

# **Drop Ship Program Vendor Setup & Operation Playbook**



Published: November 2024

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## 1. About PGATSS and the Drop Ship Program

### 1.1. Goals and Objective

We are expanding our online assortment with key partners through an initiative to automate and scale our direct-to-consumer (DTC) **Drop Ship Program**. As you may be aware, in the DTC drop ship operating model, PGATSS passes customer orders to our vendor partners, who fulfill and ship the orders directly to our customers. Your company has been identified by the PGATSS Merchant Team to participate in this program.

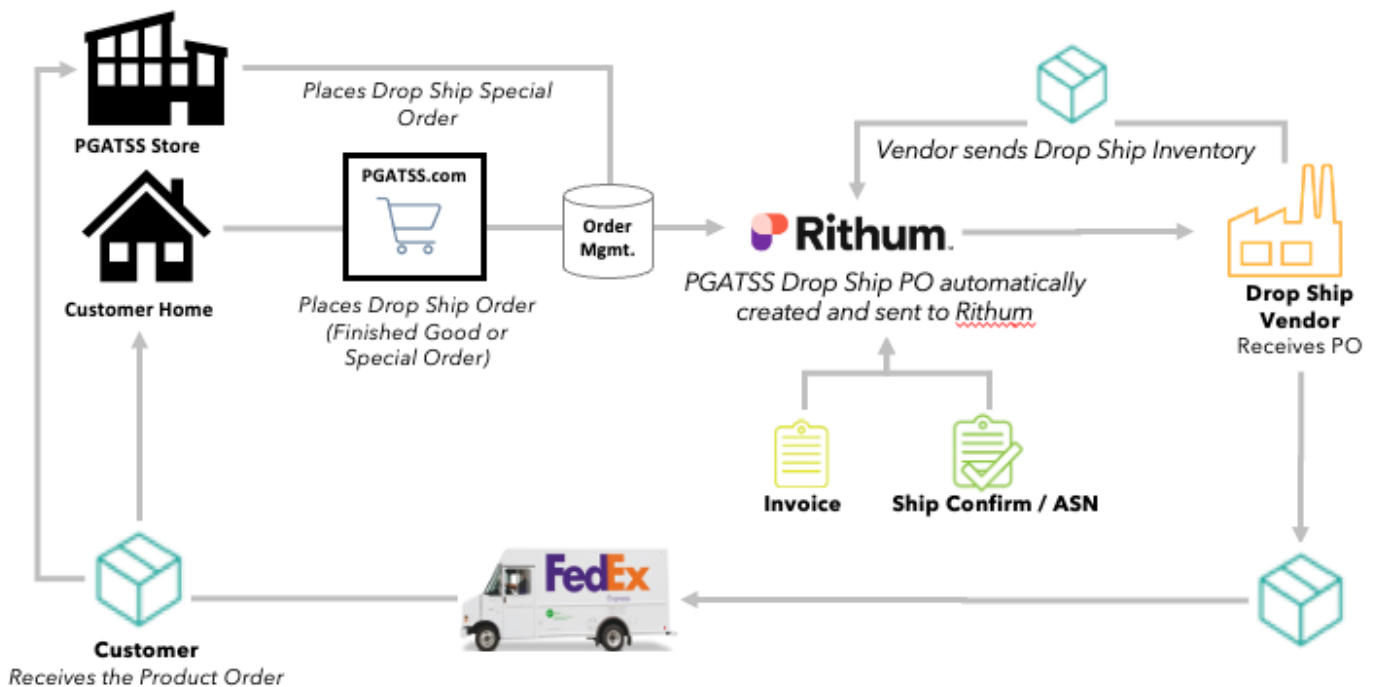
The Drop Ship Program, supporting both finished goods (FG) and special orders (SO), is strategically important to us as we look to expand our assortment offering online and grow our business together, while delivering a best-in-class customer experience. The enhanced Drop Ship Program is planned to launch in January 2024 and all existing drop ship vendors are expected to migrate to the new Program.

**Key goals of the Drop Ship Program include:**

- Automate the Drop Ship order lifecycle
- Expand our online assortment breadth and depth
- Fast, consistent fulfillment and delivery

### 1.2. Drop Ship Order Lifecycle Overview

The following chart depicts the flow of an order through the Drop Ship lifecycle:



1.3. Drop Ship Vendor Participation Requirements

Vendors must meet the following requirements in order to participate in PGATSS Drop Ship Program:

- Vendor assortment financially attractive via drop ship (after COGS & shipping); no Open-to-Buy
- Electronically send/receive all drop ship related data exchanges via Rithum.
- Provide item setup data, web content and digital images per PGATSS specifications
- Provide on-hand inventory information for both FG SKUs and SO components
- Fulfill (pick, pack & ship) products directly to a PGATSS customer or to a PGATSS store for pickup
  - All shipment confirmations must include a carrier tracking number
- Agree to achieve Drop Ship Performance SLA’s
- Use preferred carrier (FedEx) via 3rd Party billing, unless otherwise agreed to w/ PGATSS
- Affix the FedEx ship label to the shipment per PGATSS specifications
- Agree to off invoice allowance discounts in lieu of direct customer returns, unless otherwise agreed to with PGATSS

1.4. Key Drop Ship Program Policies and Vendor Performance Service Level Agreements (SLAs)

As a participant in PGATSS’ Drop Ship Program, Vendors are expected to adhere to the following policies and performance SLAs:

Performance Area	Vendor Requirement / Performance Expectation
Assortment Management	<ul style="list-style-type: none"> <li>• Provide web ready product content &amp; assets for Drop Ship assortment per PGATSS specifications</li> <li>• Submit cost change requests at least 5-business days prior to desired change</li> </ul>
Inventory	<ul style="list-style-type: none"> <li>• Finished Goods: Provide inventory quantities at least 1x daily for each Active Drop Ship SKU via CHUB</li> <li>• Personalized/Custom Goods: Provide component inventory quantities at least 1x weekly via CHUB</li> <li>• Maintain a 90% in-stock rate across the Vendor’s Active Drop Ship assortment</li> </ul>
Purchase Order (PO) Management	<ul style="list-style-type: none"> <li>• Agree to Product Cost in Drop Ship PO if Vendor Ships the PO</li> <li>• Provide a valid shipment tracking number in each shipment confirmation / ASN</li> </ul>
Fulfillment	<ul style="list-style-type: none"> <li>• Maintain a <u>99% or greater fill rate</u> on Drop Ship purchase orders</li> <li>• Finished Goods Orders: Maintain a <u>95% or greater on-time fulfillment</u> rate on Drop Ship purchase orders within the <i>Standard</i> (0-1 business days)</li> <li>• Special Orders: Maintain a <u>95% or greater on-time fulfillment</u> rate on Drop Ship purchase orders within the <i>Standard</i> (5-business days) or agreed upon <i>Extended</i> fulfillment timeframe</li> <li>• If a change or cancellation is needed on a special order, contact PGATSS prior to cancelling</li> </ul>
Shipping	<ul style="list-style-type: none"> <li>• Support PGATSS deliveries within United States (all 50 states)                             <ul style="list-style-type: none"> <li>○ NOT Supported: PO Boxes, military APO, FPO, DPO and U.S. Territories</li> </ul> </li> <li>• Have a FedEx account and ship at service level in PO via 3<sup>rd</sup> party freight bill to PGATSS</li> <li>• Generate FedEx ship labels for DTC &amp; Store Pickup addresses per PGATSS specifications</li> </ul>
Invoicing	<ul style="list-style-type: none"> <li>• Submit an invoice for each shipment (i.e., cannot combine shipments) via Rithum</li> </ul>
Returns	<ul style="list-style-type: none"> <li>• Customer returns go to PGATSS, no RTV with DDR allowance in place</li> <li>• If a Drop Ship order is returned to your facility, notify PGATSS of such return &lt;2-business days</li> </ul>
Customer Service	<ul style="list-style-type: none"> <li>▪ Respond to PGATSS Drop Ship Team inquiries and requests within 1-business day of being contacted</li> <li>▪ Resolve issues within two (2) business days where it is reasonable to do so</li> </ul>

## 2. Vendor Onboarding Overview

The following section provides an overview of the requirements and processes for Drop Ship Vendors to be set up and successfully launched on the PGATSS eCommerce store. All Vendors must have a PGATSS Vendor ID number in order to initiate Drop Ship onboarding. If you are new to PGATSS do not have this number yet, please work with PGATSS Merchandising to obtain one ASAP.

### 2.1. Key Drop Ship Onboarding Activities and Milestones

The Drop Ship Vendor onboarding process varies but typically takes 3-5 weeks if the Drop Ship assortment is close to being finalized and the Vendor has dedicated resources to begin technical integration.

Key onboarding milestones include:

- Complete *Drop Ship Participation Questionnaire*
- Sign PGATSS Vendor Business Agreement (if not already in place)
- Setup a Rithum account setup and join PGATSS’s Drop Ship network
- Complete Drop Ship Vendor Profile form
- Finalize a Drop Ship Assortment Plan (New and/or Existing SKUs) with PGATSS Merchandising
- Submit Drop Ship product content and digital images per PGATSS specifications (for new SKUs)
  - PGATSS will review, approve and publish (when ready) on PGATSS eCommerce sites
- Integrate (i.e., API, EDI, web-browser, etc.) with Rithum and complete Testing & Training
- Setup ship label and pack list (OPTIONAL) per PGATSS specifications and submit for approval
- When ready to launch, upload Drop Ship inventory in Rithum
- Go Live with Drop Ship assortment on the PGATSS eCommerce store

Example of typical Drop Ship Vendor onboarding timeline:

Work Steps	Wk 0	Week 1	Week 2	Wk3	Wk4	Wk5
<b>DROP SHIP VENDOR ONBOARDING</b>						★
PAPERWORK (PARTICIPATION QUESTIONNAIRE, VENDOR BUSINESS AGREEMENT)						
RITHUM EMAILS INVITE & VENDOR COMPLETES SETUP FORM						
RITHUM SETS UP VENDOR ACCOUNT AND PROVIDES INFO TO VENDOR						
VENDOR CODES SELECTED INTEGRATION AND DATA MAPPING						
VENDOR DEVELOPS SHIP LABEL AND PACKSLIP (IF NEEDED)						
RITHUM CERTIFIES VENDOR INTEGRATION AND VENDOR IS READY FOR LAUNCH						
VENDOR UPLOADS INVENTORY QUANTITY PER SKU INTO COMMERCEHUB						
<b>DROPS SHIP ASSORTMENT SETUP</b>						★
VENDOR AND PGATSS AGREE ON ASSORTMENT						
VENDOR UPLOADS ASSORTMENT INTO RITHUM						
PGATSS CREATES AND UPLOADS ARTICLE NUMBER(S) INTO RITHUM						
PGATSS REVIEWS VENDOR SUPPLIED PRODUCT CONTENT AND ASSETS						
<b>CONFIRM OPERATIONAL READINESS AND GO LIVE</b>						★

## 2.2. Key Drop Ship Onboarding Documents

Once a Vendor has been invited to participate in PGATSS's Drop Ship Program, the Vendor will receive an email from the PGATSS Operations team, who manages the Drop Ship Program, with the following Drop Ship Vendor onboarding documents

- Drop Ship Vendor Participation Questionnaire
- Vendor Profile Form
- Vendor Business Agreement (if applicable)
- PGATSS Drop Ship Orientation Presentation
- PGATSS Drop Ship Vendor Setup & Operational Playbook (Detailed Policies and SLA's)
- Access to Rithum Support Documentation for PGATSS Superstore

Rithum will provide documents related to their agreement, account setup and detailed integration specifications.

## 3. Drop Ship Vendor Participation Questionnaire

This document includes minimum participation requirements for PGATSS's Drop Ship Program, key contact information, your proposed Drop Ship Assortment plan and information about your current drop ship capabilities. Completing the *Drop Ship Vendor Participation Questionnaire* helps PGATSS understand your operational and IT capabilities, estimate the time needed to onboard to our Drop Ship Program and provides insights to our future business potential together.

