



Deliver on more customer promises

What every B2B company
should know

IBM Sterling

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A high-stakes pursuit

Whether you're in wholesale distribution, manufacturing, assemble-to-order, logistics, the aftermarket segment, or the emerging area of servitization, your customers have high expectations and complex requirements.

It's a high-stakes pursuit because relationships are forged on your ability to reliably deliver performance-based products and services to customers that aren't just critical to their business, but also to their customers and downstream supply chain participants.

Your customers can't move forward without the capital asset equipment, medical devices, electronics or automotive products they need, at the right price, place and time. Orchestrate everything well, and you can successfully deliver on customer promises and build trusted relationships - even in a world where the last best customer experience becomes the new benchmark.

What does it take to get this right?

- **Visibility into inventory**, wherever it resides within your organization – including the multiple companies and divisions you've acquired – and across your extended ecosystem of resellers, partners and suppliers.
- **Friction-free orders**, so that you can simplify the inherent complexity in your environment – regardless of products, dependencies and fulfillment rules – to respond with agility for a better customer experience throughout the order lifecycle.
- **Focus on the customer**, whatever they need today or tomorrow, starting with setting the right expectations – with dynamically configurable products, accurate prices, professional quotations, and speedy allocation planning of products, production components, service parts and people – and following through with exceeding delivery and equipment uptime requirements.

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A high-stakes pursuit

Relying exclusively on your enterprise resource planning (ERP) system and customer service team to manage through this complexity and consistently deliver value to your customers – and your business – isn't enough. You need industrial-strength order and inventory management applications integrated with a supply chain control tower that complement your ERP system so you can respond faster to an ever-changing world, predictably meet your customers' expectations and strengthen business performance. Falter and you risk losing customers and damaging your reputation.

B2B customers report
IBM Sterling Order
Management delivers

170% ROI*

02

Inventory visibility creates a solid foundation

Large industrial companies, including wholesalers and distributors, often grow by acquisition, which creates a fragmented view of inventory.

Siloed repositories, disparate ERP systems and disjointed processes across business units and partners lead to redundancies in inventory (and associated capital costs), higher shipping costs and costly backorders because there's less flexibility for product disbursement.

Lack of visibility into vendor-managed inventory and inventory consigned at customer sites such as warehouses, creates more blind spots. Companies providing logistics services, and those companies who rely on those services, need added visibility into inventory at rest and in transit.

DB SCHENKER

“The next big thing in the logistics market is to evolve from a service provider to an order orchestrator for our customers in order to provide efficient management of all orders in a global spare parts distribution network – connecting regional and local distribution networks and removing redundancies in inventory and transportation.”

— Markus Sontheimer, Chief Information and Chief Digitalization Officer of Schenker AG

If you're in the business of durable equipment, machinery or vehicles, and rely on an assured supply of parts and services to keep them running, you face additional challenges due to variable demand and supply of inventory over the life of such assets. It's difficult to plan for what will be needed, where and when, as assets reach their age thresholds for repair, particularly given variability in operating environments – in a factory, a farm, a quarry or on the road.

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Inventory visibility creates a solid foundation

With a fragmented view of inventory, management and fulfillment become chaotic and costly. What's worse, your customers feel the pain if they have to search for what they need across each company division or business unit they work with, and place separate orders.

How can you bring clarity to chaos to reduce inventory levels **and** create a better financial picture?

Augment your existing ERP, warehouse management or order management system with inventory visibility for a real-time inventory view across divisions, geographies, channels and partners. Finally, you can see where shortages exist and inventory resides.

Better visibility into inventory helps you optimize stock levels to reduce overall carrying costs and reduce shipping costs, while guaranteeing the fulfillment of orders and fewer backorders.

With more flexibility in planning and real-time available-to-promise data, you can map demand to supply across your ecosystem. Dynamically prioritize the allocation of products, parts and people to be responsive to critical customers while maintaining the lowest cost-to-serve. A consolidated view of inventory also makes it easier for customers to do business with you. They can find what they need in a single spot and place one order.



“Previously, if a customer was looking to buy valves, for instance, they might have had to interact with four separate divisions. Today, we can present that same customer with a single view of all the valving solutions they offer, so they can quickly find the product that are most relevant to their needs, all in one place.”

— Bob McAdoo, Vice President, Worldwide Business Systems, Parker Hannifin



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Reduce friction in the customer experience

Whether your company sells computer hardware, oil rigs, medical devices, or automobiles, complex orders are a fact of life.

