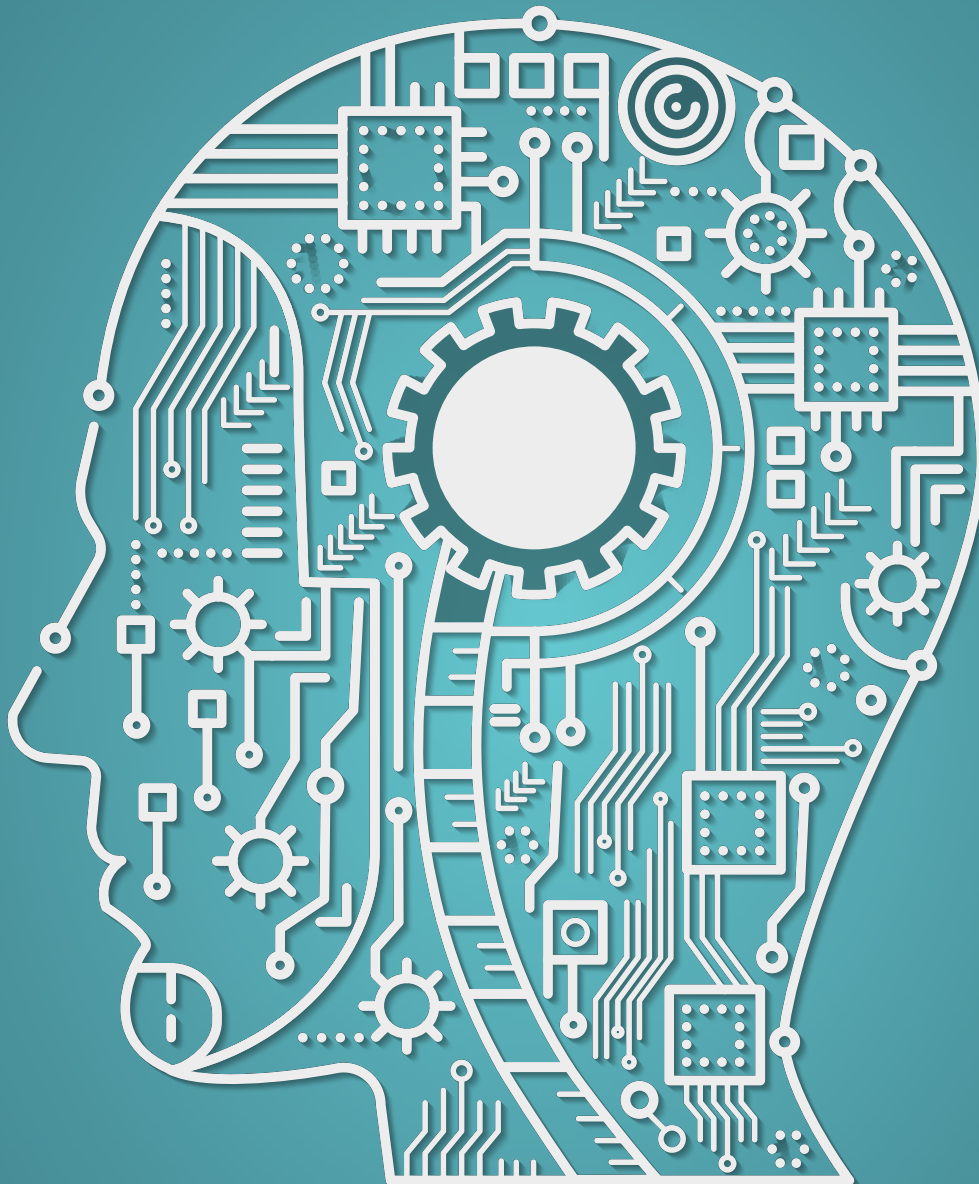


The Engine for Omni-Channel Growth

MASTERING PEAK AND BEYOND WITH ORDER MANAGEMENT SYSTEMS



INTRODUCTION

Do you want your business to be front and centre in the minds of customers in an omni-channel world? Do you want to be intelligent, agile and lithe with your retail craft across all these channels? Do you want to win at Peak 2018? Do you want an engine to drive your omni-channel growth?

Well, the technology to win all this – and more – is there for the taking: Order Management Systems (OMS).

Here, in the omni-channel age, the ecommerce system is the brain of any retail company. OMS, then, is the central nervous system; the nerves and fibres that connect together all the silos of a retail business. It distributes the growing data and intelligence that all retailers have about their customers throughout the body-retail and, as such, are the engines for omni-channel growth.

In short, they hold the key to mastering peak

2018 and beyond and opening up omni-channel to any retailer who hasn't yet invested in OMS.

In such a fiercely competitive retail environment, now more than ever, taking a holistic view of the whole retail process and searching out efficiencies is crucial to not only meeting customers' increasing omni-channel shopping behaviour, but also to delivering the margins retailers now rely on to make ends meet.

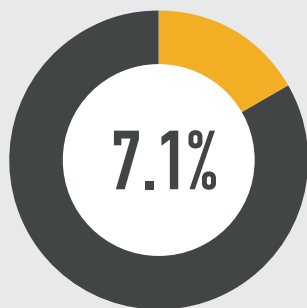
That means linking together all the intelligence you have within your business and using it to drive everything from your outreach marketing to your inventory, your website, stores and delivery services.

