

HOW TO BUILD A

CUSTOMER-FOCUSED ORDER SYSTEM

Adding an **OMS** layer to your ERP system
can help your retail brand connect
personally with your customers



INTRODUCTION

Consumers do not care about 'digital', 'omnichannel' or 'e-commerce'. They do not care how an order is fulfilled. But if the process proves frustrating in any way, they are likely to shop elsewhere and expose retailer frailties on social media.

Consumers also expect retailers to know and interact with them personally and to maintain this personal conversation right through the full customer journey — especially when fulfilling an order — and beyond, including returns.

If the bar was not already set high enough, retailers are no longer benchmarked against their nearest industry peers and competitors, but against innovative global brands such as Amazon, Uber and Alibaba.

These brands were built from the ground up using transformative technology. As such, they are totally unencumbered by legacy systems and siloed processes driven by low-confidence data.

To compete, retailers must understand both the strengths and weaknesses of their current processes and supporting IT systems. While enterprise resource planning (ERP) solutions can still play a role in meeting the customer challenge, they lack the critical functionality that can be fulfilled by a best-of-breed order management system (OMS).

THE CHALLENGE OF UNIFIED COMMERCE

WHY ERP CAN'T SATISFY MODERN CONSUMER DEMAND

Designed to replenish stores and large distribution centres, ERP systems evolved to become robust, dependable and trustworthy systems of record for retailers. But then everything changed.

Monolithic purchasing, finance and inventory systems simply cannot meet the needs of the demanding, modern consumer. The modern consumer's expectation is to engage at any time, from anywhere and have orders fulfilled at the place and time of their choice.

This leaves retailers faced with a significant IT dilemma.

- Should they take the complex step of attempting to upgrade their ERP system, with newer analytics and faster in-memory processing for example, knowing the end product could be expensive and lack relevant functionality?
- Should they take the risk of trying to build their own system, requiring significant IT investment and a long time-to-market?
- Or should they invest in a 'best of breed' order management system engineered for omnichannel, to complement their existing ERP?

Omnichannel shoppers: An emerging retail reality

(Google)



THE BENEFITS OF BEST OF BREED OMS

With the addition of an OMS layer there is no need to 'rip and replace'. Retailers have an opportunity to meet customer demands without performing open heart surgery on their IT infrastructure, achieving a viable product quickly, cost effectively and with minimum risk.

| Limits of Legacy ERP Order Management | Power of Modern Order Management |
|--|---|
| Designed for traditional bricks-and-mortar retailing | Engineered specifically for the complexities of modern shopping — providing 360° view of the customer, processing large numbers of orders per hour and immediately releasing them to fulfilment locations, etc. |
| Manages inventory independently for each sales channel | Global enterprise inventory allows any item in any location to be available to view/sell from any location or channel — enabling services such as ship-from-store, click & collect and save the sale |
| Never designed for agility and enforces strict business processes | Cloud-native and agile by design to adapt to new demands |
| Limited inventory allocation capabilities and no ability to use store or warehouse conditions to source fulfilment | Sell against inbound or return supply and dynamically optimise and select the most profitable fulfilment source in real-time — reducing shipping costs, time to ship, etc. |
| Batch-driven updates and rigid integration limitations | Real-time view of the order and real-time promising, allocation and exception management |
| Rule-based waterfall approach to fulfilment sourcing | Real-time heuristic algorithms for optimised fulfilment sourcing |
| Limited returns based on sales channel — e.g. store purchases can only be returned in store, etc. | Omnichannel purchases, returns, and uneven exchanges |
| Only one view of inventory to promise against, regardless of which product, channel or consumer | Unlimited number of 'views' of global inventory assures that only inventory that meets the conditions of the buyer are presented as options — ensuring great customer experiences |

+50%

More than 50% of consumers frequently engage on social media to write reviews and direct complaints
(Customers are Calling the Shots — PwC)

57%

57% of organisations took longer than expected to implement their ERP. Most ERP upgrades take on average 21 months to complete
(2016 ERP Report — Panorama)

90%

90% of consumers say they expect consistency and continuity from brands across channels
(2016 Service Trends — Microsoft Dynamics 365)



CASE STUDY

s.OLIVER

Global fashion brand s.Oliver Group uses Manhattan Associates Distributed Order Management and Store fulfilment solutions to pool and govern the availability of inventory across its e-commerce and store distribution channels.

These systems leverage the brand's entire supply chain, driving product availability improvements and delivering a better customer experience.

The ability to accelerate goods flows has also improved stock turns, reducing capital tied up in excess inventory.

