



BPM – a key enabler for Digitizing Omni-Channel implementation across CPG/Retail

Introduction

The purpose of this white paper is to highlight how Business Process Management (BPM) can help to optimize Digital/Omni-channel initiatives within the organization

Intended Audience:

- E-commerce companies
- Retailers
- Consumer Packaged Goods (CPG) companies
- Logistics provider
- E-commerce service providers

Summary

Having an Omni-channel strategy is the key to achieve Digital objective within the organization. It provides seamless coordination between business models and channels to provide consistent and unique consumer experience. Omni-channel has applicability for retailers, CPG companies, telecom, airlines and financial service providers. Lot of emphasis is given on consumer facing business areas/applications, resulting in several challenges in successful implementation. Organizations have not given due importance to improving back-end operations, such as coordination between various stakeholders, real time visibility of data, etc.

Balance of power that once favored B2C companies has shifted towards consumers, who now have well-defined representations and preferences, and have taken shopping to a new sophisticated level. However, equal importance needs to be given to improve and optimize back-end processes that are critical to achieve end objectives of high customer satisfaction and loyalty, improved margins, less shrinkage and better productivity.

Organizations have focused more on improving consumer facing business areas, which has resulted in increased support cost and less margins. Optimizing & integration of back-end and supporting processes is required with all the stakeholders, including head office, regional office, warehouse, market places, vendor and enterprise applications to provide enhanced customer experience as they serve as the back bone to overall process.

Challenges

Following are some of the key areas that companies foresee in successfully implementation of Omni-channel strategy

- People/Process
 - » Availability of optimal resources to provide consistent branding, inventory across channels
 - » Real time visibility of orders from various channels such as to reduce risk of missing orders
 - » High probability of failed/missed order due to lack of coordination
 - » Tedious task to manage publishing of SKU/brands to various channels
 - » Lack of strong governance, policy and procedures
- Information Management
 - » Inability to plan accurately the future demand across each channel
 - » Managing sales order from various channels
 - » No single view of data to analyze life cycle of a product/brand that is sold across the channels
 - » Collecting and data mining of shopper's details
 - » Lack of data to do targeted promotional strategy
 - » Inaccuracy and discrepancy in data
 - » Visibility and transparency on transactions across channels
- IT Infrastructure
 - » Lot of disparate systems
 - » Separate systems for each channel
 - » Real time visibility/tracking
 - » No customized workflow to manage cross functional operations
 - » Collaboration tool required
 - » Customized/Personalized dashboards

