Improving Customer Service and Fulfillment with Order Processing Automation:
Research from Gartner with Exclusive Insight

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Introduction

Today, supply chain and customer service leaders have their work cut out for them trying to compete in a highly competitive landscape. As a result, more and more companies are putting a premium on speed, savings and customer experience within their order management operations. The use of order processing automation is an effective and proven solution to facilitate these objectives.

As Chief Operating Officer at Esker, I have seen countless companies utilize order processing automation to better navigate increasingly complex business environments. Some of the real-life results Esker has helped these organizations achieve include:

- 55% lower order processing costs
- 99.6% order entry accuracy rate
- 50% reduction in average number of steps to process a fax/email
- 130,000 pages of paper associated with order processing saved annually
- 60% reduction of labor overhead in order entry
- 40% increase in electronic throughput rate

Some folks might still think of automation as a replacement for established processes, but in actuality, it enhances them by filling in the manual gaps left by ERP and/or EDI systems. An all-too-common example of this is EDI exception handling, which demands human intervention and often requires involvement from IT to ensure resolution.

There are no shortage of obstacles in implementing technology like automation, even with so much to gain — old habits die hard, misconceptions are commonplace, and getting buy-in from key stakeholders can be an uphill battle. However, like everything else, a little education can make all the difference.

This newsletter is designed to assist supply chain and customer service leaders in evaluating, selecting and implementing order processing automation solutions. Supported by research from leading industry expert, Gartner, it focuses on today’s unique challenges and the most effective ways of resolving them to gain a competitive edge.

If order processing automation is something your organization could benefit from, this newsletter is a great starting point for your improvement process.

Regards,

Steve Smith
Chief Operating Officer
Esker Americas
Supply chain performance should be a priority of every organization, as it’s the first step in handling and managing actual demand rather than predicted demand. Ensuring efficiency and transparency becomes even more important, however, for organizations in the business of saving actual human lives (e.g., life sciences).

Any part of the process that’s slowed down due to problems caused by manual touch points (e.g., data entry errors, lack of visibility, etc.) poses significant challenges that can lead to increased operational costs and also impact patient outcomes, depending on the industry. And as anyone running a paper-based order management process knows, manual touch points are a common occurrence regardless of how orders arrive.
**Top four consequences**

1. Lack of process visibility
   - Harder to budget, plan and forecast
   - Limited control and higher risk of audit non-compliance
   - Inability to identify urgent orders as they arrive
   - Difficulties in responding to order status inquiries

2. High order processing costs
   - Negative impact on bottom line
   - Less money to invest in R&D or other process improvements
   - Missed opportunity for gaining a competitive edge

3. Order processing errors
   - Additional expenses (e.g., reshipping, restocking, etc.)
   - Risk of production delays and imbalanced inventory levels
   - Use of skilled resources to resolve order errors
   - Potential for missed orders

4. Slower processing cycle times
   - Delays in shipping orders
   - Waste of cash (e.g., late dispatch penalties)
   - Damaged relationships with customers due to not meeting SLAs
**Added costs and complexities**

With today’s business climate giving rise to more and more spinoffs, M&As and divestures, the importance of having an automated and standardized order management process is imperative. Managing independent solutions that lack collaboration typically equate to added costs and complexities that can dull an organization’s competitive edge.

And while paper-based order processing has long been associated with greater complexity and higher costs, it goes beyond general inefficiencies. The threat of a missed order is something that all companies dread, particularly life sciences companies since every error represents a potential effect on a patient down the road. Furthermore, when an error occurs in the supply chain, the cost associated with reshipping time, restocking procedures and imbalanced inventory levels must be added to the equation. Reselling an incorrectly shipped product is not always a guarantee either; once it’s out of the chain-of-custody jurisdiction, there’s a good chance you’re on the hook for even more monetary losses.

*Source: Esker*
Order processing automation solutions work by enabling organizations to automate every phase of their order management process — from the time the original order is received to when the corresponding business document is created in the ERP/business application — while providing full visibility throughout.

