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DELIVER A SEAMLESS PURCHASING AND FULFILLMENT APPROACH
WITH IBM ORDER MANAGEMENT

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Successful order management systems are unique in their ability to create brand loyalty and generate new revenue streams. When executed correctly, they demonstrate a unified commerce approach for sellers that spans all points along a customer's purchasing lifecycle. Intelligent fulfillment is also essential to organizations selling complex configurable offerings, due to assembly and fulfillment workflows that may span multiple facilities and planning systems.

This guide explores:

/ **The dynamics of order management (OM) and intelligent fulfillment**

/ **The market considerations and drivers for OM**

/ **The benefits of combining an OM System with existing ERP software**

/ **How you can embrace these technologies to delight your customers**

THE DILEMMA

As a manufacturer, your products are core to everything. Many times, the challenges of product production are coupled with an organization's divisional structure, one that also impacts the sales and distribution aspects of the business. Aligning supply and demand so that your inventory and fulfillment processes are optimized for your reseller/channel partners can be a never-ending, daunting task.

Similarly, as a distributor, your services and value-add to the assortments you distribute are your differentiator. Terms like "easy to do business," "exceptional service," and "meeting service levels" reflect just some of your goals. Yet, issues like capacity, awareness, inventory visibility, and adaptability to variability in your supply chain potentially keep you from optimizing your business.

Whether you are a manufacturer or distributor, how you cut through your relative complexity and provide customers with optimized purchasing, order fulfillment, and supported experiences are a focus that has gone from the dark corners of the warehouse to the board room.

In the context of business-to-business (B2B) transactions, there are actually two perspectives to this dilemma:

1. YOU REPRESENT A SELLER

You are an industrial manufacturer/distributor, and while your company has contracts executed with a geographically decentralized client base, you're frustrated with the continuously manual processes associated with:

/ An inability to offer the global, omnichannel, sales and fulfillment options that were outlined in multiple customer contracts

/ Ensuring timely, cost-effective delivery which fulfills contractual obligations and service level commitments

/ Selling and servicing your assortments – many times including configurable offerings that can add an additional complexity due to assembly and fulfillment workflows that may span multiple facilities and planning systems

/ Adhering with regional regulations and global logistics that accompany many multinational organizations deals

2. YOU REPRESENT A BUYER

Your company took great pride in negotiating a detailed contract with the seller; one that not only defined entitlements across product, pricing, and purchasing workflows, but also (and most importantly) the agreed-upon service-level agreements. Yet, the seller seems to be unable to support those conditions contained in the actual contract – not during the normal course of business, or if there is some disruption in supply or demand conditions.

Whether the B2B scenarios pertain to a manufacturer or a distributor, you may find inventory is frequently unavailable, back-order dates adjust frequently, and you seem to be on the wrong end of ever-increasing shipping costs. Worse yet, when there's some adjustment to in-process orders, there's little-to-no communication or alerts for you to adjust the impact. While in a consumer scenario this would certainly cause your brand loyalty to waver, as a business buyer – regardless of your contract – you're becoming disillusioned with the original promises from this particular link in your supply chain.

The unfortunate result can be the same: in the absence of intelligent fulfillment and order orchestration, sellers many times miss opportunities to create brand loyalty by demonstrating a unified commerce approach.

Sellers must shift their thinking from standalone direct and fragmented channels to a single, unified, omnichannel customer experience. But that can be daunting. From a technology perspective, there are implications and likely disconnectedness across legacy processes and operations, technology investments, and ERP/MRP/CRM/forecasting systems. From a business standpoint, leadership teams consider these scenarios and the inter-relatedness across their digital strategy, finance, and governance.

Companies must embrace all aspects of commerce – both pre- and post-sales – across all their channels to keep pace with the expectations of evolving buyers or risk diminished sales and eventual obsolescence. Success requires a comprehensive approach.

MARKET CONSIDERATIONS AND DRIVERS FOR **PRIORITIZING ORDER MANAGEMENT**

The focus on omnichannel order management is growing because more supply chain professionals see order management systems as the cornerstone to their omnichannel initiatives.