### Vendor Onboarding Action Items:

- Complete the *Drop Ship Vendor Participation Questionnaire*** and return it to PGATSS Operations
  - Returning this document formally initiates onboarding and provides PGATSS with the necessary information to initiate the Rithum introduction.
- Set a mutually agreeable date to launch on the Drop Ship Program**
  - Work with PGATSS Merchandising to define this date. This will drive when IT, operational and assortment setup milestones need to be completed. Please include this date when you respond with the completed *Drop Ship Vendor Participation Questionnaire*.

## 4. Drop Ship Vendor Agreements

All Drop Ship Vendors must sign the *PGATSS Vendor Business Agreement (VBA)*. This agreement is required to be issued a PGATSS Vendor ID number.

### 4.1. PGATSS Vendor ID Required

If you are a Vendor that is new to PGATSS, you must work with your PGATSS Merchandising contact to sign the required contractual and financial setup documents in order to be issued a PGATSS Vendor identification number. Until you are issued a PGATSS Vendor ID number, you cannot initiate onboarding to the Drop Ship Program.

## 4.2. Drop Ship Program Vendor Agreements

Once a new Vendor signs the PGATSS VBA and receives a Vendor ID, no separate Vendor agreements are needed to participate in the PGATSS Drop Ship Program.

### Vendor Onboarding Action Items:

- Review the Drop Ship Vendor participation policies & SLAs**
  - All participants are agreeing to adhere to the Drop Ship Policies & SLAs in this document so please ensure your organization fully understands and can comply with them.
- Complete, sign and submit the *PGATSS Vendor Business Agreement (VBA)***
  - Send to Merchandising and PGATSS Operations.

## 5. Drop Ship Assortment Selection and Product Setup

The Drop Ship assortment selection and product setup process for Vendors is similar to stock products. The key process difference for Drop Ship is that all product content and assets are uploaded to Rithum. Once a Vendor has been identified to participate in the Drop Ship Program, the three main actions required of Vendors to support the setup of Drop Ship are outlined below.

### Vendor Onboarding Action Items:

- Finalize Drop Ship Assortment Plan (products & pricing) with PGATSS Merchandising**
- Upload (via Rithum) item setup and web-ready product content per PGATSS specifications (New SKUs only)**
- Upload (via Rithum) web-ready digital assets per PGATSS specifications (New SKUs only)**

### 5.1. Drop Ship Assortment Plan

The selection process for the Drop Ship Assortment Plan is driven by the PGATSS Merchant and Drop Ship team. PGATSS Merchandising handles all negotiations related to Drop Ship product assortment breadth, depth and costs with the Vendor. The initial Drop Ship Assortment should focus on the Go Live but Vendors are encouraged, to work with PGATSS Merchandising to grow the assortment over time.

- No minimum retail pricing applies to Drop Ship products but >\$25 is generally a good gauge
  - Note: PGATSS merchandising will evaluate the financial viability of Drop Ship products after factoring in DTC shipping costs before approving the item for sale via Drop Ship
- All Drop Ship products must be setup at the Stock Keeping Unit (SKU) level and have a UPC
- A style is intended to represent the product page and is defined as the parent product
  - A Style may have multiple SKUs representing color, size, etc.
  - Styles can be a mix of store stock SKUs and Drop Ship SKUs or Drop Ship fulfilled SKUs only
- Typical information Vendors need to provide include:
  - Vendor Style
  - Vendor SKU
  - UPC
  - Product Title
  - Cost & MAP pricing
- Full list of information required will be on the category specific spreadsheet in Rithum

## 5.2. Drop Ship Assortment Plan Item Setup and/or Maintenance

Once the Drop Ship product assortment is submitted and approved, PGATSS will create new PGATSS Article Numbers (SKUs) and/or update existing Article Numbers (SKUs) for Drop Ship to support the automated Drop Ship order lifecycle. This PGATSS Article number will be associated with the UPC and Vendor SKU in Rithum. Only items in Rithum with a PGATSS Article ID are considered approved and sellable.

### Vendor Onboarding Action Items (SKUs **NEW** to PGATSS):

- Vendor and PGATSS agree to assortment
- Vendor to begin upload process into Rithum Catalog
  - Item information, web ready product content and digital assets

### Vendor Onboarding Action Items (SKUs **EXISTING** at PGATSS):

- Vendor to begin upload into Rithum Catalog (no product content and assets needed)
- If a Drop Ship product cost change is requested post-launch, Vendors should:
  - Submit requests to PGATSS Merchandising at least 5 business days in advance
  - Uphold current costing or remove from the website (notifying the merchant after 5 days)

## 5.3. Web Product Content Submission – New SKUs only

Vendors are required to provide web-ready content for each Drop Ship product via Rithum Catalog. **Web Product Content** includes detailed product copy descriptions, product attributes, features, product warranty, etc.

### Vendor Onboarding Action Items:

- Gather web product content for each product per PGATSS specifications for the category.
- Upload the product content via Rithum catalog
  - PGATSS will review, edit and approve before publishing



5.4. Web Product Digital Image Submission – New SKUs Only

For all Drop Ship product assortments, Vendors are required to provide Digital Product Images for each per PGATSS specifications and file naming convention.

- Vendors must provide a digital product image for each SKU per PGATSS specifications
- All images must be photos, not drawings or art work
- If a product contains a logo, it is required to show the graphic as an inset.
- If the item is available in different colors, separate color images must be supplied
- Digital images must follow PGATSS’s file naming convention that include the PGATSS’s SKU#

Digital Product Image File Requirements:

Image Type	Size	Format	Additional Notes
Product Images	800 x 800 to 2000 x 2000 px	PNG RGB / 300 dpi	Background transparent or solid white only
Lifestyle Images	Original image size	Original format RGB / 300 dpi	
Marketing Assets/Product Launch Creative	Original image size	Working files (layered) with all fonts included	
Logos	Original image size	Vector file (.ai / .eps) CMYK	

Vendor Onboarding Action Items:

- Create digital images per PGATSS specifications for each Drop Ship SKU
- Upload required image files to Rithum Catalog (lifestyle images and/or video optional)

## 6. PGATSS's Drop Ship Order Brokering Solution Partner – Rithum

PGATSS has partnered with Rithum as its drop ship order brokering solution. Rithum is a cloud-based ecommerce fulfillment and marketing solutions platform for large retailers, marketplaces, consumer brand Drop Ship and their vendors. Rithum specializes in helping retailers implement strategies and automate processes that support high-volume drop-ship programs and create meaningful operational efficiency in their ecommerce supply chain with customized business rules and processes.