Regardless of how an order arrives (e.g., fax, email, EDI, etc.) workflow rules make sure that all necessary data is automatically captured, extracted and routed to the appropriate personnel. By minimizing the number of manual steps within order management, organizations can finally process “the perfect order” and create added value in the supply chain.
Key benefits

- Elimination of tangible waste
  - Less physical labor required
  - Fewer supplies used
  - Reduced infrastructure costs

- Elimination of abstract waste
  - Reduced time spent processing orders
  - Less reliance on other departments (e.g., IT)
  - Happier customers; better business reputation

- Enhanced visibility
  - Easier to mitigate risk
  - Increases ability to meet or exceed SLAs
  - Improves workflow prioritization and forecasting

- Improved customer experience
  - 100% electronic access to documentation for faster issue resolution
  - Ability to repurpose talent to more value-added tasks
  - More time for customer-friendly initiatives
EDI exception handling
The faster an order can be accurately fed into the supply chain, the more time customer service, production planners, shipping, and third-party logistics staffers have to coordinate the delivery of goods and eliminate extra costs. Having to handle EDI exceptions is a big barrier to supply chain speed and efficiency — fortunately, automation takes care of it.

In Esker’s case, information is captured from an EDI order and used to create a human readable version which Customer Service Representatives (CSRs) can complete or correct data and start the workflow as usual — without relying on IT resources. This also means that EDI orders are no longer stuck in the EDI workflow and difficult to locate. Other benefits include:

- Better order visibility across all formats and channels
- Reduced amount of time spent fixing EDI exceptions
- More insight into order errors prior to processing
- Ability to quickly search and retrieve orders in the EDI workflow
- Complements any existing EDI infrastructure

Dashboard and analytics
Manual processing methods have little to offer in terms of packaged Key Performance Indicators (KPIs) and dashboards, which can provide better organization for CSRs and real-time visibility for managers and executive management. Without this visibility, performing daily tasks, monitoring performances, analyzing areas of improvement, and allocating resources is made much more difficult.

Esker’s solution comes equipped with customizable dashboards that enable authorized users to add strategy and value to every action they take. By providing immediate updates that an order has been received, confirmed and shipped, along with the documents supporting the movement of goods at the click of a button, all of the stakeholders involved in the supply chain and order fulfillment are better equipped to optimize the customer experience.

Customer issue management
Esker’s dashboard metrics also extend visibility into the number of complaints awaiting resolution. From the same interface used to process customer orders, CSRs can create, manage and track customer issues electronically while maintaining full process visibility from order creation to product reception. This immediate access gives CSRs greater opportunities to strengthen customer relationships.

Source: Esker
Choosing and Implementing an Order Processing Automation Solution

Knowing what to look for
There are no shortage of options to choose from when it comes to selecting an order processing automation solution. However, there are certain features that are absolutely necessary to maximize supply chain excellence. When examining order processing solutions, look for the following functionalities to achieve the best results:

- A collaborative platform capable of automating multiple business processes
- One-step document validation and reconciliation
- Integration with ERP/business applications, including SAP® software systems
- Web-based workflow that resides outside of the ERP/business system
- Support for shared services centers and other global initiatives
- A proven implementation methodology and process focused-approach
LEVEL 1

At the first level of automation, information is captured and extracted by Esker and presented to the CSR in a dual-screen mode. On one screen, they see an actual image of the order. If orders come in via EDI, they are presented in a readable image. At this point the CSR can complete any missing fields, while Esker verifies everything in the database. This option helps companies take paper out of the process, create the order inside of the ERP/business system, and link it to an order image so that, down the road, orders can be found quickly for audits.

LEVEL 2

Level 2 adds a new level of intelligence to the process by “learning” what fields had to previously be filled in by the CSR and completing them automatically. In this level, the solution also verifies that the captured data is correct in the database, and prepares it for the CSR to validate. These systems might include an existing EDI solution, as it is common for companies using EDI to not gain everything they expected from the technology.

LEVEL 3

The third level of automation is for those who may not have an existing EDI solution or simply do not want to slow down workflow in their existing EDI solution. In this step, Esker’s solution extracts all the necessary fields and creates the order in the ERP system — either through click-and-go processing (where CSR validation is still required) or through true “touchless” processing (where CSR validation is unnecessary). This is perhaps the most common way Esker is implemented, as it provides all of the functionality available.

Finding the right fit

How an order processing automation solution is implemented and accepted within an organization can sometimes be just as important as the functionality itself. Failure to establish a solid framework for your project can have significant implications down the road. For example, not every business requires equal amounts of automation. That’s why Esker offers three standard levels of automation to those considering an order processing solution.

