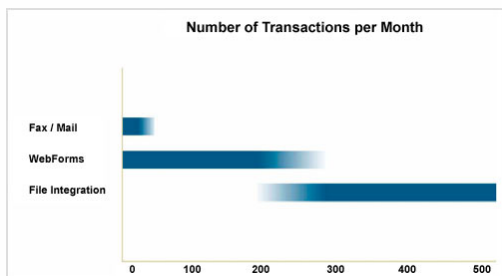


Outsourced EDI Services

E-COMMERCE FOR SMALL & MID-SIZED BUSINESSES

AN OUTSOURCED, INTERNET-BASED SERVICE



SPS Commerce's Outsourced **Electronic Data Interchange (EDI) Services** quickly enable your organization to satisfy its customer's requirements for electronic Purchase Orders (POs), Advance Ship Notices (ASNs), Invoices, Inventory Status Updates, forecasting and more.

For a majority of Consumer Packaged Goods (CPG) manufacturers, this forces an internal question; "**Does my company need to be an EDI expert?**" If you answer "No", then SPS Commerce's Outsourced EDI Services are for you.

SPS Commerce's Outsourced EDI Services include several options to meet your needs today and tomorrow:

- **Integrated EDI:** SPS' EDI service that eliminates data entry by sending data directly into and out of your accounting, ERP, and/or warehousing system(s). Integrated EDI is ideal for high volume manufacturers.
- **WebForms EDI:** For low transaction volumes, Web-based EDI allows you to send and receive documents easily and efficiently using online templates. Keystrokes are minimized by forms that automatically pre-fill information and check for syntax or business errors before sending documents to your customers.
- **Paper Conversion:** For very low-volume businesses without a personal computer, SPS Commerce converts documents from paper to electronic file formats on your behalf.

MORE THAN ELECTRONIC CONNECTIONS

When most people hear EDI, they immediately think about how to send and receive electronic documents. Connectivity provided by Value-Added Networks (VANs) has traditionally been the starting point for CPG to Retail EDI conversations. Requirements for connectivity are clear:

- **Reliability:** The network has to be available all day, everyday, with little to no downtime.
- **Speed:** When data is sent, it must be received in a timely manner.
- **Security:** The data needs to be accessible by only the intended recipient.
- **Accountability:** The ability to provide visibility of the location of all documents and verification of receipt.

As the VANs have matured and new Internet-based technologies like AS2 have risen, connectivity and its requirements have become a *commodity service*.

EDI IS ABOUT INTEGRATING BUSINESSES

While connectivity is important, it is only the first step. When two companies begin to electronically share information like Purchase Orders and sales forecasts, what they are really doing is starting to integrate their business systems. While EDI is a standard, each implementation of EDI is as unique as the business that is using it. Each retailer has developed its own set of unique EDI Specifications. These specifications use EDI to layout the data needed, the processes used and the workflow required to do business with that specific retailer. Depending on the company, there could be multiple EDI Specifications or “Rule Books” to handle:

- Domestic Partners vs. International Partners
- Multiple Order Fulfillment Models (Ship to DC, Cross-dock, Ship to Store, etc.)
- Traditional Vendors Products vs. Private Label Sourced Products

WHAT DOES IT TAKE?

Each one of these “Rule Books” represents another integration point between two businesses. This Business-to-Business Integration (B2Bi) becomes even more complicated because once you’re integrated to one customer; the next customer will have a different set of “Rule Books” and so on and so on.

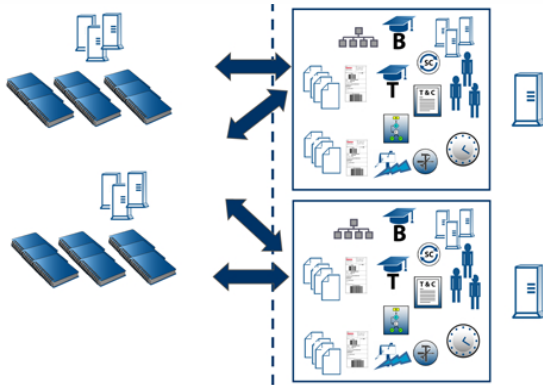
To properly execute an EDI or B2Bi project, you need to become an expert on each retailer you integrate to. You need to know the organization’s staff, the terminologies and the company’s entire supply chain processes. In addition, you must have the technical expertise to understand the retailer’s connectivity requirements, data structures, business processes and workflow specifications. You also need to understand both the testing and operational processes. Once you understand all of that, you must have the technology to support those requirements. This means infrastructure such as hardware, software and network connectivity and also integration tools to do the transformation of data and development of the various maps between the two companies’ systems and processes. Finally, you need someone to do all of this work and run the systems once they are built.

IS B2BI MY COMPANY’S CORE COMPETENCY?

For those CPG manufacturers who have attempted to build and manage their own EDI or B2Bi integration systems, they often find them lacking necessary features because of the complexity of adapting their systems to business changes.

As the CPG / Retail supply chain expands globally, it also stretches between an increasing number of companies. CPG manufactures themselves are now outsourcing more and more of their business to accommodate these changing business processes. Things such as HR and Payroll are almost always outsourced to a third-party, as well as specific supply-chain functions within like warehousing, logistics and manufacturing. Because of this, B2Bi is no longer just between the CPG supplier and the retailer, but now between the CPG manufacturer, its third-parties and the retailer.

