ORDER MANAGEMENT SYSTEMS

The Missing Link Between Customer Satisfaction and Profitability

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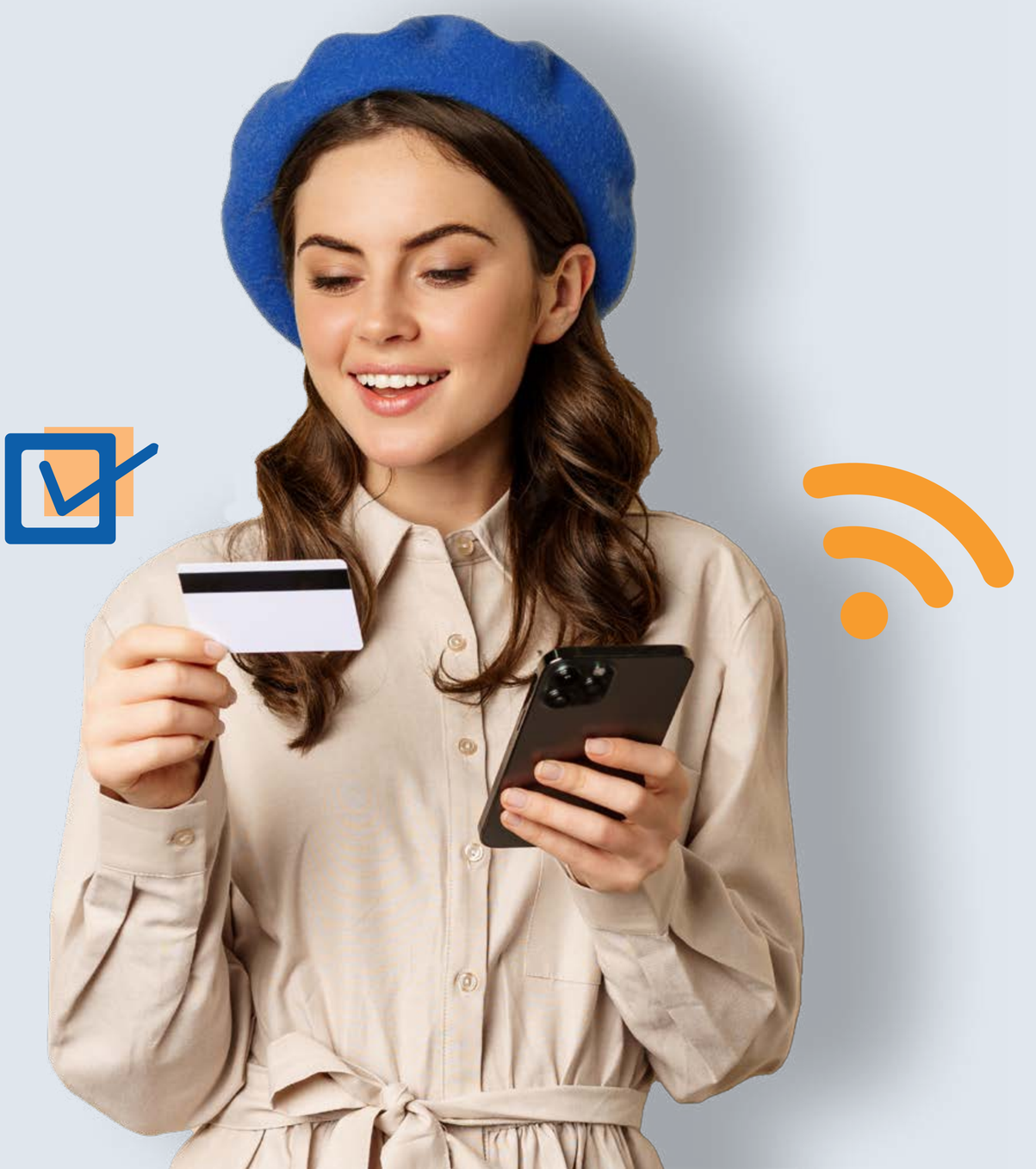

Editorial

In today's fast-moving retail landscape, customer behavior is changing rapidly, and brands are under pressure to provide a seamless, personalized, and unified commerce experience across channels. To meet these challenges while maintaining profitability and reducing costs, an Order Management System (OMS) has never been a higher priority.

An OMS solution offers a range of benefits for retailers, including increased sales by offering more purchasing options and decreased costs by simplifying the retail technology environment. By integrating with other systems such as the ERP, ecommerce platforms, point-of-sale systems, and warehouse management systems, an OMS solution provides a unified view of the entire order process, helping retailers to streamline their operations.

However, with so many OMS solutions on the market, retailers need to carefully evaluate their options to find the right solution for their needs. Factors such as scalability, flexibility, and ease of use are all important considerations when choosing an OMS solution.

This white paper is intended to provide an introduction to OMS solutions and a comprehensive guide on how to implement them. It outlines the benefits of an OMS solution and provides specific examples of how it can help retailers to streamline their operations and offer a better customer experience. Additionally, it provides guidance on selecting the right OMS solution for retailers' needs, including factors to consider and questions to ask vendors. Finally, it outlines the key steps involved in the implementation process, including defining the project scope, selecting the right OMS vendor, designing and configuring the system, and testing and deploying the solution.

Overall, this white paper provides a valuable resource for retailers looking to improve their retail and wholesale operations and offer a better customer experience through the implementation of an OMS solution.

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Benefits & Challenges

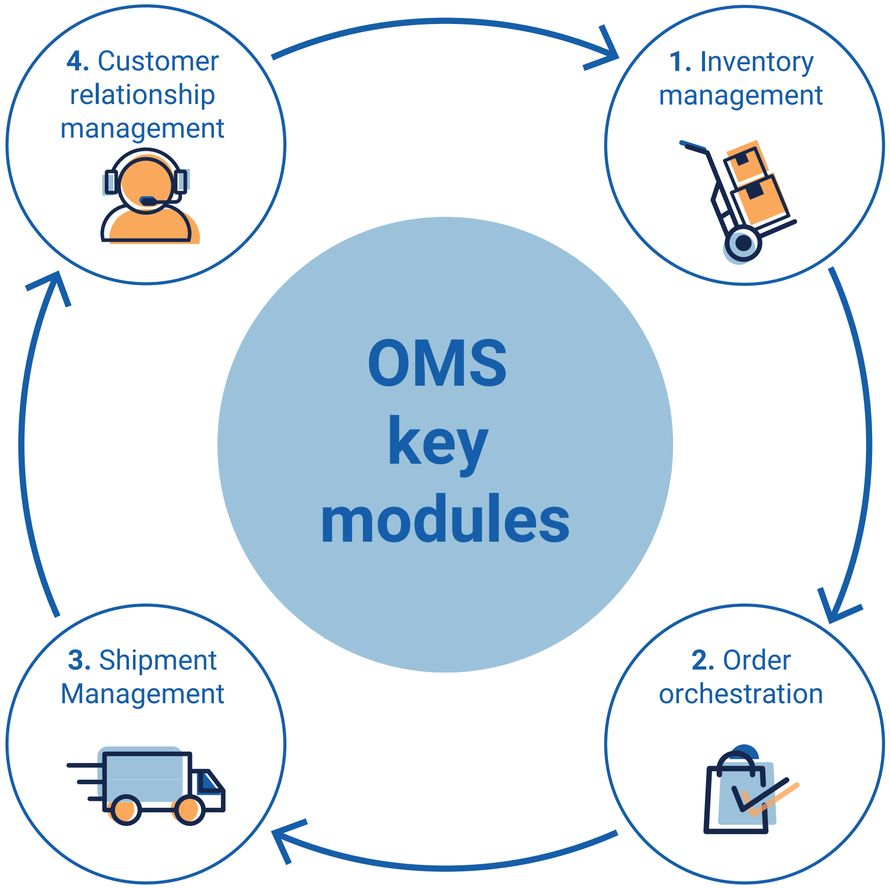
In an increasingly demanding market, focused on direct-to-consumer strategies, companies must opt for efficient, customized and flexible solutions that meet consumer requirements by offering seamless shopping experiences, fast and reliable deliveries and easy returns.

