



# OMS buyer's guide: How to choose the right Order Management System



# Introduction

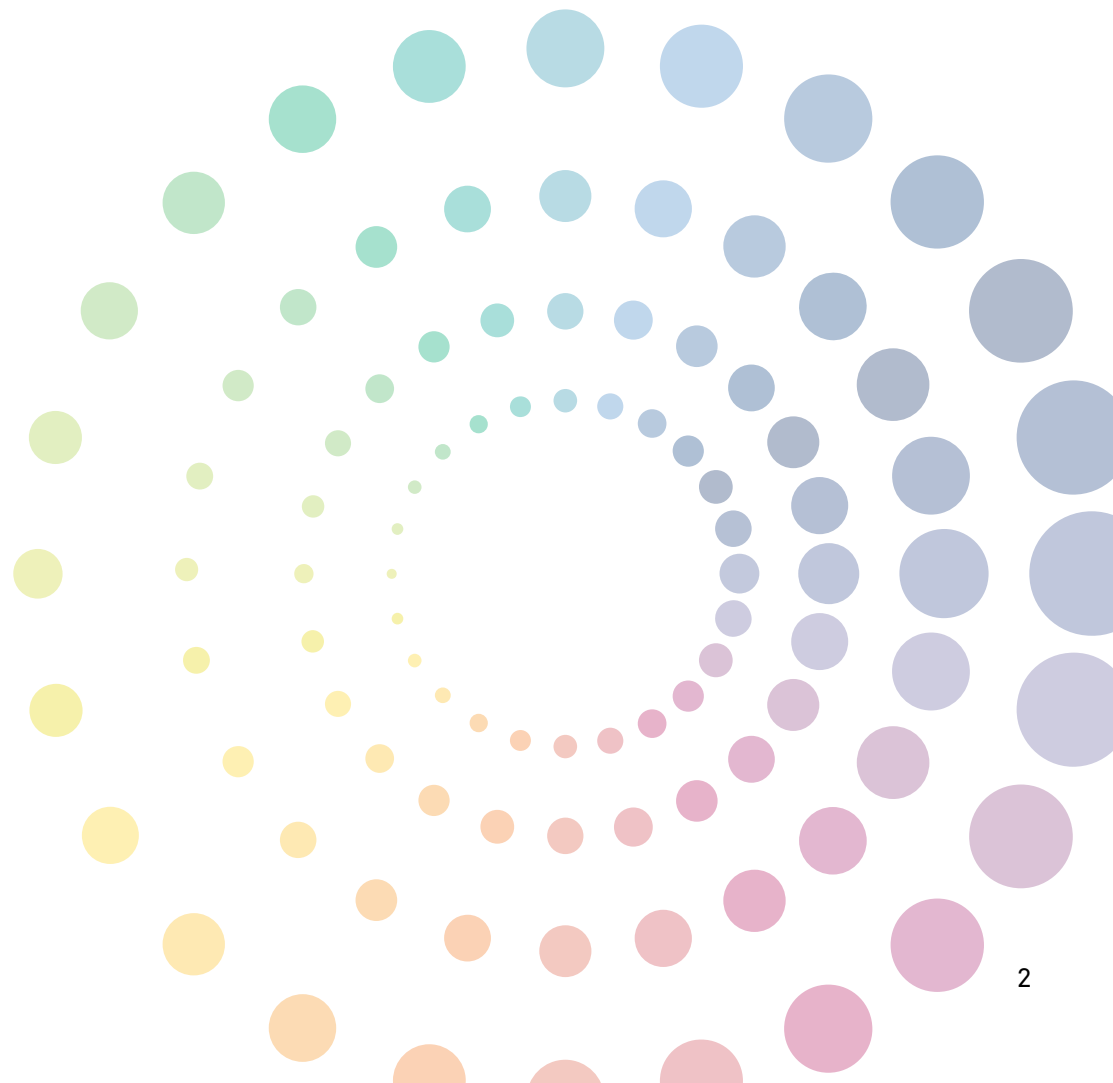
Order management plays a crucial role in a successful omnichannel retail strategy. It enables businesses to manage inventory, fulfill orders quickly, and provide a consistent experience no matter where a customer's shopping journey begins and ends.

While order management is traditionally seen as an operational system, it has a major impact on the customer experience. Today's consumers demand transparent experiences, which require real-time data like accurate delivery dates and product availability.

