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DBC Drop Ship Program: Post Launch Quarterly Reminders

DBC Drop Ship Contact Information		
DBC Drop Ship General Inbox	General Inbox	dropship@designerbrandscanada.com
DSCO/Rithum Support	General Inbox	support@dsco.io
Drop Ship Assortments	General Inbox	DropshipAssortment@designerbrandscanada.com
Drop Ship Invoices	General Inbox	Dropshipinvoice@designerbrandscanada.com
Vendor Assets	General Inbox	VendorAssets@designerbrandscanada.com

Reminders:

EDI Requirements

Designer Brands Canada, including DSW Canada and The Shoe Company (together, "DBC"), requires all drop ship vendors to be fully EDI integrated. All drop ship vendors must be set up with DSCO, by undergoing an operational testing/EDI mapping phase. Below is an outline of the required EDI files:

- **810**: Invoice File – *Must send within 24 hours of ASN (DBC does not accept invoices after 90 days of creation of a PO)*
- **846**: Inventory File – *complete file update required* **daily, including non-business days (weekends and holidays)**
- **850**: Purchase Order File – *please ensure you are using the* **5010** *(not the 4010) document*
- **856**: Ship Notice File – *ASNs must contain the same line number that was transmitted on the 850 & line quantities must match the 850 (if two lines of the same UPC are transmitted with a quantity of 1 each, the 856 must match this, and not consolidate to one line with a quantity of 2)* **Note: An order is not considered shipped until an ASN is successfully received in DSCO**
- **870**: Cancellation File (optional) - *(If not used, cancellations must be done manually in the DSCO portal)*

If an 810 Invoice File or 856 Ship Notice File fails to update in DSCO, the vendor will receive an email notification from DSCO about the error. These errors must be resolved to update and invoice the order. The notification settings can be updated [here]*.*

Inventory Requirements

DBC does a full inventory sync daily. DBC requires a **daily** updated 846 EDI file to ensure inventory is accurately reflected online. Failure to transmit a **daily** inventory feed will result in drop ship brand

removal from theshoecompany.ca and DSW.ca. Below are additional reminders related to inventory management:

- **Safety Stock**: To have an inventory position visible on DSW.ca, 9+ units per UPC must be transmitted on the inventory file.
- **Item Out of Stock/Discontinued**: DBC _must_ receive a zero OH quantity per UPC on the 846 EDI file _prior_ to removing the item from the inventory feed. If this does not occur, the previously transmitted quantity remains available for sale. **Failure to update the quantity to zero will result in vendor account being paused and removal of product from DSW.ca.**
- **Backorders**: DBC does not allow backorders; all items that are unavailable must be cancelled immediately and zeroed out on the inventory file.

Invoicing Requirements

DBC requires all drop ship order invoices to be submitted through DSCO via the 810-Invoice file. The 810-invoice file must be sent _after_ the 856-shipment file, otherwise the invoice will be rejected. The invoice file must be sent **within 24 hours** of the order shipment. DBC does not accept invoices for orders aged beyond 3 months. Below is an outline of specifications for the invoice file:

- **Additional Fees/Discounts:** the item cost should be the only charges included on the invoice file submitted through DSCO. If additional fees or discounts are included on the 810, the file will be rejected.
- **Fees:** Purolator shipping charges for address corrections must be submitted manually to the DBC Vendor Finance team by emailing a separate invoice to Dropshipinvoice@designerbrandscanada.com within 90 days of carrier issuance.
- **Errors:** Vendors are responsible for reconciling invoices that have errored out in DSCO within 90 days of order shipment. Invoice discrepancies must be submitted to DBC within 90 days of remittance or will not be honored for payment.
- Invoices cannot be processed outside of DSCO. Invoices will not be adjusted or paid outside of what is transmitted.

Note: Invoices in error status in DSCO will not be honored for payment. Vendors can opt to receive notification of invoice errors by configuring notifications as outlined here.

