

Welcome

**Technology & Operations
Infrastructure For
Successful E-Commerce
Businesses**

**Presented by:
Norman Katz, Katzscan Inc.**


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About Katzscan

- Barcode Applications
- Electronic Data Interchange (EDI)
- Supply Chain Vendor Compliance (↑ & ↓)
- Software Selection & Implementation
- Data Reporting / Analysis / Conversions
- Database Design / Software Development
- ERP Systems & Business Operations
- Supply Chain Fraud & Governance


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About The Presenter

- Norman Katz, owner & founder
- BSBA & Computer Science – UF – 1985
- Katzscan founded January 1, 1996
- Florida Private Investigator – 1998
- Certified Fraud Examiner – 2006
- Corporate Governance Cert. – 2007
- Certified Fraud Specialist – 2008


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Presentation Outline

- Technology Tools
- Distribution Considerations
- In-Source versus Out-Source
- Operations Efficiencies


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Technology Tools

- E-Commerce Web Site
- ERP System
- Returns Tracking
- Warranty Tracking

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E-Commerce Web Site


- Securely hosted
- User friendly Look & Feel
- Easy to navigate
- Easy to search
- Confirms to the consumer
- Serves a business purpose!

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Secure Web Site Hosting

- Self-host or outsource?
- Whose machines – yours or theirs?
 - Shared hosting versus independent machine
- Up-time statistics & bandwidth
- Intrusion & Penetration protection
- Replication – individual server & farms
- Data Encryption & PCI Compliance

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Web Site Look & Feel

- Be aware of “danger color” use 
 - **DANGER DANGER WARNING WARNING**
- Use pleasing (opposing) colors
 - Blues, Greens, Purples
 - Descriptive text in black
- Font sizes
 - Consumer age demographics → Verdana 10 – minimum size for a web site in a nice “spaced” font.
- Avoid text in shades of gray and other colors – okay for borders and lines

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Web Site Navigation

- Master Index
 - Category sub-indexes
- Group based on subject matter
 - How will your customer view your site?
 - Speak your customer’s language! 
 - Multiple paths to a page
- Is your Site Map a Cop-Out?
- Test your page links!

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Web Site Searching

- Customer viewpoint!
 - How would a stranger search your site?
 - Multiple paths to same product
- Description versus Characteristics
- Searches based on product characteristics
 - Size, Gender, Color, Fabric, Categories
 - Drive to data consistency
 - Synonyms, Alternate Names

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Product Presentation


- Description & Characteristics
- Picture & Price
- Warranty & Availability

Create a unified, structured look with consistent data and no information gaps.

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Customer Confirmations

- Confirm that the customer:
 - Is logged in 
 - Has selected an item for purchase
 - Has deleted an item for purchase
 - Has logged out
 - Thank the customer for visiting & ordering
- Tell the customer when an action has been taken 

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ERP System

Enterprise Resource Planning

- Customers, Suppliers
- FG's, RM's, Components → \$ & # & ?
- PO's, SO's, WO's, Invoices, Pick Tickets
- Bills Of: Material, Labor, Operations
- A/P, A/R, G/L
- *Other features.....*

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E-Commerce ERP

- Extension of ERP functions to web site
- Sales Order Processing
 - Pricing, discounts, availability, S&H, etc.
- Inventory Control
 - Order Allocation until payment verification
- Distribution
 - Ship notification to the customer

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Returns

- Can eradicate profits from order
- Can cause disgruntled customers
- Can be a source of fraud
- Common overlooked operations area
 - Impacts: cash on hand, space, staff
- Are reduced by better web site information
 - Educate your customer before the purchase!

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Reasons For Returns

- Didn't like
- Didn't "fit" (size, color, construction)
- Damaged on receipt
- Wrong product ordered
- Wrong product shipped
- Too late
- Fraud

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Returns Tracking

- Authorization / Approval process and ID
- Tie return to sales order
 - Verify order & look for repeat offenders
- Reduce damage during return
 - Is outbound packaging reusable?
- QA process
 - Return Status: Damage, Salvage, Resell
 - Beware of fraud here!

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Reduce Returns

- Verify pick & pack process to sales order
- Use a reliable shipper
 - Will shipper pay for damages in their care?
- Check outbound packaging
 - Carton construction
 - Fill materials
 - Taped seams
 - Outside identification and warnings

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Product Recalls

- Could you institute a product recall if necessary?
- What agreements exist between you and your vendors?
- What is your liability as a distributor? ◇
- Where does quality responsibility lie?
- Selling counterfeit or illegal goods?

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Warranties

- Warranty responsibility:
 - You
 - Manufacturer
- Perception becomes reality, whether we like it or not
 - You may have to get involved to help the customer
 - Customer knows you, not manufacturer

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Warranty Tracking

- Warranty period at item level
 - All items on order likely not the same
- Tie to which date?
 - Sales Order, Shipment ✓, Invoice
- Tie to returns tracking
 - Restart warranty on replacement
- Track by serial number when possible

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Consumer Complaining

Who has the consumer's ear?

- The company (*least effective*)
- Better Business Bureau
- Regulatory Agencies (i.e. FTC)
- Law Enforcement
- The Internet
- State Attorney General's office ◇

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Distribution

Which employee touches the customer's product last?

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Distribution

Which employee touches the customer's product last?

The lowest paid!

(We get what we pay for, don't we?)

High expectations – Low wages

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Distribution Sourcing

- Common distribution outsourcing
 - 3PL (3rd Party Logistics providers)
 - Fulfillment house
- How will partners communicate?
 - Data transfers
- Who is responsible for what, and when?
- Is there a call-center option?
 - What's the data visibility?

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Distribution Options - Internal

PRO'S	CONS
<ul style="list-style-type: none"> • Complete Control • Done our way • Can offer business model flexibility • End-to-end tracking • Complete visibility 	<ul style="list-style-type: none"> • Investments in: <ul style="list-style-type: none"> – Technology – Staff – Space • Can limit distribution point options → increase shipping costs

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Distribution Options - External

PRO'S	CONS
<ul style="list-style-type: none"> • Reduce early investments • Multiple distribution points = ↓ shipping \$ • Let the professionals do it! • Can offer flexibility • Economies of scale 	<ul style="list-style-type: none"> • Less overall visibility • Trusting someone else with your data & stuff • Does not alleviate your responsibilities to the customer • Small size may reduce priority with provider

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Operations Efficiencies

- Clear planning
 - Manage by exception, not exception management
- Use of “achievable” technology
 - *The functionality you can afford*
- A smart workforce
- Don't be penny-wise & pound-foolish

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Vendor Compliance

- A Supply Chain Management strategy
- Pushes responsibilities on vendors
 - *Only possible if you can leverage size*
- Technology requirements (i.e. EDI)
- Barcode labeling
- Business conduct
 - Gift giving, child labor, damages, returns, backorders, fulfillment timeframes, etc.

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Thank You!

Any Questions?

www.katzscan.com

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