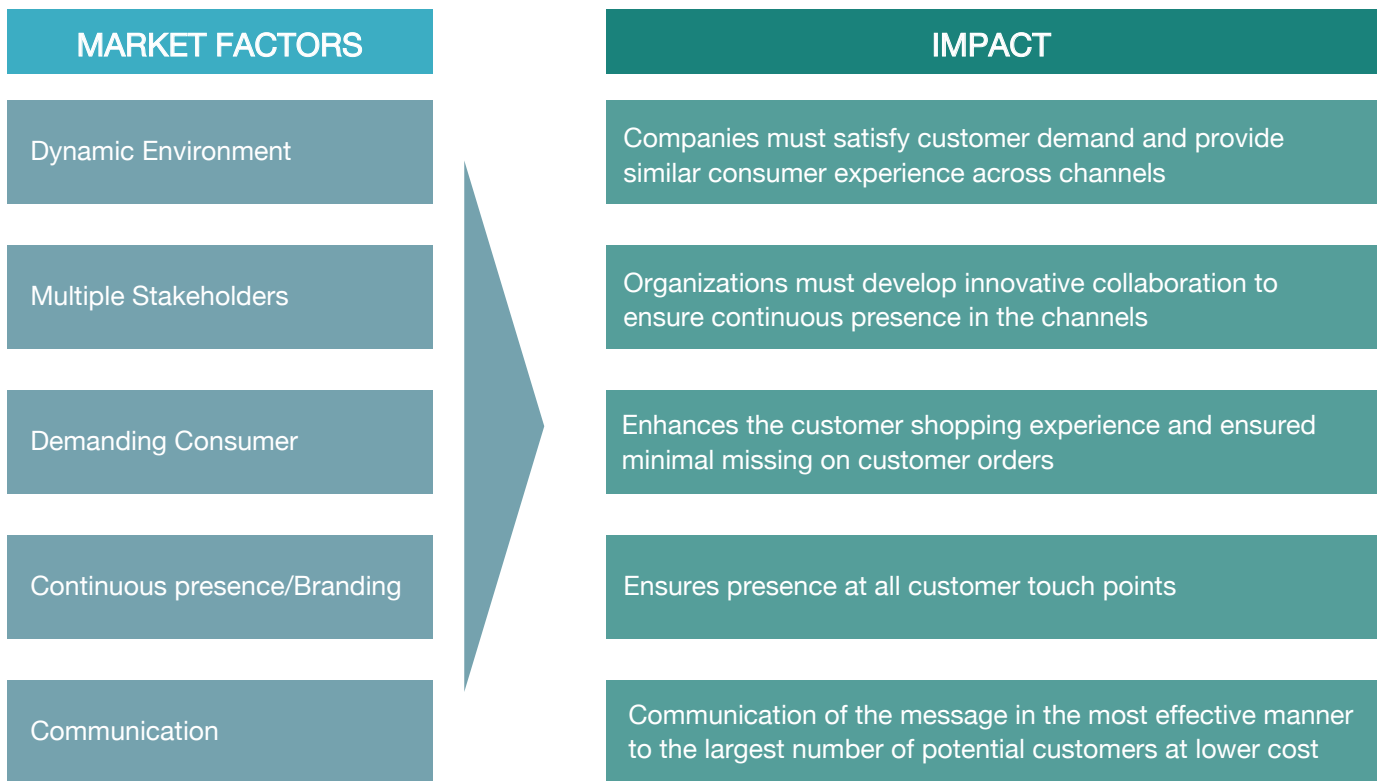
Business Drivers

For Retailers/CPG/Telecom providers/Airlines

- Establish relationship between various sales channels such as direct sales, franchise, online and traditional sales to manage distribution, price, promotions, and advertising processes
- Aligning the organization/product structure as per the channel that can result in development of customer decision trees
- Structured data to enhance new brands/products based on consumer demand
- Exploring new channels/opportunities to increase effectiveness across portfolio
- Avenues to increase margin through optimizing products/channels/logistics/operations

For E-Commerce/Retail/telecom Product Providers

- Provide integrated solution to brands and customers
- Ensuring more and more brands register to their product and services
- Providing consistent experience across channels



