

Solve the Omnichannel Fulfillment Challenge

Using The Nextuple™ Fulfillment Studio

Market-driven fulfillment (noun)

A new fulfillment strategy that pulls inventory from multiple stores, consolidates shipping into fewer packages and makes any product available for pickup anywhere in that market





The Omnichannel Fulfillment Challenge

The pandemic created a surge in e-commerce that is overwhelming retail supply chains. This rapid growth of online sales is stretching aging distribution networks to the limit. Retailers struggle to increase network speed and boost flexibility, while keeping costs down.

At the same time, Amazon has set the bar high for customer expectations around speed and convenience for online shopping. Online shoppers expect free two-to three-day shipping. When products are not available or delivery times are too long, consumers will shop elsewhere.

Retailers can provide two-day delivery to eighty percent of the U.S. population by using three distribution centers across their network. However, next-day delivery requires a minimum eight distribution centers at a cost of more than \$100 million in capital per center. This is not feasible for most retailers.

Retailers are taking new approaches to meeting customer demands quickly by pushing fulfillment closer to the end customer, to avoid massive investments in new distribution facilities. These include:

1. **Store Fulfillment** - Increased store fulfillment with BOPIS with curbside pickup and ship-from store options.
2. **New Hubs and Micro-fulfillment Centers** - Expanded in-market fulfillment capacity with new/metro fulfillment centers, dark stores, pop-up hubs and 3PL outsourcing.
3. **Regional Delivery/Carriers** - Invested in faster delivery with same day delivery and regional carriers.

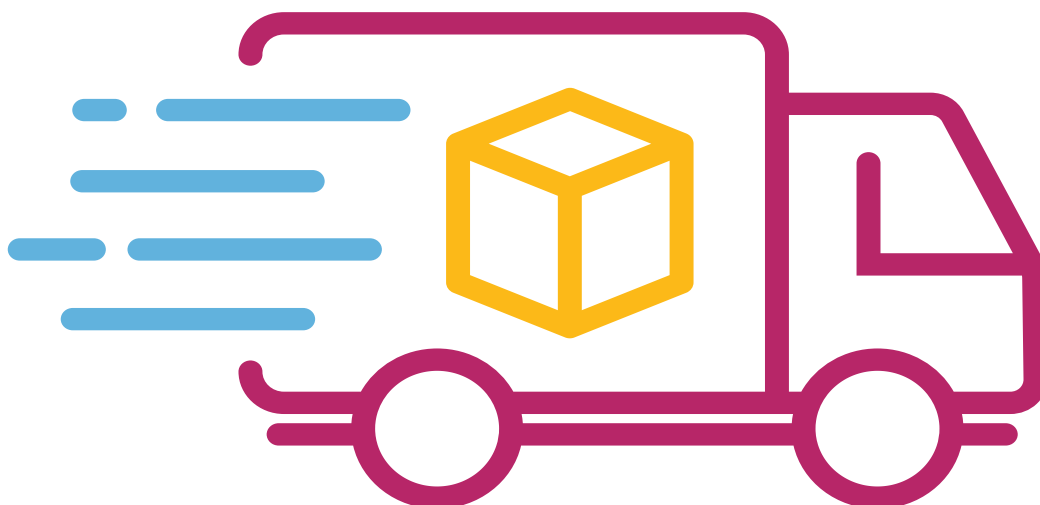
Each of these options have numerous costly logistical challenges that erode margins.

Retailers need a better way to increase fulfillment from stores without breaking the bank.

Local Fulfillment Challenges

Moving fulfillment closer to the customer creates new logistical and operational challenges including:

1. **Limited inventory availability and accuracy** - Stores generally have lower accuracy rates (70 to 90 percent) than distribution centers (typically more than 99.5 percent). Store level promising for pickups and/or shipping is becoming more difficult creating market imbalances.
2. **Store fulfillment complexity** - Constrained labor and space limits the amount of ship from store store opportunities.
3. **Higher costs to meet demand** - Increased ship from store costs due to higher labor, real estate, and split shipments.



