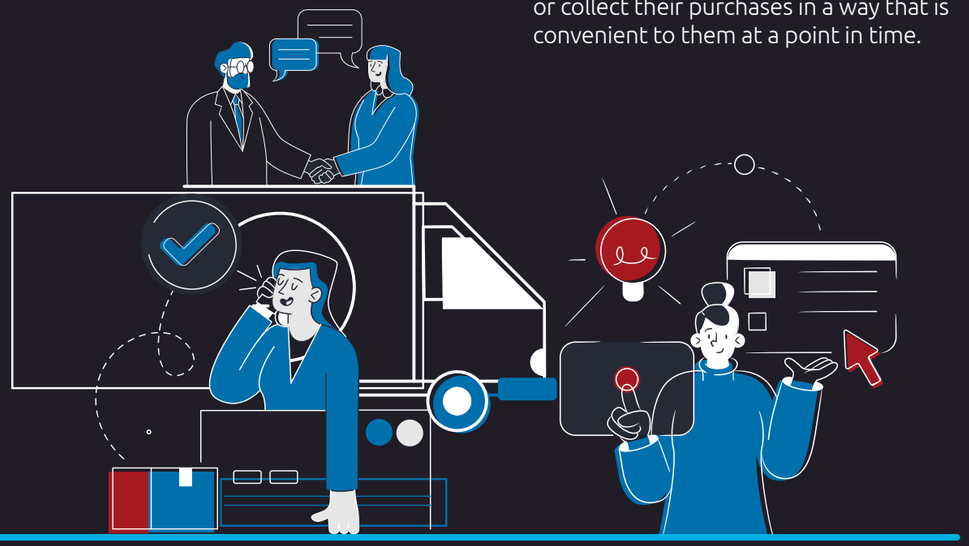
DISTRIBUTED ORDER MANAGEMENT

A way to maximize customer satisfaction, implement new business models and optimize fulfillment costs.

The way we purchase goods and services has changed dramatically in recent years. Even prior to the COVID-19 pandemic, e-commerce had been growing at a dynamic rate and the emergence of new business models and fulfilment options meant that our choice in how we could buy and receive goods was expanding dynamically.

The pandemic and accompanying periods of 'life in lockdown' accelerated the adoption of e-commerce. As society adapts to a new normal, it has become clear that consumers continue to put convenience first and expect to be able to buy goods using the channel of their choice – online or offline – and receive or collect their purchases in a way that is convenient to them at a point in time.



This ongoing evolution of customer expectations and the trend of digital business disruption is forcing organizations, both retailers and producers, to re-evaluate how they cater to customer demand and in some cases to re-evaluate their business models.

It's not just consumer-focused industries that are affected by this disruption. Industries like manufacturing have experienced changes in recent years as they grapple with increased competition, new and disruptive business models, as well as supply chain challenges, such as shortages of raw materials and labor, and price volatility.

THE CHALLENGES

Despite the differences between industries, there are a set of challenges that most businesses that produce goods – whether it's a beauty product, washing machine, soft drink or mechanical component – face today.

HOW CAN YOU IMPROVE THE WAY YOU ...

- Cater to a variety of different customers (retailers, consumers, partners, re-sellers, manufacturers, service providers)
- Sell goods via a variety of different channels (retail, online, agent network, marketplaces)
- Enhance customer satisfaction and build loyalty
- ncrease order value and frequency, and overall share of spend
- Maximize value of your existing production, inventory and fulfilment operations
- Maintain agility to react to spikes in demand and/or changing market conditions
- Tap into new sources of business (e.g. online marketplaces, same-day demand, new sales channels)
- Grow or maintain margin and profitability
- Accurately ascertain and then reduce environmental impact (e.g. CO2 emissions) of operations.

As a business, how do you manage orders and fulfilment to ensure that there's a product available or on its way to a customer (partner or end consumer) anytime, anywhere?

How do you do this in a way that keeps customers satisfied and loyal, while also maintaining your operational efficiency and keeping fulfilment and inventory costs as low as possible?

Regardless of the industry or domain, an organizations ability to efficiently manage the orders it receives plays a vital role in not only addressing these challenges but also increasing market share.

DISTRIBUTED ORDER MANAGEMENT (DOM)

That's where Distributed Order Management (DOM) comes in.