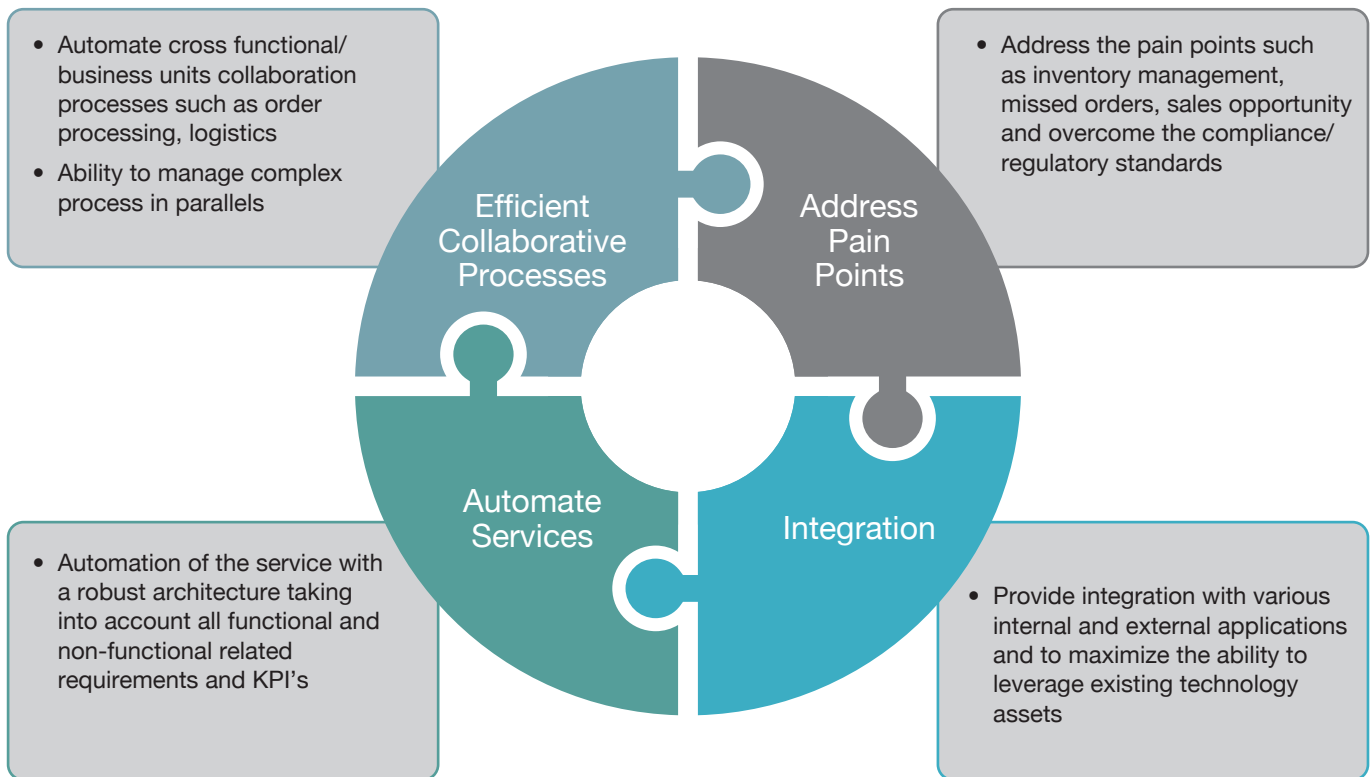
How BPM can addresses those challenges

BPM provides retailers a creative and comprehensive way to execute cross functional process across channels and all stakeholders. BPM tools provide an inbuilt end-to-end process framework that can be used for process modeling, business rules, design, implementation, dashboards and governance for various aspects of a business. BPM tools also offer prepackaged set of process templates, integration touch points and dashboards for quick adoption and achieving high quality product, integrated processes and great customer excellence.

Key BPM offerings/features that can help digital programs achieve end objective within the organization

- Dynamic configurable workflow to manage complex cross functional business processes
- Ability to manage complex process in parallel
- Management of inventory and product related attributes
- Automation of the services with a robust architecture taking into account all functional and non-functional related requirements and KPIs
- Reducing chances of Purchase and Sales orders failure

- Reduction in multiple data reference points
- High visibility and transparency on transactions across the channels
- Automation of Workflow Escalations
- Address the pain points such as inventory management, missed orders, sales opportunity and overcome the compliance/regulatory standards
- Provide integration with various internal and external applications and to maximize the ability to leverage existing technology assets
- Customizable & comprehensive dashboards to do better management of demand vs supply



Features of BPM tools

Typical BPM implementation consist of the following layers:

Business Process Management (BPMS) Layer: The BPM layer consists of business processes modeled using BPEL standard that navigates through, takes decisions and waits for the appropriate approvals/rejects.

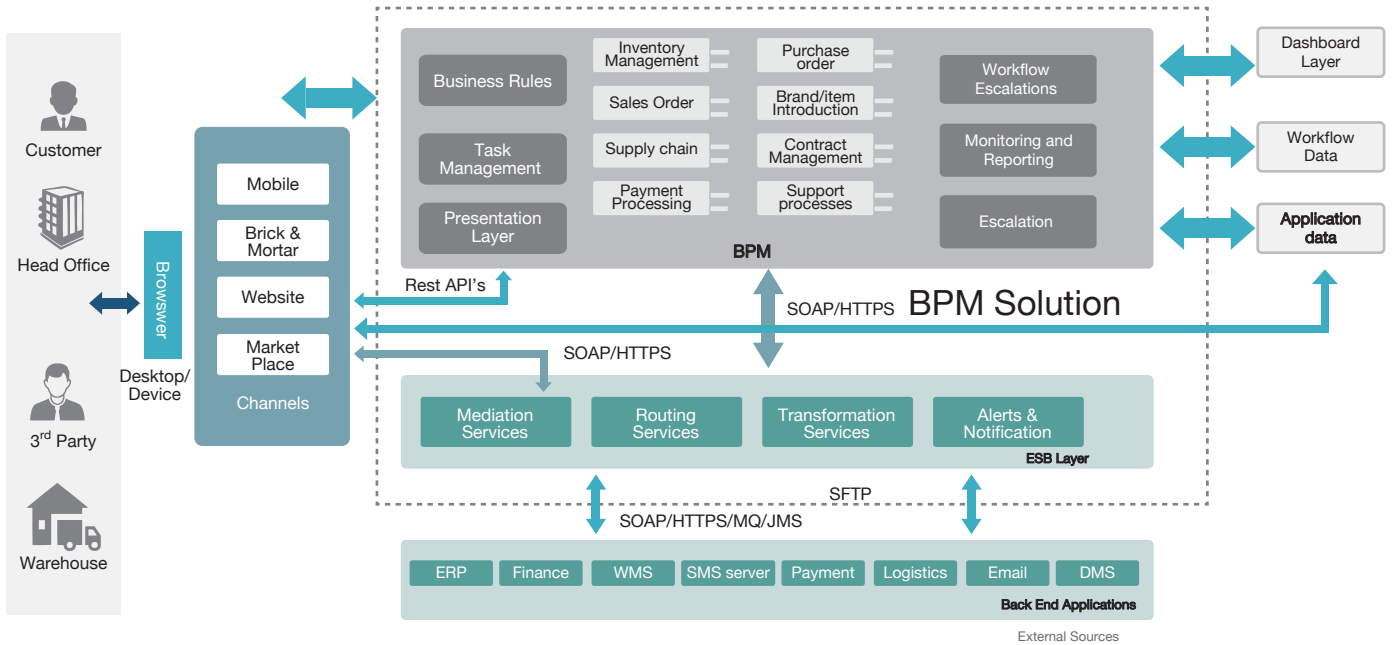
Enterprise Service Bus Layer (ESB): This layer constitutes a comprehensive ESB Suite which will enable seamless SOA based Integration requirements of client's legacy systems.