OM systems have been around for years and have been heavily adopted by manufacturers (think B2B scenarios) to orchestrate complex order processing scenarios from the point of capture through the supply chain to the point of fulfillment.

Fast-forward to present day, and order management solutions have evolved to support a complex set of omnichannel order fulfillment scenarios. In addition, firms are increasingly relying on these systems to fill the role of the enterprise-wide system of record for order data. This means that not only is the OM system potentially providing a global view of inventory – both on hand and in transit – but also acting as an order fulfillment hub for online, customer service, mobile, service centers, EDI, and even the field sales force. By consolidating all order data from across the enterprise in one centralized repository, businesses can optimize inventory, sales, and customer service across a customer's complete order history and purchase behavior.

ORDER MANAGEMENT SYSTEMS PROVIDE THE LOGIC AND WORKFLOW NEEDED TO DRIVE DEMAND

Regardless of a seller's business model, both retailers and those selling to other businesses seek the "perfect order." What do these scenarios look like?

1. Start an order via one channel (e.g., online) and complete it in another (e.g., working with a sales associate who accesses and completes the order).

2. Place an order in a non-store channel (e.g., website, mobile, or catalog/call center) and pick it up in a physical location.

3. Especially for complex industrial and manufacturing organizations, utilize configurable pricing and quoting to both a single source of "truth" for all pricing rules across all their sales channels, and to improve sales and fulfillment processes by aggregating the selling process for direct sellers, partners, resellers and eCommerce.

4. Track order status (e.g., received, shipped, delayed, delivered) via channels other than the channel where the order was placed (e.g., getting order status about an online order at the customer service counter in the store or contacting the call center about a special order that was placed in the store).

5. Save the sale at an out-of-stock location (e.g., a store) and fulfill the order from an in-stock location in another channel (e.g., the direct-to-consumer warehouse).

6. Source an order from inbound in-transit inventory rather than depleting on-hand inventory.

7. Source an online order from excess in-store inventory that's facing end-of-season markdowns but that can be sold at full price online.

8. Return a non-store purchase to a store. Match to original order and reevaluate promotions before crediting.

9. Avoid reverse logistics costs and delays by sourcing an internet-only item from a store where the item was recently returned.

10. Ship to a home from a sourced store to sell down excess inventory and/or minimize shipping time and costs.

11. Awareness of the 'last mile' delivery. Unless sellers have their own fleet of delivery, partner with a provider to handle the pickup and delivery within a scheduled window.

12. Independently manage individual line items on a multi-item order while retaining their relationship to the original order throughout the process. Track the status of each line item while reporting on each one within the context of the original order.

