Microsoft Dynamics 365

The Savvy CSCO's Guide to Transforming Order Management

Who this is for

Supply chain operation leaders who want to simplify omnichannel fulfilment and increase profitability.

Contents

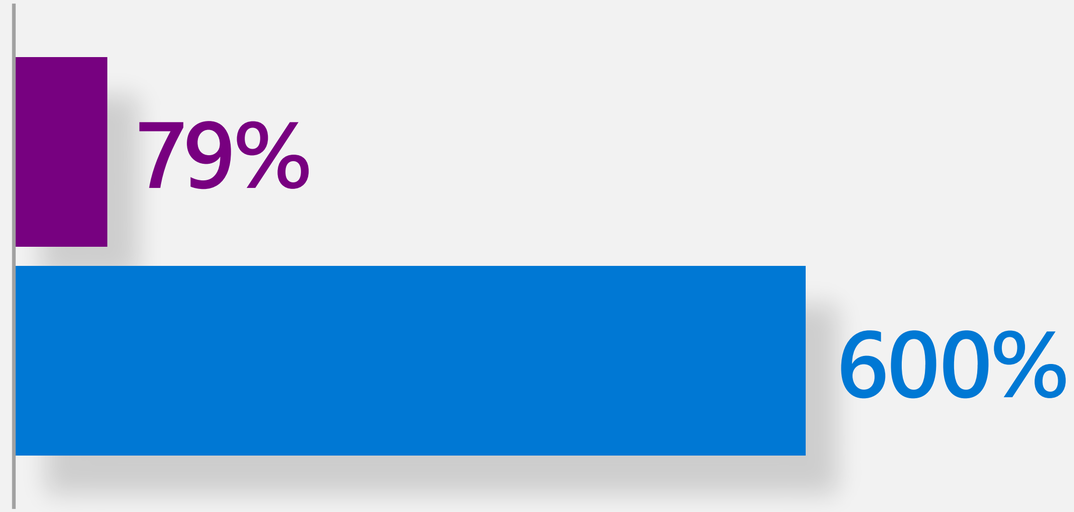
Introduction

Order management has reached a new level of importance. Across the globe retail, manufacturing and distribution companies need to adapt to explosive growth in new order channels. Customers are buying through websites and apps and expecting to be able to pick up products in the store, at a partner location, curbside or through a delivery window. The competition is always waiting: one delayed order can lose a customer forever.

The organisations that are able to adapt to shifting customer needs can thrive in these new conditions. Walmart reported online sales growth of 79% for its 2021 fiscal year.[1] Target grew kerbside pick-up sales 600% during the same period.[1] Target also reported that fulfilling same-day orders from its stores costs 90% less than fulfilling from a warehouse. More important, consumers spend more on pickup orders and report high rates of satisfaction.

Clearly, the mastery of new sales channels has the potential to drive significant revenue and profit. However, monolithic order management systems of the past aren't built to handle today's rapid pace of change. A cloud-based, modular technology platform provide the ability to adapt faster without getting bogged down in infrastructure changes.

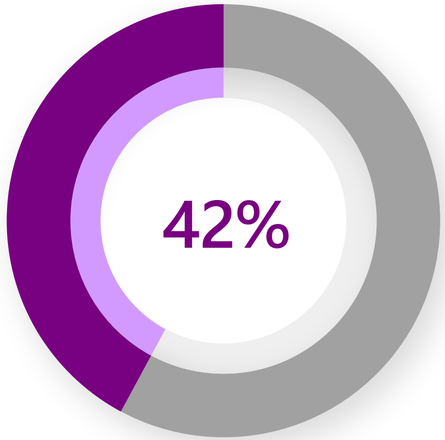
[1] During the pandemic, Walmart and Target leverage their stores | Digital Commerce 360, 2021.



- **Walmart reported online sales growth of 79% for its 2021 fiscal year.[1]**
- **Target grew curbside pickup sales 600% during the same period.[1]**

The right technology is a key advantage

Unfortunately, many companies are not yet ready to address these challenges. A commissioned study by Forrester Research sponsored by Microsoft stated, "only 51% of retail decision-makers feel their supply chains are prepared to meet growing e-commerce needs".[2]



According to Gartner®, surveyed retailers identified a lack of advanced digital technologies (42%) as one of the top barriers to increased supply chain resilience.[3]

[2] A comissioned study conducted by Forrester Consulting on behalf of Microsoft, November 2020.
[3] 'Transforming Retail Supply Chain', Gartner® Inc., 2021.