Ansgar Weber, Digital Operations & IT Director at s.Oliver Group, said: "Operating complex omnichannel services such as ship-from-store is impossible without having a streamlined and reliable IT infrastructure across all channels. An order management system, which fulfils orders against network inventory based on an optimised routing logic, is critical to success."



CASE STUDY

KURT GEIGER

Global fashion retailer Kurt Geiger uses Manhattan Associates Enterprise Order Management and Warehouse Management solutions — which provide the retailer with powerful order orchestration and fulfilment execution capabilities.

The technology has accelerated the flow of goods and cut delivery lead-times for customers, as well as allowed Kurt Geiger to fulfil orders via the most optimal route to “balance service and profitability goals”.

Giuseppe Guillot, Logistics and Systems Infrastructure Director at Kurt Geiger, said: “Our store staff and call centre agents have a powerful capability to view and service customer orders across all selling channels. They are able to quickly search using any piece of customer or order information, service customers across all touch points and fulfil orders with inventory from any channel.”

WHAT IS THE SOLUTION?

Despite its obvious shortcomings, ERP still has a critical role to fulfil as a system of record within modern, dynamic unified commerce.

For more than a decade, ERP systems have sufficiently managed store, inventory and supply chain operations, pushing goods to stores in lockstep with relatively static and stable demand forecasts.

Any attempt to 'rip and replace' the retailer's operational 'heart' could be expensive, risky and ultimately could threaten the life of the patient.

The good news is that the addition of a distributed order management system layer, integrated with, and sitting above the existing ERP, can quickly and cost effectively meet the challenge of the modern consumer.

Major ERP systems may already have limited OMS functionality. However, a distributed order management system can dynamically optimise order fulfilment across a complex network of systems and processes, unlike it's inferior, static ERP relative.

A best-in-class OMS layer, working in tandem with an existing ERP, enables a retailer to deliver the functionality and innovation that modern consumers expect, without sacrificing the robust accounting and finance functionality ERP excels at.

'It's time to embrace omnichannel'

(Aberdeen)

The beauty of adding an OMS layer is that additional functionality can be added swiftly and incrementally. This means retailers can target quick wins with minimum investment and risk in a matter of weeks and months rather than years. With this model it's easier to achieve a return on investment, win C-suite support and then build-out OMS capability. It's also easier to foster a culture of continuous improvement based on agile working methods.

For example, an OMS can enable a retailer to pilot a click-and-collect service. When this successfully grows the bottom line they may choose to build in additional functionality such as same-day delivery, drop-ship capability, ship from store, and so on, slowly adding more services with minimal organisational strain.

When deployed correctly, OMS becomes an essential element in delivering 'one version of the truth.' An OMS will provide:

- Real-time information such as a view of 'available to promise' (atp) inventory
- A seamless and consistent customer experience across channels
- Personalised customer engagement and interaction
- Single view of customer, order and inventory
- Real-time visibility of order status, independent of fulfilment channel
- Configurable and dynamic order orchestration
- A wide range of delivery/collection options driven by customer convenience
- Complete access to the retailer's full inventory in every channel



How an OMS layer can compliment your existing ERP system

With an OMS as your first layer of interaction with the customer, it's possible to significantly boost agility and innovation while retaining the strengths of your existing ERP system.



MOST RETAILERS IMPLEMENTING OMS ARE DOING SO TO ENHANCE, RATHER THAN REPLACE, THEIR ERP SYSTEMS.

The main advantage of using the two systems together is that it allows retailers to achieve front-end business agility without sacrificing accounting and finance functionality.

Using an OMS layer in tandem with ERP ensures that both systems can be used for what they are best at and less modifications are needed.

Retailers are finding that order management delivers business efficiencies that can be easily measured, especially around inventory management, logistics and fulfillment. OMS is able to 'see' inventory across the entire supply chain network, in all stock locations (including stores, hubs, DCs, inventory in transit and with suppliers).

OMS is also an additional revenue driver as it allows retailers to sell their network inventory via all sales channels (stores, customer service, digital channels) and it can create additional traffic to stores providing an additional selling opportunity.

It also allows retailers to provide accurate and real-time insights to their customers on inventory levels, lead times and order statuses. At the same time, OMS safeguards profitability by making sure online orders are fulfilled in the most profitable way by sourcing inventory from the best location.

Perhaps more importantly, OMS' ability to enable innovation, fulfil modern customers' expectations and win customer loyalty — all with minimum risk — sets it apart from other solutions to the modern customer challenge. Faced with the immediate challenge of unified commerce, OMS is the most effective solution for retailers, enabling smooth activation of a wide spectrum of new functionality.

For more information about our Manhattan Active Omni™ Solutions, including our Order Management System, please visit [**manh.com/omni**](http://manh.com/omni)