10 Signs Your B2B Company Needs an Order Management System Instead of an ERP

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Table of Contents

Introduction 03

Sign #1: Your order process is becoming more complex. 04

Sign #2: Inventory data is often delayed or inaccurate. 05

Sign #3: You're unable to expose accurate inventory availability online. 06

Sign #4: You have an extensive network of distribution centers, warehouses, suppliers, etc. 07

Sign #5: You're implementing or scaling an omnichannel strategy. 08

Sign #6: Customers are asking for order customizations. 09

Sign #7: Your platform is rigid and customizations are costly. 10

Sign #8: You're missing the mark on customer satisfaction. 11

Sign #9: Your ERP lacks integrations or integrations have become costly and time-consuming to maintain. 12

Sign #10: Siloed data is causing little insight into operational and customer trends. 13

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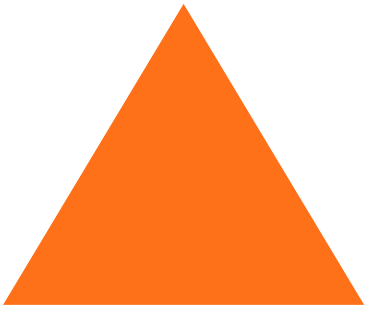
Introduction

The B2B eCommerce market surpasses the B2C market by more than five times in size, offering substantial revenue opportunities for both established and new businesses. Efficient order management is a critical factor for success in both segments, as dealing with customer orders can be error-prone, time-consuming, and taxing for organizations and their employees. After an order is placed, various steps must be followed, including price verification, inventory availability checks, confirmation emails to customers, and the allocation of products to different customers. This complex process culminates in warehouse instructions, packing, and shipping, all while ensuring smooth customer tracking. Effectively managing this process is essential for customer satisfaction and repeat business.

A dedicated Order Management System (OMS) offers numerous advantages in this context. It minimizes errors in order fulfillment, expedites processing for quicker delivery, and integrates with inventory management software to optimize stock levels, preventing costly overstocks or stockouts. Automation capabilities within OMS lead to substantial cost savings by streamlining manual and time-consuming tasks, enhancing real-time order status visibility, and facilitating better decision-making and customer communication. Furthermore, OMS systems are adaptable, enabling businesses to scale effortlessly with growth, a crucial element in the success of B2B eCommerce operations.
As businesses grow, the complexity of order management increases, often leading to inefficiencies when relying on an Enterprise Resource Planning (ERP) system or a mix of tools like spreadsheets and databases. Recognizing telltale signs that indicate the need for an OMS system is crucial.

This eBook explores the top ten signs that suggest it's time to implement an OMS, either alongside or instead of an ERP. It also shares best practices for B2B order management, helping businesses navigate the dynamic landscape of B2B eCommerce effectively.



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Sign #1: Your order process is becoming more complex.

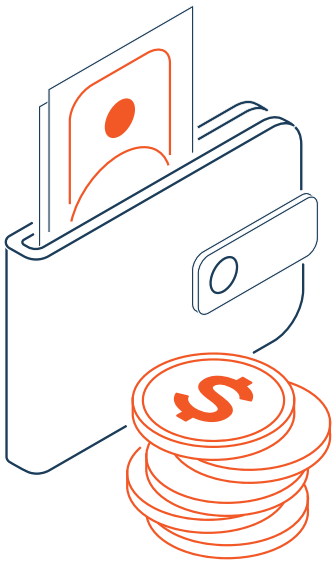
You have a company that handles a lot of orders scattered across various systems, each with its own set of steps like approvals, custom pricing, and changes. The ERP system you use to manage this is rigid and doesn't easily adapt to your needs. You handle this piecemeal using knowledge stored in your workforce, and occasionally, things slip up. This is the first sign that you need an OMS.

OMS Solution: Centralized and Streamlined Order Processing

An OMS centralizes orders into one reliable source, streamlining control over the entire order process. This single point of control allows your organization to efficiently manage the complete order lifecycle, from initiation to fulfillment.

The benefits include heightened efficiency and speed, reducing delays and ensuring on-time fulfillment. Additionally, orders are consistently handled, maintaining a high standard, minimizing errors, and building trust with customers. In B2B, this trust is crucial for reducing customer churn, ultimately leading to higher long-term value from each customer.

Once you've implemented an OMS and centralized order processing, you can use the order management solution as a bridge between how you sell things and your ERP. You can ensure that substantial orders from regular customers no longer linger in a queue, awaiting approval unnecessarily. Additionally, the risk of overlooking potential scam orders from new buyers almost reaching the warehouse is significantly reduced.



