



Opportunity Lost

A Frank Discussion About
Why Today's Order Management Systems
Prevent Sales and Marketing Executives
From Delivering on Their Vision



Overview

Your investment in sales and marketing is about to pay off: your customer is ready to buy. Now it's time to manage the order expertly because if you don't, you may lose your customer, perhaps for life. What's worse, you may lose his friends and family too.

This is the scenario far too many sales and marketing execs face every day. There's good reason for their concern: far too many order management systems get in the way of creating a great customer experience. These same executives are frustrated because they know that the very IT systems that should enable creative and successful go-to-market strategies are hampering their image and successes with customers. Why does IT consistently fail to provide the responsive, flexible systems companies need to create a memorable and differentiated customer experience?

The purpose of this white paper is to provide non-technical sales and marketing execs with the insight they need to understand the roots of this problem, the knowledge that the problem is fixable, and the facts they need to enter a solution-oriented discussion with their IT leadership counterpart. Specifically this white paper will aid executives to understand:

- How good order management systems can improve critical issues, such as getting new products to market faster
- How to make sure your company avoids making false promises about product availability and when you can deliver
- How to use order management to implement, monitor, and adjust marketing programs in real time
- How great order management can also help you deliver exceptional customer experiences, the kind that keeps customers coming back for more.
- How this solution can create a unique and powerful customer experience, all within the budgetary constraints and IT standards that bound the CIO's world.

Giving up on top-notch IT systems is simply not an option - the competition is getting more intense. Consider that AMR Research recently reported the customer experience is increasingly important as a competitive weapon. Your company cannot afford to walk away and leave that weapon on the table.

"An almost universal trend around customer-centricity and customer experience management will fuel continued customer management investments regardless of economic conditions. Many organizations streamlined operational and supply chain efficiencies through the last economic downturn, leaving the customer experience as the most important potential competitive weapon."

"The Customer Management Market Sizing Report, 2007-2012," AMR Research

Exceptional customer experiences and expert order management are inextricably linked

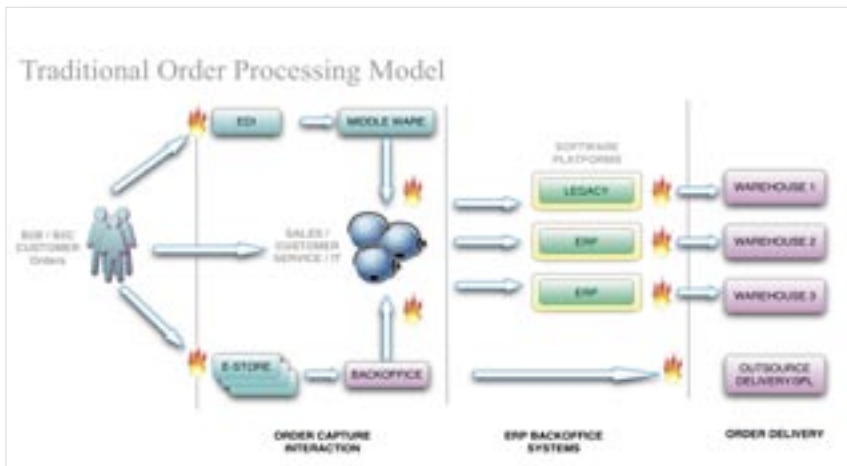
John Rosen and AnnaMaria Turano point out, in *Stopwatch Marketing*, that research done by Simon Arbuthnot, national marketing manager for Lexus Great Britain, “clearly showed that a single misstep at any touchpoint—inappropriate print ad, website mishap—damages propensity to purchase along the entire shopping continuum.”

The total customer experience is about exceeding customer expectations by executing flawlessly at every touchpoint that affects customer impressions. How easily and gracefully you take orders through your website or other channel, whether you fulfill orders perfectly, and your ability to initiate loyalty memberships or other unique post-sales opportunities can differentiate your brands from competitors.

Every executive knows customer experience is defined by ease of use and perception: customers want perfect experiences, all the time, at any time. Many organizations, however, stumble when it comes to taking customer orders and creating the smooth, cost-effective fulfillment processes that execute them.

The reason? Most companies have attempted to standardize on a backbone ERP system, and while ERP systems deliver huge benefits to many business functions, their impact on order management and customer-facing activities can be frustrating. ERP applications are simply not structured to sell products the way today’s customers demand them—that is, through multiple markets and channels—or to deliver multiple products to multiple locations. Despite massive investment in new technologies, including standardized ERP applications and specialized supply chain applications,

most companies still can’t go to market or deliver products the way they want to.



