ORACLE

How to Drive
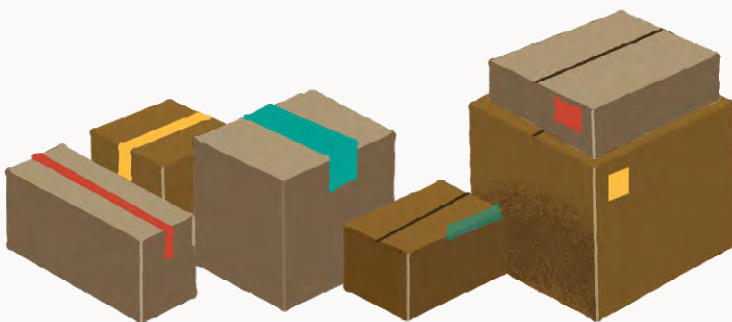# Customer Satisfaction
with Perfect Delivery

Introduction

The path from order to delivery is often far from perfect. We see it in our everyday lives. The next-day online order delayed without notice. The shipment held up due to incomplete documentation. The goods damaged somewhere, somehow, in transit. And of course, waiting patiently at home for that "last mile" delivery. In between, there is the lack of communication, with the *In progress* message being the only insight into delivery status.

Any number of supply chain processes can trip up orders—from inaccurate replenishment and stocking strategies to order entry errors, problems with delivery schedules, and general lack of insight. The diverse, complex nature of the global supply chain compounds the problem. The COVID-19 pandemic, market turbulence, and government restrictions have driven consumers to choose ecommerce and have created disruptive, unpredictable barriers to manufacturing, distribution, and final delivery.

Customers are caught up in this crossfire. All they want is for their orders to be delivered when they want them and how they want them. When faced with frustrating delays, damaged goods, or a lack of delivery information, they won't hesitate to switch to a competitor.

In response, organizations have for many years built their operating model around the concept of the perfect order. This is achieved when a customer can contact your
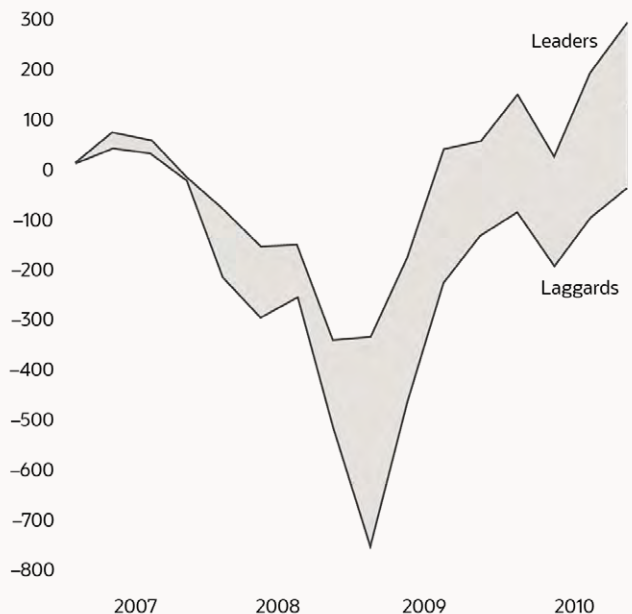
organization; place an order in a timely manner; have the product available when they choose, at the price offered; have it delivered when they want it, without damage.

The benefits of consistently meeting or even exceeding expectations represent much more than satisfied customers. It also translates into increased sales, increased market share, market differentiation, and ultimately profit growth. Moreover, all companies—B2B and B2C—that focus on customer satisfaction are better positioned to deal with economic downturns. All in all, delivering the perfect order, therefore, has become the very basis of competitive advantage.

Given how difficult it is to achieve this perfect order, many B2B and B2C companies are fundamentally changing how they manage their order-to-fulfill execution.

Four separate factors contribute to achieving a perfect order: The delivery must arrive complete, on time, undamaged, and with proper documentation.

3x Higher returns for shareholders over 2007-2009 recessions from our customer experience leaders

McKinsey & Company, "Adapting customer experience in the time of coronavirus," April 2, 2020.