13. Automatically execute independent per-line-item sourcing and fulfillment actions based on multiple criteria (e.g., promised delivery date, minimized shipping costs, optimized inventory utilization, inventory levels and minimum thresholds, per-location item velocity, current per-location fulfillment workload/ capacity, etc.).
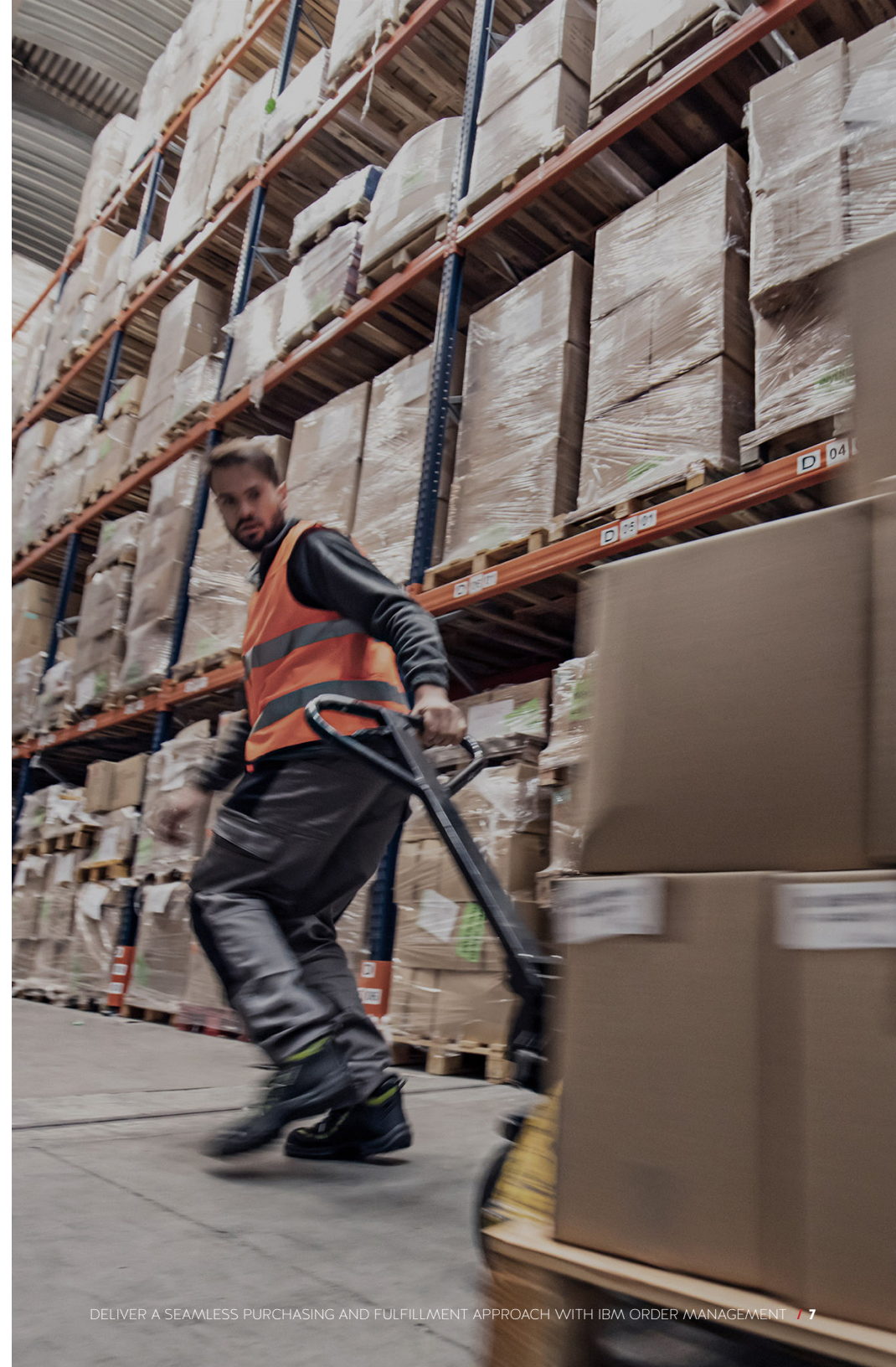
This is certainly not an exhaustive list, but these scenarios reinforce how order management solutions provide the logic and workflow needed to support this demand. Delivering on these scenarios naturally carries a set of requirements across business and technical considerations.

BUSINESS OWNERS

Business owners within the enterprise will require 360-degree views, integration with complimentary systems, configurable payment processing, intelligent and dynamic fulfillment, line item flexibility, delivery- and service-related scenarios, order modification, reverse logistics, event monitoring, and the ever-evolving omnichannel scenarios.

TECHNOLOGY TEAMS

Technology teams in the enterprise will require enabling visibility across user roles, flexibility, modularity and scale, maintainability, interoperability, configurability, and support for industry standards, to name a few.

Again, while not comprehensive, these core examples of order management systems reflect a baseline agreed upon in the market after years of honed best practices and market experience.

THE CASE FOR INTEGRATING AN OMS
WITH YOUR EXISTING ERP

An ERP system alone cannot provide an omnichannel experience like an OM system. However, with an ERP's ability for suppliers and manufacturers to continuously update financial resources and manage data efficiently, integrating an OM system with an existing ERP system can create a solution that is more effective to sell around customer needs at a scalable level.

EXPAND ORDER ORCHESTRATION OPPORTUNITIES

ERP systems are designed to handle the financial aspects of order orchestration while an OM system handles order fulfillment and inventory management. For example, manufacturers who want to do split shipments based on product availability need to know the closest location of inventory so they can fill the order. Not only will the order arrive at its destination faster, but shipping costs will be reduced, and inventory will be more strategically allocated. This complete view of inventory and updated supply chain data not only improves general order management processes, but expands order fulfillment options such as drop shipping and self-service ordering as well.