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Sign #2: Inventory data is often delayed or inaccurate.

Using an ERP system for inventory visibility can be less than ideal due to several limitations and challenges. ERPs often lack real-time updates, relying on batch processing, which can lead to inaccuracies in inventory levels. Their complexity and customization requirements make them cumbersome for specific inventory needs, necessitating costly and time-consuming modifications. ERP systems may also struggle to handle inventory management across multiple sales channels, lack advanced order orchestration capabilities, and face scalability issues as businesses grow.



OMS Solution: Real-Time Inventory Visibility

Modern, distributed order management systems provide unified stock levels across multiple locations into a single system for real-time inventory visibility. Maintaining real-time inventory visibility provides numerous business benefits:

- Enables quick response to changes in demand, supply chain disruptions, or other factors affecting inventory.
- Ensures that the products are available when needed, greatly reducing the risk of stockouts and overstocks. Stockouts lead to lost sales, and overstocks tie up capital and valuable storage space.
- Helps minimize holding costs, and also diminishes losses from expired or obsolete inventory.

From a sales representative point of view, here's an example of how real-time inventory visibility can save the sale. A customer with Premier status completes an order online, triggering a rule that taps into designated inventory reserved for such customers. In case the reserve stock is insufficient, your representatives, leveraging an OMS, gain visibility into inventory currently in route on a truck to the warehouse. They can extend their reach into the supply chain, retrieve that inventory, and allocate it promptly, ensuring it arrives just in time to be loaded onto the truck bound for the Premier customers.

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Sign #3: You're unable to expose accurate inventory availability online.

B2B buyers now expect to see inventory availability online — a recent study found that more than 70% of buyers want to know products availability either in-store or across any channel. Without a distributed OMS, many companies can't present store inventory to the online customer, causing inaccurate experiences and missed potential revenue.

OMS Solution: Present Accurate Inventory Availability

Exposing store inventory online can increase the product assortment (i.e., items you can sell from local store locations), and it also increases the volume of products the company can sell on the ecommerce site. Once you have real-time inventory visibility, you can present accurate inventory availability on the eCommerce site by implementing the following key functionalities:

- Multi-Channel Integration: OMS systems are designed to integrate seamlessly with various sales channels, including the company's eCommerce site, physical stores, marketplaces, and more. This integration ensures that inventory data is consistent and synchronized across all platforms, reducing the risk of overselling or displaying inaccurate stock levels.

- Automatic Inventory Allocation: OMS systems can automatically allocate and reserve inventory for pending orders as soon as they are placed. This prevents multiple customers from purchasing the same item simultaneously, ensuring that the displayed inventory availability accurately reflects what is truly available for purchase.

- Multi-Warehouse Management: For companies with multiple warehouses or distribution centers, an OMS can efficiently manage inventory across these locations. It optimizes inventory allocation based on proximity to customers and shipping costs, helping to ensure accurate inventory visibility on the eCommerce site.

- Future Available to Promise: Future available to promise is a feature that allows customers to place orders for out-of-stock items. The system tracks these orders separately and provides estimated restock dates, giving customers transparency about when they can expect their orders to be fulfilled.

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Sign #4: You have an extensive network of distribution centers, warehouses, suppliers, etc.

Relying on a few knowledgeable operators to figure out and route orders for the best shipping and delivery time is risky — especially when you have warehouses in different regions or countries. It might lead to costly errors, not just in shipping expenses but also in potentially losing a customer account.

Some ERPs may have an "Order Management" function that sends orders to the source closest to the customer, but order orchestration has become more complex as buyers favor omnichannel journeys. Many factors play into how you want to fulfill an order to a customer, including distance, shipping costs, product margin, split order strategy, and labor rates.

OMS Solution: Automated Order Routing

Order routing, sometimes referred to as order orchestration, allows you to establish order-specific assignments and visibility logic for routes. Once you have an extensive network of warehouses or distribution centers, order routing will help you optimize the fulfillment process.

Distributed OMS solutions offer flexible rules, considering factors like proximity, inventory availability, and shipping cost optimization. You can even set priorities based on customer attributes such as groups, order value, or total lifetime value.

