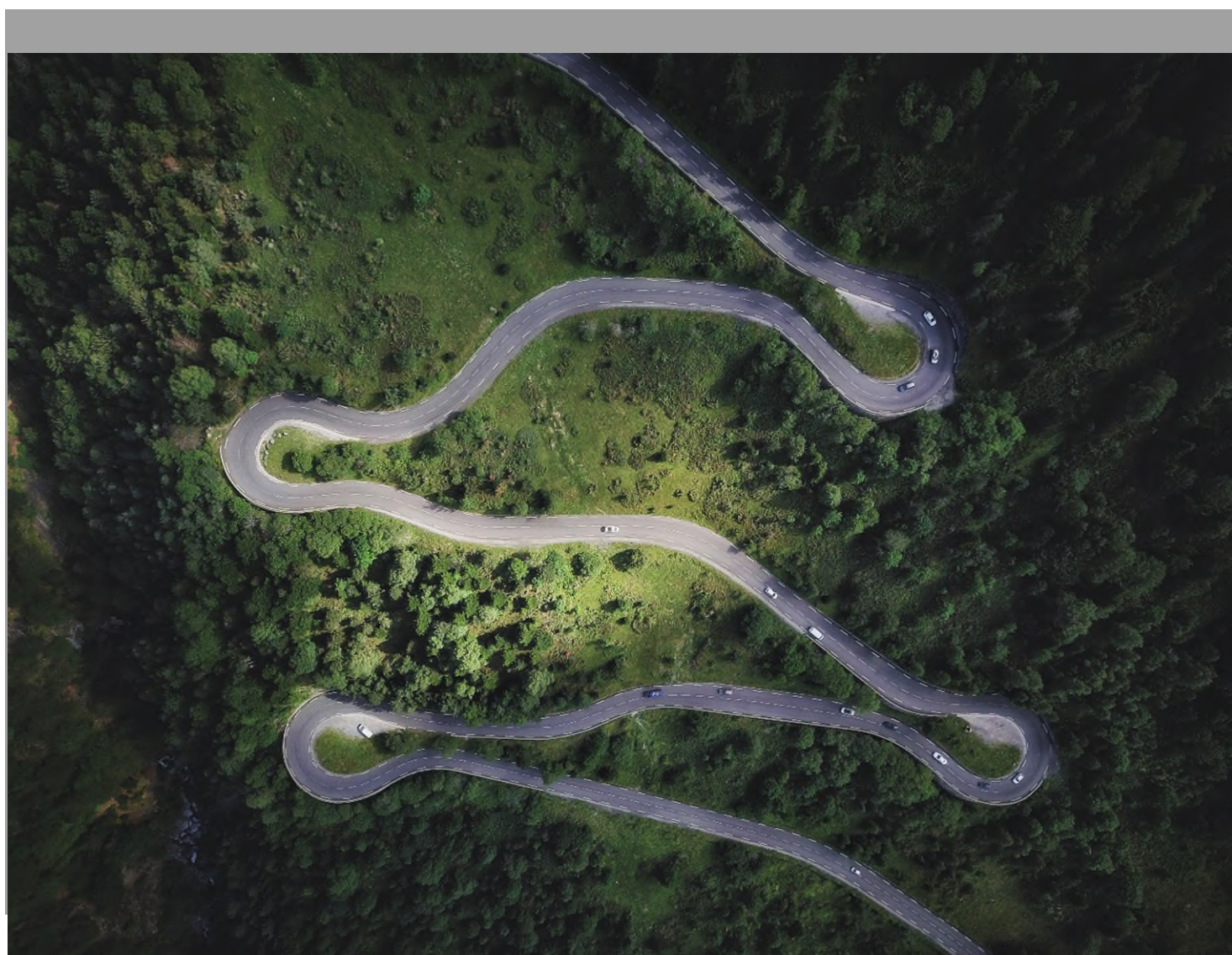


VDA recommendation

Bypass drop shipping

VDA 4948 Part 0

Version 2.0, June 2022



The following objectives are associated with this VDA recommendation:

- The recommendation is intended to serve as the basis for the standardization of bypass drop shipments in the aftermarket.
- The recommendation is intended to serve as a guideline for the establishment and further development of bypass drop shipments.