### Key Retailer benefits of Rithum:

- Single connection to communicate with all drop ship vendors
- Speed, consistency, automation, scalability
- Supply chain visibility and exception Management

### Key Vendor benefits of Rithum:

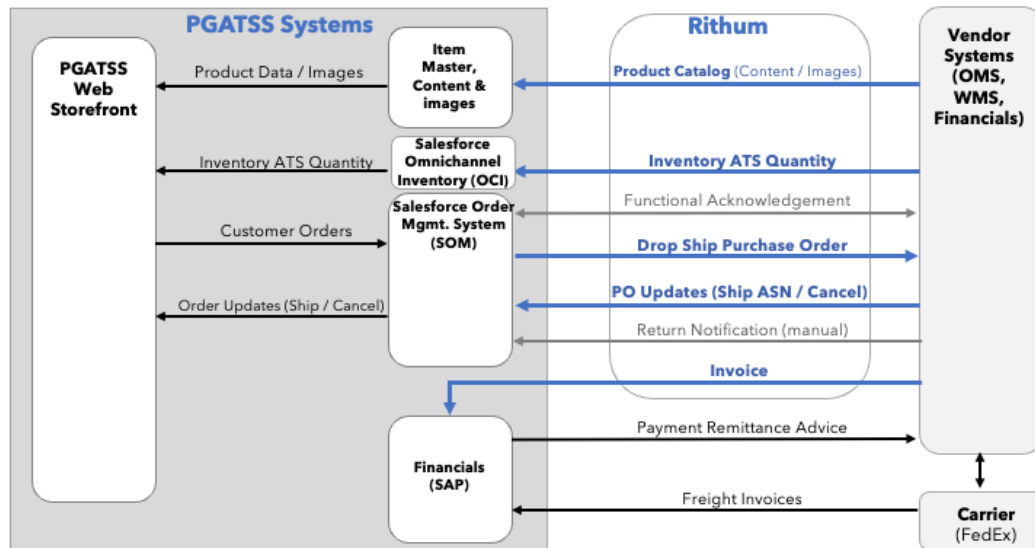
- Multiple options for complying with Retailer business and integration requirements
- Shared view of drop ship data with Retailer
- Training and support during onboarding and post-launch operational issues

### Vendor Onboarding Action Items:

- Receive invite from Rithum to begin connection
- Develop integration (i.e., EDI, API, web-browser, etc.) with Rithum
- Complete Rithum Integration Testing & Training (in test environment)
- Complete upload of Inventory into Rithum of all skus agreed upon with PGATSS
- Move to Rithum production environment and get ready for Go Live

6.1. Rithum Data Exchange Solution Overview

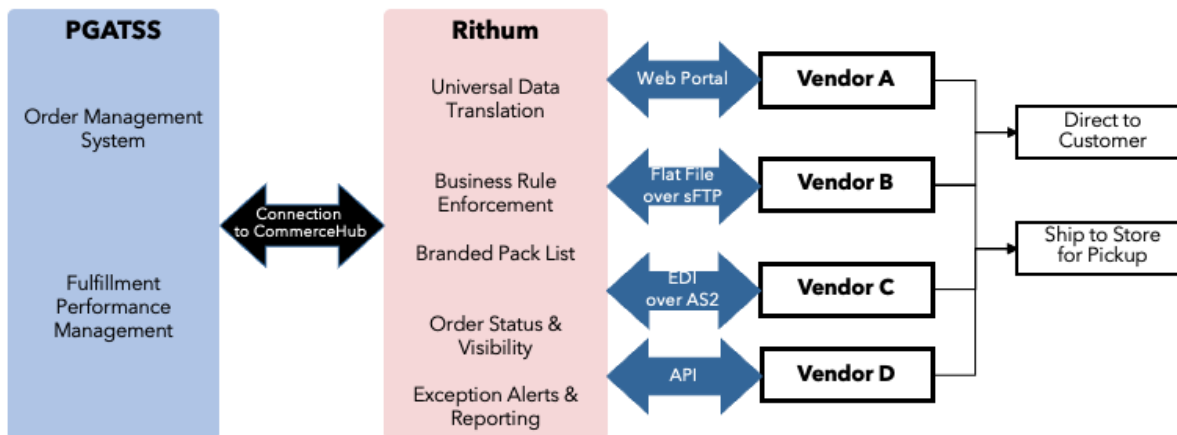
Rithum automates and streamlines managing of the required Drop Ship data exchanges between Vendors and PGATSS. All Vendors must support the following Drop Ship data exchanges: inventory availability (send), purchase order (receive), purchase order shipment / cancellation (send), invoice (send). Vendors participating in Drop Ship are required to establish and maintain an active account and direct connection with Rithum.



6.2. Rithum Drop Ship Data Integration Options

Rithum’s solution provides Vendors with multiple connectivity options that will enable you to be 100% compliant with PGATSS’s Drop Ship requirements and business rules. Rithum allows Vendors to have the flexibility to use any of the options for each data exchange, from a manual web portal to automated connections (e.g. EDI, API)

Overview of Rithum Vendor connectivity options:



### 6.3. Rithum Vendor Connection Options

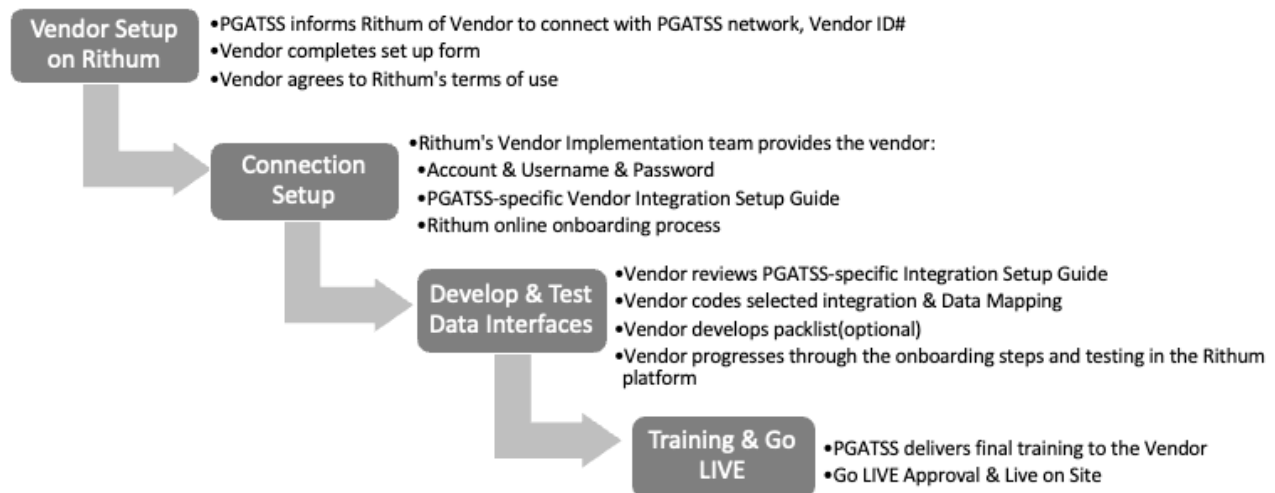
All Vendors participating in PGATSS’s Drop Ship Program must establish an account with Rithum and select connection type(s)

	Vendor Portal	Integrated	Hybrid
<b>Vendor Usage</b>	Leverage Rithum’s Web Interface to receive and process all inventory and order related messages.	Integrated exchange of data and files with Rithum via API, EDI, or Delimited Files, etc. for ALL inventory, order & invoice related messages.	Combination of Rithum’s Web interface and Integrated connectivity options.
<b>Technical Complexity</b>	Low	High	Medium / High
<b>Expected Order / SKU volume</b>	Low	High	Medium / High

- ❑ **No fees** (setup, subscription or per order) to connect with PGATSS.
- ❑ Only a basic terms of use agreement when your account is setup.

### 6.4. Rithum(CHUB) Setup Process

The Rithum setup process begins with PGATSS sending an invite to Rithum for the Vendor to join PGATSS’s Drop Ship Vendor network.



## 7. Drop Ship Shipping Label and Pack List

All Drop Ship Vendors must get setup and comply with PGATSS's ship label specifications and have the ability to ship using FedEx via 3<sup>rd</sup> party bill. If a Vendor chooses to include a pack list (optional), it must follow the PGATSS specifications as well.

### 7.1. Drop Ship Carrier Routing & Freight Billing Setup

Vendors must use FedEx, PGATSS's approved parcel carrier, for all Drop Ship shipments

- Vendors are required to have a FedEx account with third party billing to PGATSS
  - Vendors must support shipping via FedEx to participate in PGATSS's Drop Ship Program
  - Any other use of this FedEx account is unauthorized and may result in a chargeback
  - PGATSS will not reimburse Vendors for failure to use FedEx 3<sup>rd</sup> party bill
- All Drop Ship products must be within FedEx chargeable weight, length and girth limits

#### Vendor Onboarding Action Items:

- If you do not have a FedEx account, contact FedEx and get setup (if applicable)
- Setup your FedEx account for Drop Ship Shipments with 3<sup>rd</sup> Party freight billing to PGATSS
  - PGATSS Drop Ship FedEx Account number: **201939420**
- Configure FedEx ship label printing per PGATSS Drop Ship specifications
  - Ship label specifications are designed to handle both DTC and in store Pickup shipments
- When setup is complete, generate sample ship labels and submit to PGATSS for approval
  - Ship labels must be approved BEFORE a Vendor is goes Live on the Drop Ship network

### 7.2. Drop Ship Shipping Label Specifications

Vendors must adhere to the following guidelines and obtain approval from PGATSS that the Ship Label is correctly setup prior to launch. The ship label needs to be setup to accommodate shipments to both customer addresses as well as PGATSS stores.

**For assistance with label automation, reach out to your local FedEx representative or call the FedEx tech support hotline: 877.339.2774**



#### Key FedEx Ship Label specifications for Drop Ship:

- Ship-From** should say “PGATSS Fulfillment Center” and the Vendor’s physical ship from location
  - Ship label should not identify the Vendor by name
  - Ship From Phone: **888.200.7428**
- Ship-To** information will have the customer name, and delivery address (home delivery or PGATSS store added).
  - If sent to a store for customer pick up: “Customer Pickup” (from “AttnLine” data field in PO)
  - Ship To Phone: **888.200.7428**
- All Drop Ship Shipments are via 3<sup>rd</sup> Party billing to PGATSS FedEx freight account (**201939420**)
- Customer Ref Line: Customer Order #
  - Rithum Element: **secondaryConsumerOrderNumber**
- PO Line: Purchase Order Number
  - Rithum Element: **poNumber**

*\*Economy Ground will only require Customer Order # in Ref Line*

#### Ship Label generation/printing options:

- All specifications are standard configurations if FedEx is utilized.
- Call FedEx for assistance with setup questions

**7.3. Drop Ship Pack List Setup Specifications – PACKLISTS ARE OPTIONAL**

PGATSS has a common pack list format for all Drop Ship shipments, regardless of whether it is a direct-to-consumer (DTC) shipment or a shipment for PGATSS store pickup by the customer. Vendors can comply with PGATSS specification by either leveraging a Rithum-generated pack list (in PDF format) or generating the pack list from its internal systems.

- A pack list is NOT mandatory to be included in Drop Ship orders
- If using a pack list and PO is shipped in multiple cartons, a pack list must be included in each

Vendor Onboarding Action Items:

- Determine whether or not to use pack lists
- Select whether to generate internally or download/print a PDF file from Rithum
  - Inform PGATSS Operations of your decision
- If printing internally, receive specific pack list setup / mapping guidelines from Rithum
- Submit pack list to PGATSS Operations for approval (only applicable if printing internally)

**Drop Ship Pack List specifications and layout overview**

Date: 2023-09-22

**SHIP TO:**  
 Store #: Store111  
 Charlie Customer  
 123 5TH ST  
 San Diego, CA 12312  
 US  
 Phone: 1112223333

**BILL TO:**  
 Charlie Customer  
 123 5TH ST  
 San Diego, CA 12312  
 US  
 Phone: 1112223333

ORDER DATE	ORDER NUMBER
2023-09-22	62002111

ITEM #	ITEM DESCRIPTION	QUANTITY
1002828002	Generic Soft Triple Trac, Yellow, No Size LPC: 194518851282 VSN: 64212491111	2
1002825001	Generic Soft Triple Trac, White, No Size LPC: 194518548355 VSN: 64212591111	3

Thank you for shopping PGATOURSuperstore.com. If you have any questions or concerns regarding your order, including processing a return, please contact our customer care center via email at customerservice@pgatss.com or via phone at 888-200-7428. Please have your order number ready and one of our friendly customer service representatives will be happy to assist you.