While connecting all these elements of the retail process, a well implemented OMS should also streamline and optimise the order processing part of a retail business, providing constantly updated inventory information, a database of vendors, a database of customers,

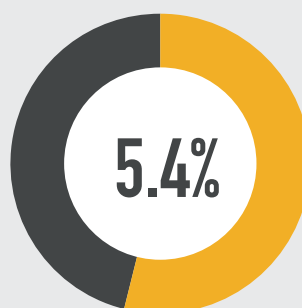
CASE STUDY: THE OMS IMPERATIVE

A Fortune 500 company needed a solution to improve inventory efficiency and reduce order fulfillment processing and transportation costs – costs that were rising at 40% per year. However, the company lacked optimisation capabilities that would integrate ship-from-store option into fulfillment logic in order to minimise transportation cost, target excess inventory, and/or reduce delivery time to customer.

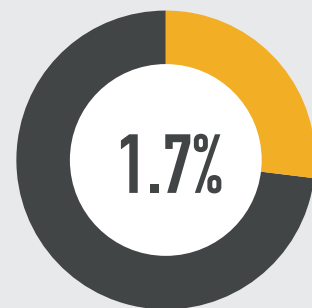
THE SOLUTION: OMS



7.1% reduction in shipping costs per order.



5.4% lower cost per package



1.7% fewer packages per order

That is just a taste of what OMS can deliver. What can it do for your business?

a record of customer returns and refunds, information on billing and payments, order processing records and general ledger information.

The advantages of this here in the omni-channel age cannot be understated: improved sales order visibility, consistent execution of customer promise, returns and exceptions management, improved customer relations, efficient order processing with a minimum of delays and back-orders all help give a much clearer, up-to-the minute view of inventory and orders across the business.

With shoppers increasingly wanting to choose between click and collect, drop shipping at anything from two to 48 hours, as well as going to a store to buy things, order things or to check things out then order them on mobile, retailers need this nervous system of data integration to be able to not only get goods to the right place at the right time, but to do so as efficiently as possible.

And this is what OMS comes down to for omni-channel retailers assessing their post-peak 2017 performance: how can we do this better and how can we do 'better' more efficiently.

In this white paper we will consider how OMS underpins all aspects of making an omni-channel business run and, following on from the Christmas peak, look at where an improved OMS strategy can yield efficiency gains and drive more sales for Christmas 2018.

The paper will look at what OMS means in practice, how it impacts the Customer (through CRM, personalisation, targeted promotions, service levels and fulfilment options); the Product (where it impacts PIM, content marketing, merchandising, buying); and Operations (its role in warehousing, despatch, delivery, replenishment, returns, stores and retail operations).

We will look at where it 'fits' across the business and how to integrate it – as well as how new technologies such as artificial intelligence (AI) can make OMS more effective still. We will also assess the challenges and hurdles, while overseeing how to tactically put it into practice in your business.

Looking at how a raft of leading retailers have all benefitted from implementing OMS across their businesses, we also aim to outline what OMS means today, how to absorb it into your omni-channel retail business and how to drive sales. ■

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ISSN 1759-0582

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Published globally by InternetRetailing Media Services Limited.



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SPONSOR'S INTRODUCTION

Over the last ten years e-commerce has matured from one channel, to multi-channel to the omni-channel/unified commerce of today. Most retailers generate online sales of more than 10% of total sales – with the very best trending towards 50% of total sales. The management challenge has been to offer a differentiated customer experience, making life for the customer as compelling and convenient as possible through:

1. Significantly extended online assortments/market-places
2. Refined customer service/fulfilment propositions
3. High-quality store clienteling, connecting on line to physical retail
4. High quality customer contact/call centre support
5. Efficient fulfilment with proactive response to exceptions
6. And last, but not least, optimising profit

Gone are the days when sales growth was enough to justify the next project.

Lurking at the back of every retailer's mind are a few common questions:

1. What will Amazon do next to disrupt my business?
2. What will my known competitors do next year and how will I be better?
3. Who are the start-up disruptors that are not on my immediate radar today, but whose business model represents future risk?

The very best retailers in the world have been quicker to adapt to these disruptions, because they typically have a clarity of business vision, strong brands and associated customer loyalty. However, the technical foundation that the very best depend upon is more often than not underpinned by the Order Management System (OMS).



IBM
DAVID A HOGG

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OMS is the central nervous system of omni-channel retailing. It provides the electronic plumbing that connects retail operations in every functional silo. Critically, OMS allows the IT department to respond in a far more agile manner to the increasingly frequent changes required by line of business executives, who battle to remain relevant and competitive in the eyes of their customers.

The great news for companies who were not amongst early adopters of OMS is that the combination of knowledge accrued by consultants and systems integrators over the past decade – coupled with Cloud/SaaS delivery of OMS – means that most retailers can now adopt OMS. Gone are the barriers of a long time to implement and the associated high costs of implementation and hiring expert employees. Indeed, the cost and risks have been reduced by the guaranteed development of operations processes on cloud/SaaS OMS platforms.


So, no more excuses for procrastinating. As the insights in this white paper will hopefully show you, all you need is to identify the opportunities for you to leverage OMS within your own business. ■

1. IMPACT ON THE CUSTOMER

Buried within all the post-Peak 2017 analysis of retail sales is an emerging truth: customers are becoming ever-more demanding of retailers and those retailers that can meet those demands – and do so cost effectively – have been the Christmas winners this year and will continue to be so.

Consumers want personalised experiences when they ‘touch’ a retailer, they want to be able to engage and shop on any device, in store and a mixture of all devices and stores, and they want to be able to click and collect, have rapid shipping – and specify exactly where and when they get their goods.

Some, in the cities, are even looking to get things within two hours, delivered by drone or robot to their office.

This is where OMS comes into its own: acting as a ‘nervous system’ for the organisation, aiding interoperability across the business 

Alongside this, most customers want free and easy returns of things they order and don’t like, coupled with the ability to take things back to a store – even if they bought them online.