As these organisations roll out new fulfilment services, they face multiple order-management challenges that affect the bottom line.

Challenge	Impact
Cross-channel, real-time inventory visibility	Costly product storage and handling Stockouts and overstocks
Siloed order systems	Late, wrong or cancelled orders Non-optimal fulfilment times
Limited vendor relationships	Increased risk of supply-chain and fulfilment disruption
Supply-chain and logistics complexity	Suboptimal fulfilment decisions Lack of resilience

Chart created by Microsoft is based on Gartner® research.
Source: 'Transforming Retail Supply Chain', Gartner® Inc., 2021.

Organisations know they must overcome these problems to react quickly to customer demands in the omnichannel environment. According to a Gartner® survey, "nearly all retailers are planning to invest to make their supply chains more agile (96%) and more resilient (90%) by 2022".[3] According to Forrester research sponsored by Microsoft, companies report that the most important aspects of supply chain agility are enabling the most cost-efficient fulfilment options (52%), increasing the use of machine learning and AI to drive process automation (56%), and being able to quickly plan and adapt based on demand (58%).[4]

With so much at stake, businesses are naturally looking for new technology to solve their challenges. One analyst group expects the order management software market to grow from USD 2.3 billion in 2021 to USD 3.9 billion by 2026, a compound annual growth rate of 11.2%.[5]

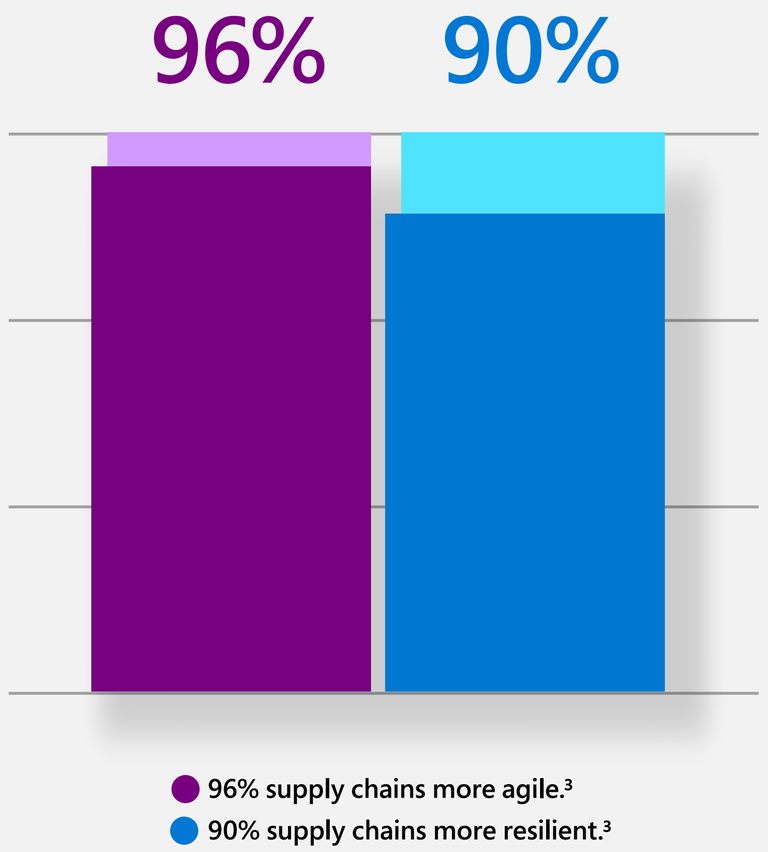


Chart created by Microsoft is based on Gartner® research.
Source: 'Transforming Retail Supply Chain', Gartner® Inc., 2021.

[3] 'Transforming Retail Supply Chain', Gartner® Inc., 2021.
[4] 'The Digital Commerce Imperative', a Forrester Consulting thought leadership paper commissioned by Microsoft, January 2021.
[5] 'Multichannel Order Management Market worth 3.9 billion USD by 2026 - Exclusive Report by MarketsandMarkets™', PR Newswire, 2021.

The cloud puts Intelligent Order Management within reach

Cloud-based platforms make advanced order management capabilities available to almost any business – capabilities such as:

- **Real-time visibility of the entire order lifecycle for customers and the business.**
- **Real-time inventory across channels.**
- **Rapid adoption of new fulfilment and delivery channels.**
- **AI-driven distributed order management (DOM) to orchestrate complex scenarios for on-time delivery.**
- **Exception-based management to reduce manual work and make the most of talent.**

Let's look at five ways that modern order management helps retailers, manufacturers and distributors compete in a changing world.