As a result, more companies are investing in modern order management systems with the core capabilities of distributed order routing, real-time inventory visibility, omnichannel fulfillment, and customer service. The need for these capabilities will likely drive the OMS market—Forrester predicts that the global market for OMS software will grow from \$1 billion in 2021 to \$1.9 billion in 2026.

And it's not just retailers looking to upgrade their order management solutions. The demand for OMS software is increasing in the manufacturing industry as more of these businesses launch direct-to-consumer channels and enter B2B marketplaces.

Choosing the right OMS can vastly improve a company's efficiency, reduce human errors, and unlock new customer experiences that drive revenue and loyalty. However, with so many options available on the market, selecting the best OMS can be a daunting task. This guide will provide an overview of what factors to consider when selecting an OMS and guide you through the process of choosing the most suitable OMS for your business needs.



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# The right time to evaluate order management solutions



How consumers define a 'great' experience varies from one individual to another. Some prioritize companies that offer curbside pick-up, while others prioritize fast and free ship to home. As these expectations continue to evolve, B2B and B2C companies need an order management system that can accurately track inventory and support a variety of fulfillment options.

There are several potential factors that can help you determine if your company needs a new order management system.

### Existing volume & growth plans

Consider your company's existing volume and growth plans for online and omnichannel orders. What percentage of revenue currently comes from digital and omnichannel business models? And what are your growth plans to scale these models? For example, you may be planning to expand buy online, pick-up in-store to every store location. A good order management system should empower your business to be flexible and scalable.

Also, consider your inventory and fulfillment KPIs. What percentage of online orders are being fulfilled within the promised timelines? Are you able to set realistic and accurate delivery dates and meet customer expectations no matter which fulfillment option they choose? Can your current order management solution unify inventory data and manage inventory across channels to capture consumer demand?

### Low capability maturity

As your eCommerce business grows, there are several OMS capabilities you'll need to meet the expectations of omnichannel growth and scale:



Efficient inventory management across the supply chain to capture & fulfill orders



Enables omnichannel fulfillment (e.g., BOPIS, ship-from-store, drop-ship)



Able to handle complex fulfillment scenarios (e.g., multi-location sourcing, split shipments, etc.)



Seamless management and control of workflows for order sourcing and fulfillment needs of different divisions, brands, regions, etc.



Providing transparency to customers and service agents in terms of inventory location and fulfillment updates

### Siloed inventory is causing negative customer experiences

In today's age of information and immediacy, it's not good enough to display semi-accurate inventory availability. Real-time inventory visibility and accurate future available-to-promise (ATP) information are necessary for seamless omnichannel fulfillment.

Siloed inventory data can lead to a series of problems and significant maintenance. There's a high risk of some channels having excess inventory, which could leave you with additional storage fees or forced to discount products. Additionally, you could also end up with too little inventory for specific channels, causing poor customer experiences and loss of sales.

### Lack of integration flexibility

How easily does your current solution integrate with your commerce and supply chain tech stack? This is a critical factor to consider for ensuring frictionless ordering, transparent fulfillment, optimized logistics operations, and seamless returns.

### Capacity management and scheduling of value-added services

Today, many brands and retailers need to differentiate themselves from competitors by providing value-added services. Does the current solution enable services scheduling? For example, can shoppers choose appliance installation dates and times at checkout? In addition, certain value-added services require managing capacity and inventory, such as a gift with a purchase, monogramming, and additional marketing material.

### **Your customers want more fulfillment options that your current OMS can't support**

Offering multiple fulfillment options, including in-store and curbside pick-up, expedited shipping (made financially possible by ship-from-store), and same-day delivery, can mitigate the cost of shipping while satisfying consumer needs for immediacy and convenience. However, not all OMS solutions can support omnichannel fulfillment options out-of-the-box, or they require significant resources to build and implement.

Getting fulfillment right is important for making the initial sale, and it inspires recurring sales and brand loyalty. The Harvard Business Review reports that buy online, pick up in store (BOPIS), in particular, helps retailers boost sales while keeping customers happy.

