

IDC MarketScape

IDC MarketScape: Worldwide Distributed Order Orchestration for Enterprise Retailers 2018 Vendor Assessment

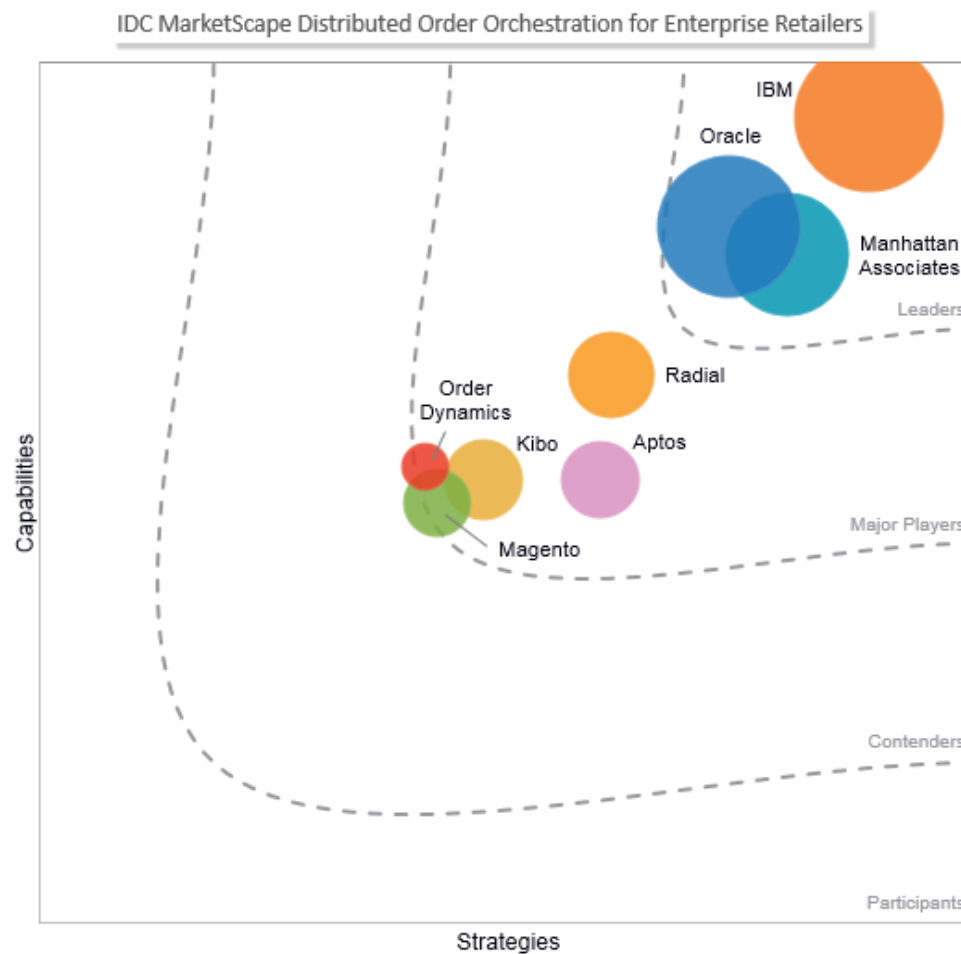
Victoria Brown

THIS IDC MARKETSCAPE EXCERPT FEATURES IBM

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Distributed Order Orchestration for Enterprise Retailers Vendor Assessment



Source: IDC, 2018

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly IDC MarketScape: Worldwide Distributed Order Orchestration for Enterprise Retailers 2018 Vendor Assessment (Doc #US42174918). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

The retail order management market continues to evolve, with the focus shifting from merely enabling simplified bulk order management to acting as a central lynchpin in a strategic, omni-channel distribution world. Order management systems (OMSs) can be looked at in a bicycle analogy of the chain that drives the supply chain forward as it intersects with every other system to complete a successful order. For this reason, this IDC MarketScape does not solely focus on order management systems but the combination of toolsets that create the full distributed order orchestration picture.