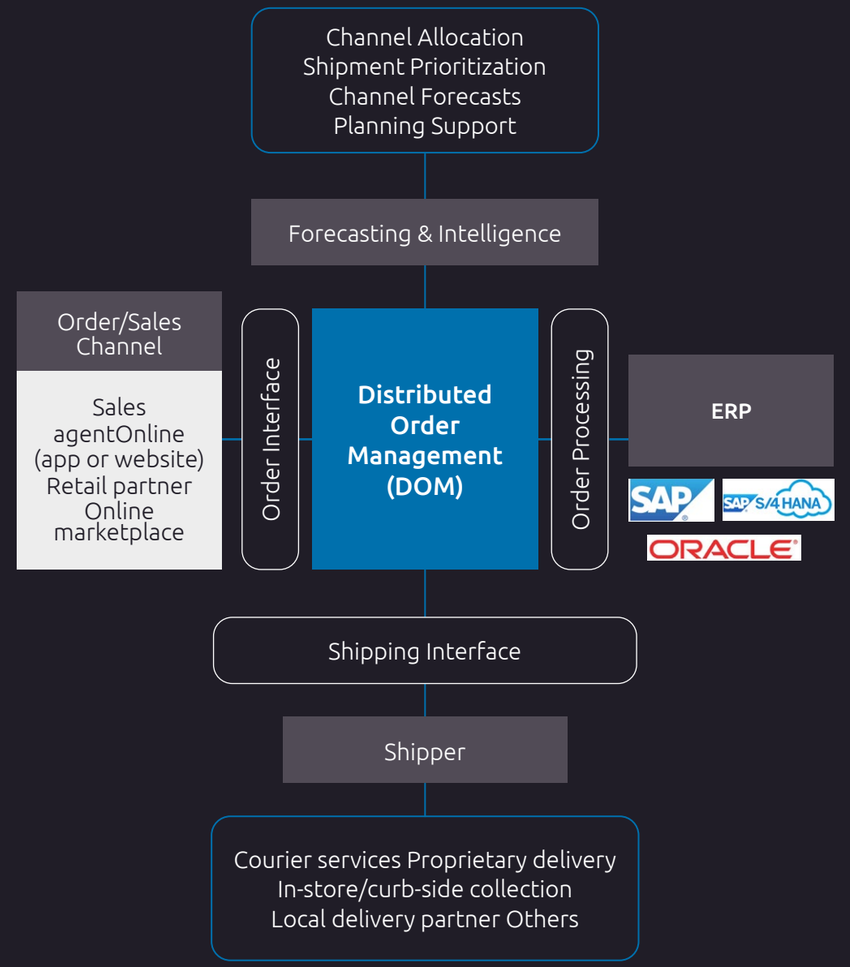
At Capgemini, we define Distributed Order Management (DOM) as a rule-based, consolidated platform that orchestrates orders from all channels. Distributed Order Management intelligently links channels, customers, retailers, shippers, and distribution centers, balancing customer expectations with fulfilment costs to identify the best execution option (i.e. source of inventory and method of delivery).

In some instances, the Distributed Order Management functions overlap with, or are bundled alongside Order Management Systems (OMS). Although both functions relate to the capture and fulfilment of orders, DOM starts after an order is received and is focused specifically on optimizing the process of allocating orders to the optimal fulfilment location and option (e.g. delivery method or partner). It does this based on defined, customized rules. DOM addresses customer needs, delivery preferences and optimizes cost and margin for the business while ensuring a healthy balancing of inventory across locations.