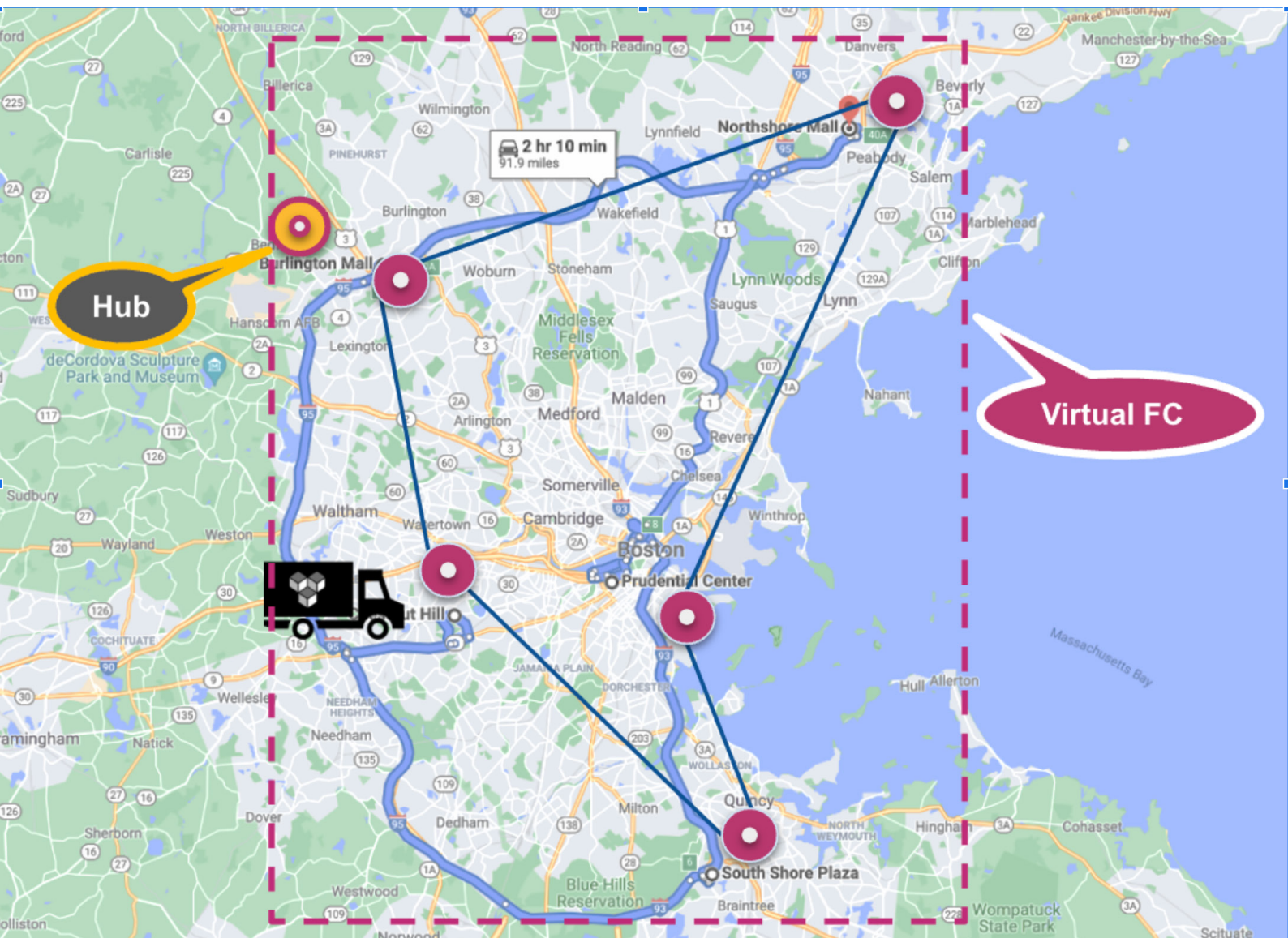
Nextuple Platform

The Nextuple Platform gives retailers the speed and flexibility they need, at lower cost, while solving the logistical challenges using the existing fulfillment network.

Market-driven fulfillment is a new strategy that creates a virtual inventory pool, and distributes that inventory, based on demand, by connecting a network of stores.

