

## What is an Order Management System?

Order Management for retailers is more than just getting an order delivered to a customer. It's about connecting the online to the physical. It's about store fulfillment, inventory visibility, and routing every order to where it needs to go, quickly and efficiently. Order management systems (OMS) make this possible. Retailers invest in OMS technology to grow in-store traffic, reduce shipping & operating costs, and increase sales. However, there are two significant technological approaches to this technology, reviewed below.

## Types of Order Management Systems (OMS)

**Platform/Custom:** A platform solution provides a base on which to build (code) an order management system (OMS). After the platform is implemented, a programmer must design, architect, and code the OMS for the client. This is often done by external consultants, by a systems integrator, or by the OMS vendor themselves. An advantage is that a platform based solution customizes to the exact needs of the retailer. Although this option seems tempting, there are significant drawbacks to consider.

**Out-of-the-Box (OOTB):** Out-of-the-Box technology provides a pre-built solution that is ready to use directly after the implementation phase. This type of OMS can be configured to the retailers needs, rather than fully customized through coding. Time to market (making it operational), is typically faster than platform solutions, given that a second phase of design, architecting and coding is not needed. Another significant advantage is that agile, cloud based solutions often upgrade regularly. This happens behind the scenes. Out-of-the-Box solutions get upgraded at no extra costs - which is not true of platform solutions - which require re-coding to add new features.

**OOTB Configurable:** Configurability is essential to an OOTB OMS. It means that rather than hard coding, the systems administrator can configure the system to the needs of the business. It allows retailers to more quickly adopt industry standard best practices.

Platform OMS	Out-of-the-Box DOM
<b>Fully Customized</b> solution	<b>No Coding</b> required
New capabilities through <b>Platform Upgrades</b>	<b>Frequent New Features</b> rollouts - ready to use
<b>Time to Deploy:</b> Highly variable (platform deployment then on customized coding)	<b>Time to Deploy:</b> 3 - 6 months
Option to host <b>On-Premise</b>	<b>Lower TCO</b> (no consulting time/costs)
<b>Bug Fix Timing</b> controlled by customer (own programming team)	<b>Quality Assurance</b> Testing: Thorough & continual (fewer bugs / bug fix process)
<b>Product Oriented</b> (not SaaS - as this OMS is not really a 'service'. Customer owns the OMS code that sits on platform)	<b>Industry Best Practices:</b> enhancements from other retailers benefit your business
	<b>Compliance:</b> PCI / SOC2 compliance
	<b>Mass Flexible Scalability</b>
	<b>24 / 7 / 365 support</b> from team (not reliant on single source consultant/coder)
	<b>Feature Functional Depth</b>
	<b>Flexible Configurability</b> by administrator. Fast and adjustable to suit business needs
	Easy integration with <b>3rd Party Application</b> (tax, payment gateways)
	<b>Sandbox</b> automatically available for configuration testing and adjustments
<b>Pricing:</b> <ul style="list-style-type: none"> <li>• Annual License Fee</li> <li>• Support Fees</li> <li>• GMV (Gross Margin Value) Fee</li> <li>• Recuring Physical Location Fees (Store, DC's)</li> <li>• Integration Cost</li> <li>• Monthly SaaS Charge</li> <li>• Per Order Fees</li> <li>• Consulting Charges</li> <li>• Programming / Coding Fees (Dev, Upgrades, Adjustments)</li> </ul>	<b>Pricing:</b> <ul style="list-style-type: none"> <li>• Monthly SaaS Charge</li> <li>• Per Order Fees (above a certain capacity)</li> <li>• Integration Costs</li> </ul>



## Why is it Important?

### Customized (Platform) Benefits

Platform based solutions allow retailers to customize the solution to their exact needs and workflows. All existing and new processes can be used for the new system. For large enough retailers, their own IT staff can and maintain the solution for upgrades, new features, bug fixes, and such.