1/
Create a single source of truth for the entire order lifecycle

In a cross-channel world, orders come from many sources, including e-commerce, marketplace, mobile apps or traditional sources like electronic data interchange (EDI). On the other end of the order, companies are diversifying fulfilment options, which can include their own warehouses, third-party logistics providers (3PL), stores or vendor drop shipping, to name a few.

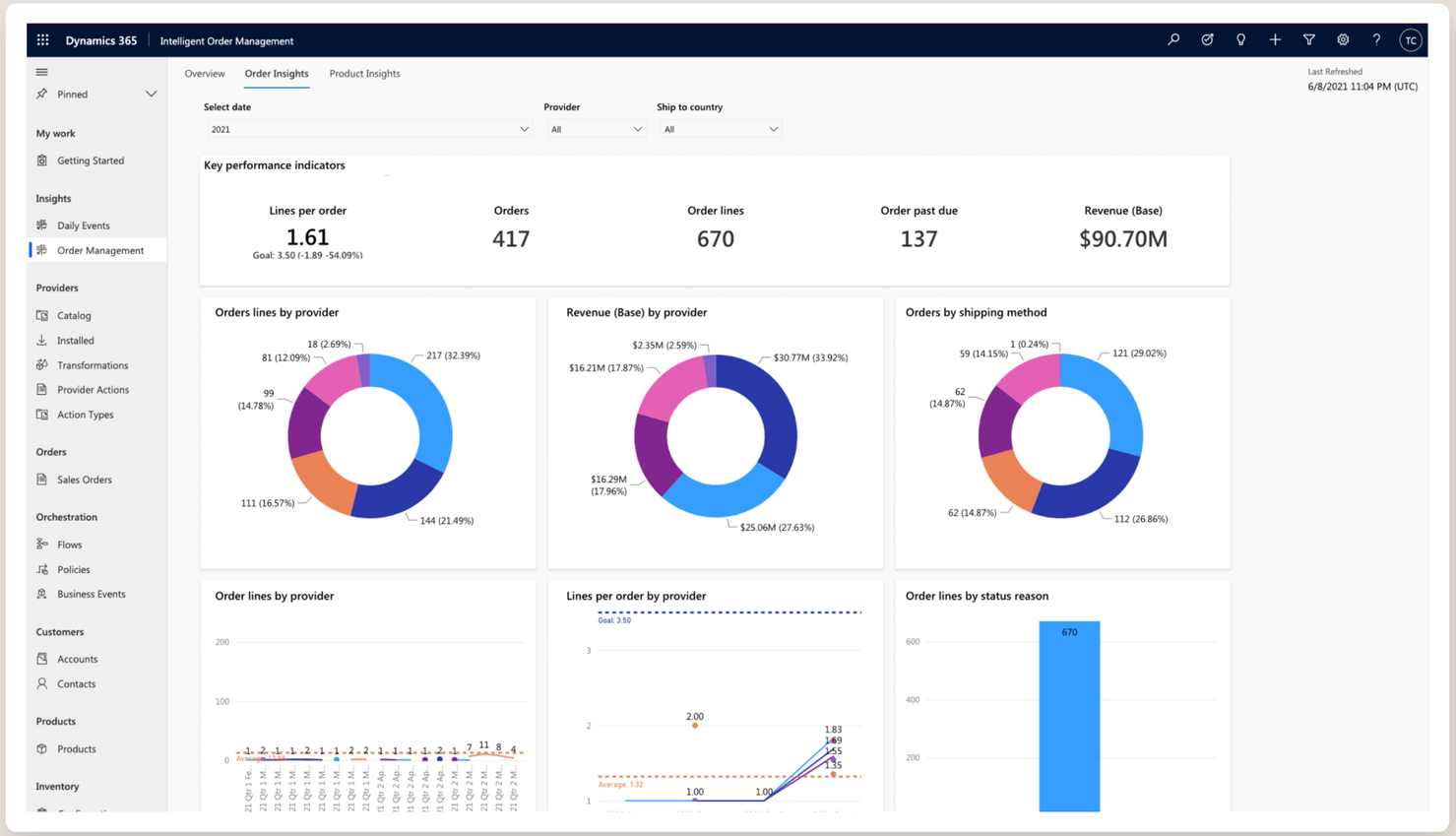
Optimised fulfilment requires you to correctly identify which inventory should be used to fulfil each order. Without data integration, this is not easy. For many companies, poor integration between digital commerce services and fulfilment systems is a major supply chain challenge.