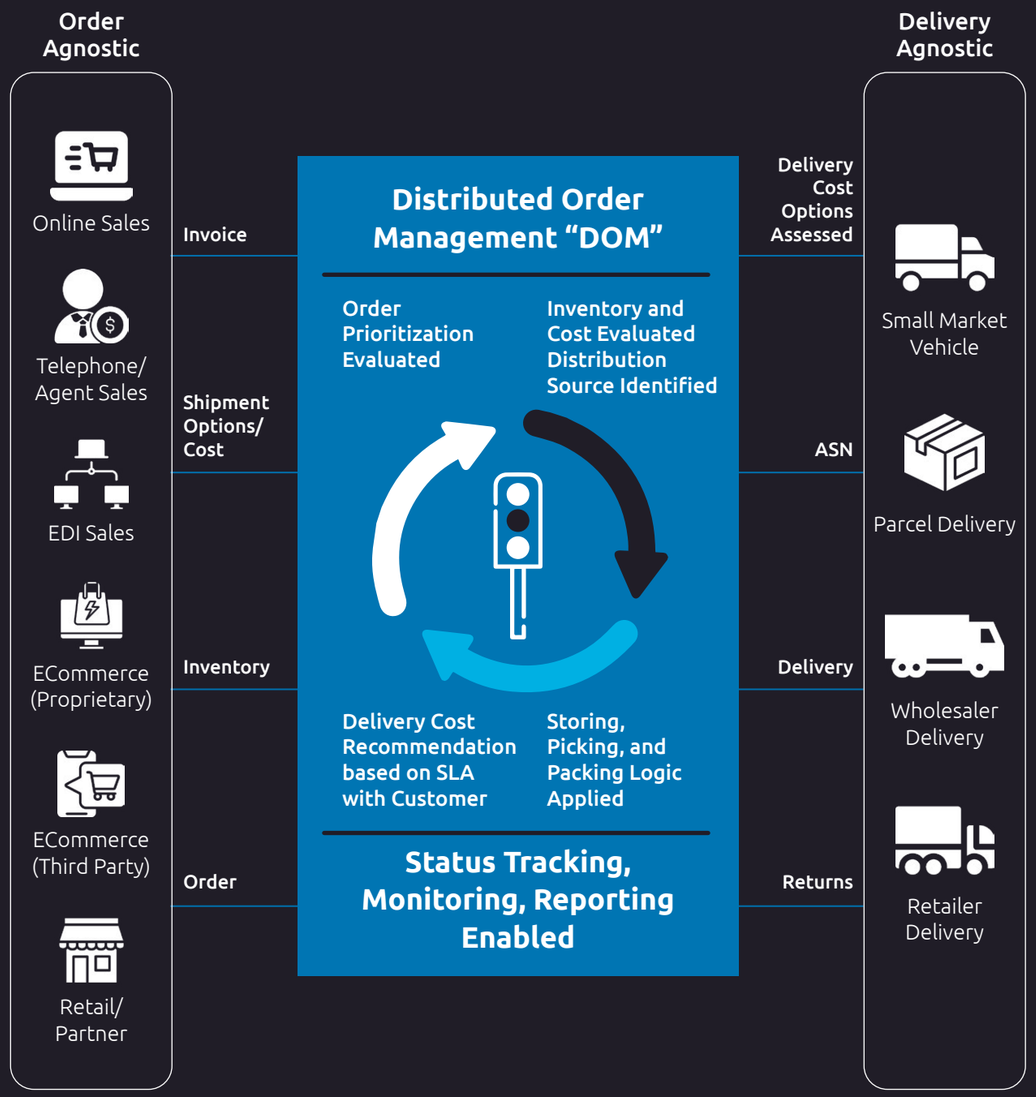
DIFFERENCE BETWEEN AN ORDER MANAGEMENT SYSTEM (OMS) AND DISTRIBUTED ORDER MANAGEMENT (DOM)

	OMS	DOM
What is it?	Manages and tracks the entire order process.	Manages and tracks the entire order process, intelligently.
Processing	Processes orders through manual selections created by a human user	Allocates orders automatically and optimally based on a rules-based engine
Area of focus	Manages the entire order process from sales processing, order entry, pricing, credit card validation, and inventory management to invoice allocation.	Identifying and assigning the optimal option (source of product and fulfillment method and partner) for each order, including the ability to route multi-item orders for distribution to multiple locations.

HOW DOM INTERACTS WITH OTHER BUSINESS SYSTEMS INVOLVED IN ORDER MANAGEMENT



EXAMPLE OF HOW DOM CAN WORK FOR A CONSUMER PRODUCTS COMPANY



THE VALUE OF IMPLEMENTING A DISTRIBUTED ORDER MANAGEMENT (DOM) SOLUTION

Enhanced Customer Experience

By making it easier for customers – businesses and end consumers – to buy and receive products, there is an improvement in the overall customer experience and loyalty while minimizing the risk of losing customers due to product shortages or being outmaneuvered by competitors with disruptive business models.

Additional Revenue

The implementation of a DOM solution opens the door to new channels (e.g. online marketplaces or direct to consumer) and makes it easier to sell products to more customers, thereby bringing in more orders and potentially increasing order frequency, order size, and overall revenue, as well as opening up more ways to grow your business (e.g. through automatic repeat orders, partnerships with complementary brands and products or by cross-selling products from across your portfolio).