### Platform/Custom:

Platform solutions are appealing superficially. They cater to the exact needs fo the retailer. Therefore, they must be the superior technology. Wrong. Having a completely customized system is not all fun and games. Remember that a platform system is another word for 'base'. Rather than designing and developing a robust order management system tha tis highly configurable, and adjustable on the fly, custom coded solutions may not bake in the flexibility of a system designed for system administrator use. Rather than adopting industry standard workflows and methods, customized OMS solutions can add considerable costs to the long term system use. If a consultant or coder is needed every time a business rule adjustment

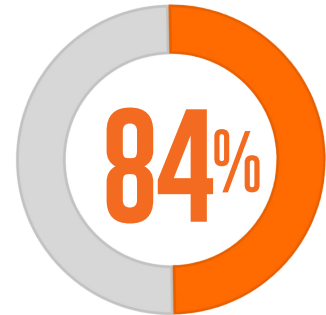
is needed (at a product's end of life, or at the end of a season), then it can cost the retailer time, money, and market flexibility.

### Configurable Out-Of-The-Box (OOTB):

Understandably, literal out-of-the-box has it's flaws. Complete lack of personalization doesn't work for your retail customers, and it doesn't work for you either. Each business is different in it's needs. That's why a configurable out-of-the-box technology offers the right set of advantages. It allows you to receive the order management system ready to use, AND lets you adjust or tweak the system to the retailing needs. The vendor optimizes the OMS functionality to meet the needs of the retail environment. For example, an advanced order management system lets the system administrator review and change business rules with boolean logic, rather than having to rely on a coder to adjust the entire solution. If the originating coder is very astute, this might be built into the solution. However, for an OOTB solution, it is always part of the system - without having to expressly ask for it. Clearly the long term, easier solution.

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Allocation of retailer tech budgets goes into omni-channel execution.<sup>1</sup>

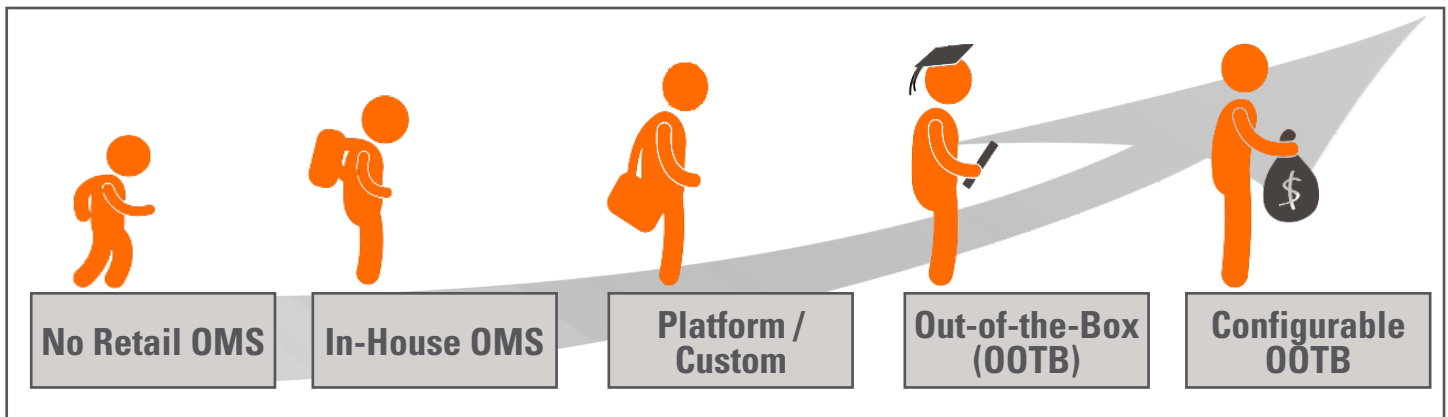


of consumers believe that retailers should be doing more to integrate their online and offline channels.<sup>2</sup>

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of customers made a purchase that involved multiple channels.<sup>2</sup>

## The Retail Advanced DOM Evolution



### Contact Us:

Connect with OrderDynamics to discuss how to get started with Omni-channel!

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#### SOURCES

1. RIS. "Customer Engagement Study 2014". p6. Nov 2014.
2. "Retail's Main Event: Brick & Mortar vs. Online". RetailNext. Dec 2015. <https://goo.gl/p6wW5Z>