ORACLE

These new times call for a complete reinvention of how companies manage customer orders. To achieve the perfect order, forward-thinking organizations are developing or nurturing the following four key foundations, or competencies:

- **Frictionless orchestration:** Simplify ordering, streamline delivery, and provide great customer experiences.
- **Flexibility:** Adapt and scale for growth.
- Adaptive logistics: Pivot at speed and execute to exceed expectations.
- **Cross-border trade:** Ensure perfect delivery through minimized delays, costs, and trade risks.

This paper explores why you should focus on the perfect order and how cloud-based supply chain management enables your organization to reliably provide customers with what they want, when they want it.

Achieving perfect delivery performance

Regardless of whether your customers are businesses or individuals, their expectations are the same: they want a complete order that includes the right products, in perfect condition, delivered on time, to the right place —this is the perfect delivery in action.

Resilience and agility are fundamental to perfect delivery. In a rapidly changing global economy, organizations need to be adaptive, pivoting at pace to meet whatever supply chain challenge may be around the corner.

What do we mean by resilience and agility? Take the example of shipping supplies or finished goods from the country of origin to their destination market: The process is typically stable with predictable seasonal variations. However, disruptions can occur with little warning, whether that involves a global pandemic closing countries and ports, trade wars, or even a simple transportation breakdown.

Resilient, agile organizations anticipate disruptions, proactively put in place steps to mitigate them, and respond with speed and flexibility. They forecast and model the

kind of risks their supply chain may face. They evaluate options in real time, such as the capacity of other carriers, alternative routing options, or order diversions. Others use their distribution centers to pre-position stock to fill anticipated demand.

Why is perfect delivery so difficult?

1 **Order processing complexity**, poor inventory visibility, and transportation constraints impact fulfillment speed and completeness, leading to lower profits and loyalty.

2 **Volatile supply and demand**, arising from a pandemic or another source, make it difficult to plan inventory and distribution, resulting in higher costs and lower revenue.

3 **Dynamic conditions** such as port closures and changing trade policies and capacity lead to delayed orders, penalties, and fines that increase risk and operating costs.

The cloud underpins agile operations to achieve a perfect delivery, enabling companies to unify the customer order process across channels, effectively orchestrate and fulfill orders, and drive customer loyalty and satisfaction.

They may increase safety stock to meet their customer's service level expectations or reprioritize orders to fill more profitable or time-sensitive segments first. Resilient organizations also have visibility into inventory across their different fulfilment centers, and across all stockholding locations, in case a stockout in one requires them to fulfill the order from a different facility.

What is the key ingredient enabling these resilient companies to adapt quickly to disruption, provide the perfect delivery, and ensure a satisfying customer experience?

There is a real payoff to be gained through connecting your supply network with cloud business applications. This gives you the ability to outpace continuous change—whether in terms of technology, the economy, or business models. It also offers ongoing innovation without disruption, with regular updates that are easy to adopt without complex upgrades.

Moreover, cloud solutions enable increased collaboration through intelligent, shared data insights. They also utilize technologies such as mobile devices, chatbots, AI, machine learning, Internet of Things (IoT), and blockchain to increase visibility and coordination both within and across supply chains.

The foundations for perfect delivery

Let's look at the four foundations that companies should develop to accomplish the perfect delivery benchmark.

Frictionless orchestration: Simplify ordering and streamline delivery

Many consider order management and logistics to be the operational backbone of a company—without a robust fulfillment capability, a company will struggle to deliver products and provide a frictionless customer experience. Moreover, a dysfunctional fulfillment process can hinder operations through order handling errors and inaccurate delivery commitments.

Separate, disconnected platforms and siloed legacy applications make it almost impossible to eliminate manually orchestrating orders across different channels and different order fulfillment processes.

" Oracle Order Management streamlined our order fulfillment process from order capture and shipping to automated billing. The centralized pricing capability allows us to manage pricing with customers more efficiently."

