

How to Evaluate Omni-Channel Business Management Systems and Vendors: A Simple, Step-by-Step Guide

INTRODUCTION

In today's omni-channel marketplace, having a business system that properly fits your business can save you money and increase your profits. It's important to put a right-sized, strong omni-channel business management system (OCBMS) in place in order to stay competitive.

WHAT IS AN OCBMS?

Within a full-featured OCBMS, you can manage all business processes starting with orders, and all related areas, such as shipping, inventory, warehouse, accounting, marketing, sales forecasts, and customer management. The OCBMS will also integrate with all sales channels your business operates in.

THREE QUESTIONS TO ASK BEFORE STARTING YOUR SEARCH

When it's time for your business to implement an OCBMS, there are several factors that go into making the most informed choice. Before you begin searching for OCBMS software and vendors, ask yourself these three questions:

1. What's your motivation for purchasing an OCBMS?

An OCBMS is a significant investment that will affect virtually all areas of your business. As such, it's vital to examine your reasons for wanting to implement an OCBMS. First, see if other options can be eliminated, such as overhauling your processes or improving your organizational structure. If you research other options and still believe a unified OCBMS is best for your business, then you'll know you can confidently move forward.

2. What business requirements will an OCBMS satisfy?

In answering the previous question, you likely identified several key business requirements that could be improved or integrated with others. Create a list of capabilities your ideal OCBMS should have, as well as a list of features that would be useful additions, and use those lists to help you narrow down your research.

3. What is your budget and potential ROI?

When determining your budget and calculating your potential ROI, consider the total cost of implementing an OCBMS solution. Look for factors that contribute to the overall cost of an OCBMS, including: license or subscription, initial costs, ongoing maintenance fees, data conversion, infrastructure, and internal project resources. Include all the costs of each OCBMS option, as well as the benefits to your business, in your ROI calculations.

OCBMS EVALUATION CRITERIA

If you have decided to proceed with your OCBMS search, here are the main criteria to look for: (We've provided an accompanying checklist to help you evaluate different OCBMS options and make your own notes and comments.)

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1. Core Business Functions

Look for a system that has the basics for running your omni-channel operations smoothly, such as customer relationship management (CRM), accounting, forecasting and purchasing, products (PIM), and inventory/warehouse management.

A strong OCBMS will have a comprehensive suite of options that have been proven to help omni-channel businesses succeed.

2. Integration Capabilities

An omni-channel business management system can only work properly when it unifies as many components as possible. When searching for an OCBMS, look for one that can integrate with the most vital software and processes of your business. A good OCBMS can integrate order intake functions (website/eCommerce, third-party selling channels, phone/catalog, retail/POS) and sales order processing (shipping, payment processing, fraud prevention, email, marketing).

We've provided a checklist to help you evaluate different OCBMS options against integration criteria.

3. Adaptability & Customization

Some omni-channel businesses are happy with an out-of-the-box OCBMS and are willing to change their business to suit the software. Others want a solution that they can customize to meet their specific needs.

An important consideration when looking for an OCBMS with good adaptability is the ability to customize your system without these changes being overwritten in newer versions. A good system will have provisions in place to avoid this.

4. Technology

When considering the right OCBMS for your business, consider your technology requirements.

- **Database** – A strong database is the basis of a good OCBMS. Look for a system that features current technology but can also be accessed by traditional tools if necessary.
- **Servers** – What can your existing servers handle? Today's on premise OCBMS solutions are lighter than they used to be, but smaller businesses may want to consider a cloud-based option.
- **Speed** – An OCBMS that starts with outstanding speed should be a minimum requirement. Today's new technologies, in both hardware and databases, allows for nearly instant response across the application if properly configured.
- **Scalability** – Verify that the system and underlying database structure are built to allow for growth alongside your business.
- **APIs with other systems** – API, or application program interface, determines how components of different software interacts with one another. Look for an OCBMS system that makes it easy for different applications to connect and work together seamlessly.
- **IT/support** – Investigate the support team of each OCBMS vendor. How many points of contact will you have when you need support? Will you be speaking with the same person each time? How many avenues are available to you to get in touch? Is it important to you if the support team is domestic or overseas?

5. Installation Type

There are three standard OCBMS installation types:

On Premise

The software is installed on a server at the customer's location, and is the responsibility of the customer.

Cloud/SaaS

A shared/multi-tenant platform is available at a lower price point. For larger applications or customers preferring their own machine, the system can be delivered in a virtual machine environment, offering flexibility in resource allocation with no in-house IT needed.

Hybrid

The customer acquires the license for the system, but has the application hosted in the cloud. The customer gets the long term benefit of owning vs. renting, but reduces their in-house IT infrastructure requirement.

Please refer to "On Premise or in the Cloud – Which OCBMS Option is Right for You?" for a more detailed examination.

