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Order Management Solutions: Addressing the Customer Experience Gap in Digital Commerce

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Introduction

Many organizations are rethinking how they do business with customers as the pandemic winds down. At the height of the disruption, lockdowns forced physical sales channels such as showrooms to close, trade fairs were cancelled, and social distancing measures made in-person customer visits impossible. As a result, businesses shifted to digital sales channels as a complement to traditional sales channels.

In retail, digital sales channels had achieved a degree of maturity before the pandemic. However, digital commerce currently represents a smaller share of transactions in manufacturing than in retail, particularly among industrial B2B organizations.

This is changing. Investment in B2B commerce is being spurred by several factors: electronic data interchange (EDI) creating a bottleneck for placing orders, B2B customers expecting purchasing experiences that mirror the ease of their online consumer shopping experience, and robust technologies enabling digitally augmented product showcasing.

Many manufacturers are also turning to direct-to-consumer (D2C) strategies as a way to improve direct customer engagements to increase customer loyalty, launch new business models such as subscription services, or gain valuable customer insights data from various touch points in the customer journey. This trend will also drive investments in digital commerce accordingly.

Standing up digital commerce typically includes the implementation of front-end solutions, such as a web shop, customer registration and profiles, product catalog management, or self-service customer services. Moreover, it will also be key at the back end to ensure a seamless and satisfactory experience throughout the customer journey, from placing an order to tracking its arrival at the expected time and the most convenient delivery location.

AT A GLANCE

KEY TAKEAWAYS

Order management solutions can help organizations bridge the potential customer experience gap by enabling visibility across distributed inventories and managing seamless and cost-efficient order fulfillment across multiple sales channels.

To ensure high levels of customer experience across the entire journey while optimizing order fulfillment costs, digital commerce solutions need to align with supply chain operations, warehouse operations, and order fulfillment.

Achieving this outcome typically requires not only appropriate back-end integration with existing applications (e.g., ERP, PIM, CPQ, SCM, and CRM) but also investments in solutions to address any potential gap between the customer's experience and order fulfillment from digital commerce.

Order management (OM) solutions can help organizations bridge this potential customer experience gap by enabling visibility across distributed inventories and managing seamless and cost-efficient order fulfillment across multiple sales channels.

Definitions

IDC defines order management as follows: Order management applications are designed to improve order efficiency and visibility for a wide range of industries and order types. Order management functions include order validation, quoting, planning, life-cycle management, fulfillment, and settlement.

Order placement is the prerequisite for an order management application, followed by the issuance of receipts, advanced shipping notices, and payment processing functions. With an order management system in place, order and product configurations, pricing options, shipping preference verification, and credit checking can be combined to form an integrated order management application, regardless of the sales channels. Functions of order management applications often integrate with billing, subscription management, CRM, and digital commerce applications, depending on the kinds of products and services being provided.

Distributed order management systems provide added functionality for retailers and B2B organizations that need to optimize order fulfillment across a complex network of warehouses, brick-and-mortar stores, fulfillment centers, and partner locations. Distributed order management systems require integration with real-time inventory management systems to deliver products to consumers from the most efficient location while utilizing stores to improve and shorten the fulfillment experience.

Major Business Challenges to Be Addressed

Organizations that want to pursue their digital commerce strategy and avoid potential customer experience gaps need to ensure that business processes are seamlessly integrated, from order placement to order fulfillment and order delivery.

The key business challenge relates to delivering the right product at the right time and at the right price to the right location to avoid negative customer experiences.

The expectations of customers continue to increase: They want to know the status of their orders, they want accurate delivery dates, and they want rewards from loyalty programs or discounts to be applied to their orders.

The following business challenges need to be addressed by organizations that want to ensure a superior customer experience:

» **Delivering on customer promises:** Accurately estimating time to delivery requires end-to-end visibility across the entire inventory. This also includes visibility across distributed inventory because products may be stored in different locations, at different distribution centers. However, legacy applications and siloed applications often prevent the organization from having full visibility into distributed inventory. Without this visibility, the costs of on-time order fulfillment and delivering on customer promises are potentially higher.