Pricing Updates

- **Item Cost:** cost adjustments must be communicated to the drop ship Manager (DropshipAssortment@designerbrandscanada.com) for update at least 7 days in advance of the cost being updated in vendor's system. Cost updates must be sent using the approved "Pricing Update Requests template." The Unit Price field on the 810-Invoice file for DBC activity must match the order cost field of the item on the order file, or they will fail validation in DSCO. In the event of a cost mismatch, DBC will pay the cost reflected on the order file.

- **Failure to ship (hold) or the cancellation of orders because of cost discrepancy will result in vendor account being paused and removal of product from DSW.ca.**

Prior to contacting the DBC Operations and/or Vendor Finance teams regarding unpaid invoices, please validate that the POs have been shipped and invoiced in DSCO.

Order Cancellations

DBC must be notified immediately of all order cancellations via the 870 EDI file or by manually cancelling in the DSCO portal. Orders must be cancelled within 24 hours of receipt of transmission. Once an order is cancelled within the DSCO portal, a reversal cannot be executed. Any cancellation made in error must be communicated to DBC immediately. *Note*: Orders cancelled in error can no longer be invoiced, and the vendor will assume responsibility for the cost of the item(s) contained on the order shipment.

In addition, cancellation rates should not exceed 2% of imported units per week. DBC will remove inventory and pause the account when cancellation rates hit or exceed 2% of imported units for more than one week and will retain the right to remove the Vendor from the drop ship program altogether.

Below are the DBC accepted cancellation reason codes; all other codes will not be recognized by DBC:

Code	Reason
CXSS	Out of Stock
CXSD	Discontinued Item
CXSB	Bad Address

Warehouse Closures

DBC must be notified at least 30 days in advance of all warehouse closures (i.e., physical inventory, inclement weather, holiday, WH move, etc.) and/or system changes (ERP, WMS, etc.), so appropriate action can be taken to remove drop ship product from DSW.ca to mitigate order delays/cancellations during this timeframe. In addition to notification, vendors must also execute the following:

- *Vendors are required to transmit a zero-inventory file prior to their closure and resume sending positive inventory upon resuming normal business hours*.
    - Zero-inventory files must contain all active UPCs with an inventory position of zero OH quantity.
- All outstanding orders must be shipped clean before the beginning of the closure.
- Planned warehouse closures **must** be entered into the warehouse calendar within the Warehouse Manager in DSCO, so they are considered when calculating SLAs. Additionally, regular business days and hours must be configured in the warehouse calendar. Information on how to set up a warehouse calendar can be found here.

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Note: Failure to communicate warehouse changes or closures to DBC can result in suspension of Vendor's participation in the drop ship program. Additionally, Vendors that fail to provide DBC advance notice of such changes or closures will be subject to chargebacks for any resulting order delays/cancellations (i.e., customer appeasement offerings, expedited shipping expenses). DBC's chargeback policy can be found here.

Shipping Requirements

Outlined below are the shipping standards that must be maintained to participate in DBC's drop ship program. Failure to ship within these requirements will result in chargebacks and/or removal from the DBC drop ship program. DBC's chargeback policy can be found here.

- **Order Fulfillment Rate:** All DBC drop ship orders **_must_** be shipped within the agreed upon Service Level Agreement (SLA) of 24 hours. Failure to ship in compliance with SLA will result in drop ship brand removal from DSW.ca and pending orders will either be cancelled or requested to be shipped expedited at the vendor's expense.
    - Orders that are out of SLA will be subject to cancellation.
        - DBC no longer monitors order errors in DSCO and will not provide advance warning before cancelling orders.
    - **Orders that are cancelled due to being out of SLA will not be invoiced or paid, even if they have already shipped.** These customers will receive these orders free of charge, at the vendor's expense.
- **856 Ship Notification (ASN):** DBC requires the 856 EDI file for all order shipments. If a 997 acknowledgement has not been received in confirmation of the 856 transmission, the ASN should be resent.
    - The shipment file must contain a valid tracking number; shipment files with a blank tracking number will not process.
    - The shipment file must be sent **_prior_** to the 810-invoice file. If the invoice file is received before the shipment file, the invoice will be rejected.
    - The shipment file must contain the ship date of the order.
    - Orders are not considered shipped by DBC until successful upload of 856 ASN file.
- **Ship Method/Account Info:** All drop ship orders are required to be shipped via Purolator utilizing DBC's 3rd party carrier account (below), even if the order transmission shows a different shipping method (Ground), unless shipping to a commercial address. DBC does not accept invoices for drop ship order shipments and will not be liable for payment of shipping expenses incurred using an alternate parcel carrier account.
    - The ship method on the ASN must reflect the actual service level used: Purolator Ground.