The Nextuple Platform solves the local fulfillment challenges by:

- ◆ **Connecting all stores in a given market** - A pool of inventory connected with logistics as an alternative to a Metro FC
- ◆ **Make any product available anywhere in the market** - Store based inventory is now available to the market for pick up anywhere e.g using alternate stores, access points, lockers etc
- ◆ **Shipping more from stores in fewer packages** - Simplify store fulfillment, pick & transfer to a **shared** sortation hub for shipping in fewer packages

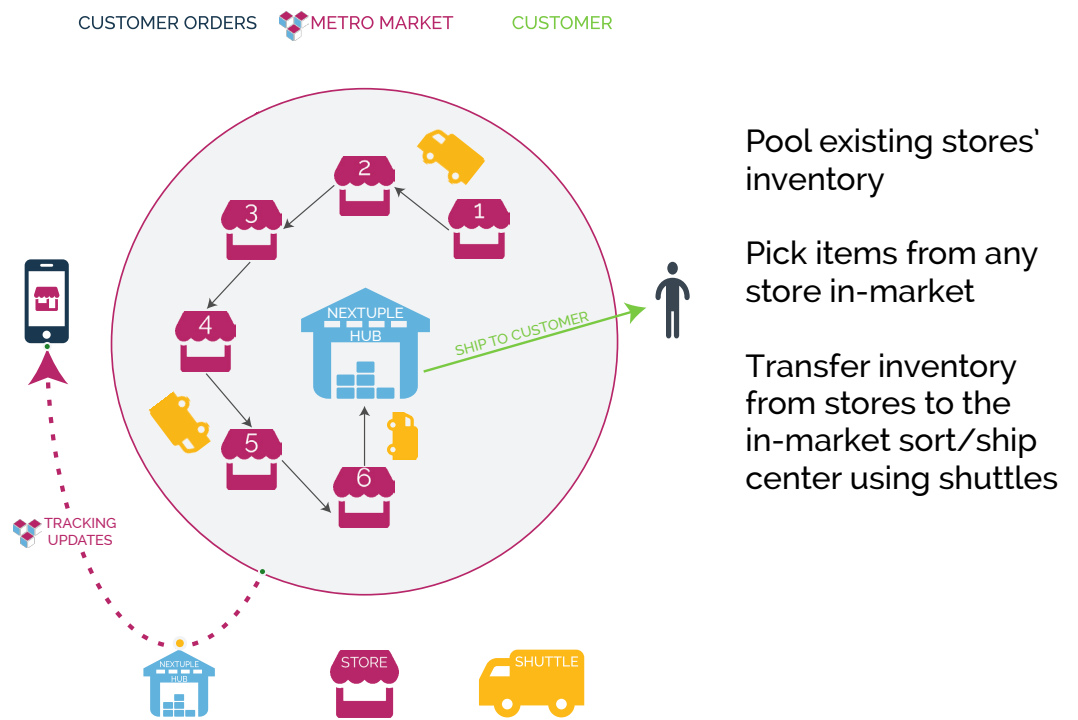


Use Case: Ship from Store Consolidation

Case Study: 35 Inventory pools fulfill 100,000 orders with 3 units per order.

Opportunities Identified:

- ➔ Shipping speed: **1.5 days faster**
- ➔ **2 Times x** SFS shipping capacity
- ➔ **15-20%** reduction in fulfillment costs
- ➔ **20%** reduction in splits
- ➔ Average reduction in shipping distance: **200 miles**



Source Store

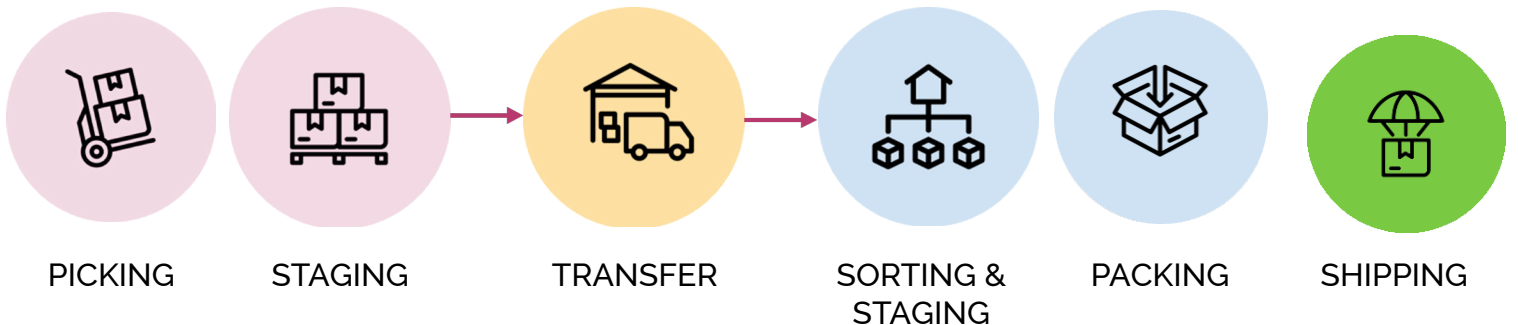
- Order lines picked at the store
- Nextuple shuttle pickup from stores daily