Retailers must be able to adapt quickly to changes in demand, changes in purchasing behavior and supply fluctuations to remain competitive. The OMS contributes to this objective by providing increased visibility of inventories, centralized management of customer orders and efficient coordination between different sales channels.

Composition and key modules of an OMS

OMS are critical systems for retailers looking to optimize their conversion, customer satisfaction, loyalty and operational efficiency. Although they are backend systems, OMS integrates with other systems such as e-commerce platforms or mobile apps to deliver a consistent customer experience across all channels.

OMS systems are composed of several modules that provide an optimal end-to-end experience for customers.



1. Inventory management

A module that offers the ability to track inventory levels of the company's products in real time on all storage points. For example, OMS can:

- Check the availability of inventories and distribute this information throughout all sales channels.
- Guarantee the availability of the products ordered by ensuring reservations, transfer proposals and proactive inventory reallocations.
- Offer alternatives in case of out of stock – fulfillment alternatives if the product is elsewhere, or replacement if the product no longer exists in stock.

For example, *when a customer places an order on an e-commerce site, OMS checks available stock levels for the product ordered. If the product is in stock, it is reserved for the customer, if the product is out of stock, OMS may propose an alternative or indicate the estimated delivery time.*

2. Order orchestration

Retailers need powerful, agile multi-layered order orchestration. An orchestration that involves the intelligent execution of a dynamic set of rules, so that each order is accurately executed according to commercial strategies and defined logistics while maximizing sales margin.

Between receiving, processing and tracking customer orders, orchestration includes :

- Order support
- Calculation of fulfillment strategy based on customer preferences and settings while targeting cost optimization for the retailer.
- Verification of their validity (compliant payment, addressing) and their processing (or their dispatch to other fulfilment solutions (e.g. WMS, 3PL, Drop Shipper)
- Sending notifications to customers throughout the process

An efficient OMS enables network-level orchestration, identifying the optimal supply point across the network based on granular, real-time visibility into inventory, customer commitments and SLAs, supply chain capacity and constraints, shipping costs and more.

It takes all of these variables into account to identify and implement fulfillment paths that satisfy customers while achieving the greatest profitability - with rules easily modified over time as needs and strategies change.

Indeed, OMS systems are designed to manage orders flexibly and in real time.

They can, for example, change the order picking sequence and task assignment based on changing priorities, delivery delays or fluctuations in demand. In addition, OMS systems can be configured to optimize picking processes using customized business rules and demand forecasting algorithms.

In addition, OMS can manage orders from multiple channels, such as stores, websites, call centers and mobile applications. They can bring together all order information from these channels for a unified view of the order.

Payment security and tracking are provided via the payment management functionality. OMS can also be configured to perform automatic checks on payment information, such as addresses and zip codes.

3. Shipment Management

Facilitate fulfillment and orchestration with WMS and/or TMS (Transportation Management System) to give execution orders to the various distribution channels and the delivery of products ordered, including features such as;

- Shipment management
- Sending delivery notifications
- Real-time parcel tracking.

OMS is a coordination system that connects the different systems involved in supply chain management - it centralizes information and provides updates in real time on the status of orders to retailers and their customers. It also allows to support Order Fulfillment activities in stores and warehouses (if no WMS is used).

OMS may also send a notification to the customer informing them that their order has been shipped and provide a tracking number so that it can track the delivery in real time.

4. Customer relationship management

This module can include features such as managing contact information (customer segmentation, preferences), customer billing data, order tracking in progress and the management of product returns. The module usually provides information about customer order and transaction history.

By having an OMS at the heart of our fulfillment system, real-time information is drawn from OMS and it serves as the basis for customer service in their direct relationship with clients.

For example, **Salesforce OM** integrates “Care” customer management to monitor real-time order processing, an extensible and flexible solution that allows a single view of the customer and a comprehensive data record with an SFCC customer base and ecosystem of important partners.

OMS PILLARS

Inventory

- Real-time visibility
- Available for sale
- Safety stock
- Ability to pre-sell (purchase order)

Orchestration

- Order Sourcing
- Distributed Order Management (DOM)
- Event management
- Definition of customer groups / delivery regions (Rating & Scheduling)
- Payment integration

Fulfillment

- Marketplace
- Dropship
- Omnicannel execution capabilities (Mobile Pick/Pack, BOPIS, ROPIS, etc)
- Batch picking management

Care

- 360° customer view
- Customer management, discounts, and pricing
- Unique orders portal
- Returns and exchanges
- Customer interactions

The OMS at the center of the retail technology architecture

Several systems need to be connected to an order management system to ensure efficient and automated order processing.