VDA Recommendation 4948 consists of the following four sub-documents:

Part 0: Process description and general information

Part 1: Order

Part 2: Order response

Part 3: Despatch advice

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Change history

Version	Change
Version 2.0, Juni 2022	New Chapter 9 - Extension for order processing Aftermarket

1 Definition

Aftermarket	Original spare parts market
EDI	Electronic Data Interchange
ERP system	Enterprise Resource Planning – software system for planning a company's available resources (capital, operating resources, personnel) as efficiently as possible
IAM	Independent Aftermarket (independent automotive parts trade)
CEP service provider	Courier, express, and parcel service provider
OES	Original Equipment Service (supply of original parts to automobile manufacturers)
Order response	Order confirmation
RFID	Radio Frequency Identification

2 Objective

The following objectives are associated with this VDA recommendation:

- The recommendation is intended to serve as the basis for the standardization of bypass drop shipments in the aftermarket.
- The recommendation is intended to serve as a guideline for the establishment and further development of bypass drop shipments.

3 Explanation of bypass/drop shipping and X-docking

Bypass/drop shipping is a type of logistics material flow in which the flow of goods and the flow of information are partially separated. This involves bypassing one or more storage or processing stages in the physical handling of goods. The physical delivery of parts is made directly from the OES/IAM supplier to the customer (without physical contact of the material at an OES/IAM warehouse). Customers can be wholesalers/importers or retailers. The client (customer) and the recipient of the goods do not have to be identical (e.g., wholesale order, delivery to retailer). Control and communication with all bypass/drop shipment partners is handled by a central coordination office at OES Original Equipment Service (original parts supply for car manufacturers) or IAM Independent Aftermarket (independent automotive parts trade).

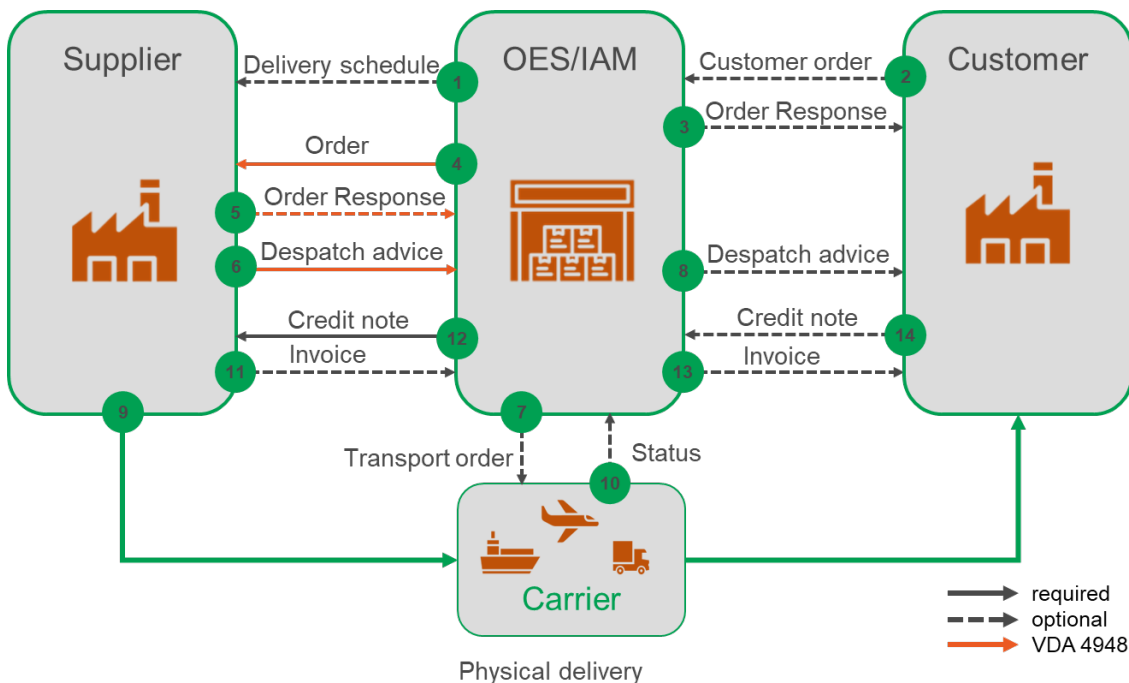
X-docking is understood as a variation of bypass/drop shipping. This is “planned X-docking”: the customer is already determined when the order is placed. The physical delivery of parts is carried out by the supplier via an X-docking area of the OES/IAM to the customer.

