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Smarter systems for product-based businesses

# Choosing the Right E-Commerce, ERP and 3PL Integration Model for Your Business

The all-important decision that determines  
whether you scale or stall



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# The Options

## Two Different Models



There are two different models to choose from when integrating your sales and inventory systems with your 3PL (Third-Party Logistics) partner. It's more than just a system decision, the choice is a strategic one. One model is quicker to set up; the other offers better inventory visibility, financial reporting and scalability. Both models can serve different businesses well, but which is right for you?

This simple guide is designed to help you make the right choice, whether you're:

- Planning your first integrated operational platform or
- Finding your existing model challenging because of reconciliation issues, stock errors or reporting delays.

## Choosing the right integration model

As your business grows, channels multiply and fulfilment becomes more complex, the way your ecommerce platform, ERP or inventory system and 3PL warehouse connect impacts everything from stock accuracy to margin control and customer experience.

**Building an integrated operational platform matters more than ever in today's competitive landscape:**

- Multi-channel selling
- Fast fulfilment expectations
- Margin pressure and the need for real-time profitability insight
- An industry-wide shift to AI and automation which relies on clean, centralised data

**The integrated model (or workflow) you choose determines:**

- Where operational control sits
- How accurate your inventory remains
- How reliable your financial reporting is
- How easily the business can scale

The fundamental difference between the two architectures we're about to explore is in where the operational "source of truth" lives.

# Model A: Central Command

In this architecture, the inventory or ERP system acts as the operational hub.

Orders flow from the Sales/E-commerce platform into the inventory system, where business logic is applied before orders are sent to the 3PL warehouse.

Once fulfilment occurs, the 3PL confirms shipment and stock movements back to the inventory system, which then updates the Sales/E-commerce platform.



## Advantages

Centralised operational control – The inventory or ERP system remains the single source of truth for stock, orders and fulfilment.

Business logic stays in-house – Allocation rules, bundle expansion, safety stock and returns handling remain within your system.

Consistent multi-channel inventory – All sales channels reference the same stock position.

Stronger reporting and analytics – Order, fulfilment and stock movement data sit in one system, improving forecasting and insight.

Future flexibility – Changing 3PL providers or adding new sales channels requires minimal structural change.

## Considerations

More complex implementation – Additional integrations require more setup and testing.

Greater reliance on system data quality – Poor SKU structure or slow APIs can create synchronisation issues.

# Model B: Channel-to-Warehouse

In this model, the Sales/E-commerce platform integrates directly with the 3PL warehouse.

Orders flow from the Sales/E-commerce platform to the warehouse. Once shipped, the 3PL sends fulfilment updates back to the Sales/E-commerce platform, which then synchronises the information to the inventory or ERP system.

The Sales/E-commerce platform effectively acts as a data relay between systems.



## Advantages

Faster to implement – Many 3PLs offer direct integrations with platforms such as Shopify.

Lower initial setup effort – Fewer integration layers reduce technical complexity.

Suitable for simple operations – Works well for single-channel businesses with simple product catalogues.

## Considerations

Inventory updates occur after fulfilment – Stock levels often update only once the 3PL confirms shipment, creating a delay.

Operational processes move into the warehouse system – Purchase orders, ASN receipts, stock transfers and returns may sit within the 3PL WMS rather than the ERP.

Bundle and kit complexity – Product bundles may need duplication in the warehouse system, increasing mismatch risk.

Limited product traceability – Sales platforms often lack support for batch numbers, lot tracking or expiry dates.

Harder to scale – Multi-channel selling, multiple warehouses and complex stock rules can strain this model.

# The Impact on Cost and COGS

Both models can capture Cost of Goods Sold (COGS) accurately, but reliability depends on where financial control sits.

If the inventory or ERP system holds the financial truth, it must receive accurate fulfilment data to release stock value and calculate margins correctly.



## Model A:

### Central Command

Because the ERP drives the order lifecycle, stock value is released when fulfilment is confirmed.

This provides:

- Accurate COGS timing
- Clear financial audit trails
- Real-time margin reporting
- Minimal reconciliation effort

## Model B:

### Channel-to-Warehouse

COGS is still captured, but financial reporting depends on when fulfilment updates reach the ERP via the Sales/E-commerce platform.

This can introduce:

- Reporting delays
- Period-end reconciliation effort
- Dependency on accurate 3PL data updates

# Financial Control Comparison



## Criteria

Inventory control

COGS timing

Reporting accuracy

Operational flexibility

Switching 3PLs

## Model A

Centralised

Immediate

High

Strong

Easier

## Model B

Partially external

Sync dependent

Potential lag

Limited

Harder

## What can go wrong if you choose the wrong course?

- Overselling due to a delay in syncing stock
- Overspending on advertising products that are out of stock
- Overstocking because forecasting is based on inaccurate data
- Finance teams spending hours at month end reconciling COGS
- A 3PL lock-in limits growth
- Bundles break because they're being actioned in disconnected systems

# BlueHub's Recommendation

Fast integrations create slow growth

## Model A

Ensures the business system runs operations and the warehouse executes fulfilment.

## Model B

Places more operational responsibility inside the 3PL environment, with internal systems reacting after fulfilment occurs.