6. The Vendor

Whether you choose an on premise or cloud-based OCBMS, the vendor behind that system will be connected to your business for years to come. Consider these factors:

- History – What is their track record of innovation and customer satisfaction?
- Service & Support – Are they known for being responsive and helpful?
- Training – Will they work with you to make sure your team knows the OCBMS inside and out?
- Financial/Market Stability – Do you feel confident that they will be a solid partner in the long term?
- Clients & Case Studies – Have they worked with a company like yours before? How did they solve their problems?

7. Total Cost of Ownership

When calculating your potential return on investment, consider the total cost of implementing a new solution. Look for factors that contribute to the overall cost of an OCBMS, such as:

- Purchase model (i.e. license or subscription)
- Initial costs of integration
- Ongoing maintenance fees
- Custom development fees
- Server, hosting, and other infrastructure costs
- Personnel – will you need more (database administrator) or less?

THE EVALUATION PROCESS

Now that you know what criteria to look for when investing in an OCBMS, here are recommended steps to take in your evaluation:

1. Initial vendor/product research

Compile a list of 5-10 OCBMS solutions that look appealing to you. Aside from a simple web search, ask your colleagues or business contacts if they use an OCBMS that they would recommend. We suggest creating a list of capabilities your ideal OCBMS should have, as well as a list of features that would be useful additions, and use those lists to help you narrow down your search.

After completing your initial research, you will likely eliminate some vendors or products, arriving at a shortlist of 3-5 options. At this point, you may issue RFPs (requests for proposals) to these vendors, to which they will respond with costs, capabilities, and implementation strategies.

2. Virtual demos or product tours

Many OCBMS vendors offer virtual demos or product tours to give businesses a feel for what their system can do. Ask potential vendors to demonstrate specific capabilities that you're interested in, or how they would customize for your business' needs. Ask key users to evaluate software demos, thinking of how well the system fits your requirements, as well as technical factors such as integration and scalability.

3. Ask for proof of customization capability

It's common that most vendors will say "Yes, we can do that!" to just about any specific requirement you may have. The truth, however, is that not all software products are engineered the same. The ability to customize depends on many factors.

If you know of a specific need you have and the software you're evaluating doesn't offer it, don't settle for a promise that they'll "figure it out" after you become a customer. It's not unreasonable to request that they demonstrate in some fashion how they would accommodate your needs.

4. Have the vendor visit your business

A good OCBMS vendor will want to get to know your business as well as they can even before the purchase. This will give them firsthand knowledge of your existing processes and systems, which they can use to design a customized proposal for you. Have them meet with any and all of your internal stakeholders – from the CEO to shipping manager, call center personnel and the internal marketing team.

5. Site visits to vendor clients

It may also be useful for you to pay an onsite visit to other clients using a particular vendor's omni-channel business management system. This way, you can see how the OCBMS in question handles processes similar to yours, and you can gain valuable information about the system from people who use it every day.

6. System selection and budgeting

Consider all options against your list of requirements as well as any site visits, demos, and assessments. Evaluate each option's strengths and weaknesses. Once you have decided on an OCBMS that best meets your business' requirements, a good vendor will be happy to discuss ways your new omni-channel business management system can fit your budget comfortably.

OCBMS SUCCESS: CHOOSING THE RIGHT VENDOR IS ONLY HALF THE BATTLE

Some industry analysts believe that more than 90% of an integration project's success or failure is in the hands of the company or team implementing the software, not the software vendor. Your due diligence must go beyond software evaluation, and also turn the magnifying glass on your internal team and resources. Focus on these key points:

1. Remember: Business comes first

A new system can draw the focus away from the everyday functions of the business. Encourage your team to focus on how the OCBMS will support and strengthen daily business operations, and less on various technical capabilities.

2. Consider ROI at every stage

A good OCBMS will offer a strong ROI both on paper and in practice. Establish key performance metrics, set targets, and track performance to ensure the good ROI you discovered in the research phase will become a reality after implementation.

3. Empower a strong project management team

Educated, hands-on, and proactive project managers are key in the success of your OCBMS implementation. Ensure that you have project managers in place who will help guide the success of all components.

4. Involve top-level executives

A successful OCBMS implementation is supported by a company's C-suite executives. Top-level backing will ensure you have support to handle any larger business issues that may arise.

5. Create thorough plans

You can't predict every issue that may arise in your OCBMS implementation, but creating a plan to deal with a wide variety of scenarios will help save you time and money when the time comes.

6. Train your team well

Good training involves more than a quick run-through of the new OCBMS. Invest the time and resources in change management, in-depth training, and follow-up. When the people spending the most time using your OCBMS thoroughly understand it, your implementation will run more smoothly.

Selecting the ideal OCBMS for your business can seem like a daunting process, but proper planning and evaluation will help you find the best solution for your operations, ROI, and future success.