With the flexibility to modify and override rules as needed, there are several reasons to automate order routing:

- The automation of order routing streamlines the process, boosting efficiency and speed while minimizing errors and optimizing resource utilization.
- You will reduce costs as the system adapts to dynamic conditions, such as fluctuating demand and inventory reserves.
- The scalability of order routing automation accommodates growing order volumes seamlessly, and integration with multiple sales channels simplifies the overall fulfillment process.
- Beyond reducing shipping costs and labor expenses, automated order routing enhances customer satisfaction by ensuring prompt and accurate deliveries.

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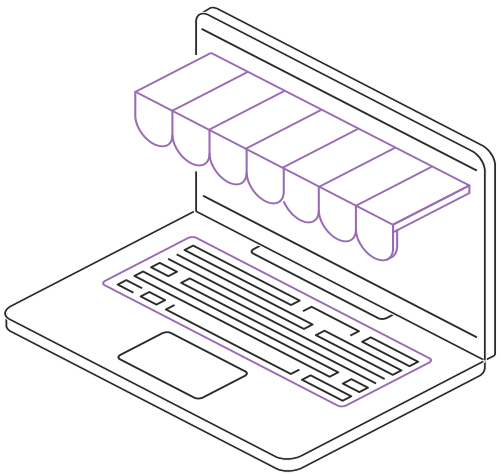
Sign #5: You're implementing or scaling an omnichannel strategy.

Your company sells across different channels, including an eCommerce site, B2B marketplaces, and catalogs. When orders roll in, your team has to check different systems to understand demand and fulfill orders smoothly. But as your omnichannel strategy scales, it's becoming increasingly difficult to accurately track and manage orders captured across channels.

OMS Solution: Omnichannel Fulfillment

McKinsey & Co. Found that from 2016 to 2021, the number of channels B2B buyers used to complete a purchase doubled from five to ten channels. The arrival of omnichannel and multichannel means that B2B companies must be able to fulfill orders from multiple channels.

An OMS serves as a central repository of all orders captured across multiple sales channels. It means everyone can access the same information easily, reducing the chances of errors and making the whole process much smoother. For companies selling products through various online and offline channels, an OMS consolidates and manages orders from different sources more effectively, ensuring seamless order fulfillment. Your sales reps now have a single place to check order details, status, and tracking.



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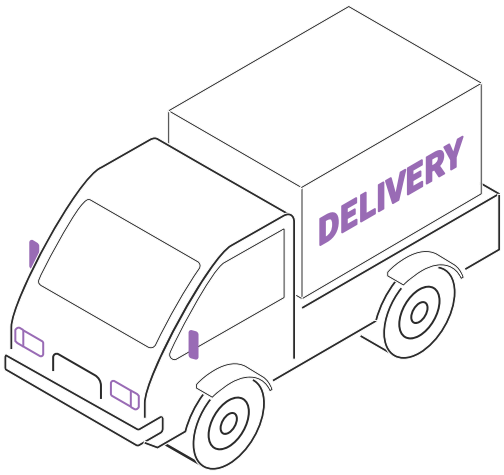
Sign #6: Customers are asking for order customizations.

Do your customers request custom products or configurations frequently? Does your sales team struggle to get accurate pricing and availability information? This could a sign that your company needs a dedicated Order Management System.

OMS Solution: Order Customization and Split Shipments

An OMS facilitates order customization, allowing sales teams to configure and quote orders with precision, split those items into custom shipping groups, and set different attributes on them. A split shipment, or split order, is when an order is divided into multiple shipments, and each shipment is delivered separately with its own packing slip. This may happen for various reasons, such as when one or more item is out of stock, or the items are being shipped from multiple warehouses or stores.

As an example, a customer has placed a single order for various items needed for a project. These items include sealant, flooring material, tiles, and adhesive. The customer has an immediate need for the sealant to commence their work promptly. Consequently, the sealant will be shipped quickly so that they can start preparing the job site without delay. Meanwhile, the more cost-effective transportation option will be used for the flooring material, ensuring it arrives in time for installation.



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Sign #7: Your platform is rigid and customizations are costly.

Have you ever been told that your ERP system can handle changes easily, only to realize later that those "easy" changes come with a hefty price tag? It's tricky because it happens gradually. You start with what seems like small tweaks, but before you know it, they turn into major customizations. That's because ERPs are not designed to keep up with your evolving order processes.

OMS Solution: MACH Architecture

MACH architecture (Microservices, API-first, Cloud-native, and Headless) equips B2B companies with the agility and scalability needed to adapt to growth, market changes, and evolving customer requirements.

