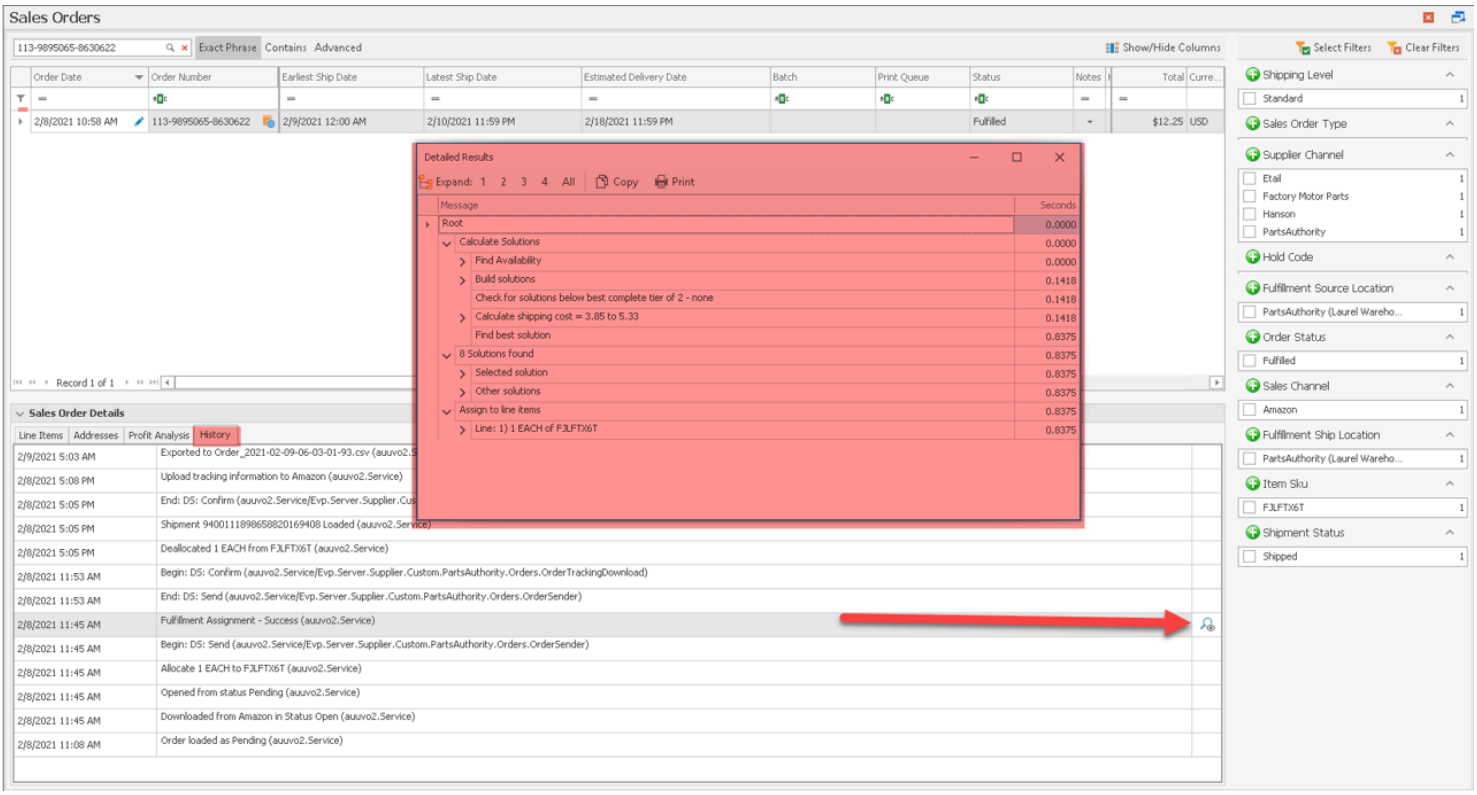
Dropship: Creates a DS PO (Purchase Order) with the service option selected (see example below)

Stock: Fulfills the SO from Etail Locations (local stock)

