The Definitive Guide to ASNs and How They Can Benefit Your Business
1 Introduction
2 Benefits
3 Challenges
4 ASNs and Cross-Docking
5 ASNs and Drop-Shipping
6 ASNs and Direct Store Delivery
7 ASNs and Evaluated Receipt Settlement
8 Essential Requirements for ASN Effectiveness
9 Next Steps?
Introduction

The idea behind the **Advance Ship Notice (ASN)** document is very simple. It will provide your customers with shipping-related information prior to their receiving a shipment. This way, they know exactly what they are going to receive and when, and can plan accordingly.

This simple idea makes a great deal of difference to any logistics process.

1. It speeds up dispatch and delivery by ensuring everyone involved in the process has accurate information about the items in transit.

2. Stock levels in warehouses and distribution centers can be reduced with cross-docking or direct shipping processes.

3. Payment times can be reduced, as an ASN can eliminate the requirement for invoicing.

Sending ASNs is pretty straightforward. They are sent in an electronic format, such as an EDI document or a web form. But before you go any further, read this eBook and find out how to ensure ASN success in your business.

This eBook examines the business benefits of adopting ASNs, the challenges involved in successful implementation and the areas you should think about further.
The Four Cs of an ASN

An Advance Ship Notice must be:

**Complete**
Think of an ASN as a sophisticated Bill of Lading. It will have some of the same information but also other information regarding the shipment, such as order information, carrier information and a product description.

**Correct**
Accuracy is vital. The ASN will tell everyone involved what is shipped and in what quantity. Recipients need to know what they have received and any differences there are from the initial order.

**Confirmed**
All information on the ASN has to be validated to ensure the accuracy of the contents of any shipment. This is especially important when the ASN replaces an invoice and payment is released upon successful delivery.

**Communicated**
Timeliness is essential when sending your ASN. It should be sent when you dispatch the shipment, giving the recipient time to plan for the delivery.
The Benefits of Using ASNs

Hindsight is a wonderful thing. Foresight is much, much better. That’s what an ASN brings to your supply chain. Everyone can see what’s to come, knows exactly where it is and can begin to organize their business around it. Every person in the chain is armed with the right information to make effective decisions quickly.

The benefits can be extremely impressive.

Supply Chain Digest suggests implementing ASNs can reduce receiving costs by up to 40 percent. A major retailer has reduced stock time in its warehouse by 83 percent, enabling it to handle an extra 25,000 items per day.

Another company reported 98 percent data accuracy for orders and real-time visibility across its entire logistics chain.

Retail and manufacturing companies have seen widespread use of ASNs to facilitate business initiatives like Efficient Customer Response (ECR) and Just-in-Time Inventory (JIT).

Through advanced supply chain techniques, such as Cross-Docking, Drop Shipping and Direct Store Delivery, the combination of ASNs and barcodes is a platform for driving supply chain performance and improving supply chain visibility.
Benefits of ASNs and Barcode Labels

1 - A Supplier Labels Packages and Sends Advanced Ship Notice (ASN)
- Detailed electronic manifest of shipment contents
- Transportation mode carrier and expected delivery date

2 - Buyer Plans for Storage and Transportation
- ASN contents uploaded to Warehouse Management System

3 - Buyer Tracks through Supply Chain
- Track and trace of multimodal shipments
- Dynamic ETA calculation for delays

4 - Buyer Receives Shipment in Warehouse
- Barcode scan match against Warehouse Management System
- Electronic proof of delivery
Everyone Benefits From ASNs

THE SENDER

Suppliers and manufacturers benefit from:

Product Tracking
Freight carriers scan bar codes upon acceptance, transfer points, and delivery, so shipments can be tracked en route.

Loss Claims
All parties know the content of each shipment, so missing cartons can easily be tracked and claims can be made accordingly. Replacements are quickly expedited.

Faster Distribution
Products are moved through distribution centers more quickly so they arrive on the sales floor in less time.

Improved Customer Service
Fewer stock outs, order errors and missed delivery schedules translate into higher customer satisfaction.

Reduced Order-to-Payment Cycles
ASNs reduce dispatch and in-transit times so orders are completed more quickly and payment can be released at point of delivery.
Everyone Benefits From ASNs

THE RECIPIENT

For retailers, wholesalers, and others on the receiving end of goods, the benefits include:

Receipt Planning
The ASN arrives before the goods, so logistics and operational staff can plan for delivery and schedule accordingly.

Inbound Shipment Visibility
The ASN enables inbound shipment visibility and an exception based framework. Alerts help improve inventory management to drive changes in production plans or expedited ordering to meet demand when shipments will be late.