Shuttle

Nextuple shuttle transfers picked lines from source to destination stores

Hub

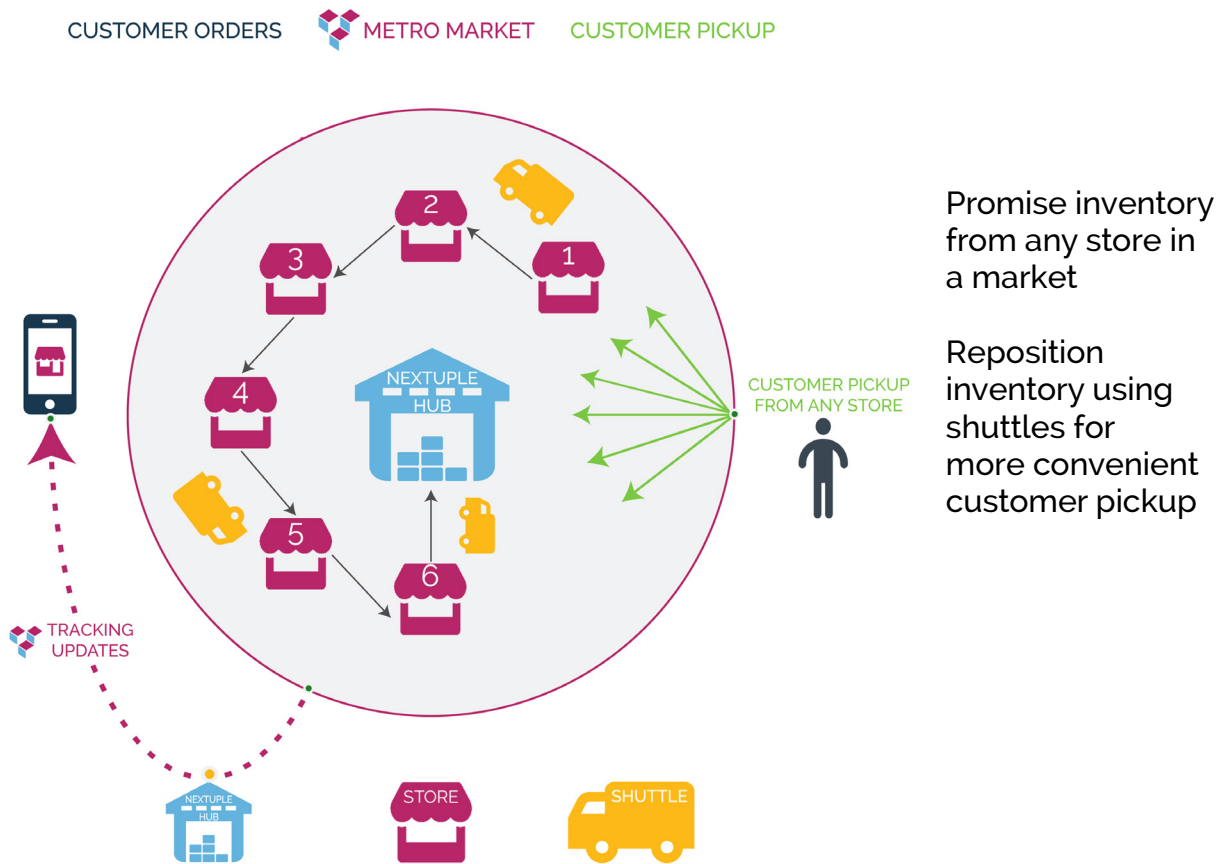
- Shuttle drop-off at the Hub
- Sorting/ Packing/ Shipping



Use Case: Connected Store Pickup

Case Study: 14 stores currently do approximately 1000 BOPIS orders per day.

Opportunity Identified: BOPIS  by 40-60% per day.