### **You need faster, more efficient delivery**

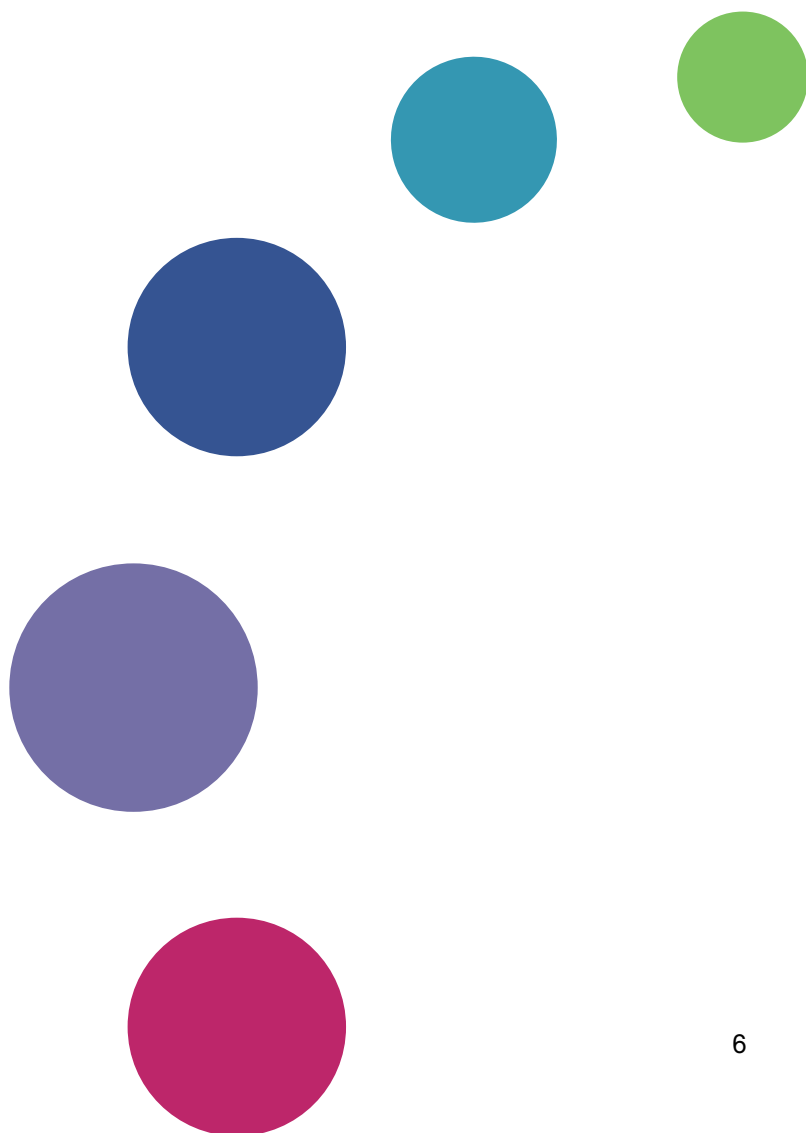
If online shopping has an inherent purchase inhibitor for consumers, it's the cost of shipping. Nearly 70% of consumers expect free shipping for every online purchase, and 80% expect it with orders that meet a minimum value threshold (e.g., free shipping for

orders over \$50). With omnichannel order fulfillment, retailers can transform their physical stores into distribution and delivery hubs that produce efficiencies while giving shoppers a free pick-up point.

### **Who needs to be involved in the selection process?**

The order management system plays a crucial role across functions, including supply chain, IT, marketing, product, and operations. It's important to have corporate leadership from all functions involved early on in the selection process to align on feature and functionality requirements, growth and scale needs, and priority of wants versus needs in a new OMS solution.

Externally, consider including a systems integrator in the evaluation process. A systems integrator with strong credentials on domain and technology can act as an advisor when outlining OMS requirements, determining buy vs. build approaches, selecting packages, and road mapping the implementation phase.



# Benefits of upgrading your Order Management System



Upgrading your order management system unlocks organic growth by capturing omnichannel customer demand and sustaining complex business models that drive cost reductions across the supply chain. Let's look at some of the benefits from the lens of revenue uplift and cost reduction.

### **Revenue uplift**

Revenue uplift is realized by enabling new channels and fulfillment options and by improving customer lifetime value.

- **Enabling new channels & fulfillment options:** Brands and retailers can capture higher customer demand via online channels, in-store kiosks, and enabling pick-up in stores.
- **Boosting customer loyalty:** Companies can boost loyalty by enabling frictionless customer journeys across path-to-purchase and post-purchase. Path-to-purchase experiences are improved with features like global inventory visibility to global inventory, multi-channel fulfillment options, and flexible payment options. Post-purchase experience transformation is enabled by meeting fulfillment promises, transparent fulfillment dates and updates, and supporting product returns across channels.