Stefano Mariani
HEAD OF IT, ALCAR WHEELS

Modern cloud-based digital order management systems (OMSs) orchestrate orders across a distributed omnichannel environment. They enable you to accurately and efficiently manage customer orders across pricing, configuration, and order capture processes. They also help determine the optimal inventory stocking location or production facility from which the order will be filled and shipped.

When demand surges, an adaptive OMS can help you fulfill orders from the best available sources and deliver products on time. Moreover, complex orders made up of multiple items may require orchestrating the order fill across multiple stocking locations.

Frictionless orchestration also requires effective warehousing and distribution strategies to enable customers to buy, fulfill, and return anywhere. It requires complete inventory visibility across distribution centers and other inventory stocking locations.

> "Oracle Warehouse Management enables us to reliably and efficiently manage our wine inventory and warehouse operations.We not only increased pick speed and fulfilled orders faster, but also gained the ability to deliver new services and enhance our member experience."

Krista Diez-Simson
CFO, VINOMOFO

Successful organizations increase scalability with warehouse automation to support demand spikes and high-volume order fulfillment, to improve throughput, order processing times, and faster shipments.

Modern cloud applications provide your warehouse managers with greater visibility into their operations and your workforce to help reduce labor inefficiencies, raise overall performance, and improve accuracy. This enables you to achieve end-to-end inventory and productivity improvements across your entire supply chain.

The bottom line: Delivering a great customer experience requires effective and integrated order, warehouse management and distribution in order to simplify ordering, streamline delivery, and manage demand fluctuations.

Adapt and scale for resilience and growth

Nobody knows what is around the corner. We all could be coping with a global recession, or a new supplychain innovation may suddenly disrupt traditional operating models, or perhaps another trade war may suddenly surface.

Faced with fast, unpredictable change, organizations need to be adaptive—pivoting at pace to face down the next new challenge. Indeed, companies that have prevailed in the long run are those with agility and flexibility in their supply chain networks. These capabilities enable them to adapt to any number of factors to achieve the perfect order.

Companies without that flexibility suffer. They are typically reliant on legacy systems designed decades ago. Rigid and inflexible, they cannot support the complexities required to fulfill the perfect order—from different channels and multiple stocking locations, and when necessary, seamlessly process customer returns.

> " The cloud allows for solutions to be more easily adopted. We are able to more rapidly roll out applications both domestically and globally and enable quicker access to global information."

SUPPLY CHAIN MANAGER, LARGE AUTOMOTIVE COMPANY

Moreover, these aging systems have likely been optimized for internal siloes such as products or product lines, warehouses, or transportation functions—not the complex, networked world that exists today. Consequently, they lack visibility into customer orders as they progress through the supply chain network and struggle to resolve issues at the speed customers expect.

Successful organizations use flexible and adaptable cloud-based supply chain management applications to gain agility. The cloud offers you the flexibility to adapt to change and scale according to business requirements. Moreover, your teams can collaborate more easily from any device, accelerating decision-making. Other systems can be rapidly integrated to create a more seamless process.

In a research report sponsored by Oracle, for example, 70% of supply chain professionals see cloud solutions as a key enabler. Moreover, 89% are investing in cloud solutions to improve customer satisfaction. Likewise, 81% expect to improve efficiencies and productivity in logistics operations.

Adaptive logistics: Pivot at speed and execute to exceed expectations

Excellence in logistics depends on synchronized networks of suppliers, transportation providers, distribution centers, and retailers who align to deliver shipments and customer orders. Disruptions such as port closures, inclement weather, factory shutdowns, transportation shortages, and trade wars can adversely affect any component. It can also have cascading effects resulting in delayed shipments, increased costs, and diminished customer satisfaction. All players need to adapt to disruptions to keep shipments on schedule.

That's not easy. Organizations need to proactively devise contingency strategies and plans to adapt to any disruptions they face. They need to quickly identify alternatives and make adjustments in real time. And they require end-to-end visibility into inventory—both across different network locations as well as in transit—to make adjustments and ensure on-time delivery. Traditional, fragmented supply chain systems lack the agility, adaptability, and data insights necessary to achieve this agility.