Pack List Generation / Printing Options:

- **Rithum:** Enables a Vendor to download .PDF file of the completed and fully compliant PGATSS branded packing list from the web portal. All Vendors can use this option.
- **Vendor Internal:** In the Vendor’s warehouse fulfillment systems. Vendors must still adhere to the PGATSS specification and PGATSS must approve the pack list prior to use.

Key Drop Ship Pack List Specifications:

- PGATSS Logo must always appear at top
- Single sided on 8.5”x11” paper, black & white
- **Font Type:** Ariel
- **Font Sizes:** 11
- Standard returns information text on the packing list cannot be altered.
- For additional detail as well as samples of Gift and Personalization order pack list, reference the Packer slip guide on Rithum:

[https://support.dsco.io/hc/article\\_attachments/19192930313243](https://support.dsco.io/hc/article_attachments/19192930313243)

## 8. Drop Ship Go Live Overview

The Go Live process can commence once the Drop Ship assortment is ready to publish online, the Vendor is ready to move to the production environment in Rithum and PGATSS has approved the Vendor's Drop Ship shipping label and pack list (optional).

### Vendor Onboarding Action Items:

- Finalize the Drop Ship Go Live date with PGATSS
  - Assumes Vendor is ready to Move to Production Environment in Rithum
  - Assumes the Drop Ship Assortment Plan is ready to publish to PGATSS eCommerce stores
- Upload inventory for all Drop Ship SKUs in Rithum at least 1-day prior to the Go Live date
  - Inventory loaded into Rithum MUST include: Vendor SKU, Item Title, Status, Quantity, and UPC or EAN (if it is a finished good/non-component)
  - PGATSS will publish the Vendor's Drop Ship Assortment to the website
  - **GO LIVE**
- Validate the product content and ability to purchase within 24 hours of Go Live
  - Inform PGATSS of any corrective actions needed



## Drop Ship Operational Policies and SLA's

### 9. Drop Ship Inventory Management (via Rithum)

In order to initiate selling of a Drop Ship product on the PGATSS website, Vendors must provide PGATSS inventory availability quantities via Rithum. Once received in Rithum, and sent to PGATSS systems, PGATSS will allocate and decrement Drop Ship inventory available-to-promise (ATP) against orders on PGATSS website. Note that only items with a PGATSS article number and updated quantity will be communicated from Rithum to PGATSS systems.

#### 9.1. Drop Ship Inventory Management Policies & SLAs

- All Drop Ship inventory availability is provided at the SKU level via Rithum
  - Only products setup for Drop Ship will be accepted by Rithum and sent to PGATSS
- Inventory must be setup in Rithum with the correct SKU or Component ID information
  - Required fields: SKU; Partner SKU (Populated by PGATSS), Item Title; Quantity, Status, and UPC or EAN (if it is a finished good/non-component)
  - If SKU information in Rithum differs from what is in PGATSS internal systems:
    - Products may not be available for purchase online
    - May result in order processing errors
- Drop Ship Inventory availability quantities provided are considered 100% available for PGATSS
- Vendors are expected to update inventory, at least, 1x/day
  - Back in-stock date needs to be updated for Special Order components and Finished Goods
  - PGATSS updates its inventory overnight (2am – 5am EST)
    - Vendors should align with this timing
  - Inventory data error alerts are sent if there is an error receiving or processing
    - Vendors should take corrective action immediately and re-submit
- Vendors are expected to maintain 90% in-stock across its “Available” Drop Ship assortment
- Inventory quantity available for a SKU determines its ability to sell, not status in Rithum
- When stock-out occurs, Vendors should submit a zero (0) quantity inventory update ASAP
  - Rithum’s Web Portal UI can be leveraged to quickly update SKU inventory
  - If an oversell occurs, the Vendor should cancel immediately and update SKU quantity to zero
  - If a large quantity oversell occurs, the Vendor should work with PGATSS on next steps
- Vendors are expected to notify PGATSS when a SKU is *Discontinued* and update Rithum
  - Change the SKU Availability status to “Discontinued” and set inventory to zero (0) units
  - Inform PGATSS of the Discontinued product(s) and the date(s)
- Vendors should be familiar with PGATSS’s available-to-sell inventory logic
  - Drop Ship Available-to-Sell quantity =
    - On hand inventory quantity from Vendor less quantity tied to open orders

	<u>Day 1</u>	<u>Day 2</u>	<u>Day 3</u>
<b>SKU-level ATP Quantity Provided by Vendor</b>	100	100	100
<i>Less Open Order units in OMS against SKU</i>	0	48	40
<b>Available-to-Sell quantity online</b>	<b>100</b>	<b>52</b>	<b>60</b>

## 10. Drop Ship Purchase Order Processing (via Rithum)

PGATSS Drop Ship purchase order (PO) transmissions can only be received via Rithum and occur continuously throughout every day. No Drop Ship purchase orders outside of Rithum are valid.

### 10.1. Drop Ship Purchase Order Receipt / Acceptance

- Drop Ship purchase orders are processed and transmitted every hour to Rithum
  - Vendors are encouraged to pick up orders at least 2x per day (i.e. 8am & 3pm Eastern)
- Integrations should be set up to accept PO's with single or multiple lines and multiple quantities
- PO is valid for immediate fulfillment and shipment once it is available in Rithum
- Vendors are expected to pick up and process new Drop Ship purchase orders ASAP
  - Within 1 business day of PO availability in Rithum to meet fulfillment SLAs
- All orders will have the ability for a PO PDF to be downloaded / printed to assist in fulfillment
- Vendors do not need to send PO "acceptance" data message to PGATSS (via Rithum) in order to process and fulfill a PO. However, if fulfillment of an order is expected to take longer than 3 days past the Ship By date, Vendors should send / enter the adjusted PO Ship By in Rithum.