Key findings of this study include:

- Distributed order orchestration allows retailers to harmonize and orchestrate decisions at each step of the order fulfillment path, resulting in reduction of labor expense, optimized split orders, and less logistics cost per unit.
- Intelligent fulfillment rules configurations enable seamless access to product flow information through the use of advanced analytics and user-friendly dashboards to drive better decision processes.
- Vendors that serve this space range from those that provide platforms that enable large global enterprises to those that deliver broad supply chain capabilities to smaller organizations. The identification of the right short list of vendors to evaluate can speed selection significantly.
- Enterprise-sized retailers have pressures on all aspects of their supply chain. Moving large quantities quickly is extremely vital to the success of the business, but that is transforming to needing to move eaches level goods just as quickly and efficiently to compete in an ecommerce world as well. These shifting priorities are pressuring enterprise retailers to react quickly with tools that can help them transform swiftly and effectively.
- The order management space is evolving quickly, with new vendors breaking into the market and established vendors acquiring. There's no doubt that order management is the central nervous system of retailers' fulfillment strategy, and many vendors want a slice of the pie.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

Distributed order orchestration is seated with a firm grip on order management but an evolved outlook on distribution in the modern age. For the purposes of this research, "enterprise" retailers are identified as retailers with annual revenue around or exceeding \$750 million. In addition, IDC evaluated vendors that had not only a demonstrated capability to support all the expectations of a standard order management solution in the retail space but also the forward-looking vision to enable distribution needs and empower retailers to succeed in the complex supply chain flows of today's goods.

Vendors initially completed a comprehensive inclusion survey to validate their current participation across multiple subsegments of retail, global reach, elevated inquiry requests by name, and a referenceable user base. Those vendors invited to participate have demonstrated that they have a significant retail brand market presence through continued information requests from end users, continued growth in the retail space, and a wealth of experiences and best practices to share with retail brands and are enabling retailers using their solutions to innovate the way in which they allocate, distribute, and meet expectations to stay competitive in an increasingly ecommerce world.

While the core focus of this research and analysis is around order management, it's important to note that OMS has become the drivetrain on the technology bicycle for retailers, and success in an omn-commerce world is completely reliant on interconnected information for a strategic order fulfillment game plan. Vendors that had strategic vision for how the supply chain as a whole should grow and build on core OMS concepts truly stood out in this process and will prove to be the foundation for retailers to build their fulfillment strategies from.

ADVICE FOR TECHNOLOGY BUYERS

Throughout the IDC MarketScape research process, not only are the vendors demonstrating their skills but dozens of retailers are interviewed to fully grasp what has been important to them in selection, implementation, and use, as well as advice they would give to those just beginning the process. The following content is a mix of findings from current users, vendors, and market trends:

- Know your supply chain complexity before deciding on a solution. Some tools will have best practices already in the system, some will work with you hand in hand to build in your practices, and others will simply provide you with a tool to move your goods and not focus on efficiencies. If you understand your processes and complexities beforehand and understand the wants of the business, selection may be greatly simplified.
- Identify internal champions of the system that have past experience with that vendor or solution. If you have internal expertise, it will greatly reduce reliance on support from the vendor, which could incur extra service expenses.
- Recognize the value in a portfolio beyond just the order management solution. While you may set out for "just" an OMS, when several complementary systems are available upstream and downstream in the portfolio such as point of sale (POS), WMS, and analytics, speed to efficiencies will multiply and your return on investment (ROI) will be expedited. Several retailers highly advocated for having an OMS that is natively integrated to your POS for smoother transitions for associates interacting with the systems.
- Cloud has enabled faster speed to implementation, less risk of downtime, and more overall flexibility. For those retailers that have become "cloud comfortable," their speed to implementation is greatly reduced and they are recouping their investment much sooner.
- An intuitive user interface (UI) is one of the competencies that many retailers reflected on wishing they'd paid more attention to. Since training time is limited, having a system that is intuitive, easy to navigate, and simple to use saves dividends on training the front line and supervisors down the road.
- Analytics is the unsung hero in the background of a strategic distributed order management plan. When the system is able to suggest smarter moves, allocations, and a dynamic flow, that is when OMS truly shines for the efficiencies it can create. Having embedded, dynamic, and anticipatory analytics, retailers are able to more proactively stage inventory where it needs to be before we even know it's needed there. Particularly for enterprise-sized retailers, multiple

extraneous inefficient moves per SKU add up quickly and only further deplete resources, hurting margins.