PROVIDE A SEAMLESS TECHNOLOGICAL TRANSITION

Integrating an OM system with your ERP not only offers new levels of scalability to your business efforts, but also provides a smoother transition between the order fulfillment process and the financial stages that follow. In some cases, an organization may have multiple ERP systems operating parallel to one another. Separate business units may all be using different systems that aren't communicating. By implementing an OM system between these various platforms, order fulfillment can be streamlined before transitioning the financial stages to the appropriate business unit's ERP.

THE FINANCIAL IMPACT

Implementing an effective omnichannel strategy requires an initial and ongoing investment, but the financial benefits outweigh the costs.

Companies with extremely strong omnichannel customer engagement see:

/ **A 9.5% year-over-year increase in annual revenue, compared to 3.4% for weak omnichannel companies[1]**

/ **A 7.5% year-over-year decrease in cost per contact, compared to a 0.2% year-over-year decrease for weaker companies[1]**

/ **An average of 89% client retention rate, compared with a 33% average retention rate[3]**

B2B companies adopting omnichannel programs also enjoy:

/ **2.1 times greater year-over-year growth in annual company revenue, compared to those with no omnichannel programs[2]**

/ **14.7% average annual increase in product margins[2]**

/ **15% average increase in customer satisfaction rates[2]**

[1] How to Master Omnichannel B2B E-Commerce

[2] 25 Amazing Omnichannel Statistics every Marketer Should Know

[3] Omni-Channel B2B ECommerce: Grow Market Share & Deliver Customer Satisfaction

EMBRACING TECHNOLOGY AND DELIGHTING CUSTOMERS

Exceeding buyers' omnichannel expectations requires a comprehensive approach – across processes, operations, technology investments, financial implications, and governance. While technology is the enabler, with eCommerce influencing and transacting over half of a company's revenues, it is an essential component to delivering on a successful strategy. The "happy path" in eCommerce is rare, so truly engaging their customers will require combining order management, inventory awareness, and optimizing operations – all complimented with their own differentiating "secret sauce."

