



A Tall Order: Finding the Right Order Management System SH: Five key questions to consider before you purchase an OMS

By Steve Rogers, Senior Associate, Fry Inc.

These days when one thinks of order management systems a number of different products come to mind. The range and variety of options and functionality of the systems that inhabit this segment of the market is truly remarkable. Some options and functions offered by one particular system may be conspicuously missing from another, and vice versa. It seems the term, “order management system” (OMS) has become a bit diluted and no longer represents what it did in the past.



These systems all offer the ability to enter and manage customer orders as the name suggests. From there, we see a departure in functionality offerings that run the gamut between bare-bones order management and fully functioning enterprise resource planning (ERP) systems. Some of these systems are very strong in the financial arena, while others rely on integration with a third-party financial package but are very strong in product management. Then there are other systems that can meet almost all needs – from product management, purchase order management, financials, marketing, and, of course, order management – but offer nothing in the way of data analysis and reporting.

For a company looking to replace legacy systems or to start fresh as it enters into the business arena, sourcing and implementing the right order management system can be a daunting and confusing task. Order management systems are the least understood when the question of what comes with them is asked. It is much easier to understand intuitively what is included in a financial management package or better yet, a warehouse management system. While the exact specifications of a particular package and system flows and architecture may not be known or understood, it is possible to know and understand what functionality is included and what is not. Finding the right order management system can be a very different experience.. Understanding what questions must be asked requires a thorough understanding of what technology assets are already in place, and how a new order management system will fit.

Order management systems are at the center of almost every other system in the organization. Therefore, it is key that this system integrates smoothly with all other systems, and when overlapping functionality is routinely encountered, it is clear which system is the system of record. For example, consider a business using a retail merchandising system for all of its product information management and purchase order management activities that is integrated with the order management system that can also manage product and purchase order data. It must be clear which system will be used to create and manage all products and purchase order information, and which system will merely hold that information.

When considering products on the market that advertise themselves as order management systems, all have core functionality that allows for the entry and management of customer orders, and the storage and maintenance of customer information. From there, these systems either contain or integrate with other systems for:

- Product information (whether or not the OMS is the system of record for products);
- Purchase order management and receiving;
- Marketing (promotions and pricing);
- Financial processing (credit cards, billing, payment on accounts, etc.);
- Data analysis and reporting;
- Financial information (general ledger, accounts payable, accounts receivable);
- Warehouse management system (WMS) functionality; and
- Drop-ship processing and management.

Because these systems' offerings can vary widely, there are a number of issues to consider and questions to ask as the system selection process begins:

1. **What systems are in place today that are performing well and therefore do not need to be replaced when a new OMS is implemented?** The converse of this question is also important. Decision-makers must ask there are systems in place today that need to be replaced (or not) at the time a new OMS is considered, and if the OMS under consideration offers functionality in those areas. Also, if a particular system is working well and some of the OMS options you are considering also offer this functionality, businesses may be better served with an OMS that does not cover this area but is very good at managing the areas that require functionality. This question can be the most involved depending upon the variability in functionality between various order management systems, and a company's current system landscape.
2. **If systems are in place that do not need to be replaced by a new OMS, then how well will they integrate with the OMS that is chosen?** A very important issue to consider when choosing and implementing a new OMS is the degree to which it can integrate with other systems "out of the box." Implementation costs can become very expensive if how and how well a new system is designed to talk to all other systems is not first understood. For example, consider a business that chooses an OMS that offers product information management functionality, but plans to use its existing retail merchandising system as the system of record for product data. The business may find there is little or no integration offered for this area because the system chosen already contains this functionality. This again is a very involved question that must be thoroughly vetted and continually asked as the selection process continues.
3. **What core functionality needs to exist in the chosen system?** It is a good idea for a company to understand exactly what it needs, rather than surrender to the offerings of a particular package that promises to deliver everything. If systems are in place that are working perfectly, match the OMS functionality that is needed to what the company does not have or need to replace. This will help mitigate some of the integration issues that will arise, as discussed in question 2.
4. **If other systems will be replaced at the same time as my OMS (such as a WMS, a financial package, a web front end or a drop-ship portal, etc.), how well will these systems integrate with the chosen OMS?** While an OMS in this example is just another one of many systems that are being replaced, its importance is elevated because it will likely integrate with almost every other system in place. Of course, as a number of systems are chosen and implemented at once, it is very important to understand how all of the integrations will work, and all associated costs. In this case, a company may decide to select an ERP solution that includes order management to reduce the number of integrations needed, as ERP solutions generally offer most of the functionality companies need, with the exception of fulfillment management (WMS and supplier-direct fulfillment).

- 5. Does my web front end provider/platform offer a canned integration with any of the OMS systems under consideration?** Often companies will find that there are at least one or two order management systems that have an existing integration path to the web front end currently in place. This is usually because another company has already contracted with a company's provider to build an integration to their OMS because it did not already exist. This can help a company's search since it will know there is already a working integration which frees it to worry more about the functionality offered and less about how it will integrate with its web front end.

Order management systems offer a wide variety of functionality that businesses may or may not need. When considering a replacement for an existing system, or when starting out new, it is important to understand clearly what it is that the business needs from this new system and what it does not. If a business has systems in place that are working well and don't need to be replaced, then it would be a good exercise to seek OMS packages that offer deeper functionality in the core areas that are important to it. Choosing the right OMS system is a crucial system decision to make, and deserves attention to detail and rigorous discovery to ensure the right fit and functionality.