This vastly flexible array of demands from consumers leaves any retailer in the predicament of having to find ways to either become fully omnichannel, or ways to make their existing omnichannel processes flexible enough to meet these changing needs.

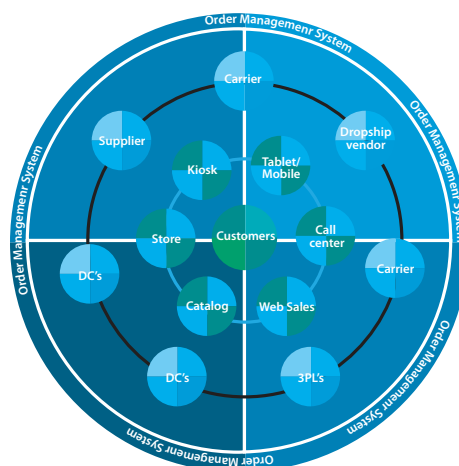
For any retailer – either an existing multichannel retailer or one on its way to become such – they all need to improve this service for their customers and to do so as cost effectively as possible.

The answer is to try and more effectively collate and distribute the data that is spread across the business and its third parties. Yet, optimising supply chain, merchandising, retailing, warehousing, logistics and returns is an epic undertaking and one

that needs to be as efficient as possible to ensure that, not only can it deliver the levels of customer service required, but also at a cost that maintains – or better still improves – margin.

This is where OMS comes into its own. Acting as a ‘nervous system’ for the organisation, it will aid the interoperability of all these functions across the business to deliver the kind of customer experience in the most efficient way possible.

To achieve this, OMS has to interact with various other systems across the company. Here’s how.



CRM SYSTEMS

Anecdotally, this peak season retailers have complained that their call centres and customer service departments received large volumes of calls asking for the whereabouts of goods. With many retailers not linking their business processes through some sort of omniscient OMS, these calls, which cost a lot to handle, can’t easily be answered.

Additionally, many retailers rely on third-party logistics – suppliers, warehousing and shipping – which can compound this problem of lack of visibility of an order.

It isn’t that the customer service function can’t answer the question, it is that the information often isn’t at their fingertips, and so it takes longer to get an answer. With the rise in calls during peak, this starts to get costly and inefficient, eroding both margin and customer service SLAs.

This is where OMS and CRM need to interact – and it needs to happen in a number of ways.

- **Information to the CRM** – customer service agents need to have the information about a sale at their fingertips and that means that

the OMS has to provide that data to the CRM in a format compatible with the customer service agent's interface. Not only that, but the information needs to be collated from across the company holistically, incorporating not only data from within the organisation, but also from its suppliers, warehouses, third parties and logistics companies to give adequate tracking of product through the process.

The information required covers order fill rates, order cycle management data, logistics systems information – chiefly the ability to supply timely and accurate information – and post-sale product support, covering technical info, parts support and the handling of product returns.

- **Information from the CRM** – The OMS also needs input from the CRM system to function. OMS works by understanding – or learning through artificial intelligence (AI) – how consumers behave and how that impacts shopping patterns, with the obvious knock-on effect on inventory and shipping. This is particularly keenly felt during peak times.

Key elements here are to know: how customers order; how much customers order; what customers order; and when customers order. This helps shape the way the order management system can handle the movement of stock, but it has a much more important role: throttling and controlling how consumers order.

One of the key roles that OMS can play is to adapt how you let shoppers buy, or how you want them to buy, to make sure that inventory, logistics and more all flow in the most efficient way. With logistics running at bust in peak time, it may well become expedient to try and push shoppers to click and collect or even to try in store, rather than order online.

Similarly, during the Christmas rush, it may well work the other way – pushing store customers out to the web if inventory in the store is low, but at another warehouse or on a marketplace it is higher.

MARKETING & PERSONALISATION SYSTEMS

Leading on from how CRM's data on how consumers buy can deeply impact operations and how the OMS efficiently runs, retailers also need to use this information to deliver marketing messaging to help manage this process.

- **Marketing** – In the run up to peak, all stock levels should be high and ready to go, however, the nature of peak is shifting. Mobile now makes it possible for shoppers to find those early bargains on, say, their commute to work, rather than being poised at their laptop at the stroke of midnight the night before. This has smoothed out the actual peak and presents marketers with the opportunity to push peak promotional items out through the day.

This has an inevitable knock on effect on inventory and logistics management and so marketing systems need to be fed by the data coming from the OMS as to what people are doing and what live sales information there is.

This data can then be used in turn to shape how marketing messages are sent out through the peak period to manage sales of goods and manage distribution of those goods.

On a simple level, you can push those things that aren't shifting and throttle those that are or that have started to run out in certain locations. More complexly, you can start to target regionally, channel-specific offers to optimise how you manage your sales process and distribution. Used well, it could well overcome the ever-present problem at peak time of sites crashing due to too much traffic, as well as mitigating delays in delivery due to sheer volume.

In essence, it can help manage peak loads at peak. And, since peak season is now anything from one month to six weeks long, it only gets more important to manage and control how you sell and market what you have efficiently across that period.

- **Personalisation** – Extending the idea of marketing into the truly digital age, personalisation allows for particular goods to be aimed at particular shoppers at particular times. This is a boon to retailers, but again the OMS needs to drive it and it needs to be fed by the CRM system – which ultimately is what is also driving any sort of personalisation engine that the retailer has running.

Really, the same principles apply here as outlined above with marketing, only on a much more granular level.

Similarly, it can be turned on its head and used as a way to push certain goods at certain times to suit not only the customer, but to ease pressure on logistics and warehousing at peak times.