### 10.2. Purchase Order Shipment Confirmation / Advance Ship Notice (ASN)

Timely and accurate purchase order shipment confirmations are critical to the Vendor's effectiveness in the Drop Ship program. The information contained in the ASN is passed along to the customer for visibility

- All Drop Ship shipment confirmations / ASNs must include a valid shipment tracking number
  - Shipments without a valid carrier tracking number will be rejected by Rithum
- Vendors are expected to send the ship confirm the same day the Drop Ship order ships
  - Never more than 1 business day in advance of the actual carrier pickup
- Vendors are required to Ship or Cancel for all quantities on all line items in order to CLOSE a PO
  - A Drop Ship PO is "Delinquent" if a PO remains Open after the fulfillment timeframe expires
  - In the event that a shipment ASN or cancellation status update cannot be processed:
    - Rithum will alert the Vendor via email with details of the processing error
    - Vendors should immediately take action

## 10.3. Drop Ship Purchase Order Cancellation

Drop Ship PO cancellations are communicated via Rithum

- Drop Ship PO cancellations should be processed in Rithum within 1 business day
  - Any cancel needed on a special order, contact PGATSS prior to processing
- Vendors are expected to use the appropriate reason code to indicate why the PO was cancelled
- If cancellation is due to “Out of Stock” or “Invalid Item Cost”, the Vendor should:
  - Immediately update their inventory to zero (0) to stop the flow of new orders
- For customer requested cancellations:
  - Vendors should make every effort to stop shipment and cancel in Rithum
  - PGATSS cancellation reason codes include:
    - **Out of Stock** - Inventory is unexpectedly out-of- stock to fulfill per PO
      - Vendor should update inventory to zero quantity until back in stock
    - **Discontinued Item** - Item no longer available
      - Vendor should ensure inventory ATP is updated to zero (0) quantity
    - **Cancelled at Retailer Request** - PGATSS requested cancel on behalf of customer
    - **Preorder Cancellation** – Item is pre-order and canceled before made available

## 11. Drop Ship Fulfillment Management

PGATSS is aggressively moving to improve the customer experience as well as ship and deliver products fast and accurately to customers. The faster you fulfill the better we meet Customer expectations and remain competitive.

### 11.1. Drop Ship Order Packaging Policies

Vendors should ship Drop Ship products in plain packaging (plain brown corrugation or polybag). Any Vendor branding or marketing content on exterior shipping boxes must be reviewed and approved by the PGATSS Operations team prior to use.

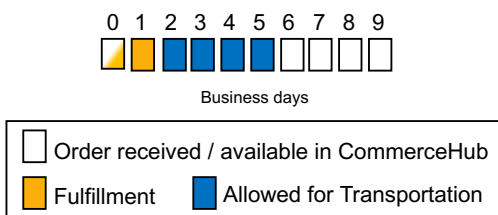
- Vendors are responsible for adequately packaging all products to withstand normal shipping
- Packaging should pass standard drop tests
- Packaging should meet or exceed International Transit Association (ISTA) packaging standards.
- Inserts in Drop Ship packages for product assembly, warranty, and pack list are permitted.
- Vendors are NOT permitted to include any non-product inserts such as marketing materials.

11.2. Drop Ship Fulfillment Policies & SLAs

Order fill rate is the top Drop Ship fulfillment priority for PGATSS, closely followed by on-time fulfillment. This section covers key Drop Ship fulfillment policies and performance service level agreements (SLAs) Vendors are expected to meet.

- Vendors must fulfill Drop Ship purchase orders from a U.S. based fulfillment center
- All Product shipped via Drop Ship should have a UPC or EAN to facilitate a return if needed
  - Product ticketing is not required
- Vendors are expected to ship Drop Ship PO’s complete (all lines & quantities) whenever possible
- Vendors are ***NOT*** permitted to make product substitutions
- Vendors are ***NOT*** permitted to unilaterally hold a backorder past the Drop Ship PO “cancel date”
- Vendors are ***NOT*** permitted to combine multiple purchase orders into a single shipment
- Vendors are expected to maintain a 99% or greater fill rate on Drop Ship purchase orders
  - Calculated by line item quantities shipped vs. total quantities requested on the Drop Ship PO
- Vendors are expected to fulfill Drop Ship orders within the agreed to SLA timeframe:
  - Standard Orders: 1 business day
  - Special Orders: 5 business days (or agreed to Extended Drop Ship fulfillment SLA)
- Vendors are expected to maintain a 95% or greater on-time fulfillment within SLA
  - Drop Ship fulfillment timeframe begins the first business day the PO is in Rithum
  - Shipping within your fulfillment SLA helps provide ample transit time for an on-time delivery
- A purchase order is considered “Delinquent” if it remains in “Open “status beyond SLA
  - Delinquent orders will be communicated via email and same day action is required
  - Orders that will be shipping pas the “Ship by” date must have an Estimated Ship Date populated in Rithum
  - Vendors can also see late or potential late orders in Rithum and take action
- Vendors are expected to notify PGATSS of any fulfillment center closures that may impact SLA’s

Overview On-time Fulfillment SLA:



Order Received (in CommerceHub)	Order Ship Date (by EOD)
Friday until 11:59 PM	Monday FedEx Pickup
Sat/Sun until 11:59 PM	Monday FedEx Pickup
Monday until 11:59 PM	Tuesday FedEx Pickup
Tuesday until 11:59 PM	Wednesday FedEx Pickup
Wednesday until 11:59 PM	Thursday FedEx Pickup
Thursday until 11:59 PM	Friday FedEx Pickup

## 11.3. Drop Ship Fulfillment Order Accuracy

Vendors are expected to maintain a 99% or greater order accuracy on shipped Drop Ship purchase orders. Order Accuracy means the shipment contains the correct Product and the package is delivered to proper address on the Drop Ship purchase order.

## 12. Drop Ship Order Shipping / Delivery Management

Vendors are required to support PGATSS deliveries of Drop Ship orders to all 50 states within the United States. Shipments to PO Boxes, military APO, FPO and DPO addresses, U.S. Territories and international destinations are not currently supported by the PGATSS Drop Ship Program.