» **Being highly adaptable to changing market conditions and customer requirements:** In the past, the focus of supply chain management was on efficiency; today, this focus has shifted to resiliency. Responding to changing circumstances quickly and efficiently will require higher visibility into supply networks, thereby creating more transparent supply chains.

» **Adopting a new approach for supply chain management:** Retailers are more mature in managing their supply networks, nurturing their suppliers, monitoring the reliability and capabilities of their suppliers, and handling suppliers the same way they handle customers. This is new territory for many manufacturing organizations, which need to model similar behavior.

» **Optimizing order fulfillment costs:** Ensuring an outstanding experience across the entire customer journey should not happen without optimizing the cost base at the same time. Cost-efficient order fulfillment should be the guiding principle, including cost-efficient order routing and enabling order fulfillment from multiple fulfillment centers. Intelligent order routing and multi-shipping order fulfillment that follow business rules and priorities can help lower costs and balance inventory.

» **Enabling omni-channel commerce:** Today, consumers and customers want to be able to shop or gather information from anywhere from any device. Therefore, enabling an omni-channel commerce strategy is key to ensure high levels of customer experience. This requires the creation of compelling interactions at every touch point of the customer journey in every sales channel as well as unified visibility across all channels. Moreover, moving to a unified commerce solution enables manufacturers and retailers to ensure consistency across all channels, including phone, web, EDI, and corporate procurement systems.

» **Integrating existing channel partners:** When an organization sells via channel partners, providing high levels of customer experience requires better insights into their business operations and feedback loops to enable channel partners to share forecasting and inventory management information. At the same time, channel partners should be empowered with relevant information from the manufacturer to provide the best experiences to their customers.

IDC research supports the importance of addressing such challenges. Figure 1 shows the top supply chain- and demand channel-related areas for improvements among manufacturing and retail organizations over the next three years.

FIGURE 1: *Supply Chain- and Demand Channel-Related Focus Areas for Supply Chain Improvements over the Next Three Years*
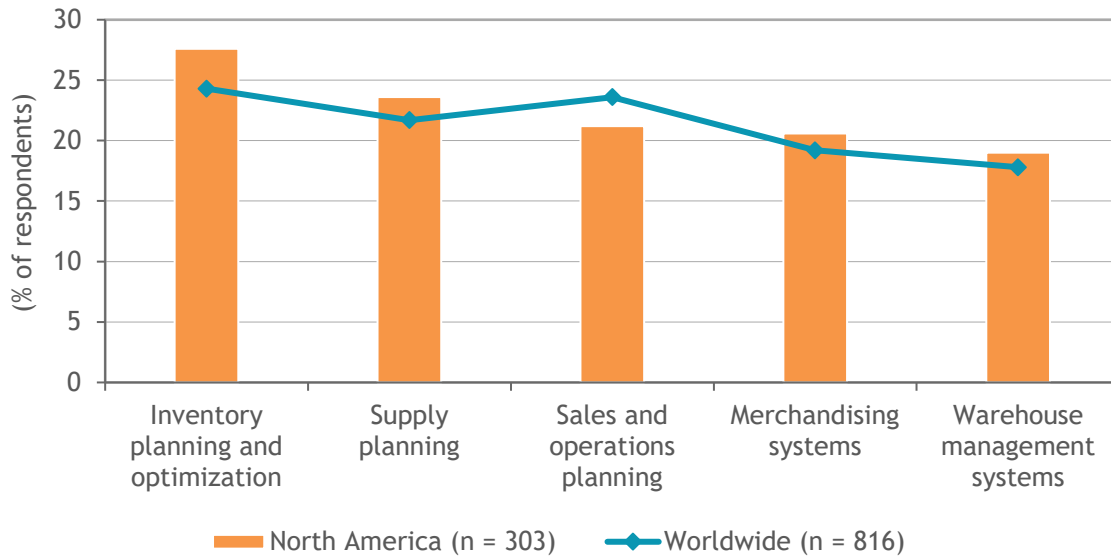
Source: IDC's Supply Chain Survey, April 2020

Key Requirements of Order Management Solutions

To address the previously mentioned business challenges, order management solutions need to meet some key requirements:

» **Cloud based:** Modern order management solutions should be cloud based to ensure better scalability and agility in terms of both time to implement and the ability to roll out solutions to different regions and countries more easily. Besides multitenant SaaS order management solutions, cloud-native applications will become a key requirement for many buyers to support greater flexibility and portability.