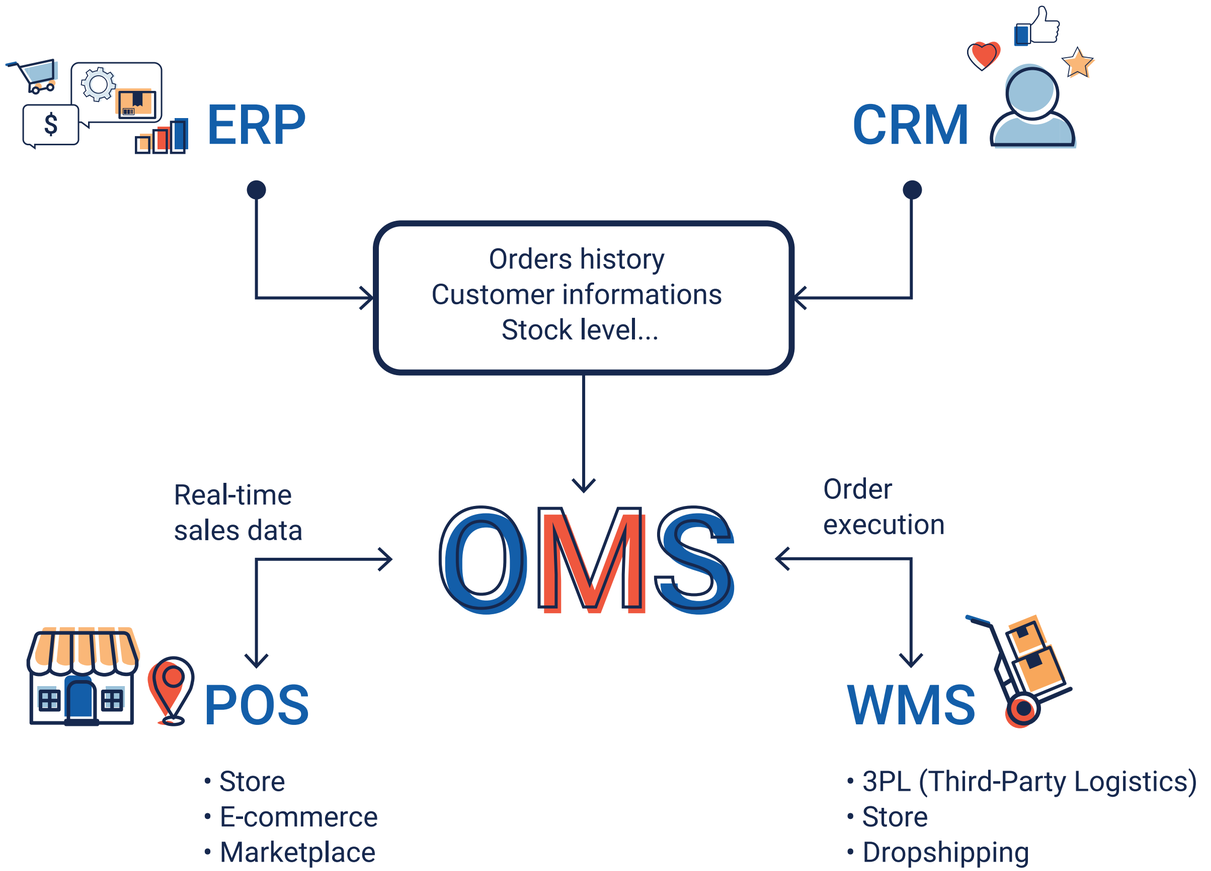
The main systems around the OMS are:

- **ERP**

The OMS should be able to communicate with the ERP to know real-time stock levels available for each sales channel and valuations. This allows the OMS to offer and sell any item anywhere, providing the ability to offer services such as ship-from-store and click & collect, as well as implement “Save the Sale” scenarios.

- **Customer Relationship Management System (CRM)**

Connecting the OMS to the CRM system helps understand customer behavior, preferences, and purchase history, enabling personalized experiences and customer loyalty.



Point of Sale System (POS)

By connecting the OMS to the point of sale system, businesses can offer omnichannel processing options such as in-store pickup and ensure accurate stock levels are updated across all sales channels. The OMS is a significant asset for selling, considering incoming products and returns, and optimizing the most cost-effective order fulfillment source in real-time.

Warehouse Management Systems (WMS; TMS)

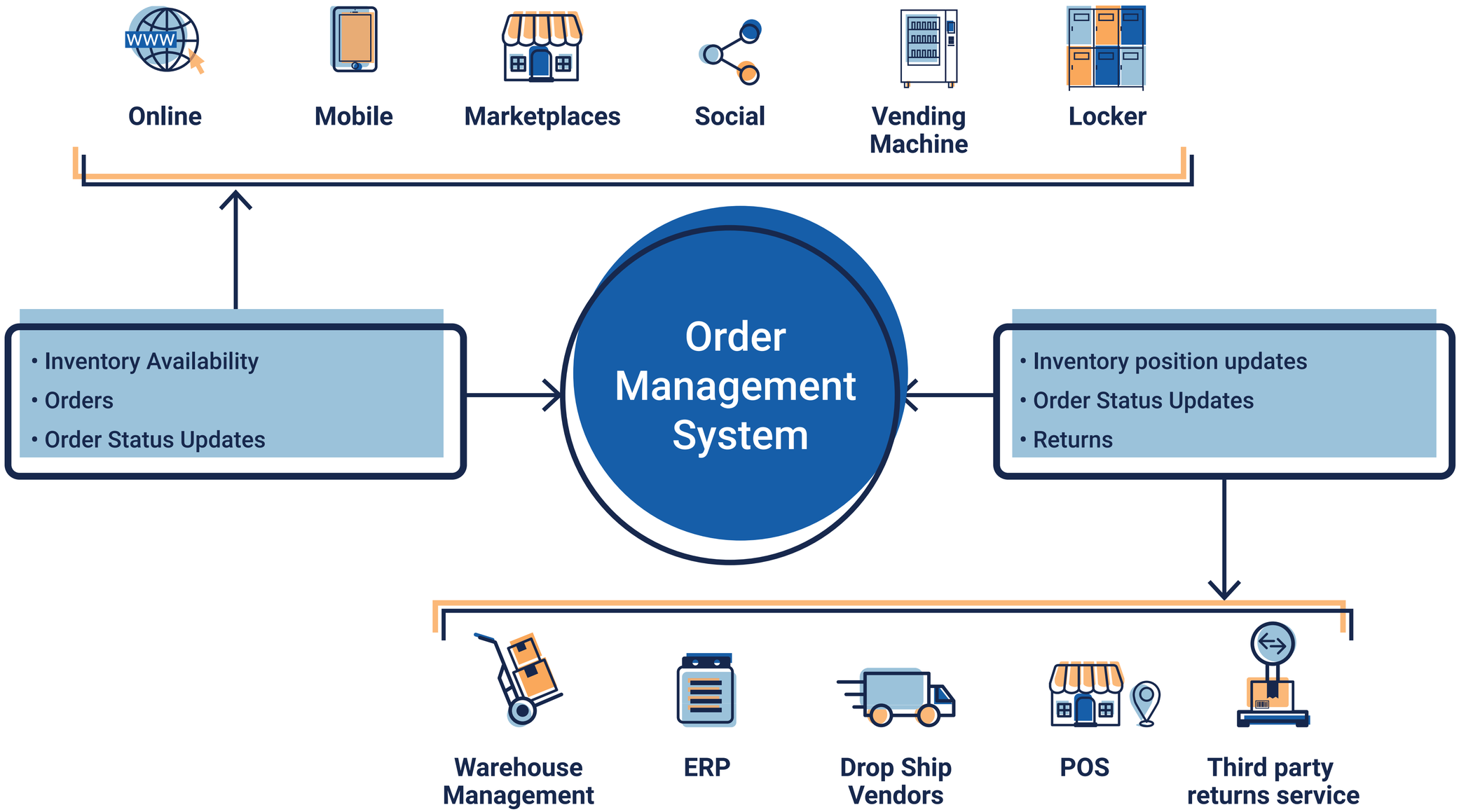
The OMS needs to communicate with the warehouse management systems that enable order preparation (Pick & Pack) and gathering the necessary elements (shipping labels, package labels). For example, for routing via an internal or external carrier, reducing shipping costs, delivery times, and storage costs.

Payment Gateway

Connecting the OMS to an online payment service provides retailers with the option to process payments in real-time and reduce the risk of fraud.