In this case, the goods are dispatched immediately after receipt without physical storage. Order processing can be carried out in accordance with the VDA 4948 recommendation, whereby the X-docking unloading point is communicated during the ordering process. The OES/IAM's ERP system is responsible for controlling the internal physical and administrative processes.

- Transfer of goods dispatch from the OES/IAM to the supplier
- Provision of all necessary basic data (partner data/business relationships)
- The OES/IAM is always the purchaser and payer
- Cooperative partnership between the supplier and the OES/IAM
- High delivery service/performance on the part of the supplier must be guaranteed
- High-quality demand forecasts from the OES/IAM
- Data transmission capability of business partners (customer, OES/IAM, supplier, carrier)
- Standardized communication formats
- The delivery call in existing standard procedures can be used as a preview
- Drop shipments are usually based on a previous delivery schedule (volume drop shipment business); alternatively, drop shipments can be made without a previous delivery schedule (individual customer orders for small quantities)
- Despatch advice
- Additional agreements regarding quality management are necessary, as there is no control authority

4 Process bypass drop shipping

4.1 Process / Diagram



4.2 Description

The delivery call represents the forecast. The delivery-related order is placed via a drop shipment order. This drop shipment order includes the complete delivery address of the recipient of the goods and all customer reference data (end customer and order number, wholesale customer and order number). This data is used to identify the delivery at the recipient's premises. Due to these n customer addresses, there are no factory unloading points in the traditional sense, but rather separate unloading points for bypass/drop shipping and warehouse replenishment (drop shipment order for remaining quantity).

Based on an existing delivery call-off, a drop shipment order is placed for the partial quantities. These partial quantities must be shipped to the delivery address specified in the drop shipment order on time. Despatch advice and transport data are transmitted by the supplier to the client (OES/IAM) via EDI.

For special assortments, e.g. those manufactured to customer specifications, the delivery schedule is not used as a preview. In this case, an individual order is placed (see Figure 1-2).

There are two alternatives for controlling the remaining quantity from the delivery schedule for which no direct delivery order exists, and which is to be delivered to a factory unloading point:

1. A separate automatic direct order for the remaining quantity to the central warehouse of the OES/IAM (customer is OES/IAM).
2. The remaining quantity is delivered to the central warehouse of the O-ES/IAM (customer is OES/IAM) after prior agreement.

Due to the clarity for the supplier and the client, alternative 1 is preferred.

The supplier can automatically receive a reminder if the delivery time is not met. This is sent on an order-by-order basis after a previously agreed period of time in the form of a drop shipment order with a special identifier and/or the quantity "zero."

4.3 Description EDI despatch advice

The supplier documents the shipment of goods with a despatch advice via EDI.

The despatch advice is sent by the drop shipper via EDI to the order initiator (OES/IAM) and not to the end customer.

The following points must be taken into account in particular for drop shipping:

- Customer reference data (end customers and order number or wholesale customers and order number with corresponding item numbers)
- External package identification number
- Service provider identification number at package level (track and trace, package tracking) for CEP service providers
- Prices: gross prices, manufacturing costs, currency, price date (optional)

The electronic despatch advice is triggered when the goods are shipped.