### **Supply chain cost reduction**

Upgrading your order management system can reduce transportation costs, inventory carrying costs, and lost sales.

- By tapping into global inventory from stores, distribution centers and warehouses, and in-transit, you can sell inventory faster from across the supply chain in order to meet customer demand, leading to higher inventory turnover (ITO).
- Smart order orchestration can reduce shipping and transportation by allocating inventory from the most optimal location in the supply chain to fulfill customer orders.
- Retailers will be able to reduce lost sales from stockout scenarios by customizable business strategies, such as offering substitutes, capturing back-orders, or checking global inventory to fulfill demand if specific locations are out-of-stock.

# What to look for in an effective and efficient OMS vendor



An effective and efficient order management system can transform customer experience, reduce supply chain costs, be seamlessly deployed and easily managed by business users.

## Types of Order Management Systems on the market

There are three primary types of OMS solutions:

- ERP systems that have OMS modules
- Legacy OMS solutions that have a monolith architecture
- Modern OMS solutions with a MACH (Microservices, API-first, Cloud native, Headless architecture)

We're seeing brands and retailers gradually moving away from legacy solutions that are monolithic in nature to modern OMS with a MACH architecture. Challenged by growth needs, it's imperative to evolve fast to support complex omnichannel business models. Legacy solutions with a monolithic architecture, which either implies intensive costs for customization, or the need for a complete replacement, further increases cost and timelines.

Microservices and modular architecture allow enterprises to roll out capability enhancements in a phased manner without having to rip-and-replace existing solutions, ensuring a faster time-to-market. For example, suppose a retailer wants to enable fulfillment from stores to support increased online demand. In that case, they'd benefit from a solution that can offer a packaged capability such as Ship From Store. This can be integrated with the current landscape using APIs.

## What to look for in a vendor

Choosing the right vendor for an OMS is often challenging. Below are criteria to look for in a vendor, including a good mix of functional and technical solution capabilities, market credentials, and partners who can execute implementations and provide thought leadership to maximize business ROI post-implementation.

## Solution Capabilities

A vendor must have a cutting-edge OMS solution covering a good mix of functional and technical capabilities:



**Inventory management:** Enabling global inventory visibility, managing safety stock across locations



**Supports flexible payment options:** Buy now, pay later, recurring subscription payments, digital wallets, etc.



**Distributed order routing:** Ability to allocate inventory optimally from across the supply chain to fulfill an order, manage split shipment' to fulfill an order from multiple locations in the supply chain, and support customer returns across channels.



**Multiple fulfillment options:** Last mile delivery, BOPIS, curbside pick-up, ship-from-store, drop shipping.



**Customer service empowerment:** Enabling customer service representatives to capture orders, track orders in near real-time (such as inventory location, fulfillment event updates, etc.), and adjust orders.



**Flexible scheduling:** Supports changes in delivery dates by customers for products, gifts, and value-added services (e.g., installing appliances at home or a personalized styling session).



**Modern architecture:** Invest in a future ready solution that leverages microservices, is API-first, cloud native, and headless. This allows enterprises to execute phased modular implementations depending on use case requirements without going for a rip-and-replace approach and seamlessly integrate with the omnichannel commerce landscape.

## **Flexible integrations**

For a seamless orchestration of omnichannel commerce, it's critical that inventory and order data are accurately unified across various silos. With a unified view of inventory across locations, including stores, DCs, in-transit inventory, and suppliers, it's possible for an OMS to ensure that orders are fulfilled from optimal locations across the supply chain, with near real-time transparency to customers.

To make this happen, it's critical to find an OMS that can integrate with standard packaged platforms, including eCommerce platforms, warehouse management systems, inventory management systems, and ERPs, as well as solutions that can address various exceptional scenarios, such as payment, fraud check, and address validation providers.

## **Industry credentials**

Ideally, a vendor has proven credentials for successful implementations across multiple sectors (e.g., grocery, home improvement, fashion, etc.) and enterprises of various sizes (mid-sized to large-sized), with analyst recognition.