With more than 200 implementations under our belt, we know that Model A provides the strongest foundation for growing, product-based businesses selling across multiple channels because it offers:

- Better inventory accuracy
- Stronger financial and operational control
- Cleaner reporting
- Greater long-term flexibility

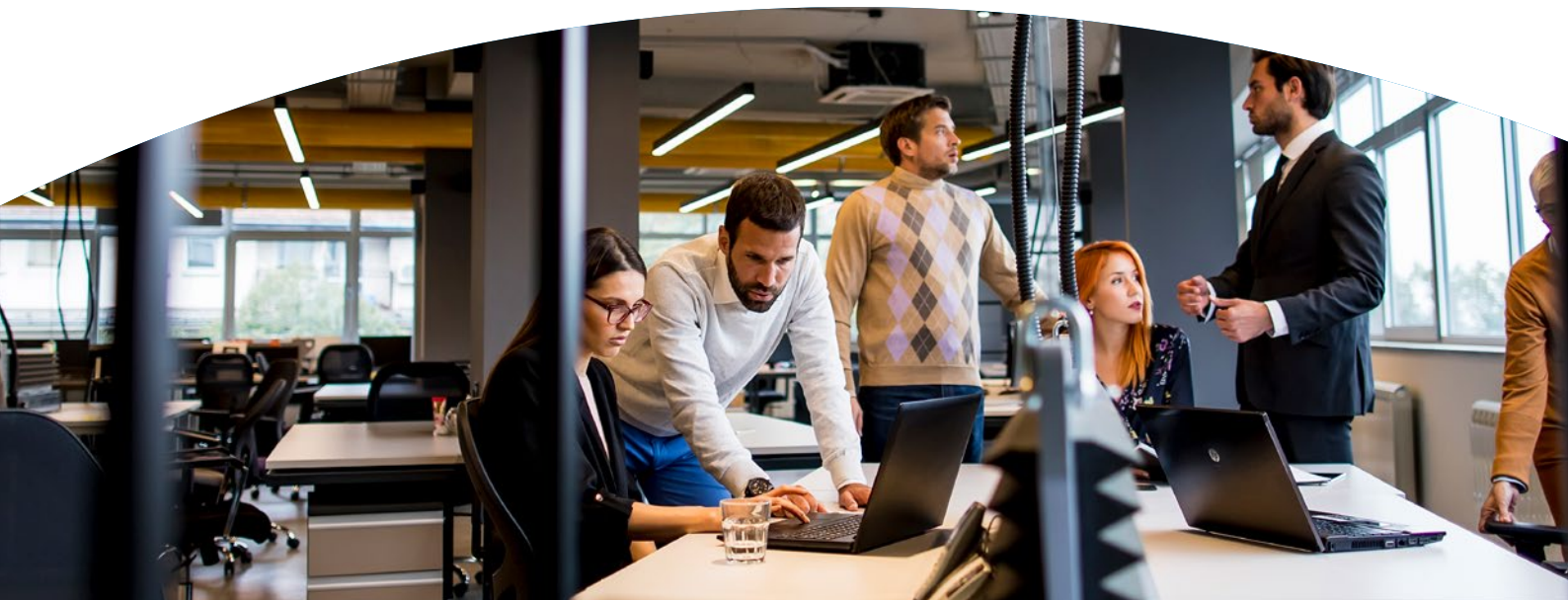
Model B remains a practical option for early-stage businesses prioritising speed of implementation over operational control.

# Best-Fit Based on Business Maturity

Stage	Description	Best-Fit Model
STAGE 1: <b>Speed First</b>	Model B works for early-stage, single-channel businesses prioritising fast setup.	<b>Model B</b>
STAGE 2: <b>Control Gaps Emerge</b>	Model B struggles to prevent reconciliation issues, stock errors and reporting delays as complexity grows.	<b>Transition Point</b>
STAGE 3: <b>Operational Maturity</b>	Model A provides centralised control, stronger visibility and scalability.	<b>Model A</b>

Choosing the right integration model shapes how your business operates, scales and competes.

As order volumes grow and channels expand, the gap between quick fixes and robust architecture becomes harder to ignore. Putting control at the centre of your operation gives you cleaner data, stronger reporting and the flexibility to change how you go to market and who you partner with.



# Get your Free Audit



For an expert view, contact me, Matt Flanagan for a consultation or request a free inventory system audit at [3pl@bluehub.co.uk](mailto:3pl@bluehub.co.uk)

You can also connect with me on LinkedIn or explore more insights on the BlueHub YouTube channel.

**Matt Flanagan**  
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BlueHub helps product based businesses scale through smarter, connected operational systems.

With experience across more than 200 projects and a range of sectors, Matt leads a team that specialises in implementing and integrating platforms such as Cin7 Core, Xero and Shopify to improve efficiency, visibility and growth. Known for his practical, hands-on approach, Matt works closely with ecommerce, wholesale and manufacturing businesses to streamline operations and build scalable, data-driven infrastructure.

Matt began his career in project management, delivering complex systems implementations within large enterprise environments, including roles at Capgemini. This early experience helped to shape his structured, process-first approach, combining technical delivery with commercial outcomes that continue to underpin his work with growing SMEs today.

## BlueHub's Integration Partners



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