Despite their power, today’s ERP systems aren’t made for sales and marketing effectiveness

ERP systems were built to run enterprises with efficiency, not for flexible customer and order management. Most ERP systems have roots in accounting systems and strive for regimented consistency. They use rigid models for data,

order structure, and process flows to ensure efficient, standardized operations and minimized cost. As a result, they are not structured for the flexibility effective sales and marketing requires.

Existing systems manage orders in ways that are efficient to the application’s internal processes, but they are not necessarily consistent with the processes service channel partners or direct customers want to use. Designed for high-volume “routine” orders, these systems are unable to deal with plausible situations, such as a customer who wants to buy without using a purchase order. These systems also cannot cope with the complexity of marketing options, including specials, configurations, and add-ons, that customers have come to expect and that help close the deal. Additionally,



Failure Points

- Time Lags
- Inconsistent Data
- Lack of Analytics
- Integration Expenses

one-to-one marketing means companies must either deliver products when and where customers want them, or they risk losing business.

In theory, today's global, complex, multidimensional supply chains offer enormous marketing opportunities. Companies can sell products but hold little inventory, or even none, relying instead on suppliers to ship directly to customer orders. Today's supply network can optimize each SKU for demand across the network, stocking snow blowers in northern states while holding all skateboard inventory in Texas. It may also fill an order by shipping goods from more than one location or country.

Harnessing these and other supply-chain-enabled opportunities, however, requires systems that are up to the challenge. In all likelihood, product suppliers, contracted warehouses, and sometimes even your own manufacturing plants use different systems. No one system is able to serve as a centralized hub to automate decisions about which is the best source to fulfill each line of each order, how to prioritize backorders, or how to notify customers of delivery expectations. At best, it's a clear case of opportunity lost. At worst, it's a case of botched orders and customer disappointment.



So what do sales and marketing execs need? Flexibility, and lots of it

Sales and marketing executives need the freedom to concentrate on strategy, knowing the organization can capture and fulfill the orders their campaigns deliver. To create competitive advantage, they need the freedom to:

- Deploy marketing programs that are more and more complex, implementing increasingly sophisticated marketing strategies swiftly.
- Analyze consumer and B2B Internet sales performance in Internet time—the environment where days or weeks are an eternity.
- Adjust program pricing, duration, and content immediately as market response unfolds.
- Segment demand easily, identifying who's ordering, how much, and through which channel.
- See how order trends and inventory match up so they don't stock out of hot sellers and know when to run a quick promotion for distressed inventory.
- Open new channels quickly.

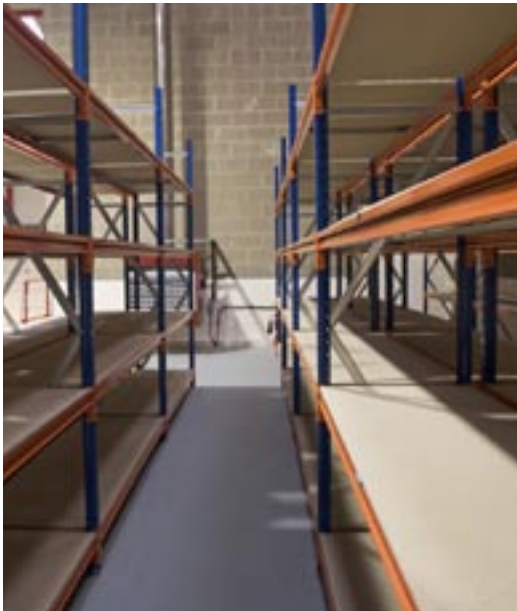
Getting new products to market faster

Getting product to market faster requires market-oriented flexibility design engineers did not consider when they wrote existing ERP systems. Generally speaking, today's systems treat all new product introductions the same way, requiring complete,

detailed records for each one, as though each was to be manufactured or sourced independently. Marketing, on the other hand, considers products differently, as marketing models denote different color variations or bundles of existing products.

Customer-centric marketing requires systems that create the freedom to make and implement marketing choices immediately, striking while opportunity is hot. Enriching the marketing toolbox with product mixes and combinations, pricing options, coupons, discounts for multiples, return or replacement options, and so on expands marketing creativity and enables programs that fit market requirements precisely.

