38 Benefits of Upgrading Your Enterprise Inventory Availability System

BUSINESS

Store/Distribution Center (DC) Based

	Real-Time Benefit?	KPI Impacted	Range of Improvements
Enabler to Warehouse Management System (WMS) Investments	✗	Cost of Sales	↑ High
Delayed Distribution Center (DC) openings through more effective use stores enabled by accurate inventory	✗	Cost of Sales	↑ High
Declining store sales without omnichannel offering over time. Consumer expectation on BOPIS, etc. is rising	✓	Sales	↑ High
Improved forecasting and repleninshment based on more accurate, real-time data	✓	Sales	↑ High
Increased SKU assortment in store from increased space availability based on more accurate replenishment	✗	Sales	↑ High
Improved in-stock visibility on web to drive store traffic	✓	Sales	→ Medium
Lost store sales from poor replenishment (due to inaccurate picture)	✓	Sales	→ Medium
Faster time to make markdown decisions	✓	Margin	→ Medium
Lost stores sales. Associates not trusting inventory data to help consumers inside store	✓	Sales	→ Medium

BUSINESS

Digital Enabler

	Real-Time Benefit?	KPI Impacted	Range of Improvements
Enabler for SFS and BOPIS options within eCommerce through accurate store inventory picture	✓	Sales	↑ High
Eliminate check store availibility link and show geo-located results directly on PDP through a fast inventory call, resulting in improved BOPIS conversion and overall margin	✓	Sales	↑ High
Cancel reduction (from cross-channel real-time inventory and fill rate improvement)	✓	Cancel Rate, Fill Rate	↓ Low
Conversion improvement from greater inventory visibility (missed sales showing currently showing out of stock that may not be)	✓	Conversion	↓ Low
Reduction in eCommerce safety stock levels. The more real-time you are, the lower the safety stock	✓	Conversion, Inventory Turn	↑ High
Reduced substitution rate on digital orders	✓	CSAT, Fulfillment Cost Per Order	↓ Low
Improved order throughput time with reduced node bouncing created by fill rate issues	✓	CSAT	↓ Low
Reduced split shipments (more accurate store picture reduces risk of splits)	✓	Split Rate, Shipping Cost Per Order	↑ High
Conversion improvement by being able to sell future inventory	✗	Conversion	↓ Low
Reduced Customer Appeasement from cancel reduction	✓	Appeasements as a % of Sales	→ Medium
Store labor cost improvements. Assuming less no picks drives down cost per unit to fufill store-based orders	✓	Fulfillment Cost Per Order	→ Medium
Enables promising at scale. You can't provide accurate EDDs in cart or PDP without real-time inventory. This is an enabler to promising benefits, which is often a 2% to 5% conversion lift	✓	Conversion	↑ High
CSAT improvements (reduced cancels, reduced unknown backorders) leading to reduced customer churn rate	✓	CSAT, Customer Churn Rate	→ Medium
Holiday performance. Scalable inventory master under load reduces cart abandonment caused by poor page load times (conversion risk avoidance)	✓	Cart Abandonment	↓ Low
Reduced unknown backorders from real-time inventory picture	✓	Backorder Rate	↓ Low
Improved conversion by using inventory data to influence product array search results (i.e. showing in-stock results at top, etc.)	✗	Conversion	↓ Low
Sharing accurate inventory results to 3rd party shopping and marketplaces (Google, etc.) improves conversion rate from these sites	✓	Conversion	↑ High
Central repository for inventory visibility enables better decision making	✓	Inventory Turns, Store Sales, Web Sales	↑ High

IT RELATED

	Real-Time Benefit?	KPI Impacted	Range of Improvements
Reduced TCO of inventory service through a mixture of indirect (support, maintenance) and direct (license, hosting) costs	✗	IT Costs as a % of Sales	→ Medium
Performance at scale. As throughput increases, systems degrade causing inventory pictures to be stale	✓	Conversion, Cancels, Fill Rate, CSAT	↓ Low
Consumers of inventory data call one system real-time versus peicing together a picture from multiple systems (both real-time or through feeds)	✓	Improved Inventory Accuracy from Reduced Reconciliation Drives Conversion, Cancel and CSAT	→ Medium
Business continuity. Disaster recovery is improved through a decoupled architecture (higher uptime, lower recovery point objective)	✗	CSAT, Loss of Sales	↑ High
SAVR - audits and reconciliation cut down research time, get at root causes faster, user interface to troubleshoot	✓	Conversion, Cancels, Fill Rate, CSAT	→ Medium
Event-driven architecture means it's easier to provide threshold-based feeds (no programmming required) versus job driven for any message there can be any event and any consumer	✓	IT Costs as a % of Sales	↓ Low
Infrastructure costs, storing copies of inventory (get rid of onprem legacy systems which are more expensive than cloud)	✗	IT Costs as a % of Sales	→ Medium
Configurability drives down programming effort	✗	IT Costs as a % of Sales	→ Medium
QA efforts (less testing with less copies of inventory data)	✗	IT Costs as a % of Sales	↓ Low
Performance and application monitoring in real-time is enabled. (Java Spring Boot, Redis, MongoDB, PostgreSQL - this provides more feedback which makes it easy to monitor the system, find bottlenecks and application errors	✗	Conversion, Cancels, Fill Rate, CSAT	→ Medium
Reduced QA efforts due to automation test scripts provided with the application	✗	IT Costs as a % of Sales	↓ Low