CUSTOMER SERVICE SYSTEMS

How OMS drives customer service and *vice versa* is clear, but increasingly it feeds into how AI and chatbots are deployed in the customer service role.

The role of OMS here is also clear. It is the brains that will help drive the AI and chatbots, via the link with CRM. As with customer service, it all comes back to data: the data from the OMS and CRM systems needs to work together to, in this case, feed the chatbots. That way, callers and people texting in will be able to interrogate that data via the chatbot platform and get their “where is my delivery?” question answered.

Where it gets interesting is where AI is applied. This can teach the chatbot platform to sift data to get answers to ever-more sophisticated questions.

Firstly, this can be used to handle simple

questions put in multitudinous ways through natural speech: better and more natural language recognition, if you will.

Secondly, and more interestingly, it can learn to answer questions more like a person. “What is the earliest I can get this delivery?”; “Can my delivery be made to my mum’s house instead?”; “ – these sorts of queries, usually the preserve of a human agent, could be answered by AI-powered chatbots.

All it takes is AI to learn what people are asking and what data it needs to answer. And that comes from the OMS. This is another reason why OMS is so vital in the omni-channel business: it is going to be essential to help power these sorts of next-generation services, which taken in total add enormous and much needed efficiency to any retail business. ■

2. IMPACT ON OPERATIONS

Omi-channel retail has produced many new order and delivery channels. In the previous section we have seen how OMS can be used to help manage the order process – and the post order customer service – especially at peak. Attention must now be turned to how it impacts delivery.

Today’s omni-channel shopper is a demanding creature. They want it right now and they want it cheap. Many also want it delivered to different places and, once they have received it, many want to either exchange it or send it back. This is a real challenge for any retailer. Trying to do it across multiple channels and, for many, across borders, is extremely challenging.

Promising to meet these demands also has a direct link to profitability. Not providing the right goods at the price promised, to the location specified right when you say it will be has a damaging effect on your brand. Shoppers readily remember poor service and delivery errors – many will even shy away from shopping online with specific retailers because of a bad experience

with the courier firm they use. All this hurts your bottom line and has to be stymied.

We have already seen how OMS can mitigate these challenges from the customer perspective; what about for operations?

Operations can gain much from order management. Typically, OMS has been deployed as a logistics tool. It is only here in the omni-channel era that its true potential to connect stock to channels to sales to delivery to customer services has really had to be leveraged.

We’ve seen what it can do in customer service, so here’s some of the things it can do for operations.



POOLED INVENTORY

Many retailers that have deployed OMS in their omni-channel business have seen it as a way to pool inventory across stores, warehouses and even

marketplaces and franchisees, giving a single view of the stock, live.

This has the advantage of being able to see where everything is – even returns and stock in transit – and, through the application of machine learning and AI, to teach the system to look at the most efficient and effective way to get orders to where they are needed.

At peak times such as Black Friday, stores will have to be heavily stocked. Come Cyber Monday, or the increasingly long ecommerce peak around Christmas, OMS can turn this over-stocking into a quasi-warehousing resource for online sales: either promoting click and collect or supplying ecommerce channels.

Similarly, OMS can be used to keep tabs on how to supply orders being made through marketplaces. It can also help manage inventory across marketplaces and franchisees who may

OMS can turn peak over-stocking into a quasi-warehousing resource for online sales: promoting click and collect or supplying ecommerce

need to be used to fulfil high demand from the retailer website – and *vice versa*. OMS gives a live view of spread inventory, effectively pooling it for the most efficient use by the channels that need it as they need it.

SHIPPING

Many retailers who have experience of OMS will have so in the shipping function – this has been its natural environment in many early iterations.

At its core, OMS is a tool for processing orders into sales as efficiently as possible. For complex omni-channel retailers this involves managing stock levels across the business, as well as making sure that marketplaces, stores and franchisees are all playing their role effectively too. From a shipping point of view, OMS is there to translate the orders as they come in into picking instructions for the warehouse and shipping information – including all the paper work – for carriers.

Here OMS can integrate with a range of carriers' own management systems so that shipping can be planned efficiently live. It also pays to tie your OMS into the back-ends and at data outputs of all carrier systems to help generate the shipping, transit

and tracking data needed for your agents to tell a customer exactly where goods are.

But it can go much deeper than this. OMS can handle the invoicing, shipping paper work and get goods out of the warehouse and off to their destination, but it can also – as we have seen – help a business understand where its stock is held, where best to ship orders from for the lowest cost and quickest delivery, as well as offering insight into how to ship internally to make sure that stores are not understocked while warehouses are bulging at the seams or vice versa.

During peak this is essential as you need to run as efficiently as possible, deliver as quickly as possible and be able to inform customers where their goods are at any point.

RETURNS AND EXCHANGES

The other side of shipping – and of peak season – are the inevitable returns and, increasingly, exchanges. In fact, many retailers now have a 'returns peak' which, thanks to Black Friday essentially kicking off a month-long sales peak, can last from a few days after Black Friday, right through until mid-to-late-January.

This can be very taxing for a retailer as it means a clear picture of sales, revenue and stock can never be fully and accurately gleaned until sometime in February or beyond.

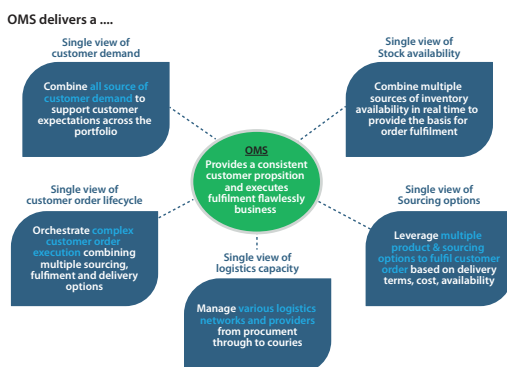
OMS can help with the process in terms of helping to manage collection of returns and logging them rapidly back to stock, as well as giving a 'live' picture of where that stock is. OMS can also help manage the complex task of refunds associated with those goods – especially when the goods have been bought through one channel and returned through another (for example, being bought online and returned to a store).