Responsive systems also open opportunity for expanding revenue through sales and supply chain partners. When it is easy to consolidate the orders partners take, or distribute them to partners for fulfillment, it's easier to bring new products to market. If a company makes grills and its customers want to buy covers for them, systems should be able to use the complete supply chain, taking the order and directing it to a sourcing vendor or their third-party fulfillment network.



Avoiding false promises about product availability and when you will deliver

Customers expect companies to make and keep commitments, no matter which channel they use: internet, call center, kiosk, mail order catalog, or retail outlet. Sometimes they want to take delivery at multiple locations, and they may also want different delivery dates for each destination.

The problem of pulling together product demand from all channels and matching to inventory held in all worldwide stocking locations is so complex that most ERP systems don't even try it. When they do attempt to determine inventory available to promise (ATP), nightly or weekly updates are too infrequent to keep ATP data accurate.

Because the relationships ERP systems require to determine ATP are so complex, companies often resort to using an arbitrary answer. It's easier to automatically quote a policy of three days to fill an order than to integrate ERP systems to figure out it can really be done the same day.

No marketing exec wants to disappoint a buyer, but what if the customer balks because promises are too conservative? Nimble marketing requires systems make accurate order and inventory information comparisons in real time. They must consistently promise customers your best delivery options, and immediately. Quite simply, they must make timely, accurate promises you know you can keep.

Implementing, monitoring, and adjusting programs in real time

With industry statistics reporting a nearly 60% rate of abandoned shopping carts, it's a safe bet that websites either fail to communicate what customers want to know or they make it too hard to buy. If customers do buy once but then never return, where did the process fail? At least one conclusion is clear: the totality of the experience was not good enough to entice buyers back.



Optimizing distribution helped a global consumer brands company exceed customer delivery expectations for 86% of its orders.

Everyone knows that billions of dollars are spent each year through e-commerce. But executives often ignore the revenue leakage they bear because they don't know how customers, B2B or consumers, behave through their Internet channels. Weekly or monthly reporting is not good enough: marketing must be able to monitor internet performance in real time so it can take action. When a campaign goes on line, marketing needs to monitor order volumes and status along the entire order to delivery process to see how the program is doing. If there are no orders the next day, something is wrong.

To make the most of Internet sales, marketing needs the flexibility to do what ERP systems can't do: make on-the-fly changes to catalogs, pricing, and product packaging. Without real-time order data, brand managers can't decide if a promotion is working or how to tweak it if it's not. Nor can they respond to order trends by calling for more of a product selling well. You cannot wait until unnoticed glitches in order fulfillment or transportation failures make disgruntled customers the first to report failures and dissatisfaction.

Market responsiveness requires well-tuned analytics—the lifeblood of competitiveness—in real time and across the entire order-to-delivery cycle. Executives face enormous risks when people cannot effectively measure business performance as it unfolds, in aggregate or in detail.



For the same consumer brands company, average transportation costs dropped 40% when order distribution was optimized.

Unleashing the power of customer experiences: delivering on promises keeps customers coming back for more

Suppose you could consistently meet or exceed customer delivery expectations and reduce operating costs at the same time. Would your customers come back for more?

Companies with an optimized inventory and order distribution model consistently deliver to more customer locations faster, using the same premium industry-standard transportation providers, but at lower cost. The results are startling. One company reports it nearly tripled the number of orders it delivered in less than two days, delighting customers with early delivery while cutting delivery cost by 40%.

It's a compelling story. Using a better order distribution model let the company beat customer expectations for next-day and second-day order deliveries while creating impressive expense savings. It also opens new options for marketing and sales programs.



Can you beat the problem in-house? Customized systems are a pricey option that creates long-term problems

When e-commerce growth met up with ERP system limitations, many companies were forced to customize order management and fulfillment systems. While this customization opened up order entry to the online world, it did little else. The back-end system presupposes it is dealing with an employee experienced in order management, one who will enter the order according to system dictates. However, there is enormous risk in presupposing the system will take and fulfill the order well, handle backorders gracefully, or communicate roadblocks to the customer.

Nevertheless, extensive and expensive customization is the norm. Indeed, AMR Research found that in the retail industry, even companies using software suites from a single vendor had implemented at least some level of customization.