## **Ecosystem vs. market leader**

It's preferable that the OMS vendor either has a platform ecosystem or is a market leader in order management. Two examples of a platform ecosystem are ERP packages (looking at inventory planning, finance, etc.), and E2E digital commerce solutions (eCommerce, subscriptions, personalization, etc.). Enterprises can take advantage of the ecosystem for faster digital transformation by making use of APIs and data connectors. If the vendor does not have such a platform ecosystem, it's essential that its OMS solution is cutting-edge and market-leading.

## **Partners for seamless execution & management**

It's important for an OMS vendor to have partners who can provide advisory on value realization, execute implementation, and application support.

## **Should I work with a partner to help me choose an order management system?**

We recommend working with a partner to help you choose an order management system. Each OMS has its own unique set of capabilities and is designed for handling certain levels of business and technical complexities. Partners bring their industry and technology expertise to help you with an evaluation framework to identify the right OMS that fits your business needs.

## **How should I think about business users vs. technical users when choosing an OMS?**

An OMS solution should have certain characteristics to suit business and technical users:

- Easy to use UI, customizable UI, and branding
- Provides a degree of configurability for business users to set up rules and strategies
- Should enable role-based access to certain features for different users
- Should have a well-documented developer's guide (API documentation) for them to execute integrations with other platforms (e.g., ecommerce, POS, WMS, SIM, etc.)
- Granular reporting features and real-time dashboards
- Ability to configure, customize and extend the platform without vendor reliance

# Why Composability is a Game-Changer in Order Management



Composable commerce provides modularity and flexibility. You can leverage composability to create an OMS that works for you by breaking down a complete system into individual components. You are able to cherry pick and assemble only those features that make sense for you. From an order management perspective, features like product information management, inventory, order orchestration, and cart and checkout are all broken down into smaller chunks.

The benefits of composability in order management and fulfillment include:

- **Flexibility:** Easily add or remove OMS components as needed without requiring a complete overhaul to your entire commerce stack.
- **Agility/improved time to market:** Composable solutions can be quickly implemented and scaled to support changing business needs.
- **Cost savings:** Only implement the features and functionality that you need when you need them, rather than paying for all-in-one solutions that may include features you don't use.
- **Customization:** Composability allows for nearly infinite customization options to create a unique commerce experience for your customers.
- **Future-proofing:** Add or remove software components as they become available or relevant for your business.

With packaged business capabilities (PBCs), you can create an order management framework that flexibly accommodates changes in order volume or product mix without requiring a complete overhaul of your core order management platform. It's an approach that's incredibly focused on the customer experience, making it easy to add or remove features as needed to **improve customer satisfaction**.

## 4 order management problems that PBCs solve:

**Problem:** You need a real-time view of inventory across your global retail channels.

**Solution:** An inventory management PBC that tracks real-time inventory availability in one central location can solve this problem. The PBC can offer features like multi-channel inventory control, inventory mapping, and real-time inventory tracking to give you the visibility you need to make informed decisions about product stocking levels.

**Problem:** Your customers want more fulfillment choices than you currently offer

**Solution:** An order management PBC that offers features like distributed order routing and order splitting can help you offer more fulfillment choices to your customers. By splitting orders and routing them to the nearest fulfillment location, you can offer BOPIS, curbside pick-up, and same-day delivery.

**Problem:** You want to offer flexible, anytime fulfillment, but your current system can't keep up.

**Solution:** As with problem #2, an order management PBC that offers distributed order routing can help. Features like order splitting and intelligent order routing can ensure that orders are fulfilled from the nearest location. This will minimize shipping costs and get orders to customers faster.

**Problem:** You need to manage customer service issues across multiple channels but have trouble tracking individual cases.

**Solution:** A customer and order servicing PBC that offers customer care features like centralized customer order profiles, access to inventory so you can make real-time adjustments, and case management can help you keep track of customer service issues across all channels. This will allow you to quickly resolve cases and improve customer satisfaction.

# Defining the Scope of Requirements for an Order Management System



Whether you've been relying on a legacy or homegrown system, upgrading your technology stack with a modern OMS is a time-consuming and complex task. But with a clear and professional request for proposal (RFP), you can improve the likelihood of finding a vendor that can meet your business and technical needs in the desired timeframe and budget.