» **Easy integration:** As the number of delivery options increases, so does the complexity that order management applications must handle. To keep up, order management applications must support visibility across their inventory and supply chains to help meet business KPIs and customer SLAs. To enable visibility across distributed inventories and manage seamless and cost-efficient order fulfillment across multiple sales channels, order management solutions must provide easy integration to relevant existing applications. Examples include warehouse and inventory management, transportation and logistics management, supply chain planning, fulfillment, ERP, and digital commerce applications. Order management applications should provide appropriate cloud APIs to facilitate tighter and simpler integrations across front and back offices.

» **User experience:** Historically, order management applications were designed for a back-end user with a desktop, but this paradigm is shifting in favor of native mobile applications. Therefore, mobile user experiences are becoming a top requirement for order management applications.

» **Preconfigured solutions:** These solutions are easier to apply because they address specific challenges and can be used out of the box, meaning they do not require a lot of in-house expertise to customize. This is particularly true for industry domain-specific preconfigured solutions. An example here is if there are preconfigured solutions and workflows for warranty support, reverse supply chain, or spare parts distribution, which are relevant processes in industrial manufacturing.

» **Easy customization:** Making it easy to customize applications enables users to quickly adjust applications to their specific requirements in a cost-effective manner. IDC expects that low-code/no-code application development experiences will increasingly become a requirement for order management applications.

» **Artificial intelligence (AI) and automation:** Embedded analytics and AI can help support decision making based on multiple parameters. This includes defining optimized inventory levels, pricing and discount recommendations, and intelligent order fulfillment. Moreover, AI-powered capabilities that automate digital commerce processes and workflows have the potential to significantly improve operations by analyzing multiple parameters.

» **Blockchain:** The more that digital commerce transactions and related order fulfillment need to be verified across the entire supply chain (e.g., from farmers to exporters, shipping lines, inspection services, and importers) in a market that should become more transparent and trusted, the more that technologies such as DLT/blockchain will become relevant and need to be integrated with order management applications.

» **Sustainability:** As organizations embed sustainability targets into their operations, there will be a need for order fulfillment to consider relevant sustainability parameters such as CO_2 emissions or fuel consumption.

Benefits

Major benefits of order management solutions relate to being able to better ensure higher levels of customer experience across the entire customer journey while optimizing order fulfillment costs. This can be achieved through increased end-to-end inventory visibility and cost-efficient and intelligent order fulfillment across multiple sales channels and routing.

Considering Fujitsu

Fujitsu Limited, located in Tokyo, Japan, was established in June 1935 in Kawasaki, Japan, and is the parent company of Fujitsu America Inc. Fujitsu Limited has grown into a thriving global network that is a provider of IT infrastructure solutions.

Fujitsu Limited is also a leading provider of information and communications technology (ICT)–based business solutions for the global marketplace. With approximately 140,000 employees supporting clients in more than 100 countries, Fujitsu combines a worldwide corps of systems and services experts with highly reliable computing and communications products and advanced microelectronics to deliver added value to its clients.

When the concept of SaaS CRM was introduced in the mid-2000s, Fujitsu quickly saw how the CRM space would evolve to enrich the customer experience. The company was instrumental in defining the concept and pioneering the development of OM tightly coupled with a CRM platform, launching its GLOVIA OM solution in 2008.

Relying on 50 years of ERP heritage, Fujitsu also introduced inventory management and order fulfillment as a cloud-native SaaS offering on a CRM platform. Its intent was to seamlessly integrate end-to-end capabilities for order entry, management, allocation, and fulfillment on a single platform, tightly coupled with CRM processes such as customer service.

Since its launch, GLOVIA OM has evolved to add functions for nearly all core business processes, resulting in a customer-centric enterprise solution. GLOVIA OM is designed to be a transformational, unified commerce supply chain platform that serves all retailers, distributors, and manufacturers efficiently.

Its modular design allows businesses to choose only the solutions they need. Other modules can be enabled or disabled on demand as required.