Fast and Accurate Stock Receipt
Contents can be quickly identified using barcodes and matched with PO numbers, item numbers, and quantities, so data quality is higher and received goods are processed faster.

Warehouse Carton Routing
The receiver’s warehouse management system (WMS) can often use the label to route cartons internally through automated conveyor systems.

Improved Inventory Management
ASNs can reduce the amount of stock held in a warehouse or distribution center and help retailers to plan stock on the shop floor more accurately.
Challenges of Implementing ASNs

The benefits of ASN adoption can be compelling. However, there are barriers to successful implementation that have to be overcome.

The ASN is a complex element in electronic trading. It goes far beyond simple document exchange. It can be viewed as the documentary evidence of a new logistics approach.

To gain full benefit, the ASN shouldn’t be implemented in isolation. We recommend that your ASN project is accompanied by an effective barcode scanning or RFID system that allows anyone within the supply chain to check the contents of a carton or pallet against the ASN. This means that a successful ASN implementation will involve your entire trading partner community and as a result you may encounter some of the following challenges:

**Supplier and Carrier Participation**
If you have less than 100 percent of your suppliers and carriers participating, the benefits are not optimized. Any link in the supply chain process that is not ASN capable undermines the investment you make.

**ASN Data Accuracy**
If ASN data isn’t accurate there will be delays, lost productivity, and customer service shortfalls. Suppliers will have to be trained to send accurate, timely and complete documentation for the process to function.

**Management and Support of Suppliers/Carriers**
ASN business rules should be enforced and exceptions need to be identified and managed. This process should be daily and ongoing with the management overhead factored into your plan.

**Partner Onboarding**
It is difficult to help each supplier and carrier implement and test ASNs without investing in resources for the onboarding process.

Traditional EDI challenges, in terms of document types and communications formats, can arise here as different partners have different IT capabilities and integration requirements.
Challenges of Implementing ASNs

ASN, a Managed Services Approach

Given the complexity, many companies partner with a B2B service provider to help them facilitate their ASN process. If you are considering this option, check that any service provider has the following attributes:

A Proven Track Record of Success
Choose a provider that has been in this space for years with customers to prove it.

The Right Products
You may already use EDI, but not all of your suppliers and carriers will. Choose a service provider that has solutions for all. A provider should be able to manage the complexity of your business process today and continue to help when you grow. They should be able to configure business rules that help manage your supply chain and catch exceptions before they occur.

The Right Services
Choose a service provider that can help with your supplier and carrier onboarding, training, and day-to-day support. Exceptions occur in even the best planned systems and a good provider can help you deal with those issues swiftly and surely. In addition, it can assist you in driving trading partner performance and supply chain visibility.
ASNs and Cross-Docking

Cross-docking is the logistics process of transferring materials from an incoming truck or train directly into an outbound vehicle. Goods are automatically routed through the warehouse or distribution center and, because products don’t need to be stored, this can reduce shipping and inventory costs.

This technique would be extremely difficult without the ASN. The ASN provides distribution centers and warehouses with the data they need for advance planning of the shipping and receiving processes. Warehouse personnel can accurately schedule drop-off and pick-up times, as well as ensure that the contents of the outbound shipment are correct. This is especially important when goods from more than one inbound consignment are involved.

The cross-docking process is relatively straightforward. Products are shipped, received at the distribution center and unloaded; product barcode information is automatically scanned and verified against the information provided from the ASN. The products are then directed to the outbound door in order to ship to the retailer. Alternatively, products can be directed to another trailer to be combined with products from other manufacturers; or they may be temporarily stored in the warehouse if required.

Cross-docking is an area where ASNs can bring significant benefit to a business. One organization has been able to reduce the time it holds stock by 83 percent and also reduce the cost per carton by 87 percent.
The Cross-Docking Process

1 - POs sent to suppliers

2 - ASNs sent to retailer distribution center

3 - Goods shipped, received at distribution center and directed to outbound door

4 - Goods shipped to one or more stores
Benefits of Cross-Docking

Key Benefits of Cross-Docking Include:

**Accelerated Speed-to-Market**
Goods handling is minimized and products don’t need to spend time on the warehouse floor, so the end-to-end time is reduced.

**Bottom Line Improved**
Products spend no time as inventory. Storage requirements are reduced. Inventory, labor and other associated costs also decrease.

**Increase of Retail Floor Space**
Because shipments arrive in a timely way, less inventory needs to be held. Space can be more effectively apportioned to the retail floor.