### The Ideal OMS RFP

The ideal RFP helps vendors understand your business and technical requirements and determine if they can execute against those needs. An RFP should:

- Define your project and its requirements
- Provide an overview of the company
- Provide background history on the project
- Detail how vendors should respond, note timelines, and outline selection criteria

By providing vendors with a set of standard questions, you can easily compare and assess vendors.

### Download Kibo's free OMS RFP template

Kibo's OMS RFP template includes more than 100 suggested questions to help you narrow down vendors and ensure you find the best solution. It's an editable Excel sheet, allowing you to add, modify, or remove questions.

### Key sections of Kibo's OMS RFP template include:



Company and project overview and objectives



RFP and project timeline



RFP conditions



Basic information about the vendor



Details around the product and its future development



Requirements broken down by function

Because an RFP is an official document, it's important to cite the reasons for the request in as much detail as possible. Kibo's free template makes this process quick and easy. You can also use this RFP template to select the final set of vendors you invite for an in-person or virtual interview and demonstration.

# Common Order Management use cases to compare vendor capabilities + OMS use case checklist



Fulfillment directly impacts the customer experience, so it's important to consider the leading use cases that could cause the highest risk of service failure. Several causes of service failure can be attributed to inaccurate inventory, lack of inventory visibility, resource limitations, and unreliable delivery dates.

Below is an analysis of some of the root causes in service failures and how specific features in a modern OMS can address these issues.

#### Use Case 1: Checking local inventory online before driving to store.

A shopper browses online and sees that an item they want is available at their neighborhood store. They decide to go to the store to buy it, but find it is out of stock when they get there.

**Why this happens:** The store's inventory is not kept up-to-date, or the order management system is not capturing real-time sales.

**How a modern OMS can address this use case:**

- Keeps the store's inventory up to date with advanced APIs in a single UI.
- Uses real-time inventory to present accurate inventory on the storefront pages.
- Enables shoppers to filter items on the product listing page based on their location.

#### Use Case 2: Purchasing an item online to pick-up at store.

A shopper browses an online store and sees that an item they want is at their local store. They place an order to have it click-and-collect. After completing the purchase, the shopper receives an email notification that the store has canceled the order.

**Why this happens:** The store associate felt that the order could not be fulfilled, due to lack of resources or inventory.

**How a modern OMS can address this use case:**

- More efficient and accessible workflows and processes that store associates can follow to fulfill click-and-collect orders within a specified timeframe.
- Displays accurate inventory levels on the eCommerce site and is checked against real-time inventory at checkout to ensure product availability.

#### Use Case 3: Fulfilling an online order from a distribution center.

A shopper purchases an item online and chooses to have the order shipped directly to their home. Four days later, they receive an email saying the order is canceled due to stockouts.

**Why this happens:** The online store did not accurately represent available-to-promise inventory in the warehouse.

**How a modern OMS can address this use case:**

- Unifies inventory across locations.
- Order routing directs items to the most optimum location with inventory.
- Takes orders based on future incoming inventory.
- Automatically reassigns orders to another distribution center when an item is out-of-stock.

#### Use Case 4: Multiple items in an order.

A shopper orders four different items online, but they arrive in four separate boxes on four different days.

**Why this happens:** The orders were not consolidated for the customer's convenience.

**How a modern OMS can address this use case:**

- Gives the option to consolidate orders into a single package by transferring items to a designated consolidation location.

#### Use Case 5: Multiple items in an order, but only half of them arrive.

A shopper orders four different items online, but only two of them arrive.

**Why this happens:** The fulfillment center was unable to fulfill the order due to lack of resources or lack of inventory.

**How a modern OMS can address this use case:**

- More efficient and accessible workflows and processes that warehouse workers can follow to fulfill online orders within a specified timeframe.
- Displays accurate inventory levels on the eCommerce site and is checked against real-time inventory at checkout to ensure product availability.
- Sets safety stocks to prevent stockout situations.

**Use Case 6: Multiple items in an order but only half of them arrive.**

A shopper requests two-day shipping, but the order arrives in four days.

**Why this happens:** The fulfillment center was unable to fulfill the order due to lack of resources or lack of inventory.

**How a modern OMS can address this use case:**

- Checks inventory for available quantity and uses order routing rules to assign the best fulfillment location that will deliver the shopper's order within the two-day period.

## Order management use case checklist

Brands and retailers can look at use cases under two broad pillars: customer experience transformation and unlocking supply chain efficiencies. Below is a checklist of key essential use cases.