Modular, cloud-based order orchestration solves this problem with a robust data platform built to synchronise large quantities of order and fulfilment data from any source.

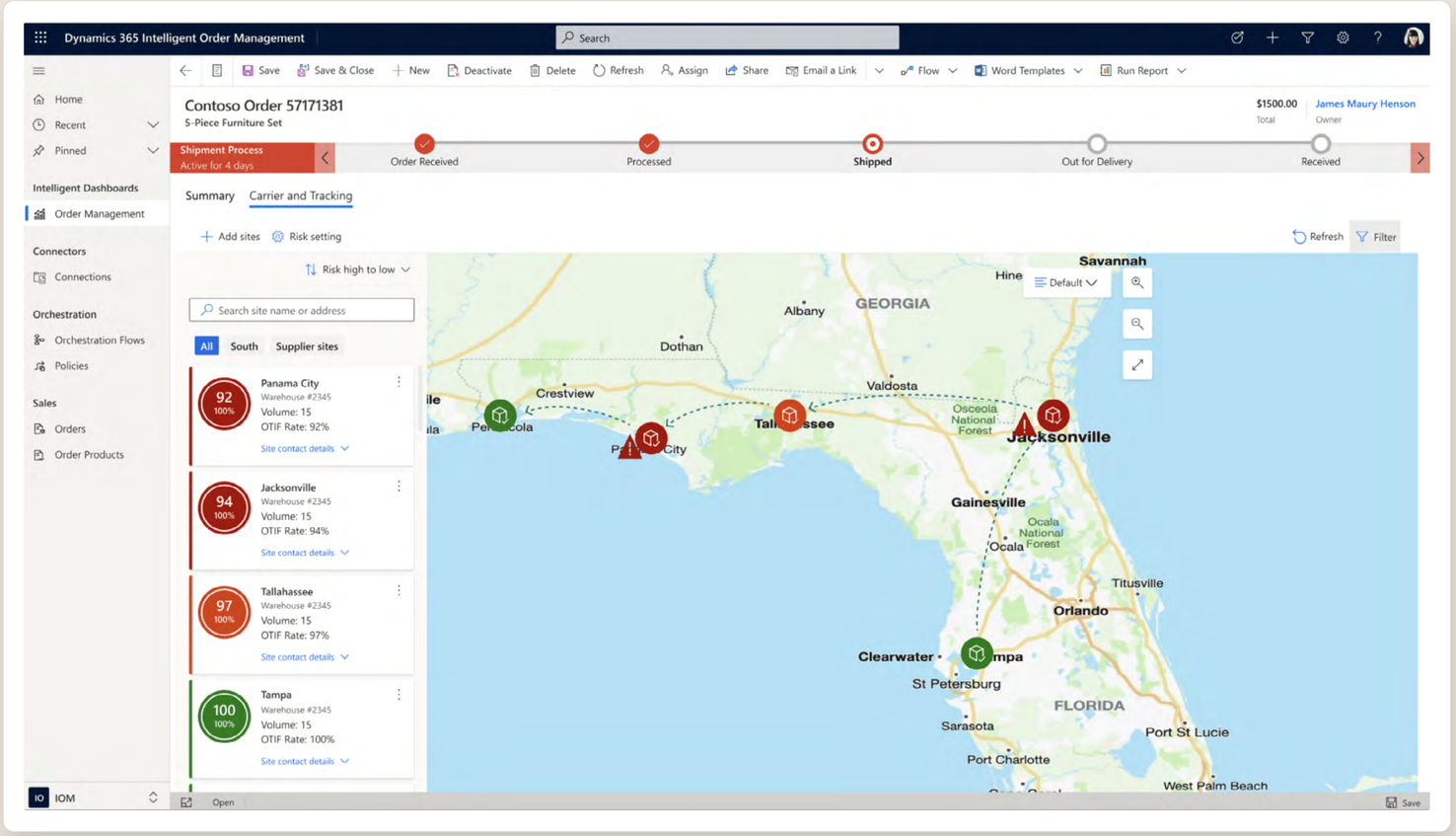
Using prebuilt or custom connectors enables your order management system to ingest data from all relevant systems and makes it available wherever it is needed.