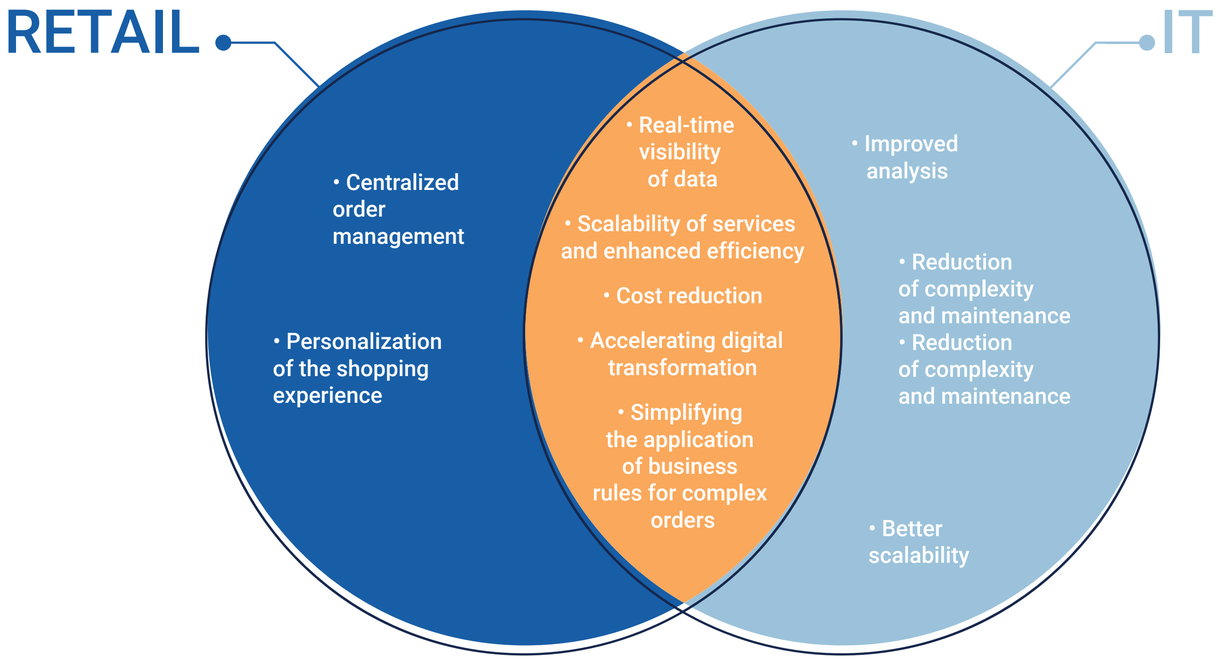
Business Intelligence System (BI)

The OMS must be able to communicate with the business intelligence system to provide reports and analysis on sales, orders, stock, etc.


Online
Mobile
Marketplaces
Social
Vending Machine
Locker
• Inventory Availability
• Orders
• Order Status Updates
Order Management System
• Inventory position updates
• Order Status Updates
• Returns
Warehouse Management
ERP
Drop Ship Vendors
POS
Third party returns service

Key benefits and challenges

Order management must be automated and integrated with business processes. Order management improves inventory control and chain efficiency end-to-end procurement, including order entry and fulfillment, pricing and promotion, credit processing and delivery billing.



> « Companies that had already made the right omnichannel technology investments, such as an order management system, were able to quickly offer services such as in-store shipping, drop shipping and online purchase, in-store pickup (BOPIS).”

Jim Barnes,
Co-founder EnVista
& Enspire Commerce

1. Features / Functionality

Scalability

An OMS adapts to the growth and changing needs of the business because it is designed to :

- Be flexible and scalable.
- Simplify and standardize processes.
- Reduce the time and costs associated with manual order management.
- Be configured to adapt to the needs of the company in terms of volumes of available orders and computation resources.

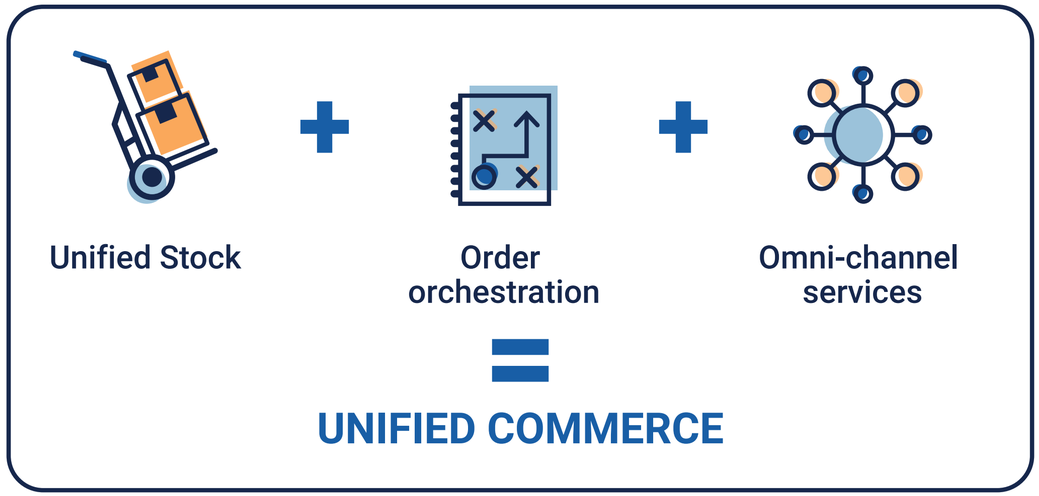
An OMS must enable retailers to manage their long-term growth through its ability to adopt new technologies and to adapt to changing market needs. This management of the growth includes :

- Training users to work with new OMS features.
- The implementation of a “Platform as a Service” architecture that facilitates the addition of new OMS features and customization.
- An open API for integrating new third-party services and systems to meet to the new business rules.

For example, *at the height of the pandemic, the OMS at* ***Korber (Enspire Commerce OMS)*** *gave retailers and 3PLs an important advantage in terms of agility. Several clients were able to adapt their offers by adding services for consumers such as “Online Shopping, In-store pickup (BOPIS), Drive Pick-up” ...*

Inventory automation and optimization

The heart of OMS, order orchestration, is designed to follow the business rules consistently and automated (pricing, discounts, inventory management policies, etc.).



OMS automation essentially results in:

- Configuration with matching prioritization and inventory allocation rules at best to the retailer's activity. To optimize the margin on each order, for example, a company may decide to route its orders to stores based on criteria such as ability to execute or sales history.
- Full control of stocks from the different channels to anticipate demand and reduce inventory distortions and ensure product availability.

Visibility

This is a major asset for real-time order tracking. An OMS provides visibility scope of order lifecycle and ability to coordinate sales processes and execution of cross-channel orders.

Companies therefore have a complete view of orders which allows them to respond more quickly to customer requests and guarantees high customer satisfaction. Consumers demand personalized products and the ability to order on multiple channels.

For example, *returns management in Manhattan Active Omni allows returns by any channel with automated refunds, and their Omnicart technology enables Easily add, remove, and edit orders from any channel.*

Integration into the Retail & IT ecosystem

An OMS allows for seamless integration with systems such as :

- Inventory management systems (ERP)
- Warehouse and transportation management systems (WMS)
- Customer Relationship Management (CRM) systems
- Point of sale management systems (POS)

This integration in a complex IT architecture allows to centralize the data necessary for real-time inventory, customer data, product data, status of the product, etc.