### 12.1. Drop Ship Shipment Policies

- As mentioned in section 7.1, Vendors must use FedEx with third party bill to PGATSS
  - Under no circumstances should the “Ship To” customer be required to pay additional fees
- All Drop Ship orders are considered FOB (“Free on Board”) Origin
- Vendors are required to ship product via FedEx at the service level transmitted on the PO
  - Ground:
    - “Ground” if shipping to a store
    - “Home Delivery” if shipping to a residence
  - SmartPost:
    - “Economy Ground” if the package meets economy ground weights and dimensions
    - “Home Delivery” if over Economy ground weights and dimensions
  - Written approval from PGATSS to change the service level is required

### 13. Drop Ship Invoicing and Payment Processing

Vendors will submit invoices via Rithum. Payment of that Drop Ship invoice will be per the PGATSS existing payment process and per Vendor's payment terms.

#### 13.1. Drop Ship Invoicing Policies and SLAs

- Vendor will submit invoice via Rithum within 1 business day of shipment
  - PGATSS will only pay the Product Cost identified on the Drop Ship purchase order
    - For cost discrepancies please follow the below steps:
      - i. Scenario 1: Order not yet in "Shipped" status in DSCO (Preferred method)**
        1. Supplier communicates to PGATSS.
        2. PGATSS will research internally and communicate back.
        3. Supplier must put the order back into "created" status:
          - a. Navigate to the "Orders beta" page under "Workflows"
          - b. Search and select the order(s)
          - c. Under the "Actions" button(top right) select "Reset to Created"
        4. Supplier communicates to PGATSS when complete.
        5. PGATSS adjusts the cost in DSCO and communicates to the supplier.
      - ii. Scenario 2: Order is in "Shipped" status in DSCO.**
        1. Follow steps 1-2 from above
        2. Supplier must manually invoice in the DSCO portal:
          - a. Navigate to the "Orders beta" page under "Workflows"
          - b. Search for the order and click into it.
          - c. Click the "Invoice" button (top right) to create a new invoice
          - d. Required fields(many will be pre-populated):
            - i. Invoice ID, Purchase Order Number, Invoice Date, Invoice Subtotal Excluding line items, Invoice line item subtotal, Line Item line number, Line item sku, Line item unit price, Line item quantity, Line item unit of measure, Line item extended amount, Invoice total amount, Line item subtotal
          - e. Add cost difference to one of the open "Charges" lines and title it "**Cost Correction Charge**"
          - f. Click Create Invoice button (bottom right)
- PGATSS will pay per payment term and discounts communicated on the Drop Ship PO
  - Existing Vendors will be paid under the terms agreed to for stock purchase orders
  - Line item cost on PO will be net of all discounts/allowances per VBA

#### 13.2. Drop Ship Invoice Payments

- All allowances agreed to in the VBA will be taken into account in the PO unit cost
- Vendors will be paid directly via check or ACH by PGATSS

## 14. Drop Ship Product Returns

In general, the Drop Ship product returns process will flow through the same process as stock products. This means Drop Ship product returns are expected to go to PGATSS stores, not to Vendors.

### 14.1. Drop Ship Customer Returns Overview

If a PGATSS customer accepts a Drop Ship product delivery, the customer will return the Drop Ship product to a PGATSS store in person or by mail. A customer can also refuse delivery of a Drop Ship product order. This refusal will result in a Vendor receiving the Drop Ship product directly back into a Vendor's facility.

### 14.2. Drop Ship Product Return Policies & SLAs

- Vendors should not receive any Drop Ship product returns directly from customers
- In the infrequent event a Drop Ship product is returned to a Vendor's facility:
  - Vendors must be capable of accepting the Drop Ship product return without an RMA
  - Vendors must be able to submit a return notification via Rithum
- Vendors are to notify PGATSS of any direct Drop Ship customer order returns within 2 days

## 15. Drop Ship Vendor Customer Service & Performance Management

### 15.1. Drop Ship Vendor Customer Service Policies & Service Level Agreements (SLAs)

Drop Ship Vendors play a critical part in the customer relationship; acting as an extension of PGATSS with a direct touch point to PGATSS customers through the fulfillment of customer orders on behalf of PGATSS.

- Vendors must provide a Customer Service contact that can be reached during business hours.
  - Vendors are strongly encouraged to create an e-mail distribution list for communication
- Vendors are expected to respond to inquiries and requests from PGATSS within 1-business day
- Vendors are expected to resolve issues within 2-business days when reasonable to do so.

### 15.2. Drop Ship Vendor Performance Management Approach

Vendor performance against SLAs and adherence to the policies will be monitored on an ongoing basis. Vendor performance evaluations will occur at least annually and performance will be evaluated over a defined period (i.e., 12-months) and communicated appropriately with the Vendor.

- Performance metric categories include: financial impact, fill rates, on-time shipping, etc.
  - Vendors have visibility to their performance via Rithum's Web Portal.
- PGATSS will monitor Vendor performance and work with Vendors to improve their performance
- PGATSS will not be enforcing any compliance penalties at this time.
- PGATSS reserves the right to remove Vendors from the Drop Ship program for non-compliance

## 16. PGATSS Drop Ship Contact Information

Department	Responsibilities	Contact Information
PGATSS Operations Team	<ul style="list-style-type: none"> <li>Drop Ship Vendor onboarding management</li> <li>Go Live management</li> <li>Ongoing Drop Ship Vendor exception &amp; performance management</li> </ul>	Email: <a href="mailto:abiedermann@pgatss.com">abiedermann@pgatss.com</a>
Rithum Support	<ul style="list-style-type: none"> <li>Order transmission and shipment management</li> <li>Inventory updates</li> <li>Technical support</li> </ul>	Support page: <a href="https://support.dSCO.io/hc/en-us/articles/19193084892059-PGA-TOUR-Superstore-Documentation">https://support.dSCO.io/hc/en-us/articles/19193084892059-PGA-TOUR-Superstore-Documentation</a>  Onboarding Support: <a href="mailto:dscopartnersetup@Rithum.com">dscopartnersetup@Rithum.com</a>  Production Support: <a href="mailto:support@dSCO.io">support@dSCO.io</a>