- Modularity and Flexibility: You can break down an order management system into smaller, independent microservices, such as inventory visibility or order routing. This modularity makes it easier to scale individual components, whether it's expanding to new markets, adding new fulfillment options, or accommodating a new business model like subscriptions. Each microservice can be scaled independently, ensuring efficient resource allocation.

- API Integration: The API-first approach in MACH architecture facilitates seamless integration with partners, suppliers, and customers. You can quickly connect with new partners or platforms, enabling them to expand their reach and offer more diverse services.

- Cloud-Native Infrastructure: Embracing cloud-native solutions allows your company to scale the IT infrastructure as needed. You can easily add or remove resources to match fluctuations in demand, avoiding over-provisioning and reducing operational costs. This flexibility allows for efficiency in handling increased workloads during growth periods.

- Headless: A headless approach separates the frontend presentation layer from the backend commerce engine. This allows you to customize and adapt the customer interfaces quickly and experiment with new channels or user experiences. Headless architecture provides the flexibility to deliver tailored experiences without overhauling their entire system.

Sign #8: You're missing the mark on customer satisfaction.

As more B2B buyers, except a B2C-like experience, it becomes more challenging to use current tools to meet their needs. This results in a sub-par customer experience, from placing an order to reaching the buyer's warehouse.

Put yourself in the seat of a call center agent—you're on the phone with a customer and trying to click through a clunky ERP system to find details about the order, and you may not even have access to the customer's data. At best, you'd be toggling between systems to get the full picture. You can imagine how frustrating this would be while you're on the phone with a customer that demands timely answers and a good customer experience.

OMS Solution: Customer Self-Service and Empowered Customer Service Representatives

Empowering your customers with self-service portals enhances efficiency and transparency — ultimately boosting customer satisfaction. This feature allows customers to independently track orders, view invoices, and manage their accounts, streamlining the ordering process and reducing reliance on customer support.

By offering self-service capabilities, you can enable customers to view real-time inventory levels, check order statuses, and retrieve and pay invoices. This transparency builds trust and confidence among customers, as they have direct access to critical information without relying on manual inquiries. These portals contribute to operational efficiency for both your business and customers. By reducing the workload on your customer support team, automated processes lead to faster order processing and fewer errors, enhancing overall efficiency.

For the customers that call or email in, it's critical that customer service representatives have access to accurate customer and order information in a single UI for quick resolution. An OMS acts as the source of truth for orders and customer data in the system — providing the agent with the information they need quickly.

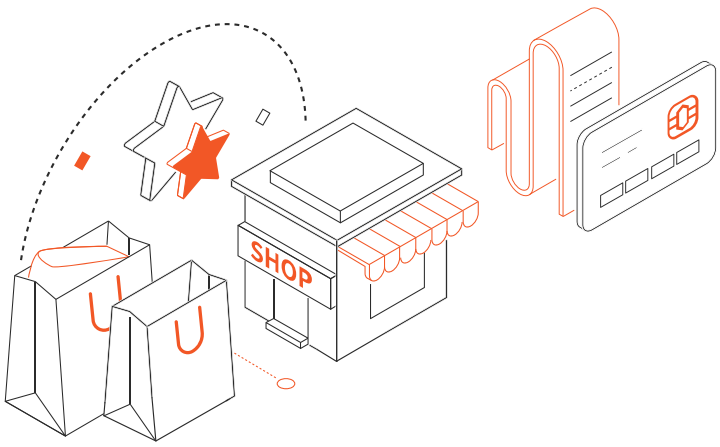
Sign #9: Your ERP lacks integrations or integrations have become costly and time-consuming to maintain.

For a smooth order fulfillment process, you need various integrations like Warehouse Systems, CRM, Ticketing, PIM, Shipping, Logistics, and more. However, connecting all these to the ERP is becoming costly and time-consuming — forcing your teams to do manual reconciliation between systems. Additionally, it's taking resources away from IT that should be spent on building revenue-driving customer experiences.

OMS Solution: Seamless Integrations Using APIs

B2B companies often have complex and multifaceted operations involving various systems such as ERP, CRM (Customer Relationship Management), eCommerce platforms, inventory management, and logistics systems. An OMS with robust API integration capabilities out of the box allows for seamless communication and data exchange between these systems with minimal maintenance required. This streamlines operations, reduces manual data entry, minimizes errors, and enhances overall efficiency.

Additionally, if your company often collaborates with suppliers, distributors, and partners, an OMS with API integrations facilitates real-time data sharing. This allows partners to access inventory levels, pricing information, order statuses, and other relevant data. This transparency fosters stronger partnerships and smoother supply chain operations.