Cost Savings

Every delivery – whether it's to a retailer, business customer or consumer – costs money. Likewise, holding inventory – whether it's through paying for space in a third-party location or paying to staff, power and heat a proprietary warehousing facility – generates costs. By balancing and optimizing the distribution of inventory, costs can be rationalized and streamlined.

Less Reliance on Manual Intervention

In many organizations, orders require some manual intervention, which represents an inefficient use of human resources and reduces the potential to optimize the costs and efficiency of fulfilment operations. By automating processes based on established rules and, ideally with AI working to continuously optimize these rules based on historical data and the addition of new data sources, orders can be managed with less effort and more business benefit.

Minimized Risk of Unfulfilled Demand

More ways to fulfil an order and more ways to reach customers (whether B2B or B2C) reduces reliance on any one channel and thus reduces the likelihood of a customer not being able to access a desired product. This DOM solution enables greater visibility into inventory and a greater ability to balance inventory across multiple locations, which results in reduced risk of fulfillment failure.

Reduced Environmental Impact

As the importance of sustainability grows and as the ability to capture emissions data evolves, it's likely that DOM solutions will be able to calculate and consider the carbon impact of different transport, warehousing, and fulfilment options and provide information that can empower manufacturers, retailers, and consumers to make decisions that optimally address customer needs and environmental responsibility. For some organizations (e.g. consumer product companies) there will also be opportunities to re-think packaging options to reflect more product reaching customers directly (i.e. without needing dedicated packaging for multiple trips or storage in retail warehouses).

WHAT TO LOOK FOR IN A DISTRIBUTED ORDER MANAGEMENT SOLUTION

ERP agnostic

Enterprise Resource Planning (ERP) systems absorb a lot of investment and are typically complex. Furthermore, different organizations (and sometimes different entities within the same umbrella organization) use different ERP solutions. To reduce complexity and increase flexibility for the future, your DOM should not be dependent on, or limited by, your existing ERP.

Flexible end evolutive

The retail, manufacturing, consumer goods, and logistics sectors have to transform at a rapid pace to stay competitive. New sales channels, fulfilment options and data sets will come on-line and customer expectations will continue to evolve. A DOM solution needs to be able to evolve rapidly ; to enable you to modify or add rules based on what's happening in the marketplace.

Microservices based

A DOM solution needs to be able to adapt to the constantly evolving market conditions, the addition of new sales channels and fulfilment options, and any changes that are happening within your IT landscape. Building and evolving your DOM using microservices enables maximum agility and ability to keep up with and anticipate changes in the market and adapt accordingly.

De-coupled

Many DOM solutions on the market today are provided as part of larger Order Management System solutions (OMS). For many companies, however, this can provide more functions than are actually needed, which can result in an uncompetitive cost, bloated application portfolios (and associated infrastructure requirements), unnecessary complexity, overreliance on vendor support, and a lack of overall flexibility (e.g. to configure according to specific business needs). For most companies, a de-coupled DOM provides the best fit and the quickest route to value generation.

Cloud-hosted

Ensuring that your DOM solution is hosted on the cloud enables you to scale, roll out, and update solutions across a larger part of an organization or across multiple markets more quickly than with on-premise solutions. Furthermore, cloud provides the means to scale, compute up and down to reflect business demand and pay only for resources needed.

Use of AI

Using Artificial Intelligence (AI) enables the rules that govern the Distributed Order Management operations to improve over time based on historical data and as new data sources are added. Imagine, for example, AI being able to detect increased demand for a product in specific locations, and thus suggest fulfilment from lower-demand – but not necessarily closer – locations in order to preserve inventory at higher-margin locations. The ability to use AI, in combination with solution flexibility, improves the DOM's ability to optimally balance margin, product availability, and customer satisfaction.

USER JOURNEYS | HOW DOES A DOM WORK?

Consumer Product Company Selling Direct To Consumer	
A consumer wants to buy a six pack of their favorite beverage in anticipation of the big game that evening.	
Consumer	**DOM**
They use the beverage brand's mobile app to place the order.	Identifies inventory options in relation to customer (proximity) and considers order size (small). Chooses local retail outlet (due to proximity and availability of both original product and complementary product)
They are presented with an option to add complementary snack to delivery and tap 'yes'	Consolidates order with other, similar-sized orders taking place in the same part of town.
Knowing that the game is just a few hours away, they select the nearest delivery window possible (2 hours)	Automatically enlists local small-scale delivery partner to fulfill delivery.