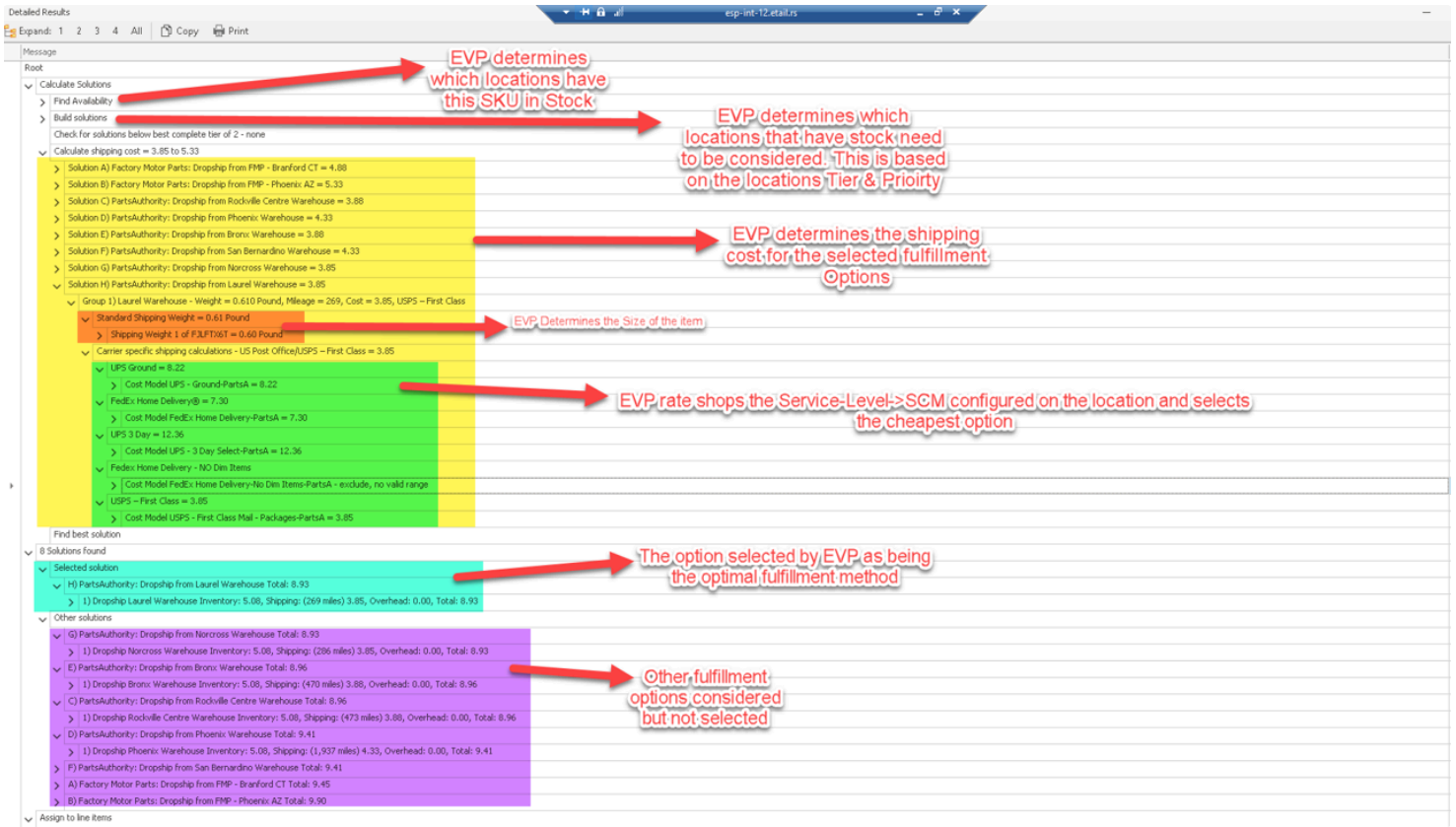
3PL: Creates a 3PL Fulfillment Order



This entire process can be seen on the Fulfillment Trace/History.