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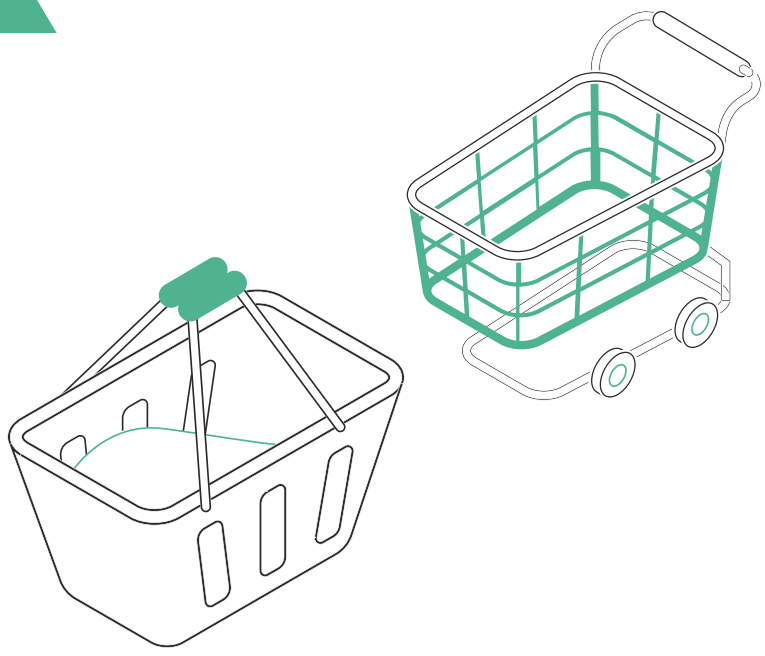
Sign #10: Siloed data is causing little insight into operational and customer trends.

Businesses, no matter their size, need to understand order trends and consumer behavior to offer better products. Monitoring operational performance for continuous improvement is key to staying competitive today. However, your systems are isolated, not exchanging data, and it takes a team of data scientists and lots of time to create reports.

OMS Solution: Analytics and Reporting

OMS acts as a unifying force in order fulfillment, bringing together data from different sources seamlessly. It breaks down silos, allowing teams to collaborate in real-time, ensuring a smooth flow of information throughout the entire order journey. This means you get unparalleled insights into the entire process, letting you customize offerings and fine-tune processes for extra efficiency.

Now, you can pinpoint exactly where to add resources to cut fulfillment time from 12 hours to 4 hours or less. You can also figure out the best warehouse for incoming shipments, optimizing distribution and saving on shipping costs. It's like having a magnifying glass on your operations, making everything clearer and more efficient.



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Conclusion

The implementation of an order management solution is a crucial step for businesses aiming to enhance their order fulfillment processes. The ten signs discussed in this eBook serve as valuable indicators that businesses should pay attention to in recognizing the need for an OMS. From overcoming the limitations of rigid ERP systems to addressing challenges in order customization, inventory allocation, and customer experience, an OMS emerges as a versatile solution.

Furthermore, the adoption of best practices, such as centralizing order processing, maintaining real-time inventory visibility, and empowering customers through self-service portals, contributes to streamlined operations and increased customer satisfaction. The role of OMS in facilitating automated order routing, omnichannel fulfillment, and integration with various systems further solidifies its significance in modern business operations.

As businesses strive to meet the evolving demands of B2B commerce, the scalability, efficiency, and transparency offered by OMS become indispensable tools for sustained growth and success. Embracing these technologies not only addresses current challenges but also positions businesses for a future characterized by agility, responsiveness, and enhanced collaboration.

About Kibo

Kibo Commerce is a composable commerce platform for retailers, manufacturers, distributors, and wholesalers who want to simplify the complexity in their businesses and deliver modern customer experiences. We are the only modular commerce platform supporting experiences that span Order Management, eCommerce, and Subscriptions. Companies like Zwilling, Ace Hardware, and Coastal Construction trust Kibo to bring simplicity and sophistication to commerce operations and exceed customer expectations.

About AAXIS

For over two decades, AAXIS has been a trusted global partner, helping top manufacturers, distributors, retailers and telcos meet the growing digital commerce and automation needs of their customers. We work with our clients to execute the right strategy and implement the best fit of digital commerce technologies leveraging data and AI to increase customer retention, elevate customer experience, increase customer conversion, acquire new customers, and expand into new markets.

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