Increasingly, this returns process to stores also involves looking for an exchange rather than just a refund. OMS again is vital to managing this process as it can keep tabs on the rapid swapping of stock availability within stores and subsequently the warehouse.

This can impact how the company then prices and markets sale items as stock levels may be skewed to a particular size or colour or even product that has not proved popular. Here OMS has to tie in with marketing systems to help shape how marketing, especially online, is shaped to shift what is in abundance. It can also play into what stock is available on marketplaces, especially is the marketplace presence is being treated as a clearance or sale store for certain lines. ■

3. IMPACT ON PRODUCT

The kind of products a retailer sells will, of course, have an impact on operations and OMS systems can deliver different benefits for different kinds of retailers. So what do different types of retailers need need to consider with OMS based on the different ways they have to operate?



FASHION AND APPAREL

The key consideration for fashion and apparel retailers is speed. Fast turnover of styles and stock is now vital to their operation, often changing monthly or with some low-cost sportswear retailers, weekly. This puts a huge stress on managing inventory, shipping and availability as it often relies on low levels of stock, which once sold, are gone for good.

This impacts how the OMS can efficiently look at pricing, shipping, stock pooling and returns. Typically, the system will 'know' that stock is limited and so availability isn't such an issue – the business isn't running on an ethos that everyone who wants one will get one. It does mean that order management needs to look at all stock in all channels – including what is in transit and what is in transit in returns, so that accurate availability is clear at all times.


Less important is managing where surplus stock goes, as that is often then shifted to surplus stock outlets or marketplaces and has a longer time threshold for sale.

Higher end fashion and apparel outlets will take a slower and more considered approach to 'fast fashion', but they too do have a rapid stock turn over relative to most other retail sectors and so the same principles apply.

DIY

DIY is at the opposite end of the spectrum. It tends to stock a set range of goods all the time that rarely change. The challenge DIY faces, however, is that inventory can run into millions of items .

This means that the major role of the OMS is keeping tabs on what is in the inventory at all times, as in reality it is the only thing in the company – including the staff – that does. Returns and exchanges aren't a major challenge here, more the OMS needs to manage stock levels so that some of everything are always available.

Where OMS comes into its own is in getting the order right, balancing that with inventory and picking the best place for the order to be fulfilled from 

Ecommerce can also be a challenge to DIY stores as it is imperative that the right things are shipped when ordered. If I want three inch, nickel plated screws and I order them online, receiving 4cm nickel plated screws won't do. Linking inventory to stock picking to shipping is vital for DIY stores and this is where OMS comes into its own in this sector.

GROCERY

The grocery business is different again. It features huge inventory, time sensitive products, vast stores, vast warehouses and increasingly a massive mix of 'live' shoppers in store, click and collect shoppers and deliveries – often collected and delivered from either a real store or a dark store closed to the public.

This combination is probably the most challenging of all and, having read the rest of this white paper so far, a clear area where advanced order management systems are increasingly vital.

The challenge faced in the grocery sector is that there are a wider distribution of stores and warehouses, so that essentially, the large inventory is spread all over the place. This can be

difficult to manage and many retailers here would err on using stores to satisfy store demand and warehouses to satisfy online.

However, thanks to clever deployment of OMS, the whole stock can be viewed as part and parcel of the total inventory and can be used to satisfy all the demands placed on it, often regardless of the channel through which the customer is shopping.

This has been largely foisted on grocery retailers by click and collect, which has seen shoppers order their whole weekly grocery shop online – which

then has to be ‘picked’ by staff in the store – and then collected.

But this is no different from an basket ordered online for delivery: the order can be picked and packed and delivered anywhere, a store or a home.

Here OMS manages the complexity of getting the order right, balancing that with inventory and picking the best place for the order to be fulfilled from. It can also then integrate into the delivery management system to help add efficiency to how the picked shopping is trucked-up and delivered. ■

4. CASE STUDIES

G-STAR



Having grown into a globe-straddling retail business, operating as a pioneer of omni-channel retail with an online and store presence in over 50 countries, G-Star has long recognised the importance of OMS to running its business. As it grew it developed its own OMS, largely designed and built in-house.

As the company has grown and online commerce has evolved, the retailer saw at the end of 2016 that its bespoke OMS was not able to grow any further to meet the exacting demands being placed upon it. So the company started to shop around and eventually chose IBM Order Management for the job. Sander van Wijk, Project Manager at G-Star picks up the story: “We operate in 70 channels in 50 countries, which means we have 70 websites, online stores,

marketplaces and third-party sites selling our products, fulfilled through many sources including a number of franchisee stores. We realised early on that our in-house OMS wasn’t going to be able to deliver the kind of future proof services we needed. It was also not going to deliver what we wanted on Black Friday [2017].”

The system, which was robust but had reached the limits of its scalability, needed to be replaced before Black Friday – about nine months away.

“The pain point of doing it wasn’t so much technical, more the time-scale,” says van Wijk. “With such a tight deadline you don’t get to mull things over too much. But we assembled a core team who worked hard and under pressure to make it happen and we made rapid and well-thought out decisions.”

G-Star, while a globally distributed company, has a fairly centralised management structure, so all the key members needed to make decisions on that team were all located in the same building – many on the same floor. This made the process much easier, says van Wijk.