A single order can consist of 30-300 lines (or more) with parts and services, and often has complex configurations with multiple dependencies. Fulfillment of each line might require another purchase order, production order or work order, with extensive bill of materials and tasks to assemble a finished product and coordinate with a third party to manufacture the product or install the part at the customer's site.

Complex business policies may further add rules and restrictions around fulfillment, allocation, backorder and substitution. Distributors and wholesalers – especially those managing after-market spare parts – can have a huge challenge managing post-sale service orders such as returns, exchanges and emergency purchases. To respond to their customers with agility they need to work across multiple vendors, product lines and thousands of parts.

Pricing rules often vary by customer contract terms and product types, which can slow down pricing. And if you deal with configure-to-order or make-to-order products, like vehicles or high-value capital equipment, manual intervention across the quoting and pricing process adds more layers of friction.

These business complexities in orders, fulfillment and pricing can make it nearly impossible to ensure your customers experience a smooth, predictable, error-free order experience every time. Moreover, complexity sometimes creates a culture of manual overrides, reprioritized rush orders, excessive backorders, cancellations and customer disappointment.

How can you provide customers a better journey?

The more complex your order management process, the more opportunities there are to automate it and create a better, frictionless customer experience.

Think about all the touchpoints across the order lifecycle – quoting, pricing, sourcing and fulfillment – where you must rely on manual processes that are time-consuming and error-

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Reduce friction in the customer experience

prone. Not to mention what's required to handle returns and exchanges. Workflows don't flow and orders can't be orchestrated when processes are constantly interrupted with out-of-turn expedites, manual approvals and time-consuming rework of paper-based orders.

Success hinges on your ability to respond to a request with a promise of an order and move from purchase to fulfillment quickly and accurately. Driven by full inventory and order visibility, order orchestration works with and extends your ERP system and can serve as the glue across multiple systems handling sub-processes. Intelligent workflows with collaboration and automation support dynamic pricing and allow you to quote and process orders faster. Embedded AI accelerates smarter sourcing and fulfillment decisions, and enables the agility to adapt to disruptions and get ahead of them. Partner-facing portals improve operations so that better customer service permeates your ecosystem.

Manufacturing giant, Parker Hannifin Corporation, rolled out a global order orchestration framework, enabling it to receive, ship and accept returned orders from anywhere. Tight integration with the company's warehouse management environment ensures a seamless, end-to-end ordering process—from purchase to picking and fulfillment.

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Set the expectation

Now deliver on more customer promises.

Business risk sits across multiple sectors. The below industry examples highlight why servitization is so impactful:

- Harvest season arrived a week early and the parts required to service the combine on a farm still haven't arrived, significantly impacting a farmer's revenue potential.
- Every hour an MRI machine is down can cost a hospital thousands of dollars and jeopardize the health of patients.
- An airplane that reaches a mileage interval needs to undergo priority maintenance within a tight service window to avoid being grounded for air safety regulations.

Equipment uptime is a significant contributor to any customer's reputation. To limit their exposure, customers want assurances you'll deliver the right product, part and service at the right place and time for the right price. They use contracts based on Service Level Agreements (SLAs) to hold you to that promise and impose penalties if you don't deliver.

Meeting SLAs presents its own set of challenges if you're in the aftermarket arena, serving multiple customers each with different SLAs covering parts and engineers to get the work done at client sites. And B2B companies evolving into servitization, folding services into product offerings, face similar challenges. Whichever sector you operate in, your challenge is to keep customer promises – profitably.

How can you live up to your customer promises?

Start by setting the right expectations with inventory and order management capabilities that work in concert with your ERP system. Gain the visibility and agility you need, for example with configure-price-quote accuracy, so you make commitments you can keep. Quotations that factor known availability of products have a higher chance of keeping their promise, especially when demand exceeds supply. Strong inventory allocation planning allows you to address the demand-supply imbalances based on real-time data, analytics and customer contracts.

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Set the expectation

Across the supply chain ecosystem, you need to track orders from request through fulfillment, and manage the people, processes and technology that touch the order as it moves through its lifecycle. This allows you to meet and exceed delivery deadlines and equipment uptime requirements, build and maintain brand loyalty, and avoid penalties.

With the ability to monitor KPIs such as on-time-in-full (OTIF), vehicle-on-road (VOR) or expedited freight, you can ensure you're complying with customer SLAs. With real-time decision-making insights every step of the way, you can use these KPIs to be confident you're delivering on more customer promises profitably.

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Extend your ERP system with order orchestration

Is your existing ERP system able to deliver the clarity you need, support the journey experience your customers deserve, and allow you to live up to [customer] commitments?