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- Failure to use DBC required shipping method will result in a charge back of $4.50 per occurrence and Vendor will be required to reimburse DBC for any additional cost due to the vendor error.
- Failure to utilize DBC's approved billing instructions will result in a charge back of $8.50 per occurrence.

    o *You must use the DBC provided Purolator Account number.*
    o *Ship From/Return Address on shipping label:*
        Company Return Address: Designer Brands DS
        44 Kodiak Crescent
        Toronto, ON M3J 3G5

Shipping Materials

- DBC has gone paperless and no longer requires a packing slip, black sticker, or other collateral to be added to the order. Please do not add anything to the box for your drop ship orders.
- No branding or markings should be on the outside of the package that could indicate its contents.
- Poly bags or shrink wrap can be used if they are opaque. Please submit a photo for approval if this packaging is to be used.
- The usage of self-ship container (SIOC – ship in own container) must be approved by DBC prior to implementation.

Common Transmission Errors

- 850- Order File: If orders are listed as exceptions in the DSCO portal, or an email is received regarding orders out of SLA, and those orders are not present in the vendor's systems:
    o The vendor will need to retransmit the orders from DSCO to their systems using the information in the links below:
        ▪ Interactive walkthrough in the portal: Resending Orders from Dsco
        ▪ Documentation article: Resending Orders from Dsco
    o DBC and DSCO **cannot** retransmit these orders on behalf of the vendor.
- 856 ASN: The line number received in the 850 must be returned on the 856 file; e.g. if the 850 only has one line but it is transmitted as line 2, the 856 must also have line 2.
- Common errors on ASNs and Invoices that cause them to fail in DSCO, as well as their associated resolutions, can be found here.

Note: DBC **cannot** grant access to additional users to the DSCO portal. User access is managed by the individual who accepted the DSCO invitation on the vendor's behalf. If further assistance is needed, contact DSCO support at support@dsco.io.

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Communication with DBC

- DBC may reach out regarding drop ship orders, inventory files, cancellation rate, or other customer-facing concerns. DBC must receive a response to any communications within 24 hours or vendor account will be paused and product removed from DSW.ca.

Performance Management

Key operational performance metrics:

- Fill rate – DBC requires an Adjusted Fill Rate of 98% or greater.
- Shipping within SLA – DBC requires orders to ship within 24-48 hours of creation
  - This metric can be tracked and measured in DSCO under Automation & Reporting > Performance Reporting > Shipped on Time
    - DBC requires 98% of units to be shipped within SLA
  - Orders that are out of SLA can be found under Automation & Reporting > Exceptions > Order Exceptions > Beyond Ship Due Date. An email will also be sent when orders are approaching SLA or beyond SLA based on the communication preferences configured for each user.
    - A warning email will not be sent by DBC before an order is cancelled due to being out of SLA.
- Invoicing within SLA – DBC requires orders to be invoiced within 24 hours of shipping.
  - Invoices that are out of SLA can be found under Automation & Reporting > Exceptions > Order Exceptions > Beyond Invoice Due Date. An email will also be sent when invoices are approaching SLA or beyond SLA based on the communication preferences configured for each user.
- Inventory File Uploads
  - DBC requires a full inventory file to be uploaded to DSCO every day, including weekends and holidays.
    - Inventory is ingested by DBC at 8:30 pm ET every day, so the closer the file can be uploaded to the time, the more accurate the inventory position will be the next morning when the website updates.

Note: Vendors are required to monitor Order Exceptions and Inventory Exceptions daily to ensure that orders are shipped and invoiced on time, and that inventory is being uploaded daily. To learn more about managing exceptions, visit DSCO's help page here. To set up email alerts for Order and Inventory Exceptions, visit DSCO's page here.