And they did it, going live nine months after the kick-off and four weeks before Black Friday, without consumers really noticing: which is a good thing.

But what it does add to the company is far from hidden. “Real time availability of inventory pool to the world, which is crucial and brings availability to where it is needed,” says van Wijk of the new system. “It also integrates with many more marketplaces, allowing us to expose our goods on a much wider scale. It has made us much more agile and efficient.”

With IBM Order Management now in place, the company is moving in what it sees as a true omni-channel direction internationally. The old system served the business historically, but the company is now ready for the future.

And Black Friday? “We were live about four weeks before Black Friday,” says van Wijk. “On the day, we got in early and sat in the operations room, waiting for the first problem. It was really boring, nothing went wrong. A few days later we were back waiting for the returns peak: again nothing happened. And nothing much continues to happen – it works so well.”

From a customer perspective, nothing much has changed perceptibly: but there is greater availability of goods, better and faster delivery and collection and returns run more smoothly. “And it has led to positive results,” says van Wijk, not giving too much away about its bottom line impact.

Next the company is looking to leverage the functionality of the platform to start to crack China – “the one big market we haven’t yet applied Sterling to,” says van Wijk. “We already operate in China, but the ecommerce market is very different and their peak was 11/11 – much earlier than Black Friday. This year we will be targeting that.”

The retailer is also hoping to add more functions, such as exchanges rather than refunds and more delivery options, says van Wijk, who is very happy with the outcome of the project.

“IBM Order Management can’t take all the credit, though,” he says. “It empowered us and got more value out of our already very efficient business.” This is the real power of OM.

YOOX NET-A-PORTER



It is only two years since the merger of Yoox and Net-a-Porter, but since then much has been done to integrate these two fashion retailers, which sell luxury in-season fashion and out-of-season discounted goods, as well as developing flagship ecommerce sites for luxury brands.

Listed on the Milan stock exchange, the Yoox Net-a-Porter Group has headquarters in Bologna, Italy – where Yoox is based – as well as in London, where Net-a-Porter has its roots. Commercial and tech teams are based in both locations. The Group has a turnover of almost £2bn and set its sights on double-digit growth through to 2020.

Since the merger, the Group has been reorganising its operations around three distinct parts of the business – in season, off season and flagship stores. A core cloud-based platform has been developed with IBM, using Yoox’s proprietary software and IBM WebSphere Commerce.

This provides a robust and scalable foundation for the different ecommerce sites within the business, as well helping to ease post-merger systems integration. Running all of the businesses on one platform also provides a single focal point for in-house technology development.

Its core commerce platform is underpinned by product information management, IBM Sterling Order Management System (OMS) and back-end systems including ERP and warehouse management systems.

“Decoupling the front end from the platform means we can create the differentiators and maintain the DNA of the brands while we focus on the platform to just expose the services, so if you look at Net-a-Porter or Moncler they are pixel perfect but they are all different, but that is all experience, UI and UX,” says Alex Alexander, CIO, Yoox Net-a-Porter Group.

He adds: “They all use the same sort of capability but not all brands want the same features, certain payment methods or checkout features.” Aspects such as these are determined at the brand level, based on the features they want to enable for customers, along with regional aspects such as payment methods.

But it is Alexander’s drive for true global omni-channel retailing that is seeing the most attention. His vision is for for flagship stores around the world to fulfil customers’ need for speedy omni-channel solutions, enabling shoppers to pick up items from anywhere in the world and return them either to the same store or to another one in a different country.

Under the plan, customers will also be able to order certain brands from Net-a-Porter and pick up their purchase from the brands’ own shops. This ‘omni-stock programme’ uses IBM Order Management to provide the Group with a single, global view of stock across the distribution centres of Yoox, Net-a-Porter and the brands’ own stores. Distribution centres across the Group are also being

repurposed in line with the in-season and off-season businesses and a hub and spoke model implemented so stock efficiencies can be increased as well as growing the level of full-price sell-through. The model also future proofs the movement of goods against possible post-Brexit customs duties.

The omnichannel functionality will, in addition, enable more flexible fulfilment options and services, including same-day delivery in New York, London, Milan, Dubai, Shanghai and Tokyo. It will also enable the flagship stores to have a better view of customers and link their online and offline behaviour.

Yoox and the flagship stores have already migrated to IBM Order Management with Valentino becoming the first brand to go live with the first phase of omnichannel functionality in September 2017. Net-a-Porter and Mr Porter have moved across to the Yoox Group's ERP and will migrate to the new OMS in 2018, when they also move to the full commerce platform.

The Outnet will migrate to the full platform at the end of this year. Italian brand Moncler was the first of the flagship stores to run on the commerce and content part of the platform when it went live this July.

Alexander aims to put YNAP at the forefront of technology innovation in luxury retailing and to create a team that's able to develop in a sustainable way wherever particular project teams are based – and that may extend to further tech hubs in different locations in the future. He comments: "I want to have more technology hubs because of the diversity of the talent and the speciality we can get from different locations is key. We have cracked the notion of creating a global technology team and the next focus is execution.

MARKS & SPENCER



Marks & Spencer has a long history of excellent customer service and here in the omni-channel age upholding that reputation is increasingly important to the retailer. Until now it relied on an outsourced digital OMS solution, but Head of Digital Customer Promise at M&S, Paul Greenwood, wanted to bring it in-house to, as he says, "Give us greater control and flexibility on the services we offer our customers".

The scope of what M&S needs its OMS to do is vast and reaches across the whole company. Turning to IBM Order Management, it now has the ability to access near real time inventory and order fulfilment from warehouses and stores for customer orders and has the ability to manage customer delivery services and promise. It also offers regional and product differences and handles customer services and returns, as well as order payment and is integrated with physical stores.