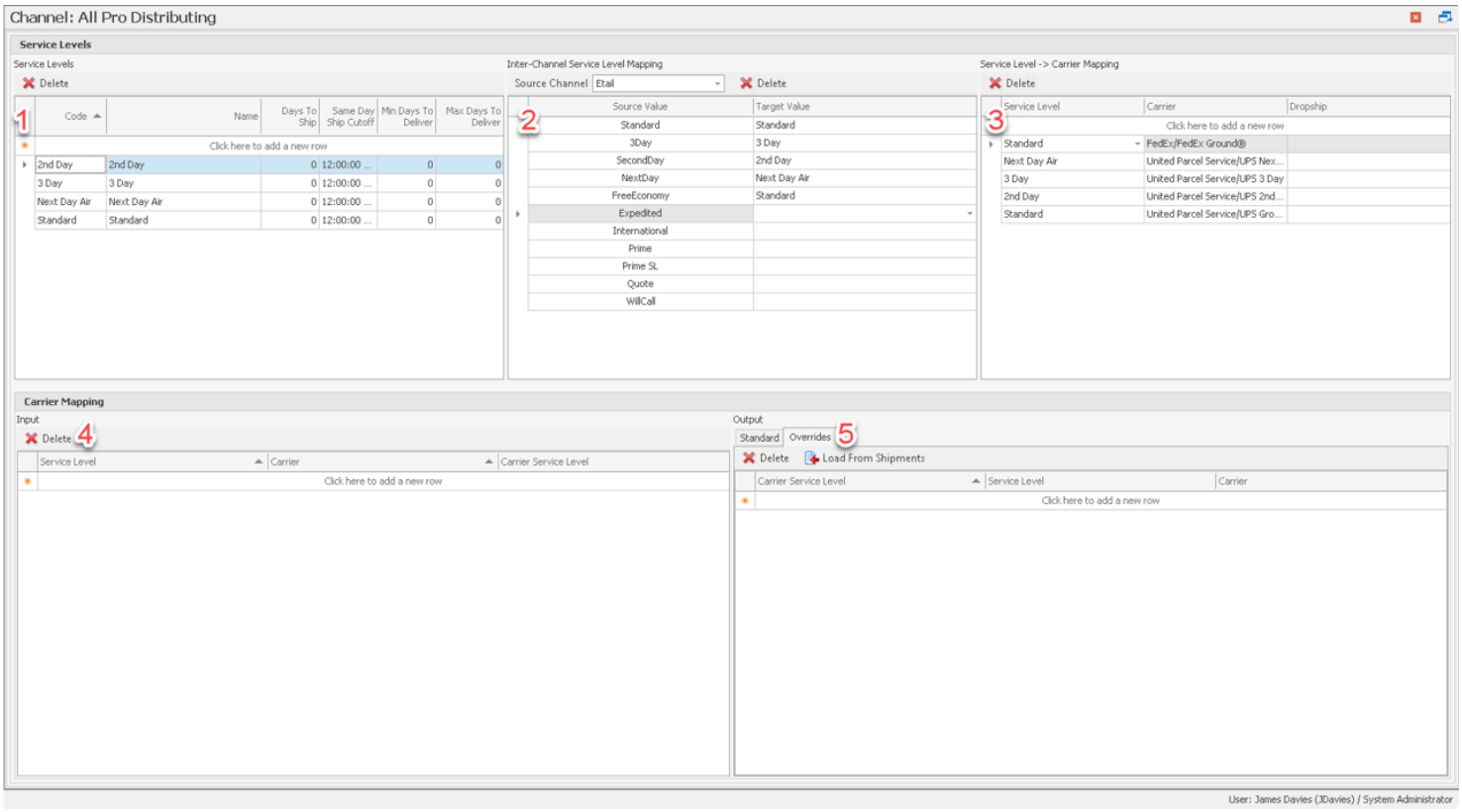


Fulfillment Trace Access



Fulfillment Trace Example Breakdown

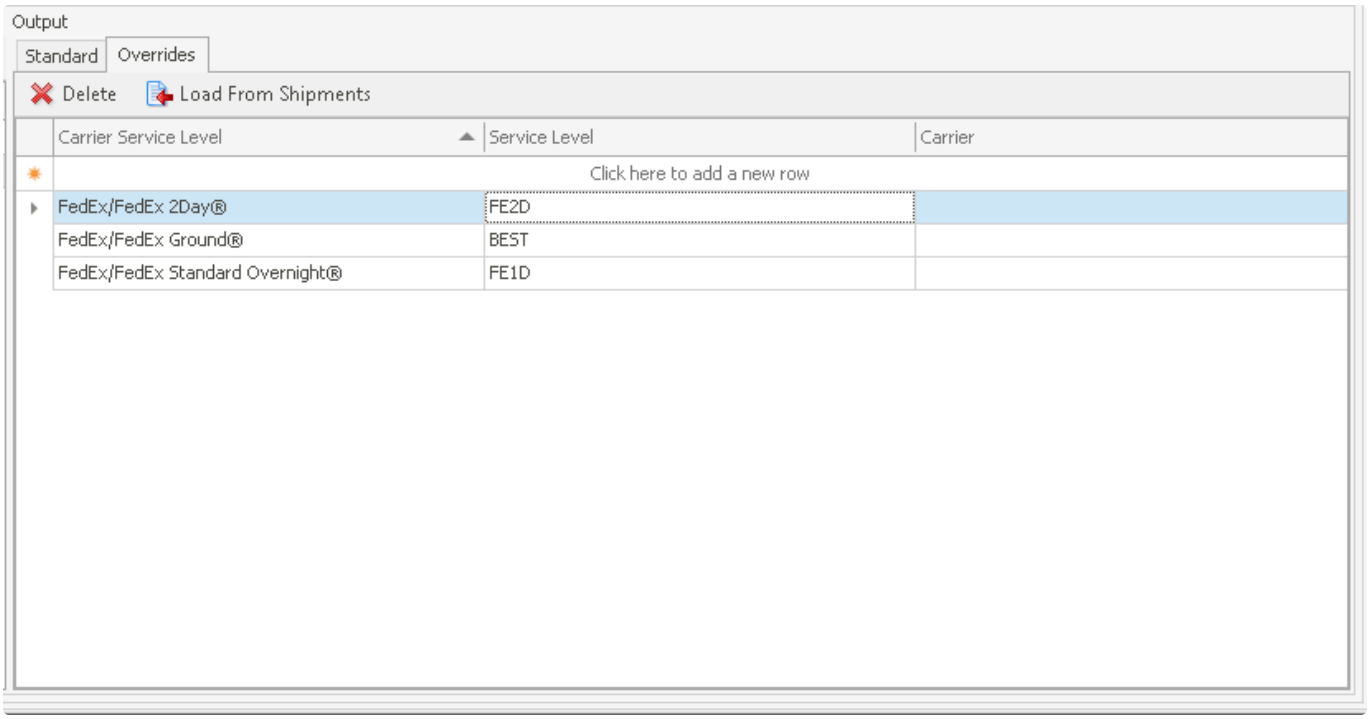
Shipping Level Sections Breakdown



1. Service Levels Quadrant
    a. This section is where you specify the generic service level groups a supplier supports
        i. If a supplier only offers a standard shipping option then we would only want Standard as an option
        ii. This controls the “Target Value” option in quadrant 2
2. Inter-Channel Service Level Mapping
    a. The Source Channel is the channel from which order data is are coming from. EVP best practice is to normalize Sales Order Service Levels on the Etail channel. Meaning on a supplier channel this should almost always be set to the Etail channel.
    b. The Source Values are the generic service level groups configured on the Source Channel.
3. Service Level → Carrier Mapping
    a. This quadrant is utilized to define the actual Carrier-Service levels that should be utilized for the generic sever level groups.
    b. For example, in the screenshot we see in Quadrant 2 Standard is mapped to Standard. Meaning we get an order from a sales channel with the service level Standard, when this order is routed through this supplier channel we want Standard Orders (Sales Channel) to be consider the Standard options (Supplier Channel) in Quadrant 3.
        i. In Quadrant 3 we see there are two options for standard (FedEx Ground & UPS Ground)
        ii. We will compare the costs (defined on the supplier locations) of both FedEx-G and UPS-G when determining how to fulfill the order (and reprice depending on supplier location

configuration).