Source Store

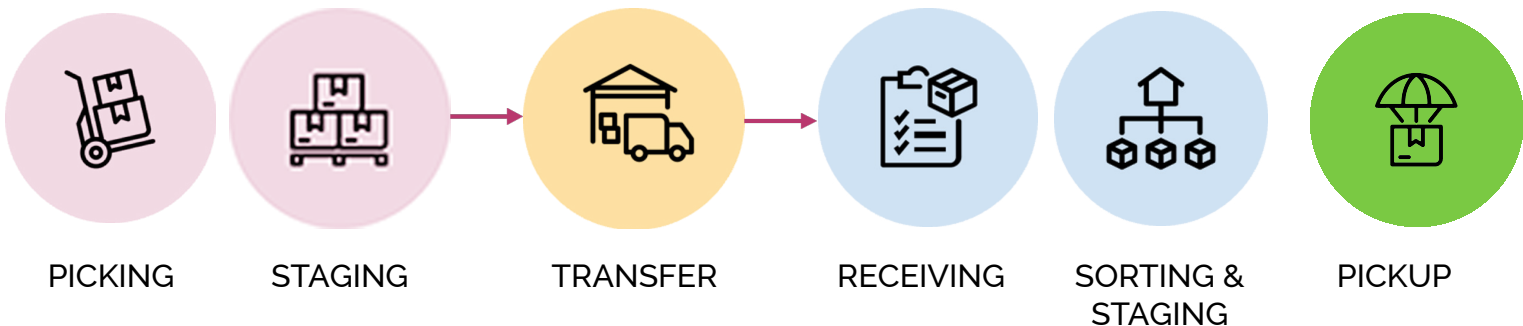
Order lines picked and staged at the store

Shuttle

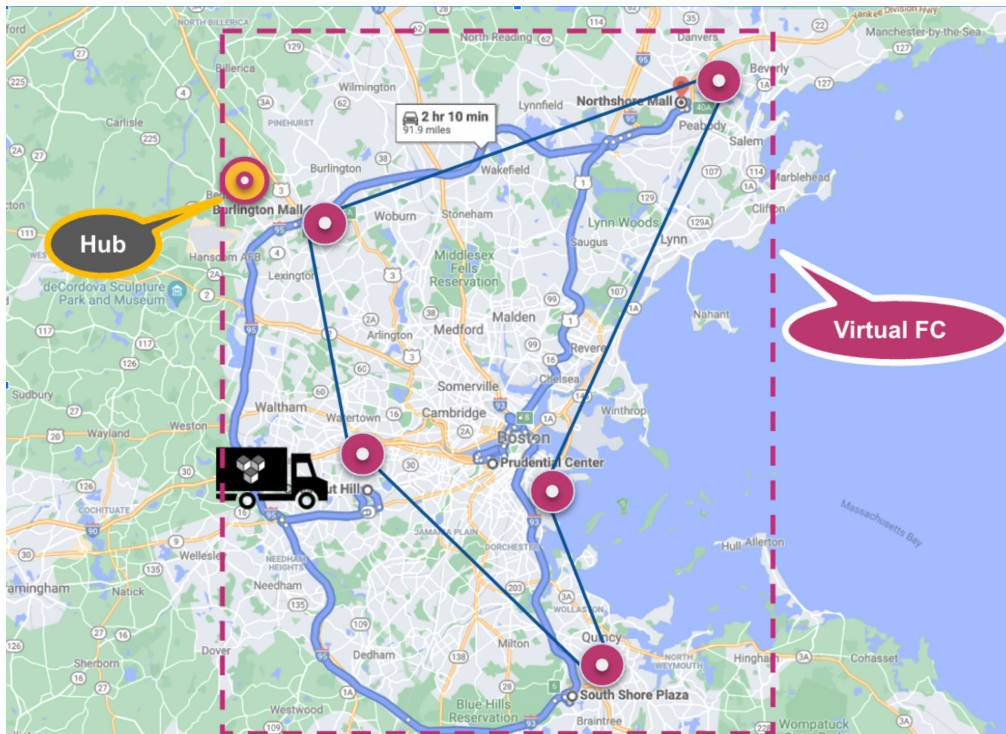
Nextuple shuttle transfers picked lines from source to destination stores

Customer Pickup

Transfers sorted and staged for customer pick-up at the destination store



Boston Pilot Overview



Test & Learn Opportunity

- ◆ **Order Picking** - Store associate picks item(s) from the Picking Store using existing process
- ◆ **End of Day Pickup**- Nextuple driver picks up orders between 6-9 PM
- ◆ **Next Morning Drop-off** - Driver drops off orders at customers Pick-up location between 8-11 AM
- ◆ **Next Day Shipping** - Consolidated ship to home orders are packed and shipped next day

Markets

- Boston launching NOW (April 2022)
- Other major metro markets will be considered

Software

Flexible deployment options to include on premise/private cloud / SaaS



USA – Massachusetts
1 Elm St Unit 2C,
Andover, MA 01810 USA
<https://www.nextuple.com/>