2/
Provide real-time order visibility

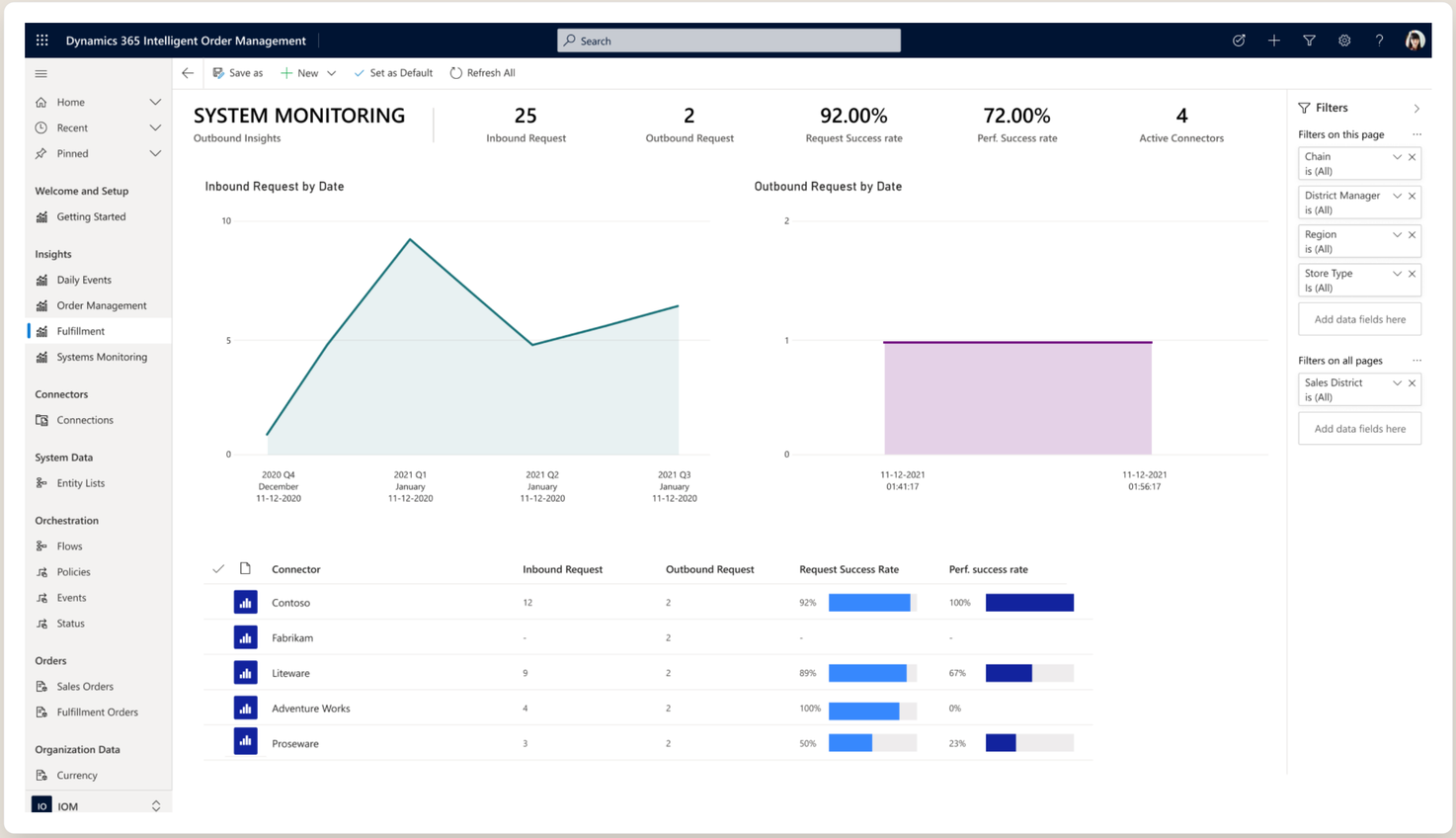
With a single source of data truth for the entire order management lifecycle, you can manage the complex trade-offs that characterise today's commerce landscape. Internally, team members can access and visualise data through dashboards, whether they need to check delivery status or evaluate performance of service levels across their warehouses, carriers and third-party logistics providers.



You can also extend real-time visibility to your customers, so they know where their orders are.