AVOID REINVENTING THE WHEEL



Trading with the same companies causes organizations to create redundant systems

Traditional software solutions, often times can't either support this extended supply chain or are impractical. For most CPG organizations this simply becomes too much to take on. While they believe this B2Bi integration is critical, very few view the ability to do this as a core-competency.

Even if a CPG manufacturer does believe that this is a core-competency, there is another problem with traditional B2Bi solutions. Say "Manufacturer A" sells to two different retailers. To successfully integrate to both retailers, "Manufacturer A" has to learn each retailer's "Rule Books", hire and maintain a staff, buy the infrastructure to support those business processes, and build the systems and maps to integrate to those retailers. If "Manufacturer B" also sells to those same two retailers, s/he will have to do exactly the same thing as "Manufacturer A". Realistically, if the staff of each organization switched jobs, they would be able to immediately support the other's systems because they would be identical.

So not only is B2Bi and EDI not a CPG manufacturer's core competency, it is also a time consuming effort to simply re-create the redundant technology as every supplier who sells to the same retail customers.

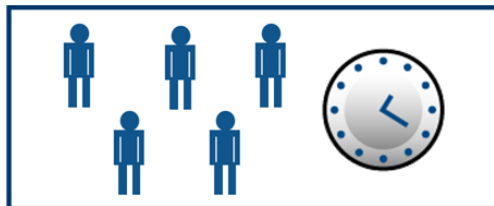
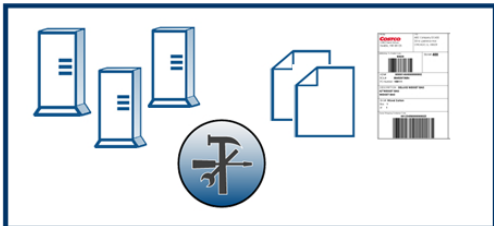
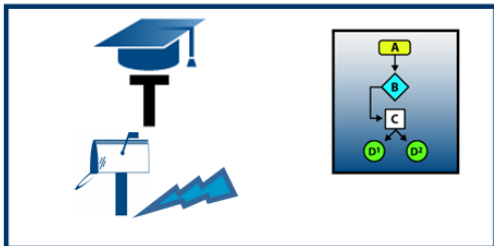
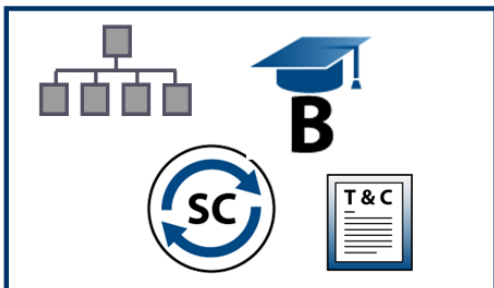
If B2Bi or EDI isn't a core competency, then what does a CPG manufacturer do to integrate with their retail partners? Most small to mid-sized CPG manufacturers look to other integration technology options, primarily outsourcing.

With more than 1,200 business processes and workflow scenarios, 2,300 fulfillment models and 6,000 maps already in production, SPS Commerce offers the most comprehensive reach of any outsourced EDI service. We take the work out of EDI by partnering closely with the industry's leading retailers, grocers and others to stay completely in sync and up-to-date with any changes to their business and technical trading requirements.

SPS' multi-tenant application model enables clients to share common hardware and software, infrastructure, and business and technical processes, including trading partner maps. The reuse of these elements offers greater

SPS COMMERCE: THE OUTSOURCED B2BI PROVIDER

B2Bi requires knowledge about experts on business processes, workflow, technology and the staff and time to manage all of the systems



reliability than traditional, “single-company” software models and minimizes total cost of ownership by distributing the expense across thousands of customers.

Outsourced B2Bi Integration can take many forms, from outsourcing the technology components to staffing. To address the business needs of trading partners, an outsourced B2Bi provider supports a full spectrum of transaction types, workflow scenarios and data formats used by current and future trading partners.

Many organizations offer outsourcing services under the supply chain umbrella, but it’s important to understand the completeness of the outsourced approach. SPS Commerce is a full-service provider which offers a comprehensive outsourced model. All of our services include *technology* for trading partner integration, *staffing and expertise* to manage all business and technical requirements, as well as *reusable business processes* to ensure reliable and efficient interactions with trading partners.

SPS Commerce incorporates the following technologies:

- EDI application software
- Supporting system hardware and software
- Mapping and labeling tools
- Application management tools
- Network support
- Application integration

SPS Commerce includes business and technical staff for:

- Design and installation
- Contacting trading partners and gathering requirements
- Testing
- Integration
- Monitoring data and applications
- Fixing data and applications
- Resolving issues with trading partners
- Operational and performance reporting

SPS Commerce business processes include:

- Trading partner maps
- Order models
- Workflow scenarios

WORKS WITH ALL OF YOUR TRADING PARTNERS

To integrate business processes between trading partners, SPS Commerce's outsourced solutions, SPSCommerce.net, is easily accessible by partners of all sizes in all locations. With a standard web browser, users can access the application from anywhere in the world.

In addition, SPS Commerce offers an application programming interface (API) to simplify the process of posting and extracting information. This API is in a format that works with your other systems, whether it's flat file, EDI, XML, web services or some other format. The API should hide the complexities underlying the system, so that users simply need to know how to get data in and out of the application. Finally, SPSCommerce.net include pre-packaged adapters to reduce programming requirements with your accounting, shipping and packing systems.