CASE STUDY CONA AND COCA COLA BOTTLERS

CONA Services serves as a strategic partner for the 12 largest Coca-Cola Bottlers supplying North America and their portfolio of over 300 brands and flavors of products. CONA provides IT services to the bottlers, enabling them to satisfy customer and consumer needs in their designated regions of activity with everything from sparkling beverages to flavored teas.

CONA and the Coca Cola Bottlers sought a Distribution Order Management (DOM) system that would enable them to elevate the level of service to their existing retail partners – the core of their business – while expanding their reach to include smaller retail operations (e.g. kiosks, food stands, privately owned convenience stores, etc.), integrating with e-commerce platforms like Amazon and Shopify, and, ultimately, ensuring consumers anywhere can enjoy quick, easy, and convenient access to the products they love.

Off-the-shelf or existing DOM solutions required a deeper level of integration with existing ERP systems than was desirable and implied a risk of disruption to existing, core activities and service to the bottlers' largest customers. As CONA's largest technology and consulting partner, Capgemini proposed – and demonstrated its commitment to investing in – the development of custom-built, ERP-agnostic DOM solution.

The DOM solution built by Capgemini integrates seamlessly with bottlers' existing IT landscapes, with zero risk of disruption to key existing activities, and evolves in line with bottler business priorities and future strategies.

As it evolves, the DOM solution will empower bottlers to make better use of existing and new warehousing and fulfilment options, tap into new sources of revenue from e-commerce, and reach new retail partners and consumers with richer product and fulfilment options. It will do so in a way that optimizes fulfilment costs and operations, protects margins, and enhances the retail partner and consumer experience. It also creates a wealth of additional options for further business growth and diversification in the future.

The Capgemini DOM was first deployed with Coca Cola Consolidated, the largest bottler of Coca Cola in the US, with rollout to more bottlers and territories following soon after. Built to reflect the sophisticated Coca Cola bottler business model and its broad range of sales and fulfilment options, the DOM solution built by Capgemini has high potential for repurposing across various industries and segments.

Coke one CONA™ SERVICES LLC
A COCA-COLA SYSTEM IT SERVICES COMPANY

WHO IS DOM RIGHT FOR?

A DOM solution is appropriate for companies from a variety of sectors, ranging from retail to consumer products, manufacturing, and more.

In short, DOM should be considered by any large company that …

Sells its products via multiple channels

A DOM solution can add value and help improve business performance for any company that sells its products through multiple channels, e.g., in proprietary stores, through retail partners, online, indirectly or directly to consumers, manufacturers and more.

Aspires to sell products directly to consumers (as well as non-retail partners)

DOM enables businesses to add new channels, such as a direct-to-consumer website, to existing fulfilment options, without having to dramatically re-engineer business processes. The rules-based nature of a DOM solution enables direct-to-customer orders to be fulfilled from within the same system as other channels.

Wants to improve customer satisfaction and build loyalty

Having the right DOM solution in place and optimally configured means you can provide more purchase and fulfilment options to customers (whether B2B or B2C), enabling you to better meet, anticipate, and exceed their needs and build loyalty to your brand.

Caters to highly expectant customers

Customers, today more than ever, expect to buy products using the channel of their choice and expect rapid fulfilment options. Whereas in the past, multiple fulfilment options and express (e.g. same-day) delivery might have been differentiating, today they are the norm. A DOM solution helps you cater to these now 'standard' expectations, helping you to retain custom and remain competitive.