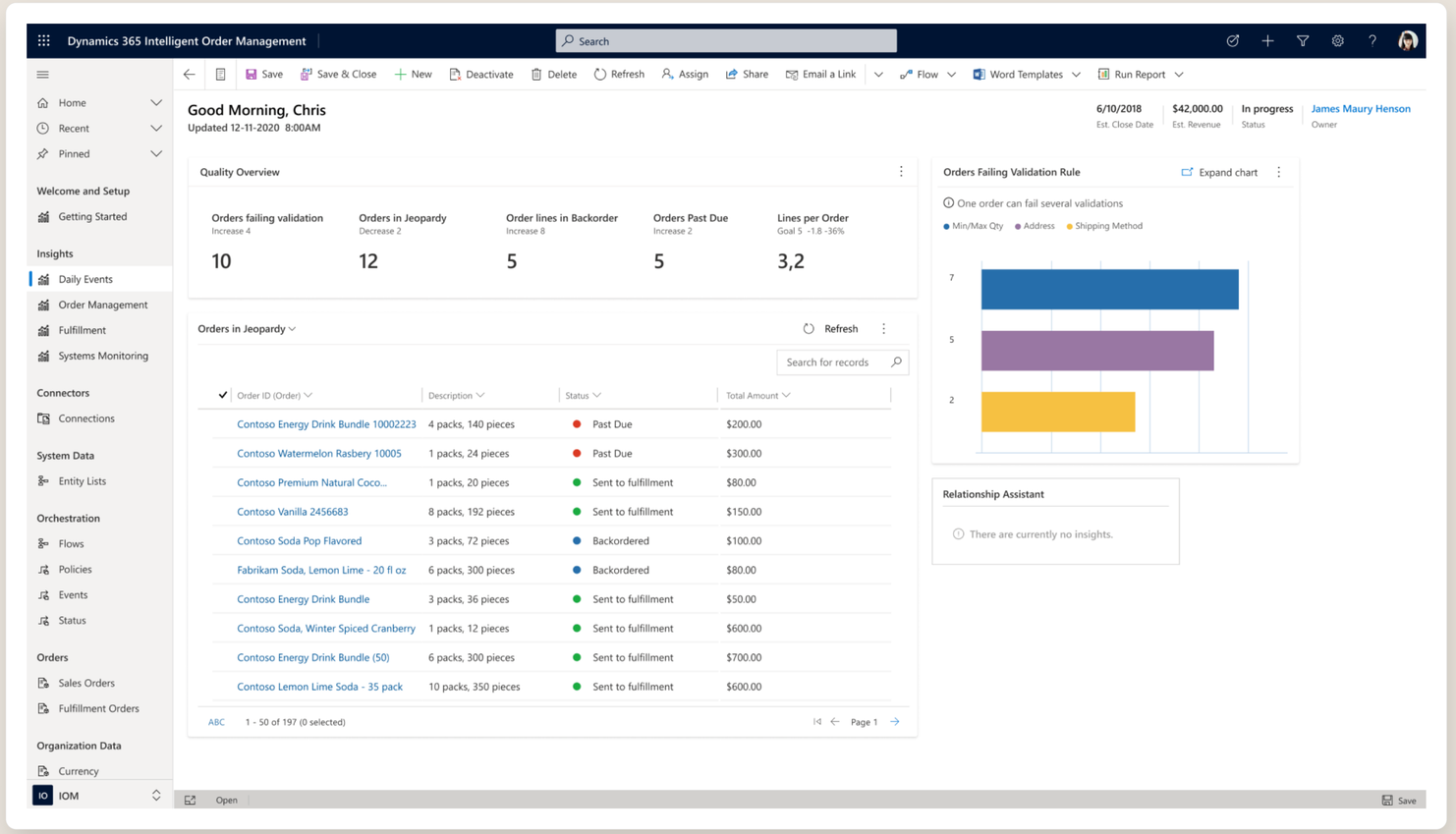


Making that data available to an AI-driven distributed order management capability enables you to automate order routing based on multiple complex variables.



3/ Orchestrate omnichannel fulfilment with AI and automation

Growing order volumes and fulfilment complexity challenge the human ability to make optimal decisions. That makes AI and machine learning essential to managing a fast-changing marketplace. These technologies are especially good at discovering patterns in complex volumes of data. Applied to unified, real-time order and inventory data, cloud-powered AI can quickly find the best scenarios in a cost-effective manner and show the outcomes of various options.