- For retailers that have a wide variety of goods or an evolving business model, configuring allows for more flexibility as the business changes since the options are native to the solution. For retailers that have a highly specialized need that they don't expect to change in the future, customization is an option, but keep in mind that it doesn't come without complexity for upgrades. Take the time to understand your processes and whether customization now is worth the accommodations during upgrades later.

Ecommerce has introduced a whole lot of new complexity to the distribution and fulfillment world. Transitioning from primarily bulk push systems to a pull system at the eaches level does not come without hiccups. While an omni-commerce end state is ideal, it takes time, change management, and an extreme amount of attention to detail and processes.

This document is intended to help retailers identify the strengths and challenges as well as key differentiators that they may be seeking in a future software partner to address their complex distributed order management needs.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

IBM

IBM is positioned as a Leader in this 2018 IDC MarketScape for worldwide distributed order orchestration for enterprise retailers.

IBM is a software solutions provider with headquarters in Armonk, New York. Founded in 1911, the company has roughly 380,000 employees globally. IBM has 19 years of experience in order management. Roughly half of IBM's customers are located in America, and the other half are mixed between EMEA and APAC.

IBM Order Management, better known as Sterling Order Management, includes distributed order management, inventory visibility, and returns processing as its base offering. It also includes additional components that share the same foundational platform but made available as optional add-ons such as supply collaboration, delivery and service appointments, configure price quote, call center, store engagement, and Watson Order Optimizer. It's rather frequent that Watson is brought into deals for a premium offering combination and can be used to simulate or adjust allocation and inventory decisions depending on a retailer's preferences.

IBM's mission is stated as "driving effective engagement through insights to action." The company does this by combining a user-centric design, cognitive expertise, and seamless integration to deliver value quickly. The robust inventory visibility and availability calculation logic provides real-time precision for retailers looking to optimize their fulfillment distribution patterns. One user went so far as to state that "IBM is the bread and butter of their operations" as it handles the movement of every item in their possession.

IBM offers single-tenant order management with cloud offerings as multitenant. There is an API strategy for extensions employed rather than custom work. It is an intentional strategy play to leave the options open for end users to be able to plug-and-play with partners, and all documentation on best practices and common pairings is available online.

Strengths

IBM Order Management is known for its robust capabilities and flexible add-ons. Many users ultimately selected IBM because of the extensive capabilities and wide variety of general resources and partner ecosystem. It was noted by multiple current users that "the extensibility of IBM is an amazing fit for everything they've wanted to do" and are exceptionally grateful for its ability to scale up and down for general organizational growth as well as seasonal peaks. One user stated that "the IBM secret sauce is in how accurate the Available to Promise (ATP) is and knowing precisely where things are."

IBM's flexible order orchestration has ultimately tied together the trifecta of precision in order management, the intelligence of Watson, and the knowledge of supply collaboration to address the needs of modern, omni-channel retailing and ecommerce models head-on. One user found that the company's wait time for fulfilling online orders dropped from four to six days down to one to two days in the United States, and the company's Net Promoter Score from its customers increased by double-digit percentage points.

IBM's user groups are also highly influential in the future of the products. Customers are encouraged to collaborate and give critical feedback to the future of the offerings and get to design core facets of the user experience that will go to market.

Challenges

While IBM's user group was recognized as highly valued by both IBM and its current users, it was lamented by the users that it's still primarily North America based. It was noted, however, that the user group is making progress in incorporating EMEA and other markets over time.

Even with much of their feedback being listened to and integrated into recent releases, some users felt that the UI is due for a facelift, with much of it still looking and feeling the same as it has for 10 years. IBM is listening to its users and is updating the UI in a major release later this year. Furthermore, some users reflected that as much as IBM wants to be "next gen," it sometimes can feel like "one big mass," which should be addressed with the migration to the microservices strategy. As the transition occurs, it was noted that even though there's a shift to cloud and microservices, there's very much so still a "project mentality," which can conflict with the agility goals of user organizations.

IBM is also highly regarded for the portfolio that surrounds it, but some users were disappointed that some of those offerings, such as optimizer, are not yet as mature and robust and have a "hefty" price tag for what they are capable of at this point in time. Older versions are also not backward compatible with some of the newer periphery toolsets, which also disappointed some.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Retailers with any size or scale have an order management system, even in its most basic form. So what makes this research interesting? It's the advancements being made on the peripherals to enable retailers to be more efficient and successful in a competitive, cutthroat, omni-channel world. Specifically, for enterprise retailers, the days of old bulk movement of goods are no more, and ecommerce has shaken up the order management space tremendously. From the additional needs in customer care in the call center to the complexities introduced into fulfilling orders, enterprise-sized retailers that can't keep up fail fast.