**Better Customer Service**
A shortened end-to-end time reduces costs for the customer while service levels increase.
ASNs and Drop-Shipping

Retailers are increasingly turning to drop-shipping to fulfill orders as part of their omnichannel customer experience. With the drop-shipping process, once a retailer receives an order from a customer it raises an order and sends it directly to the supplier. The ASN has a critical role in managing this process.

The concept behind drop-shipping is that the retailer’s supplier will fulfill the order. However, the retailer retains the ownership of the customer, so must be able to provide accurate shipping information when required. In this instance, the supplier creates the ASN and sends it to the retailer.

The product is then shipped directly to the customer but, without an ASN, the retailer would lack visibility into the product shipment, and where it is in transit. The ASN provided by the supplier to the retailer provides key information about the consumer’s order, such as the transportation carrier, point of origin, expected arrival date, and the shipment tracking identifier. Once received from the supplier, the ASN data can be stored in the retailer’s system along with the consumer’s order. The shipment information can then be displayed on the retailer’s website or made available to customer service personnel in the call center.
The Drop-Shipping Process

**Step 1**
- Consumer places order
- eCommerce Platform

**Step 2**
- Order
- Retailer ERP
- Supplier

**Step 3**
- Supplier
- ASN
- CARRIER
- Consumer

**Step 4**
- Consumer tracks on eCommerce Platform

**Step 5**
- Invoice
- Supplier
- Retailer ERP
Benefits of Drop-Shipping

Drop-shipping provides a host of benefits for both the retailer and customer.

Customer benefits include:

**Faster Order Receipt**
Drop-shipped orders are sent direct from the vendor’s warehouse to the customer, rather than to the retailer’s distribution center and then to the customer. This means the customer can receive orders much more quickly.

**Lower Cost**
By eliminating the need to ship to the retailer’s distribution center first, shipping costs to the customer are lower. Fewer carriers are needed and fewer warehouse personnel are involved.
Benefits of Drop-Shipping

Retailer benefits include:

**Reduced Warehouse Costs**

The retailer doesn’t need to hold as much inventory in its distribution center, which is especially useful for infrequently ordered products that are not cost-effective for a retailer to stock; for expensive products that could be costly to stock in any volume; high turnover products that may be challenging to maintain in stock, and time-sensitive products that need to be shipped as quickly as possible.

**Better Customer Service**

Faster ship times and home-delivery options increase customer satisfaction.

**Increased Response and Flexibility**

The retailer can expand its product range and make modifications to product offerings without tying up capital in inventory, resulting in a more agile business.
In the highly competitive retail market, stock must be available in-store to meet customer demand. Direct Store Delivery (DSD) addresses this by enabling a retailer to order goods for delivery directly to its stores. Delivery times are shortened, as the retailer’s distribution center is removed from the process.

FMCG and perishable goods benefit most from DSD as they require fast delivery and frequent replenishment cycles. The use of ASNs between the retailer and its DSD suppliers is essential to ensure the flow of accurate and timely data to successfully implement this supply chain technique.

The DSD process is complex. The supplier prepares its product for shipment with ASN, bar code and associated labels. Once it is ready, the supplier sends an ASN containing the details of the shipment, including all the data from the bar code, to the retailer’s head office business systems. Headquarters immediately forwards the ASN to the specific stores. This allows the stores’ receiving systems to “know” about the deliveries in advance of their arrival.

The use of the ASN streamlines the efficiency and accuracy of the receiving process while significantly reducing the time to receive products and process them for the store shelf.
Direct Store Delivery in FMCG

1- Vendor
• Generate ASN and bar code labels
• Send ASN to Retailer HQ
• Affix bar code labels to pallets

2- ASN

3- Retail HQ
• Forward to stores

4- Shipping
• Trucks deliver pallets to stores

5- Retail Stores
• Receive ASN from HQ
• Scan bar code labels
Benefits of ASN in Direct Store Delivery

Retailer benefits include:

**Faster, More Accurate Receiving**
Product is received, verified and processed quickly instead of having highly-paid, hourly employees perform a slow, error-prone, manual check-in process.

**Receiving Time Reduced**
A Grocery Manufacturers Association study in the UK found that receiving times can be reduced by as much as 60 percent.

**Faster Replenishment Cycles**
Suppliers can expedite orders immediately on receipt. Products spend less time in transit. Retailers are able to better plan stock levels and adjust for customer demand.