Using AI, you can automate traditional fulfilment decisions and surface only anomalous cases to team members. This exception-based strategy maximises the value of human creativity while reducing the burden of repetitive work. Machine learning to improve its recommendations over time, based on how the order-management team responds to exceptions.

> Successfully implementing AI-enabled supply chain management has enabled early adopters to improve logistics costs by 15%, inventory levels by 35% and service levels by 65% compared with slower-moving competitors."[6]

McKinsey, 2021

[6] Succeeding in the AI supply-chain revolution | McKinsey, 2021.

4/
Build resilience and agility with scalable self-service technology

When challenges arise, order management teams need the ability to change business rules and order flows on the fly. With the complex order management platforms of the past, this often required the intervention of one or more IT experts versed in the technology.

By choosing technology that prioritises a self-service approach, your supply chain team can update processes as needed without coding. Machine learning insights can be incorporated to influence and optimise order flow. When bottlenecks arise, these tools help people proactively address them and keep orders flowing.

The connector-based strategy that helps unify data into a single source of truth also supports enhanced resilience. Onboarding a new order intake, fulfilment or delivery partner becomes faster and easier. During times of peak order volume, cloud-based systems can scale to match and then scales back down. You no longer need to maintain excess capacity to manage holidays or sales that only happen a few times a year.

"Averaging across industries, companies can now expect supply chain disruptions lasting a month or longer to occur every 3.7 years, and the most severe events take a major financial toll."[7]

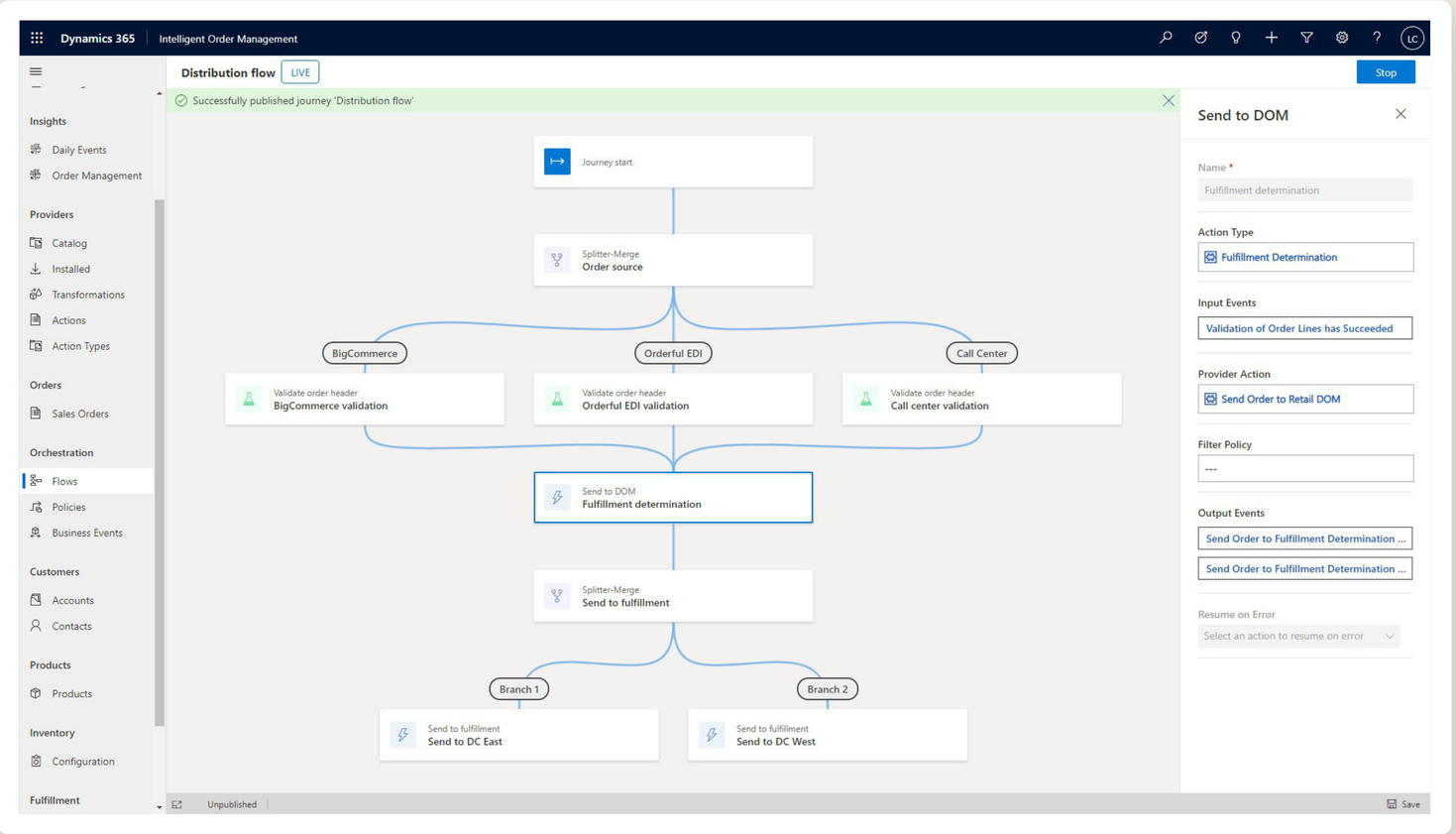
[7] Risk, resilience and rebalancing in global value chains | McKinsey, 2020.
[8] Retail gets creative, with Tory Gundelach, Microsoft, 2021.