While the core of this research is explicitly in the core order management arena, much of the strategy component for the vendors was based on their ability to provide a comprehensive portfolio of tools to anticipate the changing demand in the retail market, as well as an ability to scale with the retailer.

Omni-channel in its truest form is creating the same experience for customers, no matter how they interact with your brand. This construct or notion came to fruition within the past few years and has left many retailers puzzled with how to react. They conceptually understand that customer expectations created this requirement, and it's too late to back out. Customers expect through this cohesive omni-channel experience to have similar unobstructed delivery of their purchases.

But what complexity has this introduced to retailers? Not only are retailers left scratching their heads at the shifting from a primarily bulk push model to an expansive eaches pull model, but their order orchestration processes weren't built for it either. With a whole new level of inventory flow at the unit level to consider, retailers are on the hunt for tools that can make their distribution more streamlined and eliminate any inefficiencies they can to stay competitive against their peers.

To anticipate this shift and understand the strategy necessary moving forward, readers will notice that the weightings within offering strategy were heavily leaning on portfolio and scalability. Those vendors that demonstrated a high level of skill in these two arenas definitely elevated their placement greatly, showing their ability to be forward thinking and ahead of the curve.

As retail continues to shift to transform and evolve, software providers with portfolios that have more connections to inventory across the system as a whole and the ability to scale down to stores or up to more interconnected facilities will continue to be the partner of choice. Through visionary and strategic planning, cohesive plans to address this complexity will optimize inventory allocation to order, minimize margin erosion, and increase customer satisfaction throughout the distribution network.

For additional insights into distributed order management and orchestration best practices, see *IDC PeerScape: Distributed Order Management Practices to Optimize Configuration for Efficient Inventory and Call Center Management in Retail Supply Chains* (IDC #US43707318, April 2018) and a forthcoming perspective on advice in order management selection as a compilation of advice from over 40 retailers that have recently completed the process.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Point-of-Sale Software in Small and Midsize Retail Apparel and Softlines 2018 Vendor Assessment* (IDC #US44022018, June 2018)
- *IDC PeerScape: Distributed Order Management Practices to Optimize Configuration for Efficient Inventory and Call Center Management in Retail Supply Chains* (IDC #US43707318, April 2018)
- *Infor Expands Its Network Effect with NOM Portfolio Addition* (IDC #lcUS43563318, February 2018)
- *IDC Innovators: Geospatial Traceability and Analytics in Supply Chain 2018* (IDC #US43316517, December 2017)
- *Addressing the Omni-Channel Distribution Dilemma Through Digitally Transformed Technologies* (IDC #US40839017, June 2017)
- *IDC MarketScape: Worldwide Retail Warehouse Management Systems 2017 Vendor Assessment* (IDC #US40330016, March 2017)
- *IDC PlanScape: Distributed Order Management* (IDC #257112, July 2015)

Synopsis

This IDC study evaluates eight vendors that sell distributed order management software. Companies today are increasingly faced with multiple challenges that we think necessitates the next iteration of order management, one that includes a distribution strategy to compete in an increasingly ecommerce world that complicates the supply chain at the eaches level. The research and analysis completed in the process of developing this document reflect how a technology buyer today would evaluate vendor capabilities, with an eye on how the company is addressing distribution complexity to satisfy customer needs. A majority of the vendors included in our analysis have invested significant R&D dollars to advance their platforms and capabilities to solve and get ahead of current and future retail order management and distribution challenges.

According to Victoria Brown, research manager, IDC Retail Insights, "Order management has evolved tremendously in the past several years. No longer is it acceptable for retailers to make due with inventory as it is placed. Order orchestration across distribution points has become a competitive necessity in today's retail landscape. Enterprise-sized retailers cannot afford to ignore their optimization processes."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com

Copyright and Trademark Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or web rights. IDC and IDC MarketScape are trademarks of International Data Group, Inc.

Copyright 2018 IDC. Reproduction is forbidden unless authorized. All rights reserved.