### Customer experience transformation

- Providing visibility to global inventory and fulfillment ETA (i.e., number of units left at nearby stores for pick-up, delivery ETA, etc.)
- Bring inventory data to site search to ensure relevant results and boost product discovery.
- Supporting flexible payment options, such as 'Buy Now Pay Later', subscriptions, digital wallets, etc.
- Offering multiple fulfillment options, such as drop-shipping, BOPIS, and curbside
- Social proofing with real-time inventory data (e.g., alerts like 'low in stock', 'soon to sell out', etc.) to nudge shoppers down the conversion funnel
- Enabling perks like 'early access to inventory' or 'exclusive access to merchandise' to loyal customer segments or certain affinity groups
- Allowing customers to modify delivery dates after placing order and releasing the updated order to fulfillment centers as per the new date and time slot

- Managing capacity and scheduling of value-added services for specific sectors
- Managing inventory of gifts and vouchers
- Allowing customers to return products by various modes, such as online return shipping, in-store returns, etc.
- Empowering customer service reps with key capabilities such as swapping products in an order, modifying order information, and ability to track inventory and fulfillment updates in near real-time

### Unlocking supply chain efficiencies

- Providing business users **global inventory visibility** (across stores, DCs, in-transit, suppliers), allowing them to manage Future ATP (Available to Promise) and safety stock across different channels and fulfillment locations
- Ability to extend custom order routing attributes without needing IT help and have the flexibility to align order routing with organizational goals and supply chain operations
- **Fulfillment from multiple locations** via order splitting and shipment consolidation — this makes it possible to fulfill one customer order from multiple locations - by splitting an order into multiple shipments that can be routed via different locations
- **Ability to use stores as fulfillment centers** to support logistics options like Ship From Store, enabling the ability to generate pick lists for fulfillment associates
- Ability to integrate with supplier inventory to handle **drop-ship orders**
- Ability to **support reverse logistics by accepting returns** initiated by customers, and orchestrating return orders with other ERP's such as WMS & TMS
- Ability to substitute an item during the fulfillment process.

There is no one size fits all strategy. Every brand and retailer will have their own unique business needs. Sector and business strategy plays a critical role in identifying the use cases that will be unique for the business and customer needs.

# Implementing in-house vs. with a partner



Unless the business and technical complexities are fairly small, we recommend partnering with a systems integrator (SI). But for retailers and brands dealing with high complexities (e.g., omnichannel business model, complex supply chain, massive catalog and inventory, or a complex organization structure), there are more pros than cons in partnering with an SI.

**Pros:**

- SIs bring a mix of varied **expertise** – domain & industry expertise, technical expertise, and experience in handling complex implementation projects.
- SIs play a critical role in having a **streamlined modeling of business processes** (omnichannel fulfillment, warehouse processes, returns, etc.),

with accurate systems mapping (eCommerce, OMS, WMS, etc.) that will be essential for requirements gathering and solution design.

- SIs can handle **complex integrations** by using APIs and ensure QA/QE and a smooth go-live.
- Post go-live, SIs can also improve **project management effectiveness** through strategies like up-skilling, ramp-up, ramp-down, drive adoption & change management, etc.

**Cons:**

The only con will be dependency on the SI in terms of skill set, talent, and program management. It's essential to select the right SI that can bring cross-domain expertise and technical expertise with industry credentials.

## Conclusion

Choosing the right order management system can be a crucial decision for any business looking to streamline its order, fulfillment, inventory, and customer service workflows and processes. By taking into account the features and capabilities offered by different OMS providers, you can ensure that you're selecting a system that meets the company's specific needs and helps them achieve their goals.

Additionally, it's important to consider factors such as implementation time, cost, and integrations when evaluating OMS options. By doing thorough research and careful consideration, you can choose an OMS that not only meets your current needs but also provides room for growth and scalability in the future.