Depending on the company's needs and profiles, it is also possible to interface OMS with suppliers' systems or with marketplaces.

Reporting and analytics

OMS has the ability to process a large volume of information, including customer data, product, order and inventory information.

Retailers can identify:

- Growth opportunities
- Bottlenecks in the system
- Improvements needed in inventory management, order management, and returns management.

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KEY BENEFITS

Reduced execution costs

Enable new omnichannel processes without modifying existing systems

Increased punctuality and full deliveries

Much faster response to new requirements/ opportunities over time

Automate many existing manual processes

Real-time, granular visibility across a wide area network, often increasing revenue Business

Reduce end-to-end cycle times

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2. Key Challenges

The implementation of an OMS offers retailers an opportunity to optimize their processes, improve their visibility and personalization, while centralizing their operations. However, this presents challenges in terms of integration, security, and cost. Retailers must therefore carefully assess the potential benefits and challenges for their business before choosing their OMS.

Here are the main challenges faced by a retailer opting for an OMS:

Security

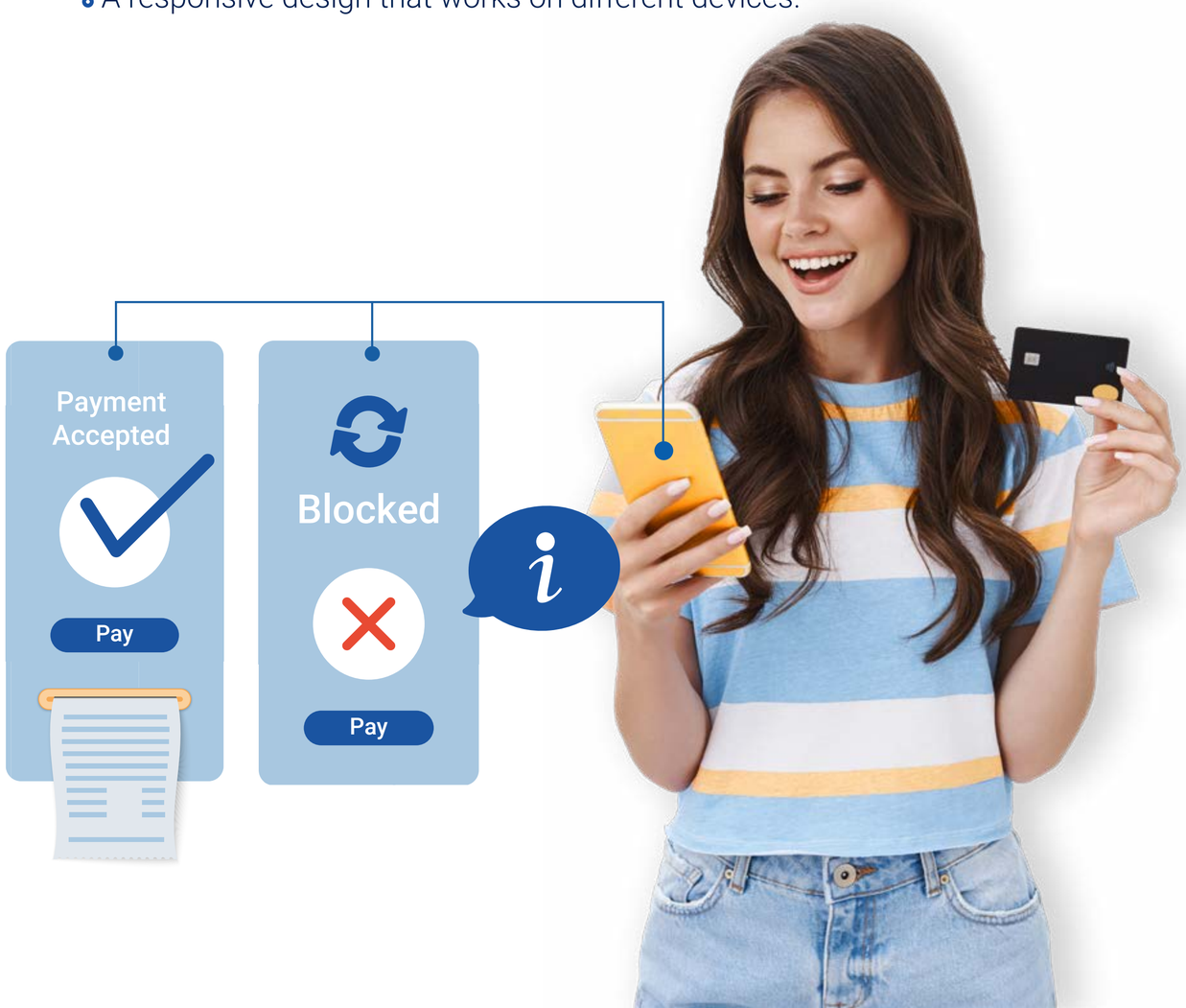
An order management system contains sensitive customer and order information. This data must be protected against unauthorized access and cyber threats. Ensure that OMS meets industry standards for data security and compliance, such as PCI-DSS, HIPAA, and GDPR.

A retailer may face fines and reputational damage if customers are violated due to inadequate security measures.

User experience

OMS must provide a seamless user experience for employees. This requires:

- Intuitive interface and navigation
- A responsive design that works on different devices.



OMS is not a one-shot project, but rather a key part of their infrastructure.

Indeed, the implementation of an OMS is an ongoing process that requires a team dedicated on the long term to ensure the monitoring and maintenance of the system.

*Following the example of **Fluent Commerce**, their OMS offers a low-code platform for the management of controls, Fluent OMX, which frees you from the constraints of rigid systems, configure user interfaces and workflows, to use components adapted to the business logic developed in advance, reduce mundane development tasks and leave your IT team focus on more interesting tasks.*

If OMS is difficult to use, employees may make errors in processing orders, resulting in delays in shipments and unhappy customers.

Performance and availability

OMS must be reliable and available 24/7 to ensure the treatment and execution of continuous orders. This requires a robust infrastructure, as well as stable connectivity (interfaces) to allow OMS to connect to various third-party systems without interruptions and avoid downtime and data loss.

To take full advantage of the benefits offered by the OMS, retailers need to surround themselves with qualified partners that are familiar with the challenges and solutions offered by the solutions, and thus provide support throughout the implementation and maintenance process.