GLOVIA OM offers the following key benefits:

» Seamless order channel management and real-time visibility (D2C, B2B, and B2B2C marketplaces)

» Order management (singles, merged, pre-orders, subscriptions)

» Inventory, warehouse, and fulfillment management (multisite, distributed, and blended)

» Pricing management with new and existing pricing, pairings, rules, discounts, and promotions

» Intelligent allocation engine with high precision/granular configuration for a wide range of attributes

» New AI-driven merchandise planning, demand planning, and forecasting capabilities

» Order orchestration hub (routing cost analytics, distributed/split fulfillment, D2C, 3P)

» Global scalability (language, currency, governance)

» One-click order management

The solution also has 70+ industry-specific accelerators with robust AI capabilities.

At the heart of the solution are the intelligent allocation engine and orchestration hub that interconnect and synchronize upstream and downstream workflows such as:

» Demand forecasting

» Materials and production planning

» Inventory management, flow, and positioning

» Service execution

» Fulfillment management

» Customer service

The resulting benefits are shortened quote-to-cash cycles, reduced risk, optimized production and inventory, and true end-to-end visibility across all processes, products, sales, and services.

Challenges

From IDC's perspective, Fujitsu currently has a very strong focus on the U.S. market and thus a robust awareness of its solutions among potential customers. However, global market awareness related to the company's order management capabilities is lacking among potential buyers outside the United States.

Additionally, although Fujitsu has a strong presence in B2C industries such as retail, CPG, and high tech, it has a smaller presence in B2B industries such as the industrial manufacturing space, where IDC expects rising investments in digital commerce solutions that will also require appropriate order management solutions.

Conclusion

IDC expects that investments in digital commerce will drive demand for order management systems, which will provide organizations with seamless and efficient order orchestration, visibility, and fulfillment.

Order management solutions should be built on modern and cloud-based, scalable architectures with user-friendly interfaces, and they should be able to act as an integration solution for existing legacy applications. Those that also have innovative technologies embedded, such as automation, AI, or blockchain, will provide additional value to organizations that utilize such solutions.

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Besides the need to choose an application that provides the right capabilities, organizations face two main challenges to the successful implementation of order management solutions that augment the commerce technology stack: the complexity of such projects and the resulting need to involve all relevant stakeholders.

The key to a smooth implementation and rollout of order management solutions is involving stakeholders early in the process to ensure acceptance and usage of the solutions. These stakeholders include not only decision makers in the warehouses, the supply chain, procurement, sales, and after-sales but also those in service and support, logistics, and finance.

If implemented and rolled out correctly, order management solutions can help address the customer experience gap by ensuring the organization's ability to always meet the customer promise: delivering the right product at the right time and at the right price to the right location.

About the Analyst

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Stefanie Naujoks rejoined IDC as research director for IDC Manufacturing Insights Europe in June 2020. She has 20+ years of industry experience, from both the analyst side and the IT vendor side.

Her previous research topics have included digital transformation, industrial IoT, Industry 4.0, the digital factory, PLM, MES, and SCM. In addition to her ongoing research, she has led and contributed to numerous customer-specific consulting projects, helping IT vendors define their strategic positioning in the manufacturing sectors by providing profound market insights on relevant trends, strategy and sales enablement workshops, and M&A support.

MESSAGE FROM THE SPONSOR

Bridge Your Experience Gaps

The retail industry is experiencing a pronounced disruption from a store-centric business model to a combination of physical and digital storefronts. As a result, retailers need to become fluent in the digital space to connect well with consumers, all the while ensuring product fulfillment is a seamless experience.

Retailers may find it difficult to enable this new mindset, must empower their teams with tools that achieve success, in order to remain disrupted. Retails need a robust and agile solution to empower stores, headquarters, suppliers, inventory associates, end-users and customers equally.

In a volatile demand landscape, retailers need to also prepare for the unexpected, and be ready to react and respond with action to satisfy customer needs and grow revenue. Customers expect seamless execution of their orders regardless of channel, and transparency and insight into the entire process that results in advocacy and brand loyalty. Benefits include:

» Improved revenue

» Real -time inventory visibility

» Accurate order fulfillment status

» Improved productivity

» Seemly execute complex omni channel experiences

» Empower customer collaboration

» Improved operational efficiency

IDC Custom Solutions

The content in this paper was adapted from existing IDC research published on www.idc.com.