

4 REASONS

Supply Chain Leaders Are Investing in ORDER MANAGEMENT AUTOMATION

ESKER®

Introduction

There is a noticeable shift occurring in the world of order management. Traditionally, projects related to order-taking were spearheaded by the customer service department. Not anymore. The pressures of today's global economy have forced supply chain functions to play a more direct and strategic role in reducing costs, improving the customer experience, and driving added value throughout the organization. Naturally, supply chain leaders now have a significantly higher rate of interest and involvement in order management initiatives.

Supply chain leaders work in a competitive environment, and in order to get ahead of the competition, they are increasingly turning to order processing automation solutions. **Below are the four key reasons automation is emerging in the supply chain:**

1

It Reduces Hard Costs.

Manual order management practices are inherently inefficient. The expenses associated with the equipment and consumables alone (e.g., fax machines, ink, paper, storage space, etc.) needed to manually process sales orders can create a hotbed of hard costs.

One of the biggest contributors to increased hard costs is order entry errors. According to A.T. Kearney, the average cost to rework an order is $200-250.[1] Depending on the industry though, the cost can be even higher. In the food and beverage industry, perishable items are being distributed, representing even more lost value if errors occur. In the life sciences industry, lost orders, delivery delays or other errors can have dramatic effects on patient care — opening the door to potential regulatory ramifications.

How does an automated order management solution reduce these hard costs? First, since workflow is completely electronic, it eliminates the reliance on costly paper-based consumables and equipment. Secondly, with human involvement taken out of order entry, errors are eliminated and the cost of reprocessing orders is avoided. Lastly, as your business grows, automation allows your team to handle increased order volumes without adding headcount (i.e., fewer FTE salaries to take on).

MEDRAD, Inc. was able to **repurpose 14 FTEs to higher-value activities** and achieve **$742k in cost savings** one year after implementing Esker's Order Processing automation solution.

[1] (2003). RFID/EDC: Managing the Transition. A.T. Kearney.



2 It Minimizes Soft Costs.

Activities in the production process that are not easy to quantify and excluded on a balance sheet are considered soft costs. Whether it's the result of employees lacking the necessary capabilities to perform their job or because the business operations are outdated and antiquated, the way a company conducts its business is what creates soft costs.

It is common for Customer Service Representatives (CSRs) to spend at least 20% of their time processing orders. This non-value added task generates more costs than the value it creates — making it a significant soft cost in the supply chain. Plus, the slowdowns that these non-value tasks create can also affect your business reputation and future sales. If customer SLAs are not being met, it can be difficult to measure the precise financial impact this can have on your ability to retain customers and attract new ones.

With automation, order data is instantly captured and accurately fed into the supply chain, helping to avoid the ripple effect of soft costs. This also provides more time for customer service, production planners, shipping, and third-party logistics staffers to coordinate the delivery of goods and eliminate added costs.

> "The results have been fantastic — we've actually **reduced our order processing time from three minutes down to one-and-a-half minutes** by automating with Esker. Not only have our CSRs had more time for higher-value tasks, we've been able to repurpose some employees to satisfy other business needs."
>
> Director of Business Systems | Tessenderlo Kerley, Inc.

3

It Improves Visibility Across the Board.

The Aberdeen Group recently found that organizations believe "improving internal cross-departmental visibility" and "streamlining processes for easier monitoring and enhanced visibility" to be the top two strategies for alleviating the pressures of today's supply chain costs and complexities.[2] The increasing amount of activities, logistics and channels involved in the supply chain make visibility a necessity. For supply chain owners, visibility is the key to mitigating risks, cutting costs, and meeting or exceeding customer SLAs.

Luckily, leading order processing solutions come equipped with intelligent and customizable dashboards that provide full visibility and enable users to facilitate daily tasks, monitor performances, and react quickly to prevent problems or spot opportunities early. Added oversight is delivered by customizable Key Performance Indicators (KPIs) that users can easily track and monitor (e.g., orders approved, processing time by CSR, priority orders to validate, customer issues per month, etc.).

Providing immediate updates on when an order has been received, confirmed and shipped, along with instant access to documents supporting the movement of goods, better equips all departments to deliver an optimized customer experience.

> "Our distribution center's managers can now see the number of orders in the queue and **use that data to allocate resources and forecast** what needs to be done with supply chain and staffing."
>
> Director of Customer Experience, Parts Town

4

It Enhances the Customer Experience.

The customer experience is the product of your customer's end-to-end journey with you, and the supply chain plays a large role in it. Supply chains are established to move goods to customers quickly, efficiently and accurately — business advantages that translate into customer benefits. If the delivery of a customer's products is not handled correctly within the supply chain, that entire customer experience, along with company revenue, is in jeopardy. In fact, Forrester recently found that organizations considered "customer experience leaders" grow revenue 3x faster than "customer experience laggards."[3]

One of the most effective ways to improve customer experience is repurposing talented staff to more value-added tasks. Customer service teams that are free to focus on activities beyond data entry are able to deliver an exceptional customer experience every time — something automation is able to provide with ease.

Organizations considered "customer experience leaders" **revenue 3x faster than** than "customer experience laggards."

[2] Heaney, B. (May 2013). Supply Chain Visibility: A Critical Strategy to Optimize Cost and Service. Aberdeen Group.

[3] Manning, H. & Czarnecki, D. (June 21, 2016). Customer Experience Drives Revenue Growth. Forrester Research.

Conclusion

Automated order management represents huge advantages for supply chain leaders that choose to embrace it. In today's fast-paced, complex business climate, order processing automation eases the burdens of manual processes and creates an optimal environment for order processing — empowering your business to be more strategic and value-added in all its functions.

About Esker

Esker is a worldwide leader in cloud-based document process automation software. Organizations of all sizes use our solutions to improve efficiency, visibility and added value within critical business processes, including: order processing, accounts payable, accounts receivable, purchasing and more.

3
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