Cost and profitability

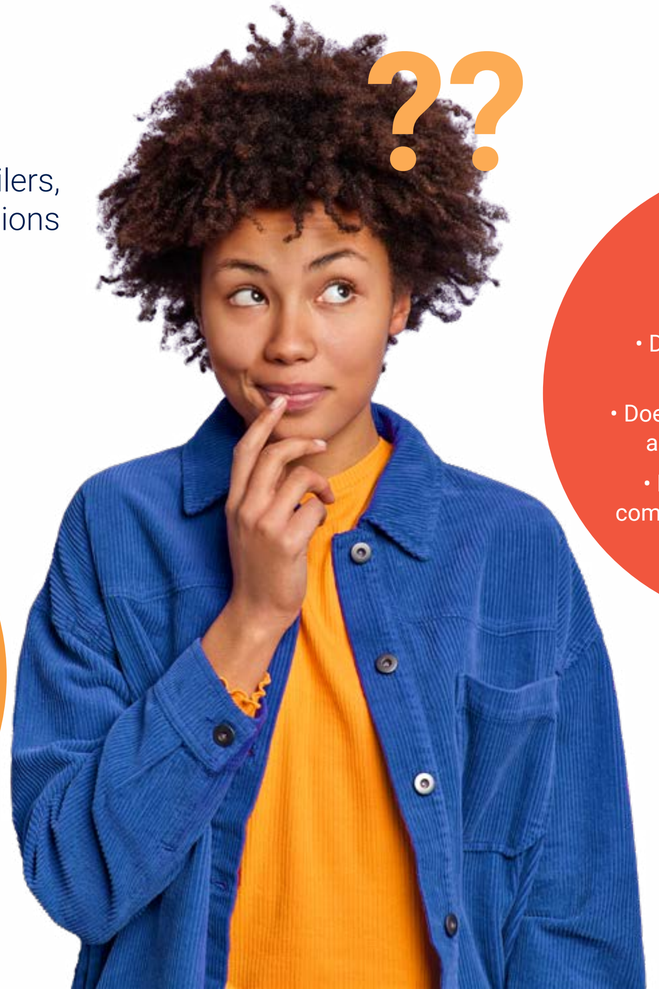
OMS can be a significant investment for retailers, especially for small and medium-sized enterprises.

Companies should therefore assess the costs and benefits of adopting an OMS before making a decision.

How to select your OMS system?

OMS Selection Criteria

Choosing the right order management system is critical for retailers, as it can have a significant impact on the efficiency of their operations and the overall customer experience.



USER EXPERIENCE

- Does the system provide users with an intuitive and user-friendly interface?
- Does the system provide users with comprehensive instructions?
- Does the system allow users to customize the ordering process?

SECURITY

- Does the system securely store customer data?
- Does the system utilize secure authentication methods?
- Does the system ensure compliance with HIPAA/GDPR regulations?

SCALABILITY

- What is the maximum number of orders the system can handle?
- Is the system able of scaling to handle more orders over time?

RELIABILITY

- Does the system ensure a reliable user interface?
- Does the system guarantee a consistent product ordering experience?
- Does the system record and track the status of customer orders?

COMPATIBILITY

- What is the maximum number of orders the system can handle?
- s the system capable of scaling to handle more orders over time?

Here are some key criteria to consider when selecting an OMS:

1. Understand the business needs

Start by identifying your company's needs and goals. What are your current problems and what improvements do you hope to achieve with an OMS?

2. Evaluate the features

Look for an OMS that offers the features and capabilities you need, such as:

- Native integration with current systems
- Omni-channel fulfillment
- Handling of very large numbers of orders per hour
- Depth of "Save the Sale" scenarios
- Omnichannel purchasing, returns and exchanges
- Cloud architecture
- Ability to address 'non-standard' needs

Take a close look at how OMS integrates with your existing systems and whether it can be adapted to your specific needs and those of your industry.

3. Consider scalability

Choose an OMS that scales as your business grows. Consider the number of orders you process, the number of SKUs you manage, and the number of channels through which you sell. Make sure the OMS can follow your growth pace without significant custom development.

4. Ease of use

Choose an OMS that is easy to use and intuitive for your staff. It should not require extensive training or technical knowledge to use.

5. Measure integration capability

Search for an OMS that integrates with your existing systems, such as your e-commerce, accounting software or transportation solution. This will help you streamline your operations and minimize manual data entry.

6. Compare the OMS ecosystem (partners, integrators, vendor's project team)

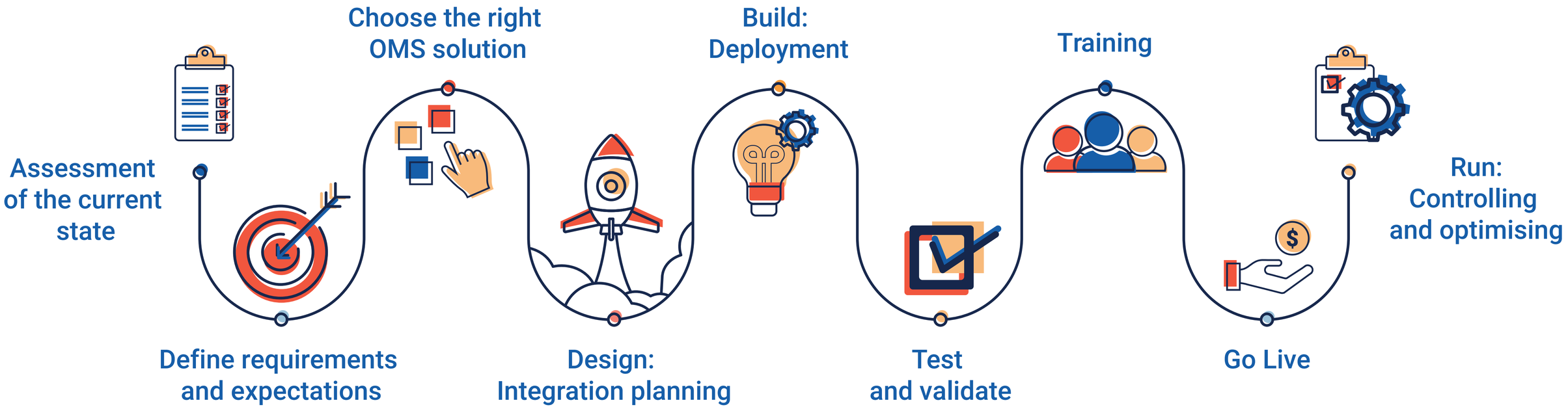
Consider the OMS ecosystem and choose partners that offer support at all key stages. You must be confident from the start of the project, from the selection phase to the implementation, and anticipate the next phases, i.e. the support and run phases in order to maintain a constant level of service and a capacity for permanent evolution.

7. Cost

Consider the full cost of OMS and other recurring costs, such as licenses, maintenance and upgrades. Compare the cost of different OMS options and choose the one that fits your budget. Choose the OMS that provides good value for the features and capabilities it offers.

Key Implementation Steps

According to the various vendors, the norm for OMS pilot projects is 3 to 6 months from project launch to activation of the first order orchestration capabilities. After that, it will take a few weeks to implement new features in an incremental approach.



The main steps of an order management system deployment project are:

1. Assessment of the current state

The first step in OMS integration is to assess the current state of your company's order management processes. This involves identifying pain points, challenges, and potential improvements.

Understand the business processes and systems currently used to manage orders, inventory, and shipments. Thus, identify areas for melioration and determine the challenges of an OMS project.