**Reduced Warehousing Costs**
Many FCMG products completely bypass the retailer’s distribution center freeing space and reducing stock losses from a truncated supply chain and faster delivery of perishable items.
ASNs and Evaluated Receipt Settlement

Pioneered in the United States by the automotive industry, Evaluated Receipt Settlement (ERS) is a business process where partners trade without using invoices. In an ERS environment, the supplier ships goods and sends an ASN. The recipient matches goods received against the ASN and the original PO or contract verifies everything is correct and pays the supplier.

The ERS process begins with the supplier and customer entering into an agreement to use ERS. It is the responsibility of the supplier to keep its customer up to date with pricing and catalogue information, so any PO is based on accurate data. Once an order is placed, the supplier delivers an ASN to the purchaser, permitting loading/receiving docks to be scheduled and an accurate bar code created.

Upon receipt of the goods, the purchaser matches the ASN against other documents in the process, such as the bill of lading, PO, and initial contract to ensure accuracy. Once satisfied, the purchaser authorizes payment for the goods.

The ERS process can prevent variants in invoicing; eliminate time-consuming, low value activities, such as invoice and order reconciliation; and accelerate the payment cycle.
The Evaluated Receipt Settlement Process

1 - Buyer sends EDI Purchase Order

2 - Supplier receives order

3 - Supplier
   • Packs goods
   • Generates ASN and bar code labels
   • Attached bar code labels to boxes/packages
   • Sends ASN

4 - Upon ASN arrival and good receipt at buyer’s receiving dock, ASNs checked against PO and payment due calculated

5 - Buyer sends electronic payment and remittance advice
Benefits of ASNs in Evaluated Receipt Settlement

The ERS process has a number of benefits

Financial benefits include:

**Reduced Payment Processing Costs**
ERS eliminates invoice generation, matching and reconciliation. It can reduce the number of disputed invoices and minimizes labor-intensive supplier enquiries.

**Pay Only for Goods Received**
ASN validation improves supplier compliance with purchase orders and eliminates the possibility of over-supply or unwanted substitutions.
Benefits of ASNs in Evaluated Receipt Settlement

Supply Chain benefits include:

**Decreased Inventory Levels**
Product information from suppliers provides immediate feedback to the buying process and knowing the up-to-date expected quantities aids the buyer planning process.

**Reduced Receiving Costs**
Automated receiving using ASN information can double distribution center receiving rate without increasing costs.

**Decreased Transportation Costs**
Planning transport based on ASN information means that inbound transport is matched to what suppliers actually supply.
ASN implementation offers exceptional benefits for most organizations. However, it is not a project that should be undertaken lightly. Below are some of the issues that you will need to consider.

1. **Electronic Purchase Order Collaboration**

   It is important that 100 percent of your trading partners, customers, suppliers, and the logistics partners in your supply chain are all enabled to receive electronic Purchase Orders. Large companies can be enabled via traditional EDI, while small and medium-size businesses can be enabled using other technologies, like web forms.

2. **Advance Ship Notice (ASN) and Bar Code Labels**

   It is important you ensure that 100 percent of your trading partners have the capability to send ASNs via EDI or web forms. Look for a solution that also allows you to generate and print the bar code labels for shipments.

3. **Data Quality Management**

   The ASN is a complex supply chain EDI transaction. Look for a solution that includes configurable rules that can ensure that every message is validated for both standard and customer-specific information. In this way, you are assured that every message that passes through your trading partners and integration channels contains the required information and valid system codes. In addition, the system must help collect, clean and feed logistics information to Warehouse Management Systems (WMS) — whether it is your WMS or that of your suppliers and logistics partners.

4. **Exception Management**

   When exceptions occur in the drop-ship process, it is critical that the appropriate personnel are notified so they can take immediate action before customers are affected. Look for a service that monitors the flow of data 24×7 and sends event-based notifications to the right people at the right time. This enables you to concentrate only on those issues that need attention, eliminating crisis management mode.
Six Essential Considerations for ASN Effectiveness

5. Inbound Visibility

By combining the ASN and shipment status EDI messages, you can get visibility into inbound shipments via dynamic ETAs (estimated time of arrival). This kind of visibility solution can be extended so that real-time notification about the progress of an expected shipment is available throughout the supply chain.

6. Third-Party Management

Many organizations choose to shield themselves from the complexity of ASN management. If you work with a B2B service provider, you benefit from its experience and established trading partner network. As ASN implementation will require 100 percent trading partner involvement. This approach is likely to deliver faster partner onboarding; facilitate document transfer and visibility throughout the supply chain; and provide comprehensive training and support for you and your trading partners.
Next Steps?

To learn more about the benefits of a successful ASN implementation, visit www.opentext.com/contact.