4. Input
    a. This quadrant is utilized to define the incoming Carrier Service Level data from a channel.
5. Output – Overrides
    a. After EVP has determined a shipping service level to utilize, in some cases the Service Level "Code" we send the supplier on the PO must match the expected formats for that supplier. This is when Overrides are utilized.
    b. In the Screenshot, when FedEx Ground is the fulfillment method, EVP will override the "FedEx Ground" and send "BEST"

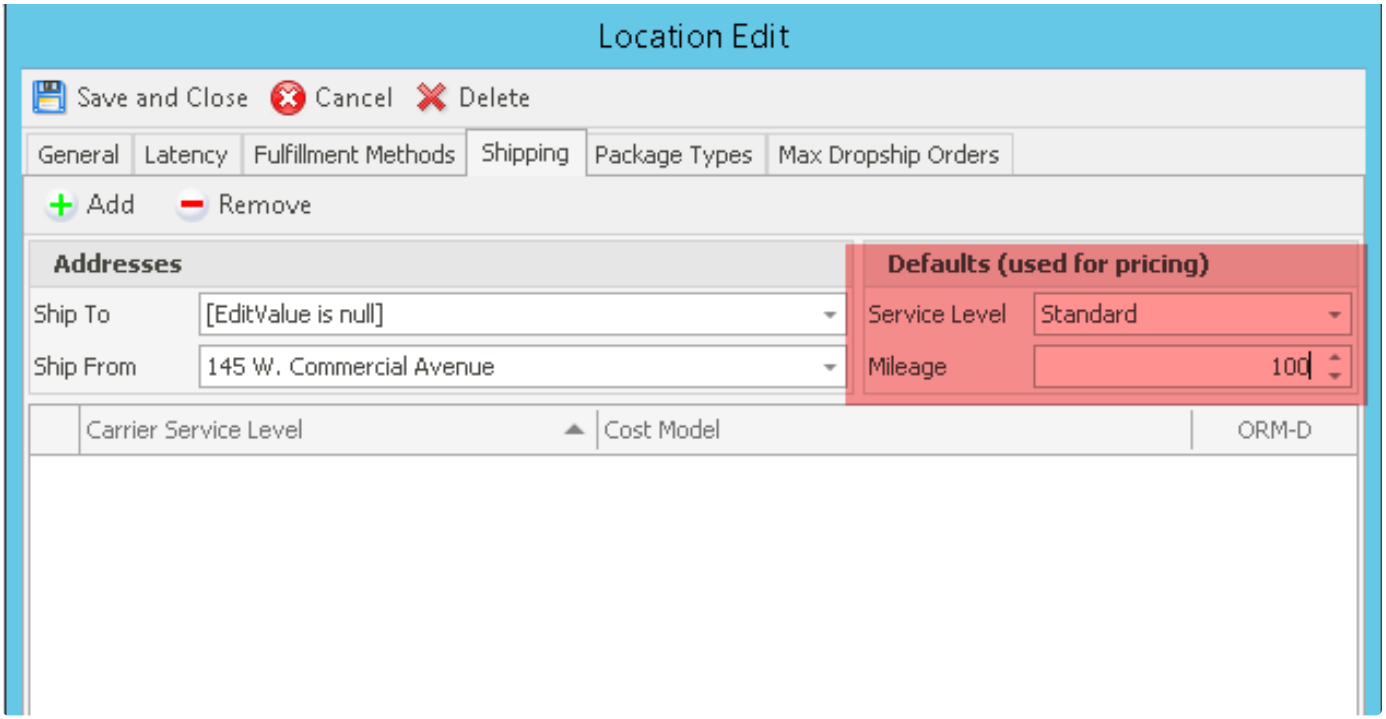


Override Usage Example

Estimated Shipping Cost for Repricing

For repricing, the same process above is executed. As EVP does not know the service level that will be utilized for an order, we must assume one for repricing. EVP also does not know the distance an order will need to go before it is placed; we must also assume a distance. These two points are configured on a supplier location.

In this example, the options configured for the Service Level "Standard" will be utilized and the assumed distance is 100 miles.


Location Edit
Save and Close
Cancel
Delete
General
Latency
Fulfillment Methods
Shipping
Package Types
Max Dropship Orders
Add
Remove
Addresses
Ship To
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Ship From
145 W. Commercial Avenue
Defaults (used for pricing)
Service Level
Standard
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Cost Model
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