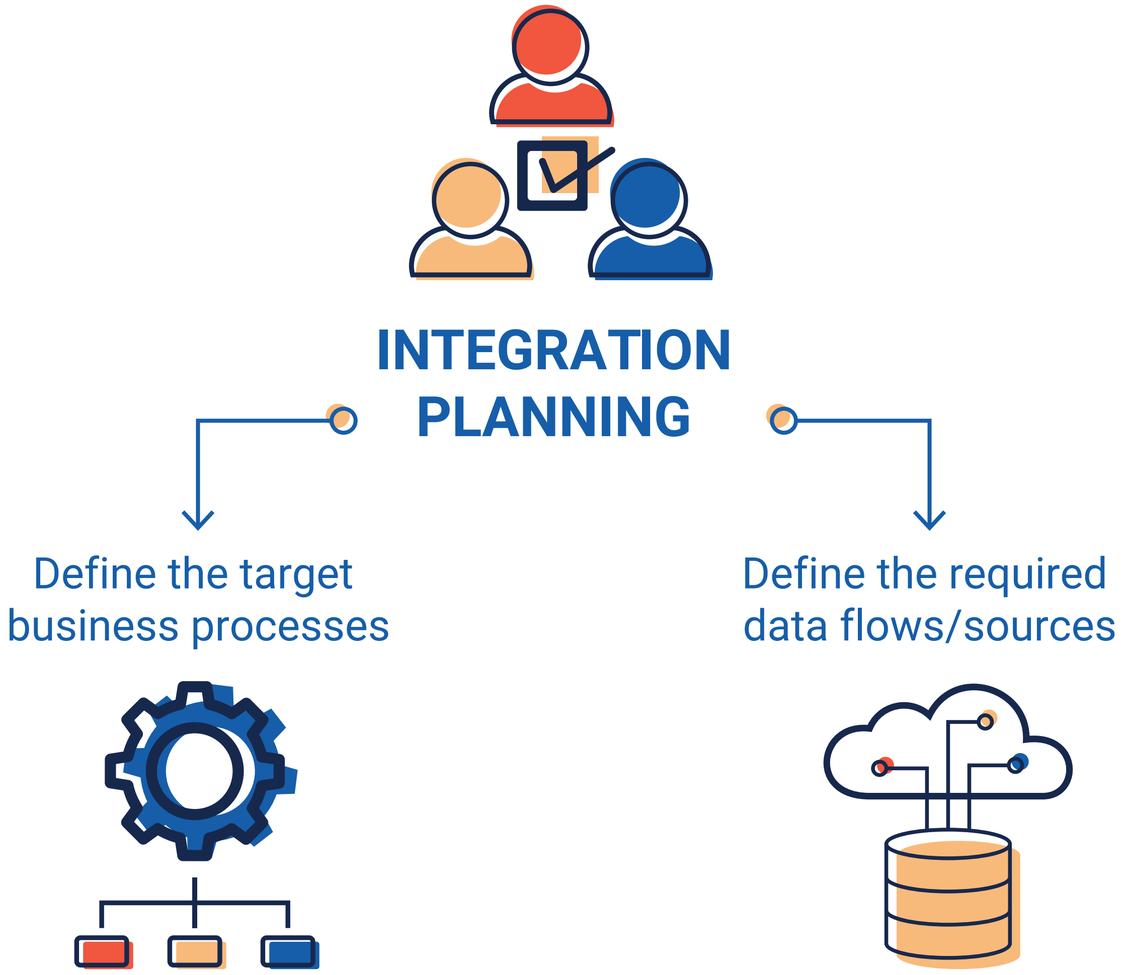
2. Define requirements and expectations

Identify and prioritize the features expected by all stakeholders of an OMS project that the system must implement to address the issues identified during the assessment phase.

3. Choose the right OMS solution

Research and evaluate the different OMS solutions available on the market, taking into account the features, functionality, scalability and integration capabilities of the OMS solution.

The key point in the selection: OMS is not equal to OMS - make sure to take an OMS that is adequately sized for the complexity of the processes to be managed. And ease of scalability is an essential criterion in the selection, because as your business evolves, OMS and the managed workflows must evolve with you, and implementing these changes becomes a critical factor in the



4. Integration planning: the design phase

Once the OMS solution has been identified, the overall project plan is planned. During this phase, you are asked to:

- Define the **target business processes:** Map the business processes targeted by the OMS solution

- Define the required **data flows/sources with other existing systems:** Identify the data that needs to be exchanged between OMS and other systems. It is essential to determine the data fields that need to be exchanged and the frequency of the data exchange.

5. Deployment: The Build phase

This step consists of applying the business rules in the OMS system and setting up the exchange flows between the OMS system and the other systems.

The business rules are the set of business rules that will be automated through the OMS system. The development of the exchange flows consists of defining the rules and the correspondences between the data of the different systems, aligning them according to a common format to allow a coherent and error-free data exchange.

6. Test and validate

Following the development of the interfaces and the parameterization of the business rules, it is essential to validate that :

- The OMS system meets the expectations defined in the design phase
- All interfaces work according to the defined criteria.

By developing the required customizations and integrations, we ensure that the system is fully functional and meets the requirements.

7. Training teams

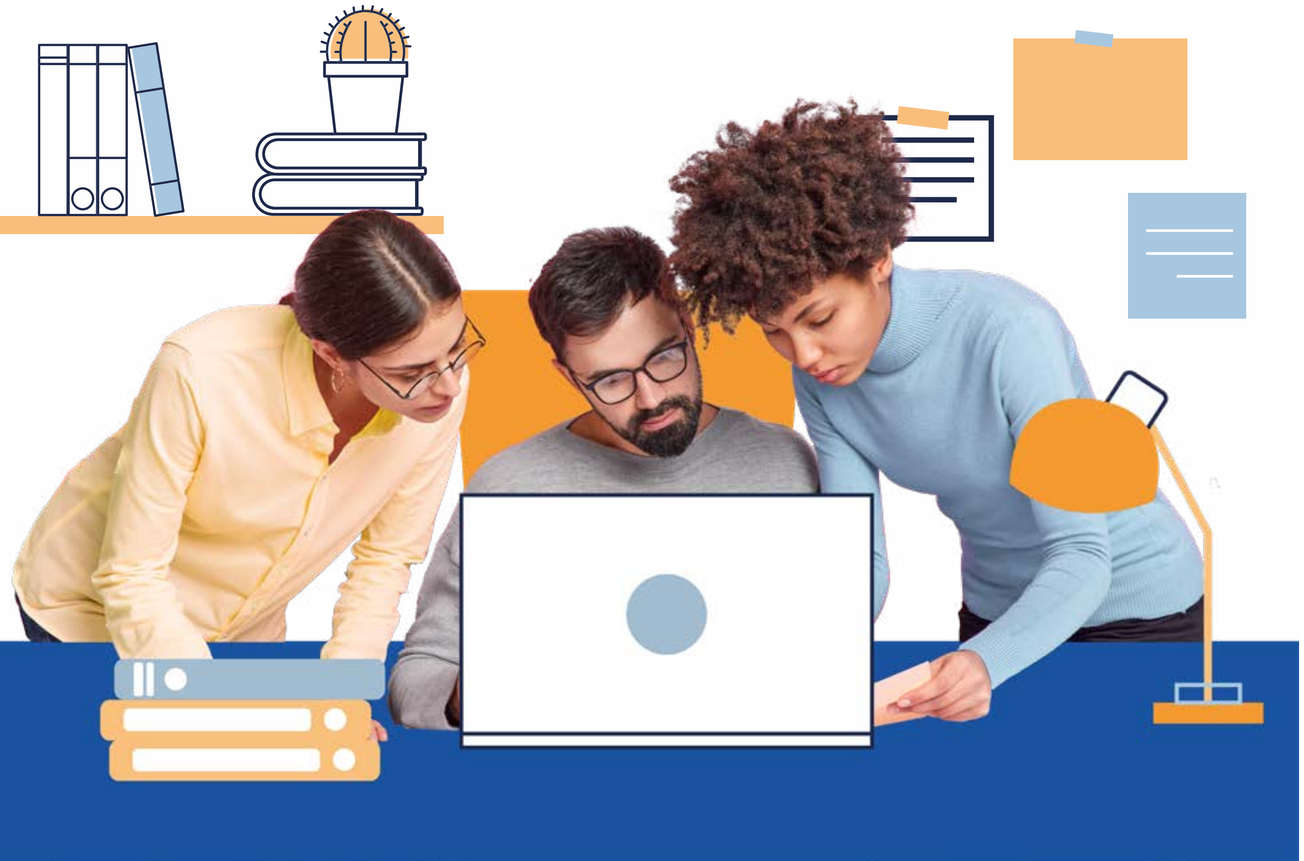
Once the OMS system has been validated and tested, the next step is to train the operational teams. It is essential to ensure that users have sufficient knowledge of the OMS system and integration with other systems to ensure smooth operation.