Let's take a look at the value of augmenting your existing systems with IBM Sterling Order Management.

As part of a Total Economic Impact (TEI) study, Forrester conducted a series of interviews with Sterling Order Management B2B customers and determined that organizations achieved a **170% ROI***, on average.

The interviewed organizations cited the following key investment results:

- **Improved visibility into inventory across all channels.** Sterling Order Management delivers enhanced inventory views across different partners and channels.
- **Reduced complexity.** The consolidation of multiple systems and views promotes a single source of truth across complex B2B ecosystems.
- **Improved speed to order fulfillment.** Interviewees reported an improved ability to fulfill orders as a result of efficiencies throughout their complex operations across multiple partners, channels, and customers.

How can you extend your existing systems to master order complexity?

Every B2B company has an established technology footprint with an ERP system as a core system of record. ERP systems are the workhorse of your company's operations and excel in inward-facing operations like finance, HR, master data, stock-keeping and long-term forecasting and planning. When the execution of every order line is contained within the four walls of the enterprise, ERP systems can sufficiently support traditional planning, procurement and replenishment processes. But they were never designed to handle complex orders that include lines that need to be executed outside of the enterprise, such as services, scheduling technicians, coordinating other external resources and reverse logistics.

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Extend your ERP system with order orchestration

ERP systems also aren't built to be flexible and agile to scale-up to accommodate business changes. Because they are monolithic and batch-based, you can lose critical hours when you need to execute requests within a two-hour SLA window. If a business shift requires a change in configuration or extending the core business logic of the software, monolithic systems tend to be inflexible and require a huge spend on software customization and change requests.

The challenge is exacerbated when B2B companies have to work across fragmented views of inventory and orders from disparate systems acquired through a history of business acquisition. ERP systems tend to have a very regimented view of organizations, divisions and trading partners, which hampers the speed at which information from these systems can be integrated into the enterprise fabric.

How IBM can help

[IBM Sterling Order Management](#) is an intelligent fulfillment platform that picks up where your ERP system leaves off, integrating with and extending its capabilities without replicating data. It orchestrates complex orders that include multiple lines and dependencies, and handles dynamic configuration, pricing, allocation and reverse logistics scenarios in real time. Embedded AI enables smarter sourcing and fulfillment decisions at the lowest cost-to-serve.

[IBM Sterling Inventory Visibility](#) is a standalone application that can be implemented independently or with IBM Sterling Order Management. Think of it as a set of high-powered binoculars that give you a unified view of inventory across your extended ecosystem, so you always know what you have, when you might be getting it and where it will be available. With accurate, up-to-the-minute available-to-promise data, you have the confidence to make commitments you can keep.

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Extend your ERP system with order orchestration

The diagram below shows how ERP and IBM Order Management software (OMS) complement each other. We have broken down the core capabilities into three areas: capabilities that only an OMS can provide; those that ERP solutions could provide to a degree but are stronger in an OMS; and those that are core to ERP.

ERP Only	OMS is strongest	OMS Only
<ul style="list-style-type: none">• Master Data• Inventory Management• Forecasting• Accounts Receivable / Payable• HR, Planning	<ul style="list-style-type: none">• Inventory Visibility• Inventory Availability• Order Sourcing• Order Promising• Reverse Logistics	<ul style="list-style-type: none">• Order Decomposition & Orchestration• Item-based Allocation• Order Visibility & Exception Handling• Service Order Management• Delivery & Service Scheduling• Call Center & Store App• Scalability (>4M order lines/hr)

Take the next step

Be seen as a leader in satisfying high customer expectations and complex requirements. With our years of experience and extensive ecosystem of partners, IBM can help you become more customer-centric so you can keep the promises you make and build trusted relationships that deliver value to your customers and your business for decades.

→ Learn more about the potential impact IBM Sterling Order Management can have on your organization.



* Forrester, Total Economic Impact Study, "IBM Sterling Order Management Enables More Efficient Relationships Among B2B Businesses, Their Partners and Their Customers," February 2020.

Continue your journey



IBM Sterling Order Management

Order management and fulfillment software that helps you manage through complexity and preserve business continuity, while leaning in to cost optimization.

[Explore the solution](#)



Benefits Calculator

Calculate the impact of an advanced order management system.

[Get your potential savings](#)



Forrester TEI Study

IBM commissioned Forrester Consulting to conduct a Total Economic Impact (TEI) study to help organizations better understand the business value of an order management platform.

[Read the study](#)



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Route 100
Somers, NY 10589

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