"The system was initially built into the digital part of our business," says Greenwood, "however it is now an enterprise system that links all ordering and delivery channels together."

The implementation process was challenging – any project of this scale always is. Most challenging, says Greenwood, was "managing the scale of business change and bringing the new ways of working into our colleagues' work patterns. It was also a challenge transitioning our customers from one journey to a new journey, whilst managing the operational transition against risk and service".

Removing legacy and some ad hoc processes, while aligning to a consolidated future vision, was also hard, but being clear and agreeing on the customer experience across all channels and end-to-end beforehand really helped, he says.

This cross-company approach was crucial to the implementation of the OMS at M&S. According to Greenwood: "Something of this scale required a dedicated team of experts with a clear mandate, a clear scope, sufficient funding, strong supportive senior leadership and collaboration across the enterprise."

Has it been worth the effort? Greenwood thinks it certainly has. "It's given us greater operational control particularly for peak trading events. We provided the 'order management levers' for our operations colleagues and each year brings new challenges so these levers are constantly being improved," he says.

"We also now have an in-house team of experts who understand how all the services work," he adds. "This has enable us to move to an agile framework of change delivery which is efficient, and data led."

Customers will feel these changes, he believes. For example, “The ability to show our customers, store and customer service colleagues what stock is in each store is at the fore”, he says. “This has helped our customers and reduced costs of phoning stores and colleagues going to look for the item for the customer.” And the project isn’t over yet. “This is an on-

going process and is never finished. We also have a long list of good ideas to keep moving forward. The market we operate in is rapidly changing, so we need to be even more agile in delivering new features for our customers, a key enabler of this is creating a set of services e.g. stock that can be used by anyone who wants it.” ■

5. STRATEGY: PUTTING IT INTO PRACTICE

Putting OMS into practice is not a linear process and depends wholly on where a retailer already sits in the journey through automating and driving efficiency gains in omni-channel retail. However, the implementation of OMS can be broken down into a series of steps.

INTERNAL ALIGNMENT


Agreeing what the business wants to achieve is, naturally, step one in the process. But with OMS being a pan-organisational play, the first step is to get everyone on board.

Internally, you need agreement and alignment between the board-level owners of online/ecommerce, the head of stores, the head of supply chain and the head of logistics. They all need to come together to assess what the business needs for OM and how it is going to be implemented.

This is often the hardest part of the project. Each element of the company will have its own agenda and will consider what it does to be the most important. Equally, each function will have its own idea of where efficiencies can be gained and profits enhanced. These are not necessarily always aligned between the areas of the business involved.

The main point is to get these people around the table at the outset of the project, understand their pain points, their insights and solutions so far and concoct a view of

the company that is holistic and which can then be looked at as a series of pressure points. From here the ‘team’ needs to agree on how to make the company better.

Cloud deployment means that you won’t get behind with re-platforming and leaves you with access to a market-leading OMS all of the time 

A typical example is a retailer that is seeing an increasing amount of sales coming through click and collect in stores. This puts huge pressure on the supply chain and the stores, less so on the ecommerce side of the business. The collect part, clearly, is the real pain point – the store needs to be supplied rapidly with goods as they are ‘clicked’.

The solution however, lies not only in improving how the stores handle stock, but also in how the ecommerce side offers click and collect, how that feeds into the warehousing and logistics side and how to make these functions of the business work in harmony with the customer and the store.

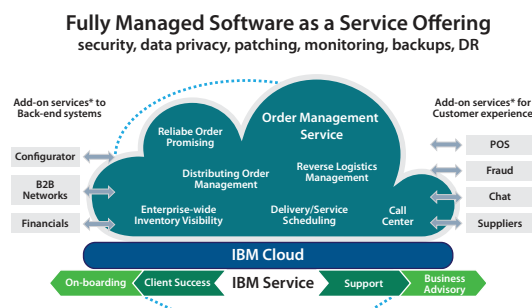
TECHNICAL ALIGNMENT

The next ‘stage’ of OMS implementation revolves around deciding how the project is going to be implemented: internally, externally, with hardware or in the cloud. This decision loops back to internal alignment again as outlined above. To effectively work together on OMS implementation and to setting the goals for using OM in the business, all parties need to outline how they will use it, what data and systems they already have in place and how that will integrate with an OMS system.

A business with an established silo-ed approach may struggle to work on both internal alignment and technically implementing OMS. Simply trying to get it all to work around the many different data inputs and

data types from the different business functions can lead to 'death by a thousand change requests'.

This again circles back to internal alignment, needing strong leadership and vision to oversee how these disparate elements can be best brought together and still yield efficiencies and gains.



Once this is achieved, then, the kind of deployment becomes crucial. For a mid-sized retailer, cloud deployment makes the most sense. It opens the door to the gradual deployment of OMS across a business, or in totality – dependent on how the internal parties decide to do it.

The flexibility of a cloud deployed OMS also means that a company can always be up to date with its OMS functionality. In the past, software deployed systems that lived either with a host or on the retailer premises needed updating, patching and fixes as demands on it from consumers changed.

A cloud deployment allows for constant updates to be made by the supplier, for patches and add-ons to be integrated into the fabric of the hardware centrally and deployed. It will always be up to date, always featuring the most up to date tools and technology and will always be offering the most efficient management of the areas of the company with which it is charged. It guarantees platform life.

Cloud deployment also means that you won't get behind with re-platforming and leaves you with access to a market leading OMS all the time.

Where cloud deployments aren't necessarily the way forward are for retailers operating at above £1 billion turnover and with more than 15% of sales coming from online there are business culture variables that come into play. The greater the retailer is in terms of annual revenue and the greater the percentage of total revenue from online, the more likely they will be to consider an 'on premise' solution.

