Enterprise Commerce Flow: The Key to Omni-Channel Retailing

Today, and into the foreseeable future, retailers must move past multi-channel retailing to omni-channel retailing. While the two are similar, omni-channel focuses on creating a homogeneous customer experience across all channels. The customer experience is brand-focused rather than channel-focused. Bricks-and-mortar stores become part of the retailer's overall supply chain and should be considered an inventory and fulfillment source to meet the demands of their customers.



Retailers Face Complex Challenges

The retailer's challenge is how to plan, optimize and execute the right inventory, at the right place, at the right time to meet or exceed the customer experience. A successful omni-channel retailer is capable of capturing orders (demand) from an e-commerce website, social media sites, bricks-and-mortar stores and kiosks. The retailer must have the ability to fulfill orders from any place, which may include drop shipping from a vendor, single or multiple distribution centers (DCs), a store and even a competitor. Finally, the retailer needs to deliver orders to customers when they want it and with order integrity. The retailer's goal is to meet or exceed the customer's expectations and to create brand loyalty by being transparent with content and context. The world of retailing must move from pushing out content to allowing customers to pull content in from multiple sources. However, such transparency comes with risks and requires a retailer to have tightly integrated applications, with relatively 'near-time' customer order information (forward and reverse).

Omni-channel fulfillment creates additional complexity: the retailer must plan and buy the right amount of inventory across each channel. In addition, the retailer must maintain and optimize all customer, item, inventory and order attributes. An omni-channel strategy also requires a significant investment in technology infrastructure, functional applications and an integration framework.

Enterprise Commerce Flow is Key

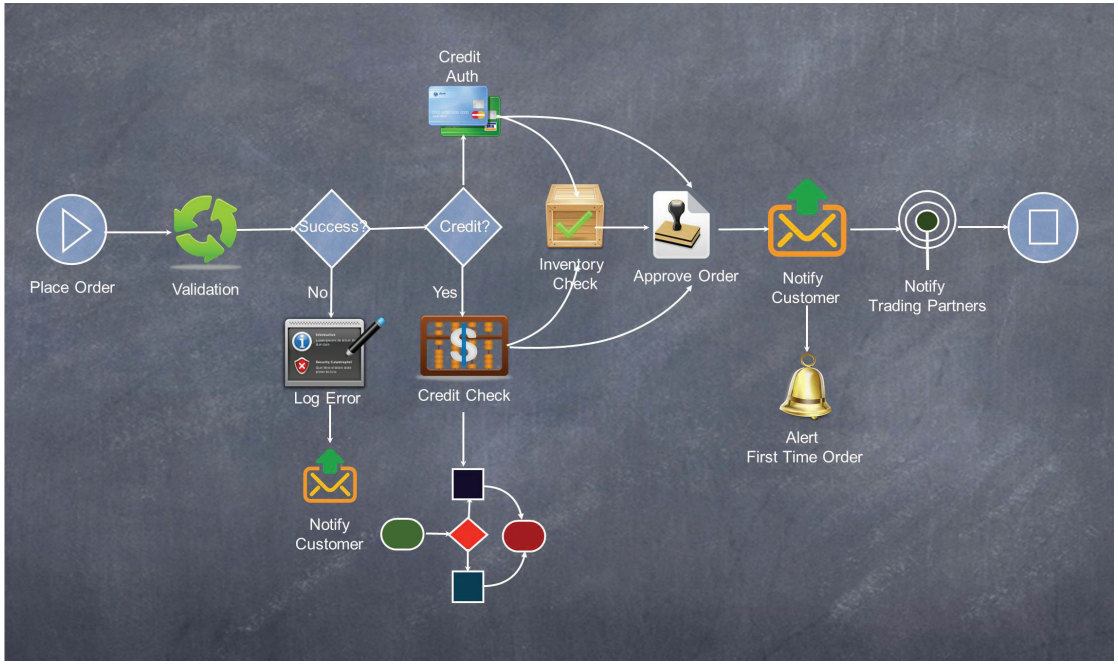
A key solution to omni-channel fulfillment complexity is a distributed order management solution – or what industry experts now refer to as enterprise commerce flow (ECF). ECF is an integration framework with a functional user interface, business process orchestration (BPO) and a rules engine. Once an order is taken, the ECF solution orchestrates and determines where and how the order is fulfilled. When the order is orchestrated within the BPO system, a rules engine then determines the priority, allocation and sourcing logic based upon customer, item and order attributes. For example, a VIP customer's orders are fulfilled before a non-VIP (determined by a customer attribute), then the order is fulfilled from two DCs rather than one because the customer is a VIP and the order is then upgraded from standard delivery to next-day at no cost to the customer. This example is a simplistic, clear demonstration of how an ECF solution supports an omni-channel retail environment.

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Another complexity in omni-channel retailing is the need to integrate with numerous point-to-point solutions. Native to ECF is an integration framework, or enterprise service bus (ESB). The role of the ESB is to connect, transform, register, orchestrate, route, secure, manage and notify data from disparate solutions. For omni-channel retailers, this equates to integrating and normalizing data from the product information master (PIM) or ERP for item master data; point of sale, warehouse management and ERP for perpetual inventory by location; and e-commerce, point of sale, ERP, and social media solutions for order capture and content. Additional item, order and customer attributes require integration to a PCI compliant solution for credit authorization, customer relationship management and vendor and customer portals.

Integrate ECF into your ERP Strategy

In order for 'big box' and specialty retailers to maintain or capture new market share, ECF must be included as part of an overall IT roadmap or strategy. The alternative is to customize an existing legacy ERP and hard code the BPO and rules to prioritize and optimize the order flow. Typically, many retailers have customized their legacy ERP solutions and created point-to-point integration in order to manage their omni-channel supply chain network.



For more information, please contact us at 877-684-7700 or info@envistacorp.com.

> "The future is about servicing a customer from any place, at any time and to anywhere globally."
>
> Jim Barnes,
> President and CEO,
> enVista

Customized or one-off point-to-point integration, combined with customer work flow and rules to manage every order, item and customer attribute combination, is expensive to build, maintain and typically difficult to scale in order to meet the needs of merchants, planners, e-commerce marketing, store operations and supply chain executives.

It's All About Customer Service

The future is about servicing a customer from any place, at any time and to anywhere globally. It is easy for a retail analyst to pontificate on the importance of omni-channel retailing, but the rubber hits the road when it comes to supply chain planning and execution. Regardless of marketing and sales campaigns, creative social media and great merchandise, if the retailer does not have the right inventory at the right location, at the right time, there is a high probability that a sale will be lost, resulting in a negative customer experience. A tightly integrated framework and ECF solution allows senior executives to be innovative and creative and to push the boundaries on customer service to foster brand loyalty.

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