8. Go Live

This phase includes Go-Live preparation and Hypercare days/weeks to ensure the system is functioning properly in the production phase and to provide support to the teams.

9. Controlling and optimising: the Run phase

This phase begins once the OMS solution has been deployed and is fully operational. The “Run” phase consists of managing and maintaining the OMS system to ensure that it meets the existing and new needs of the business teams.



During this phase, the organization must establish a monitoring and optimization framework to monitor the performance of the OMS system on a daily basis. This involves setting up alerts and notifications to detect any anomalies or errors in the system, identifying the root cause of the problem and taking corrective action.

A governance model should be established to manage the ongoing maintenance of the OMS system, including regular updates. The governance model should define the roles and responsibilities of all stakeholders involved in OMS maintenance, as well as the processes and procedures for managing change requests.

Retailers with a successful OMS project followed a step-by-step approach. Of course, they made adjustments throughout the project by accepting the change brought by an OMS.

Building a “minimum viable product” (MVP) and avoiding the tunnel effect are important factors for success. In addition, the “Test & Learn” approach facilitates change management by empowering business users. Thus, the support of OMS specialists and the development of in-house expertise are also key to a successful implementation.

Conclusion

Today, the concept of omnichannel is the hot topic of the entire Retail ecosystem. It's an ideal vision of what we want to offer to the consumer in terms of experience in his interactions with our brand. Implementing this vision often involves the successive deployment of tools and solutions that will be used by our customers, by our sales teams, by our marketing teams with as objectives to give the best customer experience, never miss sales, support growth at through all our sales channels and thus ensure the success of our retail activity.

With the multiplication of sales channels (Store, E-com, Marketplace, Wholesale, Social Selling...), the pressure to internationalize, the change in the behavior of consumers and the increase in customer requirements in terms of deadlines and quality of service, the retailer is now obliged to equip itself with the means to rationalize the management of its activity and ensure an efficient allocation of resources (products, shops, marketing efforts, ...) in its retail network.

OMS becomes the orchestrator of this effort – it is not necessary at the beginning of the journey, but it becomes essential to remain flexible in the face of a market that is always in transformation and waiting excellence in customer service.

However, it is important to keep in mind that the market is constantly evolving, with the arrival of new sales and distribution channels, the emergence of Web3 technology and the need to offer more and more possibilities to customers.

It is therefore crucial to be prepared and anticipate these changes using flexible and scalable technologies, while minimizing the impact on the environment.

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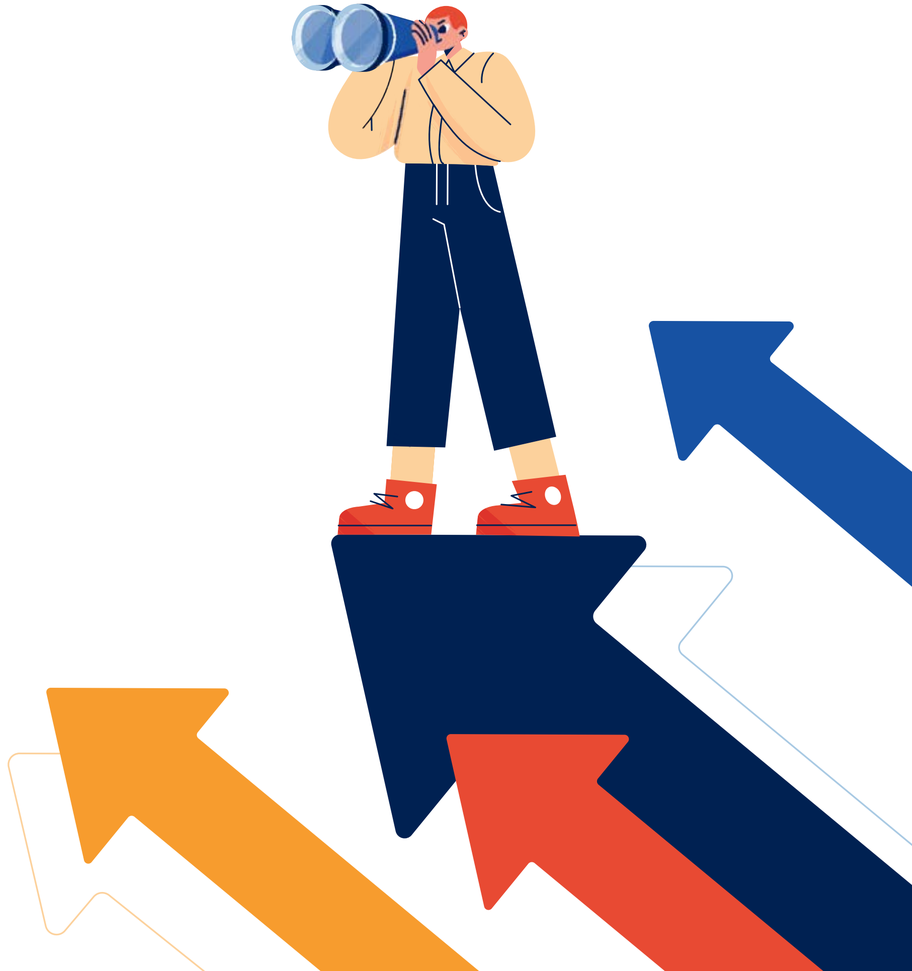
Timsoft is a one-stop shop for digital transformation of businesses. With its experience as a leader in management solutions, Timsoft is a publisher, distributor, and integrator of management solutions for professionals in the retail, textile and manufacturing industries, accounting expertise, finance, payroll, and human resources.

Founded in 2003, Timsoft has expanded its operations beyond Tunisian borders with the opening of offices in France and Morocco, thereby providing its services in +30 African, European, and Middle Eastern countries.

Timsoft Group also boasts +500 professionals, and has delivered +1600 projects.

Timsoft is a thriving IT ecosystem that establishes strong relationships with leading solution providers such as Microsoft, Salesforce, Cegid, and Korber.



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