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## About Kibo commerce

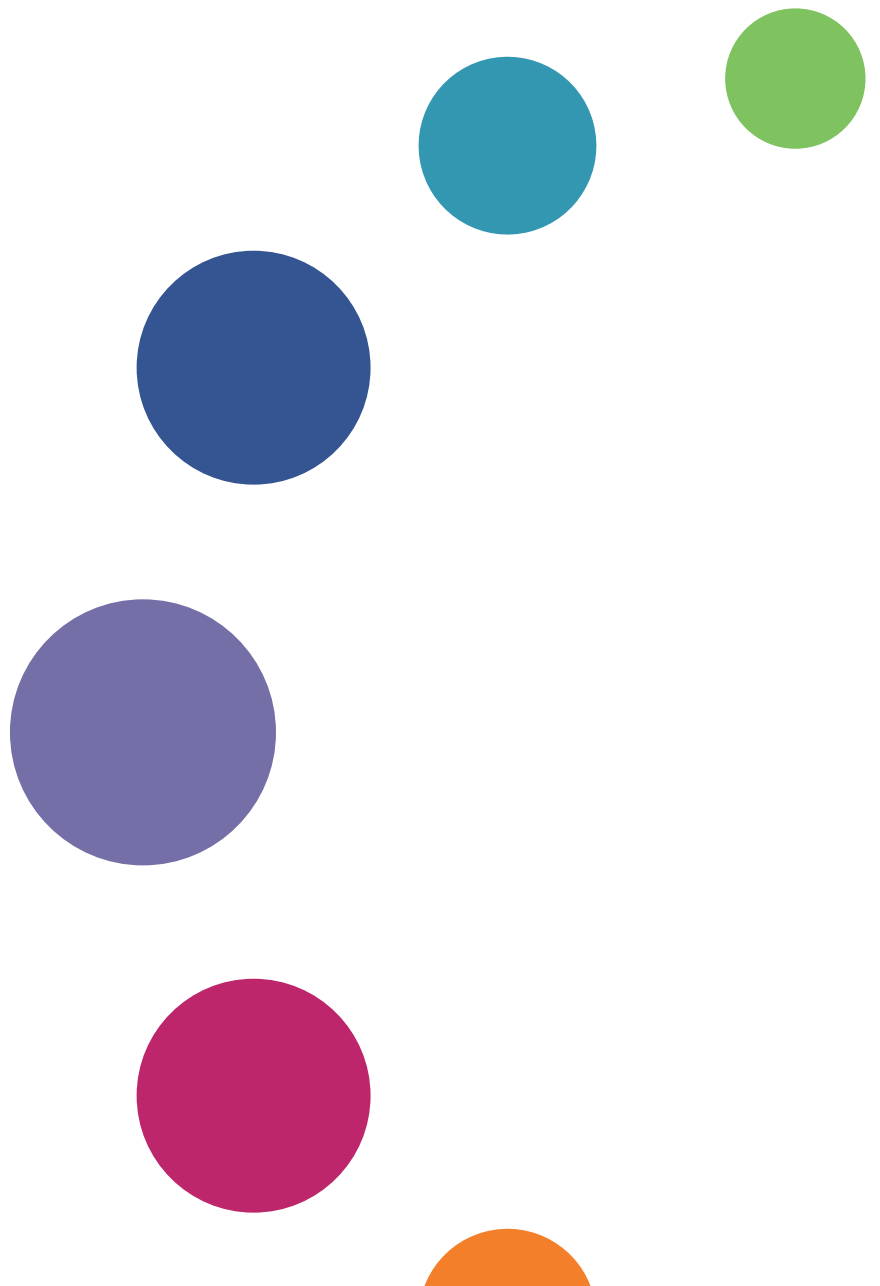
Kibo Commerce is a composable digital commerce platform for retailers, manufacturers, distributors, and wholesalers who want to simplify the complexity in their businesses and deliver modern customer experiences. We are the only modular commerce platform supporting experiences that span Order Management, eCommerce, and Subscriptions. Companies like Zwilling, Ace Hardware, and Coastal Construction trust Kibo to bring simplicity and sophistication to commerce operations and exceed customer expectations.

# Thank you Note

We thank Kibo for collaborating with us on the recent whitepaper titled: “OMS buyer’s guide: How to choose the right Order Management System”.

We’re confident that this asset will strengthen our partnership with Kibo while providing clients with a wealth of up-to-date insights on upgrading their OMS systems.

If you have any future needs or questions related to this piece of content, don’t hesitate to reach out. The best Wipro points of contact is [info@wipro.com](mailto:info@wipro.com)





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**Wipro Limited**  
Doddakannelli  
Sarjapur Road  
Bengaluru – 560 035  
India

Tel: +91 (80) 2844 0011  
Fax: +91 (80) 2844 0256  
**wipro.com**

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