Applying order management and intelligent fulfillment to better enable a supply chain can seem daunting, and successful companies don't attempt to do this alone. Typically, internal teams partner with organizations of size and scale that bring the market experience with the technology expertise around enterprise architecture, user experience design, and governance. Most enterprises will team with a trusted partner like Perficient Digital for the technology-enabling element so they can focus on the business of exceeding their customers' expectations. We have helped many enterprises embrace this approach and are realizing immediate success.
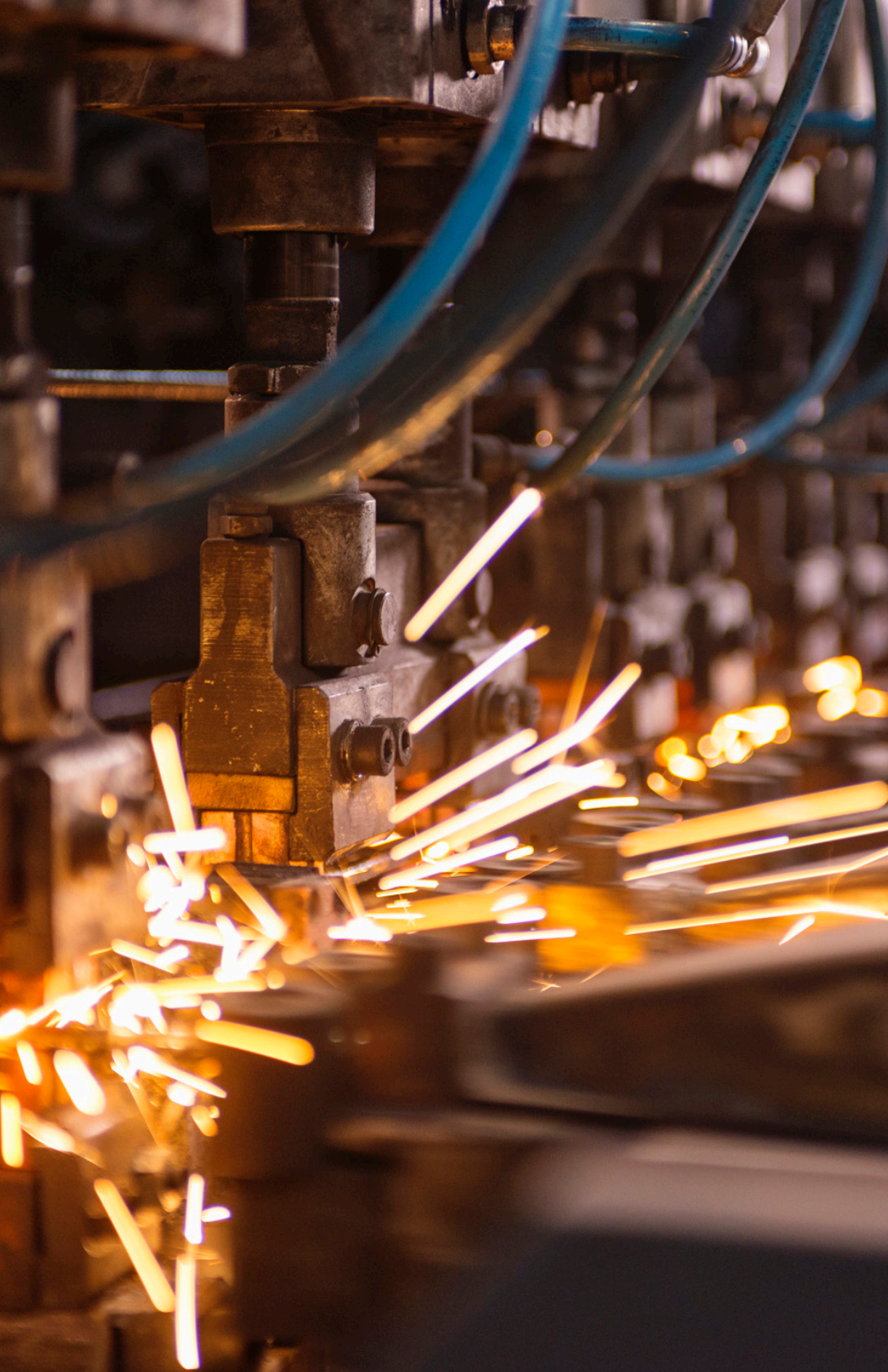
DIVERSIFIED
MANUFACTURER

Digitally immature and looking to introduce capabilities that would enable its business units to be more competitive, our client engaged us to explore technology implementations to support its digital transformation journey. We conducted workshops to gain a better understanding of various divisions' readiness to support a B2B portal initiative, and ultimately proposed taking a step back to create a more holistic strategy that would tie together product information management, commerce, and OMS technologies at a foundational level. Our team outlined several low-risk, high-impact projects that could put these capabilities into action on a smaller scale before investing to leverage them across the rest of the organization. Now that we've worked to complete some of these low-risk initiatives, we're ready to move forward with a holistic commerce technology strategy.

GLOBAL
FURNITURE
MANUFACTURER

Our client engaged with us to optimize its supply chain. However, we quickly identified that its needs extended beyond just OM. We led the strategy for optimizing its supply chain from order to fulfillment, which included helping formulate requirements, identifying technology gaps, creating a road map, and establishing the expected business value associated with the people, process, and technology enhancements. We recommended an OM solution that supports both wholesale/distribution and retail initiatives, and that can be applied across all order-to-fulfill channels. Putting to practice the findings and solutions developed during our previous work, we are leading the process together with our client to streamline order orchestration, improve product fulfillment, and enhance the customer experience.

ABOUT
PERFICIENT DIGITAL

We architect systems of customer delight. We move at the speed-of-culture. We exist to delight our clients, by relentlessly delighting their customers. We are what happens when the most talented digital strategists, design pros, brand shapers, digital marketers, data scientists and creative coders all believe one thing to be true – exceptional customer experiences always translate to positive ROI for our clients.

Perficient Digital blends the strategic imagination of an agency with the deep technical acumen of Perficient's established consultancy to deliver exceptional customer experiences for the world's biggest brands.

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