Source: Esker
**Agile methodology**

Research shows that the earlier users can get hands-on experience, the more successful the project will likely be. Esker utilizes the Agile methodology during solution delivery so that our customers, business partners and their key stakeholders can achieve greater value throughout each phase of implementation. The benefits of Agile practices include:

- Gaining solution benefits more rapidly with faster Return on Investment (ROI)
- Ability to make decisions and modifications with context and experience
- Quickly receiving new features to test
- Being directly involved in the project; greater process insight
- Investing resources in the most valuable features
- Reducing risks and lowering overall startup costs

**Change Management**

Change Management is also an essential element to a successful project implementation. Defined as a set of processes and techniques that get you to your desired outcome with maximum user acceptance, Change Management requires participation by everyone impacted, from executives and managers to supervisors and front-line employees.

Esker’s highly trained and certified experts work closely with you to align all expectations and strategies. Some of the most common outcomes organizations can expect from effective Change Management include:

- Increased likelihood of project success
- Improved morale of employees affected by the project
- Greater chance for project to be within budget
- Greater chance for project to finish within time frame
- Less stress before, during and after project
- Increased project legitimacy

*Source: Esker*
Order processing automation is a proven solution to meet the unique business challenges faced by today's companies. As the push to improve operational efficiency, customer experience and risk management increases, automation is the only end-to-end alternative capable of addressing the biggest problems in the supply chain and help companies position themselves as long-term competitive players in their industry.

**Key challenges**

Today more than ever, companies are facing questions on how to:

- Centralize operations amidst spinoffs, M&As and divestitures
- Ensure supply chain quality control and security (e.g., chain-of-custody)
- Reduce missed orders and their impact on patient care
- Respond and evolve in an ever-changing marketplace
- Cut costs and improve productivity while maintaining business continuity
- Create a more engaged and productive working environment
- Become more predictive and strategic in decision making
Advantages of automation
These challenges can be overcome thanks to automation’s ability to:

- Significantly reduce order processing costs and errors
- Improve efficiency and collaboration in the supply chain and order fulfillment
- Eliminate risks of imbalanced inventory levels
- Bring visibility into every order processed via real-time tracking
- Prioritize urgent orders via keyword detection tools
- Present measurable data and customizable KPIs to every user

Source: Esker
Supply chain executives are balancing operational efficiencies with fulfilling the needs of customers. Increased visibility into supply chain operations and a cohesive approach to measuring supply chain performance are prerequisites.

**Scope**
Both technology and new processes enable supply chain executives to manage trade-offs between cost-efficiency and meeting or exceeding customer expectations for service and fulfillment. This research covers:

- How manufacturers can provide differentiated fulfillment services.
- How to use techniques such as segmentation and cost to serve to deliver differentiated customer service.
- How to adopt best practices for multichannel fulfillment and returns.
- How to work with customers to share risks and rewards.
Figure 1. Improve Customer Service and Fulfillment in Supply Chain Overview

Analysis
Across industries, geographies and markets, supply chain executives are increasingly focused on segmenting customers and offering differentiated services and delivery. Customer collaboration, such as joint planning to support shared goals, is essential. Developing scorecards, based on metrics aligned to business goals, further reinforces collaboration.

The supply chain has evolved into a value chain in the quest to balance operational efficiencies and fulfill customer needs. Mature supply chain operations are poised to realize business growth and transformation through partnerships with customers and suppliers that exploit digital business. Initiatives are designed to bring value by optimizing demand forecasting, replenishment and fulfillment operations, and reverse logistics. They also bring value by leveraging techniques such as segmentation, cost-to-serve modeling and delivery options.

Requirements for customer service and fulfillment in supply chain operations vary depending on the vertical industry. In life sciences, for example, there are cold chain requirements in the heavily regulated environment. Healthcare providers are looking at the end-to-end value chain for higher patient value at optimum cost. Retailers must build best-in-class multichannel fulfillment and returns capabilities. B2B organizations constantly look to optimize and improve the customer experience of their products and services through the supply chain.

Source: Gartner (January 2016)
Top Challenges and How Gartner Can Help
Supply chain executives can tailor their strategies for serving customers and fulfilling demand in several key areas. They can apply technology to support flexible production capabilities and differentiated fulfillment services; apply maturity models for better demand planning and to drive supply management value; and apply maturity models for better logistics capabilities and to drive customer focus. They also can set the right supply chain goals and monitor execution against them.

How do manufacturers provide differentiated fulfillment services?
Manufacturing operations play a key role in strategies to improve customer service and fulfillment in the supply chain. To become more flexible and efficient, innovative organizations are applying digital technologies to physical production capabilities. These investments make it possible to create products faster and better, improving the customer experience.