Putting the AMR Research statistics in context, none of the companies were able to achieve what they wanted with vanilla systems. Every one had to make changes, which begs the question: did they really get their vision of excellent customer experiences? Or did they create additional complexity and process dysfunction?

These homegrown solutions are not only expensive to write and implement, but they can also make companies dependent upon the people who write them. Worse yet, by the time homegrown systems are operational, they solve yesterday's problem and are nearly impossible to modify in time to respond to market changes.

The roadmap to achieving customer experience excellence

For too long, sales and marketing executives have been handcuffed by systems that can't keep up with the simple concept of letting customers place orders through their channel of choice whenever they are ready to do so and the operational complexity of delivering against those orders. The nature of the technical problem has been a root problem, leaving executives glassy-eyed as IT describes in excruciating, accurate detail why the technology can't deliver the systems that create competitive advantage.

Sales and marketing executives have a right and a responsibility to work with IT to

"78% of retailers use point applications or application suites with extensive customization, creating a highly-tailored but very complex infrastructure that can be challenging to evolve to cross-channel operations. Only 20% report using application suites from a single vendor with minimal customization."

"The State of Cross-Channel Operations: 2008," AMR Research

explore better systems. Contrary to conventional wisdom, there are straightforward, cost-effective ways to implement systems that can wow customers. And they can be implemented in record time.

The systems marketing and sales should ask for

ERP systems, even when IT has coupled them with amplifying supply chain systems, have not delivered the customer-facing capability sales and marketing executives need. What companies need is an order management environment that:

- Focuses on enabling companies to go-to-market and fulfill orders in the manner that best satisfies their customers' expectations
- Does not let existing systems dictate constraints
- Protects existing IT investments and extends their value by making better use of the information these systems contain
- Fits neatly into IT governance strategies
- Is highly cost efficient



The Application Checklist

✓ Order management processes

- Consolidates demand by capturing orders from multiple sources and channels.
- Draws stock information from all of a company's inventory locations.
- Applies demand to inventory available to promise.
- Transmits the orders in real time for rapid order fulfillment to the warehouse location that best optimizes total cost, wherever in the world it may be.

- Adds new sales channels and supply chain partners quickly and efficiently.

✓ Analytics

- Contains powerful analytics that pinpoint opportunities and issues so companies can take action immediately.
- Provides real-time order status visibility, giving executives the insights they need to make strategic decisions, implement comprehensive measurements and accountability scenarios, and correct performance shortfall.

✓ Deployment

- Works as a complete solution that is ready for rapid, affordable deployment, wholly or in subsets.
- Allows for simply entering content and it's ready to go—contains the business process logic that executes order management, inventory management, and related back-office fulfillment processes efficiently.

- Captures orders through feature-rich web storefronts that contain the advanced technologies people expect from popular e-commerce websites.
- Supports call center and other order capture operations.
- Deploys in weeks, not months, cutting time-to-value and delivering ROI fast.
- Delivers in deployment models that fit the business best: SaaS, license, or utility models.

✓ **Works with current IT systems gracefully**

- Complements IT strategies and fits within IT governance dictates.
- Draws information from multiple business process portals using APIs so companies don't have to manage a dozen different systems to manage a dozen different types of demand.
- Built on J2EE standards, which is recognized globally for large enterprise solution deployments.
- Scalable: built with a distributed architecture.

✓ **Costs far less than expected**

- Carries a proven track record of rapid deployment.
- Delivers fast time to value and ROI



In the spirit of being frank, we raise these issues because we have just such a solution. Jagged Peak developed its EDGE applications to give companies the sales and marketing leeway their existing IT system do not. EDGE is an order management application environment, not an order management point solution.

- EDGE sits above the other applications, unconstrained by their process limitations. It draws order and inventory information, optimizes and allocates inventory, and transmits order to the best location for fulfillment.
- Powerful analytics pinpoint issues and opportunities so companies can take action immediately.
- EDGE complements IT strategies and fits within IT governance dictates.
- EDGE deploys in weeks, not months. Clients in premier companies have fully deployed it, including user training, in less than three weeks. Users can choose a deployment model that fits best.
- Most important in today's economy, our track record proves we deliver time-to-value and ROI fast.

Given the imperatives of today's competitive marketplace, can you afford not to look into EDGE?

For more information about Jagged Peak, contact Vince Fabrizio at **1.800.430.1312 x-260**

<http://www.jaggedpeak.com>