Disruption this year was more than most of us have ever seen in our careers. And I think the retailers that were able to be nimble and flexible were really the ones that fared the best."[8]

Tory Gundelach
Senior Vice President of Retail Insights Kantar Consulting

Drag-and-drop order flow designer in Microsoft Dynamics 365 Intelligent Order Management

Traditionally, order flows are coded into order management systems. This leaves business users reliant on IT to make changes. In Dynamics 365 Intelligent Order Management, a visual, drag-and-drop interface empowers business users to make changes to the order journey as needed. This results in greater efficiency, agility and responsiveness to customer needs.



5/ Modernise faster than the competition

Adopting modern order management capabilities requires adopting the right technology. However, there's a reason companies rely on older systems to manage orders: they are complex and business-critical, making them risky and expensive to replace.

On the other hand, the same cloud-first approach that helps unify data, provide end-to-end visibility, apply AI and scale as needed is also easier to deploy and manage. With a Software-as-a-Service system, you can quickly deploy new functionality and connect to existing systems and data, including CRM and ERP platforms, without changing them.

The right technology strategy can enable adoption of new order management capabilities with less disruption. Using the cloud, you gain modern order management capabilities without disrupting your business, thus accelerating ROI.

This flexibility allows you to add new ordering and fulfilment methods quickly and easily without complex coding or integrations.

> Too often, when a new e-commerce platform is implemented, it's a project that happens on its own, saying we want to get a nice site up that looks good and [is] what our customers need, and we'll work through the integrations while we're standing it up."[9]

Jordan Jewell
Research Manager Digital Commerce and Enterprise Applications IDC

[9] Add to cart – modernising B2B customer experience, with Jordan Jewell, Microsoft, 2021.

Conclusion

Traditional order management solutions lack the flexibility to meet the needs of modern commerce. Additionally, customers continue to demand new levels of service and visibility.

However, replacing legacy systems is not necessarily the right answer. Taking advantage of modern cloud technology, you can integrate with your existing platforms and quickly implement new capabilities that enable AI, automation, order flow orchestration and on-demand scalability. As a result, you can transform your ability to deliver on your order promise.

Learn how Microsoft Dynamics 365 Intelligent Order Management empowers your business to deliver on your order promise.

Request a live demo

FAQ

How can we respond to disruptions and constraints faster?

Choose easy-to-use orchestration tools that empower your supply chain team to make changes without going through IT.

How can we save time when deploying new fulfilment options?

Accelerate deployment with a visual interface that lets business users quickly change order management rules across multiple channels as needs evolve.

How can you gain better visibility using a cloud solution?

By implementing a real-time inventory service that covers the entire order journey. This enables actionable insights in terms of order, fulfilment and system monitoring.

What's the best approach for integrating new order management capabilities with existing systems?

With a solution featuring prebuilt connectors that cover order capture, order action and fulfilment and delivery. This streamlines integration with existing systems including e-commerce solutions, CRM applications, warehouse systems and third-party delivery solutions.

What is rules-based fulfilment?

Cloud-based solutions use a pre-defined set of business rules that automatically decide how orders are processed and fulfilled. Through rules-based fulfilment, companies can easily send orders to the right fulfilment partner.

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