Several factors are contributing to change in fulfillment services:
- Demand has increased for products created for individual consumers or niche markets, which in turn requires flexible production capabilities that support inflated product mixes at lower volumes and quantities.
- Flexible production capabilities require investments in smart machines and the Internet of Things, which in turn enable production systems to be self-adaptive and automatically reconfigurable.
- Production systems need to be connected with other enterprise functions; data needs to be integrated from multiple information elements spanning production processes (machine and sensor data captured during production) and production design data (configuration and recipe variants from engineering and R&D).

Planned Research
- Best Practices
- Maturity Models
- Toolkits

How do I use techniques such as segmentation and cost to serve to deliver differentiated customer service?
Supply chain executives want to deliver the best experiences to customers and suppliers. Meeting that objective requires visibility into the profitability of customers and/or products and alignment to top business goals. From that point, customer segments can be created and differentiated services offered, such as ensuring excellence of on-time delivery for all products to key customers.

Initiatives to deliver differentiated customer service include:
- Undertaking a cost-to-serve analysis: Initiating this analysis requires buy-in from business executives. Understand the areas of largest opportunities for leveraging a cost-to-serve analysis before asking for resources. Potential areas of opportunity are:
- Improved process and resource efficiency.
- Differentiated supply chain segment performance targets.
- More informed product portfolio management.
- Supply network design and costing decisions.

**Creating a menu of services:** A menu of services can integrate cost to serve and supply chain segmentation. It works best when supply chain practitioners are able to identify the direct and indirect costs of activities across the entire supply chain before assigning customers to distinct supply chain segments.

**Managing performance and achieving metrics maturity:** Just as supply chain operations grew out of different functions — procurement, manufacturing and logistics — so, too, did performance metrics. Today, a messy amalgamation of data is generated from these functions.

Gartner’s maturity model for supply chain performance management and metrics follows a five-level progression. Metrics for each stage highlight how advances in supply chain operations can generate relevant and actionable performance metrics.

**Planned Research**
- Best Practices
- Maturity Models
- Frameworks

**Toolkits**

**How do we adopt best practices for multichannel fulfillment and returns?**

E-commerce and multichannel fulfillment bring complexity to order fulfillment. Stores are seen as distribution hubs to capitalize on shorter fulfillment lead times. Consumer product companies are introducing methods to directly serve end consumers, a significant departure from existing business-to-business fulfillment models.

To increase sales and conversions, multichannel retailers are aware that attractive return policies are linked to increasing top-line sales, even though this sales growth may generate increasing volumes of returns. Some supply chain operations are ill-prepared to handle this increased volume. As a result, reverse logistics is on the verge of failing in some supply chain operations.

A recently published Gartner research paper into the practices of manufacturing, retail and wholesale organizations in North America and Western Europe found that companies are:

- Adding innovative fulfillment and return channels, but overlook profitability or the ability to scale.
- Trying to deliver multichannel services with legacy single-channel systems and practices.
- Underinvesting in improvements to key practices, such as inventory visibility, returns management and open to buy.
To address these challenges, supply chain executives need to build a business case to invest in reverse logistics capabilities. This will support multichannel growth objectives and improve the linkage between volumes being brought into the business and volumes of returned product already in the reverse logistics supply chain.

Assess multichannel fulfillment and return operations by taking these steps:

- Define multichannel fulfillment and return scenarios.
- Map the consumer experiences for the scenarios.
- Identify interaction points with your systems and processes.
- Catalog the policies and practices at each interaction point, and look to establish consistencies.
- Assess fulfillment and return capabilities at suppliers, distribution centers and stores. Can all your points of supply service their appropriate sources of demand?
- Assess your assortment offer across channels. Ask:
  - “Where do I want to showcase my entire assortment relative to where my consumers start their shopping activities?”
  - “Why would I not feature my widest assortment online?”
- Determine how the cost of returns affects your profitability. Is this cost sufficiently visible to those who can control and reduce it, or is it accounted for in a way that prevents real actions from being taken to address unnecessary costs?
- Create a demand-driven forecasting operation that assesses how your consumers use the fulfillment and returns services available, rather than just what they may buy.

Planned Research

- Best Practices
- Toolkits
- Maturity Models
- Hype Cycle

How can I work with customers to share risks and rewards?

Supply chain leaders in consumer products companies can initiate joint planning with retailers to be more responsive to demand and meet speed, customization and efficiency objectives.