Holds inventory in a variety of locations

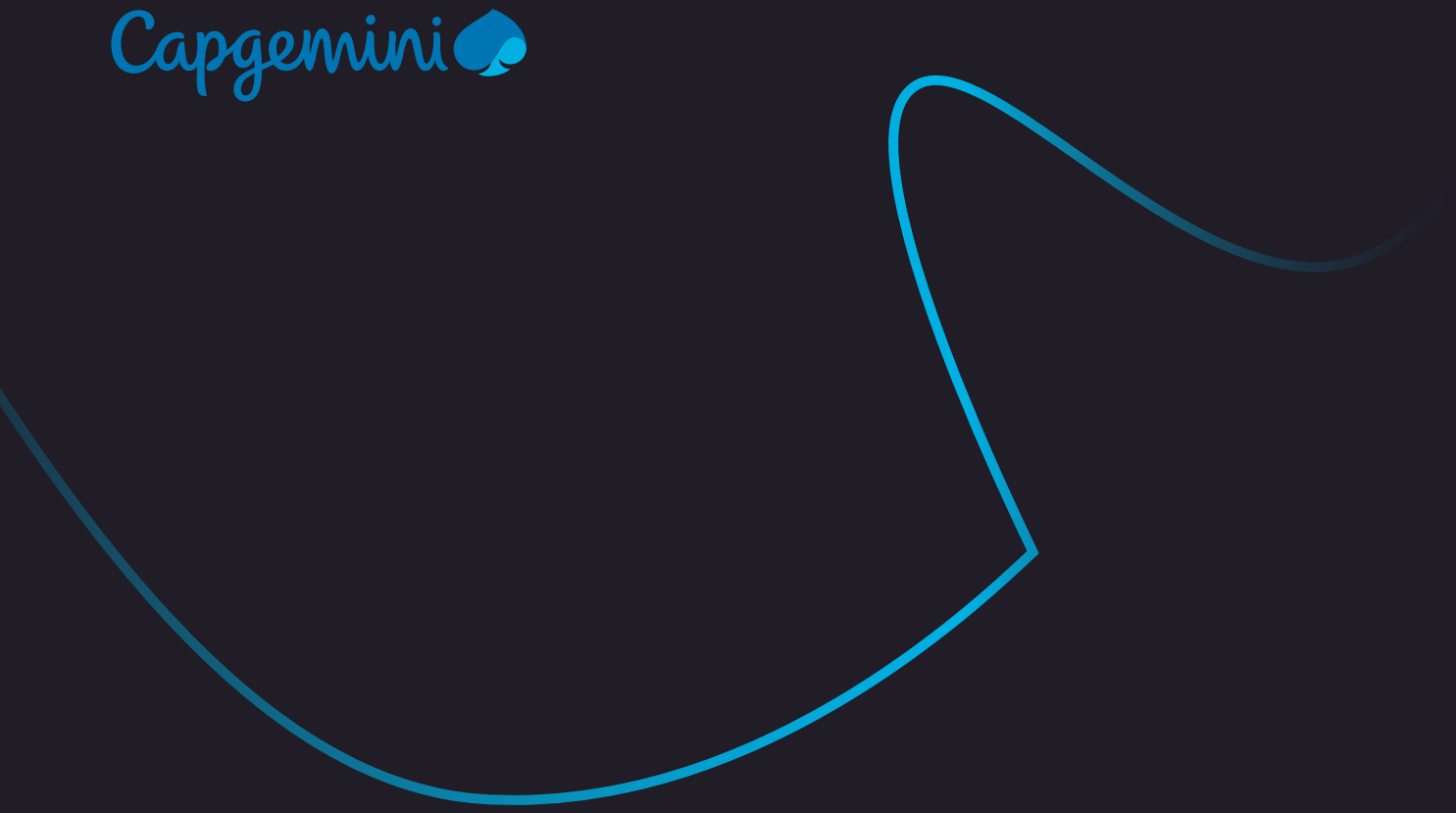
Organizations that hold inventory at multiple locations – for example, at production facilities, warehouses, distribution centers, and at proprietary or partner retail outlets – could benefit from having a single solution to manage and track the fulfilment of each order and for orders to be fulfilled based on the optimal balance of cost, distance, margin, and healthy inventory distribution.

Seeks to transform its business model

As the lines blur between production, retail, and order fulfilment, and as e-commerce continues to grow and customer expectations evolve, there are increasing opportunities for organizations to transform their business models to reach new customers and also to strengthen relationships with existing customers. The implementation of a DOM solution – and the benefits it delivers in terms of inventory visibility and fulfilment efficiency – can facilitate this transformation.

DISCUSS YOUR DOM NEEDS

If the criteria above apply to your business, get in touch with Capgemini to understand how we can help you maximize the potential of your warehousing and fulfilment operations and satisfy your partner and consumer needs in a way that is cost effective, increases business-growth and diversification opportunities, and helps increase order volumes, order values, and brand loyalty.



About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of over 340,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2021 global revenues of €18 billion.

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