Service Consumer Layer: This will consist of client applications, such as client component which need to interact with ESB.

Service Provider Layer: The web services, which will be consumed as business services in BPM tool. These web services will expose the business functionality of their respective system, which will be integrated with ESB.

Reporting/Dashboard Layer: This will host the reports/dashboards that are used by the client users. Dashboards can be customized per user group.

Monitoring: Process activities can be monitored based on different parameters, such as wait time and execution time, using tracking groups/auto tracking feature of BPDs (Business Process Definition). Historical analysis enables users to measure and improve the efficiency of the processes. Inefficiencies and bottlenecks in processes and services (for e.g. inordinate task execution time) can also be identified at runtime.



Business Impact

The key business impact of introducing BPM as a key enabler for digitizing Omni-channel implementation across enterprise is better anticipation of future demand across channels, thereby reducing chances of stock-outs. Also developing cross functional processes in BPM and integrating with all other systems helps to mitigate sales loss from orders by controlling data discrepancies as well as providing unified view of view of attributes and price channel. This also helps us to bring key improvements in brand visibility by 40% and an optimized delivery process. Another vital advantage of BPM is that it reduces the chances of orders being missed or failed by 20% in PO rejection. Real time monitoring and visibility of activities across processes brings in key improvement in sales by 7% for total category/brand, for a particular channel. Margin improvements can clearly be seen due to lowered cost of sales and more effective promotion cost. Common representation of item information across channels and complete lifecycle integration from product introduction till sales is possible with the help of long running BPM processes. Also forecasting capabilities for efficient product maintenance is a possibility in this new solution.

Technical Benefits

This solution brings with it a lot of technical benefits. Dynamic, configurable, flexible workflow to meet business needs together with workflow automation based on SLA is a key feature. Integrated systems result in single version of data and enable quicker and easier integrations with different systems, through the use of OOTB integration components. At the same time, redundant data inputs are reduced with single source of data entry, and dispute minimization is made possible with timely and unalterable data capture. Linkages of all modules, and business audit trail feature to track end to end history and track changes for a particular campaign or for a user, provide end-to-end process visibility. Readily available adaptors for most of the known ERPs and backend solutions, together with quick deployment with pre-configured processes and functionality, provide a quick time-to-market. This solution provides a reliable, scalable and seamless solution for achieving end to end integration and process automation. It also enables users to explore various options before committing valuable time and effort. Customized workflow that enables quick deployment in any environment and new processes can be introduced in a short time. Comprehensive implementation of business rules that can be customized for different users, bring in the key decision making capabilities together with reports and dashboards.

Conclusion

BPM plays a critical role to successfully achieve Digitization and Omni-channel strategy across the enterprise. Digitalization cannot be achieved without aligning back-end processes with front end (consumer facing business areas), and BPM can be the key enabler for that. BPM tool enables organizations to achieve process automation, end-to-end integration and perform historical analysis with great ease. Most important, BPM can leverage existing investments, infrastructure to achieve end objectives. Equal importance should be given to improve and optimize back-end processes that are critical to achieve end objectives in this case.

About the Author



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Kamal Jhurani has 13+ years of experience in the IT industry, providing solutions in Retail, e-commerce, CPG and BPM domains. He has extensive experience in Consulting, Business Analysis, Design and implementation spanning across multiple domains and technologies to bring in digitization for our customers. Currently, he is playing a role of Senior Solution consultant in BPM, providing transformative digital solutions to our niche customers in BFSI and Telecom domains.

About Mphasis

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