To support joint value creation, supply chain leaders at consumer products companies need to ensure their capabilities meet the expectations of each retailer. It’s especially important to align success criteria early on to facilitate joint tracking of results. Business leaders at some consumer products companies have told
Gartner that they’ve jeopardized harmony during the early stages of a relationship by arguing over whose data is right. Our recommendation: The retailer’s data is always right.

Both parties also need to agree on the anticipated benefits from collaboration. Several likely areas include:

- Align base transactional data with retailers so consumers see consistent information about products, whether they are purchased off the shelf or online.

- Establish joint forecasting processes to avoid service, cost and inventory issues.

- Agree on the right route to market, reviewing the physical flow of finished products, from the factory through to the consumer point of sale, and identifying potential improvements.

- Make SKUs fit for use to flow through the retailer’s supply chain through the design of pallets, cases and individual units.

- Manage big commercial initiatives jointly, such as collaborating on the introduction of new products to forecast demand and adequately prepare for physical distribution.

**Planned Research**

- Best Practices
- Toolkits
- Maturity Models

**Related Priorities**

In the below table, insert the list of the most relevant Key Initiatives and the short descriptions that relate to your agenda (maximum 6), if applicable; when the document is ready to publish, the editor will insert a hyperlink to the other KIs’ Primer documents; to view the full list of Key Initiatives and descriptions, please click here; for guidance about this section, please click the Methodologies Guidelines button in the Authoring Tools section of the Home tab in the ribbon above.
### Table 1. Related Priorities

<table>
<thead>
<tr>
<th>Key Initiative</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chain Partnering to Improve Costs and Innovation</td>
<td>Develop strategies to partner with suppliers, consultants, IT service providers and third-party logistic (3PL) providers to increase business value, lower costs, support innovation, and create a more robust and agile supply chain.</td>
</tr>
<tr>
<td>Supply Chain Network Design to Optimize Costs and Service</td>
<td>Supply chain network design refers to the guiding principles to optimize the location, function and ownership of supply chain capabilities in support of corporate strategy and customer requirements.</td>
</tr>
<tr>
<td>Improve Supply Chain Planning Maturity and Capabilities</td>
<td>Supply chain planning (SCP) brings together demand, supply, customers and suppliers to profitably respond to demand while minimizing risk.</td>
</tr>
<tr>
<td>Supply Chain and Operations Trends and Innovation</td>
<td>Supply chain and operations trends and innovation identifies emerging technologies, business models, and processes to position supply chain as a competitive advantage to support business goals.</td>
</tr>
</tbody>
</table>

Source: Gartner (January 2016)

### Suggested First Steps

- Undertake a cost-to-serve analysis to quantify the activities associated across the supply chain and lay the groundwork for supply chain segmentation.

- Educate yourself and your team on the new language of digital technologies and the rising impact of digital business.

- Use Gartner’s Hierarchy of Supply Chain Metrics to establish a structured approach to manage trade-offs across the end-to-end supply chain.

- Create the supply chain strategy for demand fulfillment and customer service by aligning to business goals and objectives set by the executive team.

- Implement capabilities to analyze and forecast the timing, methods and occurrence of returns.

Source: Gartner RAS Core Research Note G00298570, Tom Enright, Chris Poole, Lisa Callinan, Andrew Stevens, 29 January 2016
About Esker

Esker is a worldwide leader in cloud-based document process automation software. Organizations of all sizes use its shared platform of solutions, offered on-demand or on-premises, to automate accounts payable, order processing, accounts receivable, purchasing and more. Esker’s solutions are compatible with all geographic, regulatory and technology business environments.

Founded in 1985, Esker’s solutions are used by over 11,000 customers globally, from small to mid-sized businesses to large corporate entities. Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin.

Cloud computing
Esker is one of the first software vendors capable of offering a 100% cloud computing automation solution to its customers. Last year, Esker’s cloud-based service, Esker on Demand, reached a key milestone with over 1 billion pages processed since its launch over 10 years ago. Esker on Demand was awarded a 2014 Cloud Computing Product of the Year Award and a 2014 Cloud Computing Excellence Award by Cloud Computing magazine.

Data security and integrity
Esker has earned SSAE 16 Type 1 and Type 2 compliance for its on-demand automation solutions (following an audit conducted by A-lign™ Security and Compliance Services). This means Esker’s processes, procedures and controls have been formally reviewed and are documented in accordance with the rules of internal control outlined in the Sarbanes-Oxley Act legislation.