Follow-up functions: Based on the despatch advice, a despatch advice can be triggered to the end customer, and the printing of further documents can be initiated at the OES/IAM.

The despatch advice can be used to post a virtual goods receipt.

Based on the quantities and items in the despatch advice, the order or framework agreement with the supplier is updated accordingly and the invoice is triggered to the end customer.

5 Requirements / IT requirements for drop shipping

- Processing delivery call-offs via remote data transmission as a forecast
- Processing drop shipments via remote data transmission
- If necessary, sending an order response in reply to the drop shipment order
- Sending the despatch advice via remote data transmission

6 Timeline of a bypass drop shipment order

- 1 A delivery schedule (1) can be sent as the basis for the drop shipment order. It serves as a forecast for an agreed period regarding the total quantity and the target delivery date (valid for bypass/drop shipment business + central warehouse location).

- 2 The customer order (2) (with an order response (3) if applicable) forms the basis for a drop shipment order (4).

The total quantity of the various drop shipment orders should not exceed the total quantity of the respective delivery schedule without consultation with the supplier.

The degree of bindingness of the delivery schedules must be contractually agreed between OES/IAM and suppliers.

The delivery date contained in the drop shipment order is within the time window up to the target delivery date of the delivery schedule. In order to establish a clear reference, a note referring to the corresponding delivery schedule is included in the drop shipment order.

In addition, data required for despatch advice generation is transmitted with the drop shipment order.

- 3 If there is a remaining quantity based on the delivery schedule that has not been called off via direct delivery orders, the following procedure applies:

After a specified period of time, this remaining quantity is called off with a separate direct delivery order for the central warehouse location.

Alternatively, the supplier can calculate the remaining quantity themselves after consultation with the purchaser (IAM/OES) and send it to the central warehouse location without a call-off (see paragraph 4, point 2).

- 4 When shipping the goods/transferring them to the carrier (9), the supplier sends a despatch advice via EDI (6) for both bypass/drop shipments and deliveries (remaining quantity) to the central warehouse location.

Transport and shipment documents must be enclosed with the goods. These are generated from data sent with the drop shipment order.

Based on the supplier's despatch advice, the client (OES/IAM) generates the despatch advice (7) and invoice data (12) for the customer.

- 5 The format of the invoice or credit note procedure (11), which is created on the basis of the despatch advice, remains unchanged.

7 Complaint handling bypass drop shipping

The customer (recipient of goods) reports all complaints (damage, quantity discrepancies) to the central coordination office of the OES/IAM (bypass/route team). From there, any further clarification is carried out with the supplier/carrier.

8 Miscellaneous bypass drop shipment

8.1 Shipping goods outside the EU

Current guidelines on export conditions must be complied with by OES/IAM. Implementation is carried out by the carrier of the goods (e.g., by enclosing an invoice).

8.2 Automated goods recording

By agreement, a package or load carrier within the bypass/drop shipment business is identified by machine-readable information carriers (e.g., barcode, RFID). This information must be transmitted in the shipping notification.

The identification number is either generated by the supplier itself or specified by O-ES/IAM with the drop shipment order.

8.3 Unloading point

To ensure smooth processing, the bypass/route unloading point must be printed on the goods label.

8.4 Shipping documents

A goods label in accordance with VDA 4994 or 4902 is recommended; any deviations from this must be agreed bilaterally.