However, the decision between 'on premises' or a SaaS/cloud OMS is a grey area, which depends upon the retailer's in-house skills and their business and IT culture. Some companies take a 'business first'

attitude where IT is viewed as a supporting function and if they don't have exiting IT skills they are happy to let a third party provide them. Others retailers view IT skills as a 'differentiating service' and prefer to develop in house capabilities to deliver this.

IT STAFF ALIGNMENT

While we have seen how boardroom alignment across the retailer is essential to strategic deployment of OMS company-wide in an omni-channel retailer, the IT staffing requirements are also a critical consideration.

Handling an OMS project in-house – or trying to operate as if you had OMS using your own systems – requires investment in IT staff. A mid-sized retailer looking to use in-house OMS to create an efficient omni-channel operation is looking at hiring four or five full time IT staff – which is pricey, adding anything from £250,000 to £500,000 to the project costs.

However, this isn't necessarily the biggest problem. Rather, the issue lies in retaining these staff over the life time of the project. IT staff will want to progress their careers and move on, so there is a constant battle to train up staff who understand the nuances of the system.

Again, a cloud deployment run by a third party can circumvent this issue.

SUPPLIER INVOLVEMENT

Another vital component in the strategic deployment of OMS is assessing your buying cycle and figuring out exactly where you are with processes and where you want to get to. If you are working with a third party, this requires that you open up completely to that supplier to work with them to enable them to assess objectively and subjectively how you operate and where improvements could be made.

The third party can then work with you to help you to understand fully how the technology at their disposal can best be deployed to add efficiency gains and improve processes.

Of course, as we have seen all retailers are different – with DIY outlets being more focussed on massive inventory and drop shipping, apparel retailers on fast stock turn over, discounting and click and collect in stores, and grocery being all about warehousing, stores, large stock and product ranges and delivery – and so OMS management will differ depending on what you sell. However, the basic premise is the same: showcase to your supplier what you want to improve and let them work with your teams to deliver efficiency gains.

TEMPLATE ALIGNMENT

Assessing what sort of OMS solution to adopt can also be dictated by where efficiencies in the OMS solution itself may lie. A third party, cloud based solution may well feature templates for certain tasks – such as say click and collect modules, or delivery tools – which can make deployment much more rapid.

In fact, some deployments have been made in as little as nine months thanks to this modular approach, which sees data modules, process modules and even AI modules being added in. The simple rule of thumb is, if you know what you want – which comes from getting the internal and technical alignments sorted out – then you can probably get it assembled from existing technologies and software, tweaked to suit your specific operational and buying cycle demands in a very reasonable time frame. If you have the insight as to what you want to achieve, then the technology is there to help you.

FUTURE ALIGNMENT

While OMS offer exceptional efficiencies and productivity gains across a retail organisation, they are wholly dependent on data being fed into them. With any organisation, it is a monumental task to define all the rules needed for the system to know how to process what is coming in in the most efficient manner and

make the right decisions as to what that means.

In short, you need a team of people constantly telling it what to do based on what is happening and what it is, itself, doing.

BUT WHAT IF IT COULD LEARN ITSELF AS IT WENT?

This is where Artificial Intelligence (AI) is increasingly coming to play a vital role in helping OMS learn from what they are doing.

Historically, what has happened with OMS deployment has been that data is constantly added to the system as it is analysed and validated to shape how the business is performing and how it is likely to then perform. While this still feeds the OMS with enough data to deliver efficiency gains, there is a time lag as people analyse or manage the analysis of the data and, more importantly, the validation of that data.

With AI, once you have set it up and work with it to learn not only the initial data, but what it means, it should then continue to self-learn, constantly assessing 'data in' from all areas of your business and feeding this to the OMS live, to get the best 'data out'.

AI needs a lot of work to get it set up and to initially working on the problem, but it should then get better and better and start to increase efficiency and effectiveness as it goes. ■

SUMMARY

Peak season is vital to retail from a revenue point of view, yet running a 'good peak' can make or break both the bank and a retailer reputation. Peak 2017 was one of the toughest yet, margins cut to the bone and customers demanding goods be delivered within 24 hours or they would set twitter alight.

Meeting this demand for price prudence, rapid and accurate delivery and having the ability to tell customers exactly where their items were and when they were going to arrive has been perhaps the biggest challenge faced by retailers in years.

While many rose to the challenge, many others didn't. Even among those that did pull it off, there are still horror stories of how it didn't always go according to plan and how, for almost all retailers, they really do need to improve how they handle peaks in 2018, especially the next Black Friday.

Fortunately, the technology that can help them is already here: order management systems (OMS). However, while many may think of it as a way of

simply managing the process from order to delivery, today's OMS offer so much more and can be the powerhouse to drive your omni-channel evolution.

OMS is the central nervous system of the organisation, connecting data from the sales platform to warehousing, shipping and logistics – but more than that it is also the vital link that allows customer services to know where goods are, to allow marketing to know what to push through which channels and a way to garner a whole, live view of what is going on in the organisation at any given point.

In short, OMS is the technology that any retailer needs if they are to operate a truly effective omni-channel business – one that is capable of handling the peaks that the years ahead are going to throw at it.

In this white paper we take a look at what OMS is, why it is increasingly vital for shipping and logistics, as well as uncovering how it is also something essential to customer services, marketing, stock control and inventory. The paper gives a taste of how to implement it effectively and uncovers how leading retailers around the world have put it into practice, so you can ready your business for Peak 2018 – and beyond. ■



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A whitepaper produced by InternetRetailing in association with IBM