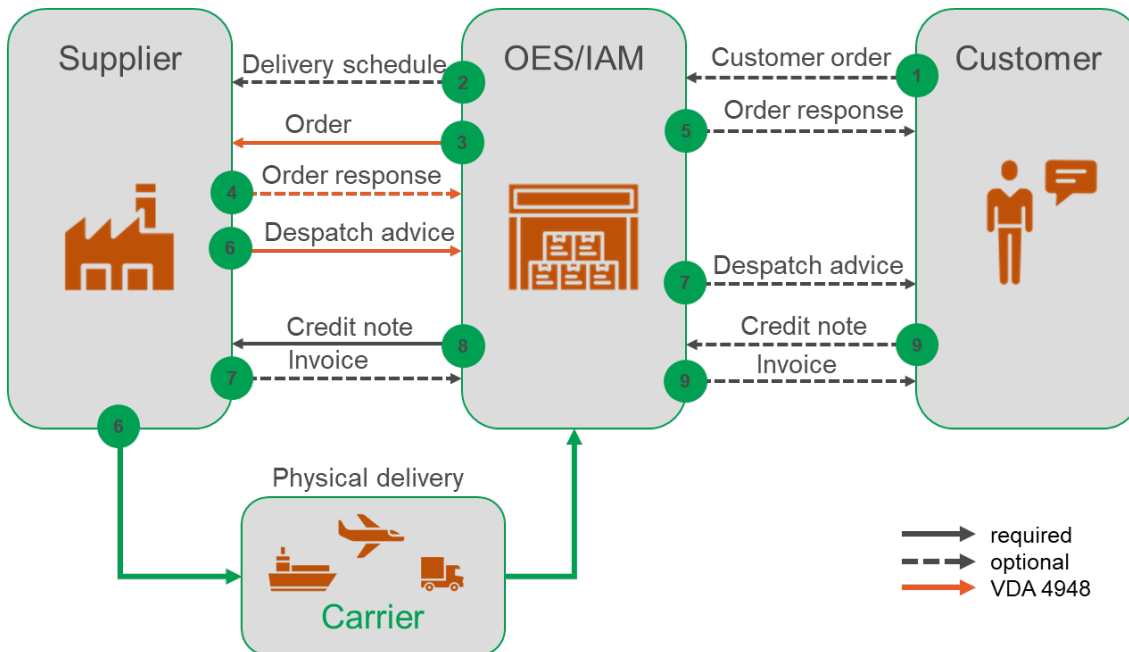
VDA 4939 is recommended for transport and shipping documents. Order references (e.g., end customers and order number or wholesale customers and order number with corresponding item numbers) can be used on the full goods shipping item sheet in accordance with VDA 4939.

8.5 Freight forwarder

The freight forwarder is commissioned by the OES/IAM for each supplier.

9 Extension for aftermarket order processing

9.1 Process / diagram



9.2 Description

The optional delivery schedule represents the forecast. The delivery-related order for the process described here is placed via a purchase order. The factory unloading point is specified in this purchase order.

Optionally, partial quantities can be ordered based on an existing delivery schedule. These partial quantities must be shipped to the factory unloading point specified in the purchase order on time. Despatch advice and transport data are transmitted by the supplier to the client (OES/IAM) via EDI.

If the delivery schedule is not used for forecasting, individual orders are placed.

The order includes an identifier that the supplier can use to separate and control internal business transactions (e.g., air freight/sea freight/special assortments/etc.).

9.3 Description of EDI despatch advice

The supplier documents the shipment of goods with a despatch advice via EDI.

The despatch advice is sent by the supplier via EDI to the order initiator (OES/IAM).

The electronic despatch advice is triggered when the goods are shipped.

The goods are shipped to the customer from the OES/IAM warehouse.

9.4 Requirements / IT prerequisites

- If necessary, processing of delivery call-offs via remote data transmission as a forecast
- Processing of orders via remote data transmission
- If necessary, sending of an order response in reply to the order
- Sending of despatch advice via remote data transmission

9.5 Timeline of an order

- 1 A delivery schedule (2) can be sent as the basis for the order. It serves as a forecast for an agreed period regarding the total quantity and the target delivery date
- 2 The order (3) (possibly with an (4) order response) may be based on a customer order (1). If necessary, data required for generating the despatch advice is transmitted with the order.
- 3 When the goods are shipped/handed over to the carrier (6), the supplier sends a despatch advice via EDI (6). The choice of shipping method (sea freight/air freight/land freight) may depend on the code transmitted in the order.

Transport and shipping documents must be enclosed with the goods. These are generated from data sent with the order.

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