A cloud-based transport management system (TMS) is specifically designed to support the needs of both shippers and logistics service providers. It creates an information bridge across functional silos, geographic regions, languages, currencies, and business units, and supports customers logistics needs, from basic transportation to highly complex logistics requirements. As a result, your organization can support the complexities of their global operations while reaping the efficiencies provided by a single transportation management solution.

> " Implementing Oracle Transportation Management prior to the COVID-19 pandemic has helped Sonoco navigate rough roads."

Blake Faucette
LOGISTICS PROCESS IMPROVEMENT MANAGER, SONOCO

Cross-border trade visibility: Minimize delays, costs, and trade risk

Organizations that source, make, or distribute products across borders need to comply with customs regulations and pay taxes and other fees. They also need to screen for restricted parties, accurately estimate total landed costs, manage customs documentation, and capture duty savings by identifying opportunities for leveraging trade agreements.

For example, facing the requirement to reroute shipments, companies need to check trade requirements such as restricted party screening, sanctions/embargoes, product classification, trade agreements, duties and tariffs, and so on. Not doing this can result in significant costs and possibly even jail time. If shipments have to be routed through other countries or jurisdictions it is essential that the trade requirements, such as production of customs documentation and application for licenses, are synchronized with the physical logistics elements, otherwise your shipments can be delayed, and expensive rush transport options become required. In the worst case, penalties may be assessed.

Clearly accurate customs documentation needs to be produced to prevent shipments from being held up at customs and border crossings. And, if you switch your sourcing strategies, you need to determine if there are any implications or opportunities to take advantage of related to trade agreements. Finally, if you switch your sourcing or manufacturing strategy, this may impact important factors such as country of origin.

Successful organizations leverage robust global trade management cloud solutions that are tightly integrated with their transportation management systems in order to minimize delays, costs, and trade risks. Well-structured compliance policies, along with trade automation tools that help you implement and enforce them, prevent costly delays and help you avoid exposing your organization to unnecessary compliance risk.

"Oracle Global Trade Management gave us new power to automate and monitor our cross-border transactions. It helps us efficiently coordinate and manage a complex global supply chain while complying with ever-changing rules and regulations."

Carl Sandvik
SENIOR MANAGER, IT ENTERPRISE INFORMATION SYSTEMS LOGISTICS
BECKMAN COULTER

Drawing it all together

Perfect delivery requires seamless orchestration across the order-to-fulfill process. Faced with sophisticated customer demands, organizations need to provide a unified, predictable, and straightforward buying experience across all channels. Order orchestration must execute the most complex orders seamlessly. This requires complete visibility into stock across distribution and inventory locations, sources of supply, and multiple product SKUs within the same order.

The result is an optimized order fulfilment process for each item, which may include rapidly combining stock from multiple locations into a single shipment. Transportation planners need to assess carrier options such as capacity and cost as well as transit times and select the best mode to deliver the order to the right place, to the right customer, with the right products, at the right time, in the right condition, and in the right quantity. Failure to meet any of these conditions may result in a less than perfect order. The benefits of a connected, cloud-based order and fulfillment solution include the ability to:

- Provide excellent customer service through a unified buying experience across channels.
- Orchestrate orders across multiple legacy systems and stocking locations to ensure rapid fulfillment, easy returns, and higher customer satisfaction.
- Improve transportation planning and execution through shipment consolidation, carrier selection, and route optimization, resulting in on-time deliveries and improved profitability.
- Gain real-time inventory visibility across distribution centers and goods in transit to enable complex order fulfillment, ensuring customer satisfaction while optimizing working capital and lowering costs.
- Run efficient warehousing operations that can scale from simple inventory holding locations, through temporary warehousing operations that may only be required during peaks in demand, to high-volume automated distribution centers dealing with massive throughput.
- Manage disruptions using "what-if" scenario analysis to simultaneously evaluate routing, carrier, capacity options, and load efficiency resulting in seamless execution and lower operating costs.
- Plan shipment routing to minimize taxes and customs fees and produce accurate customs and trade documentation to avoid penalties and shipping delays.
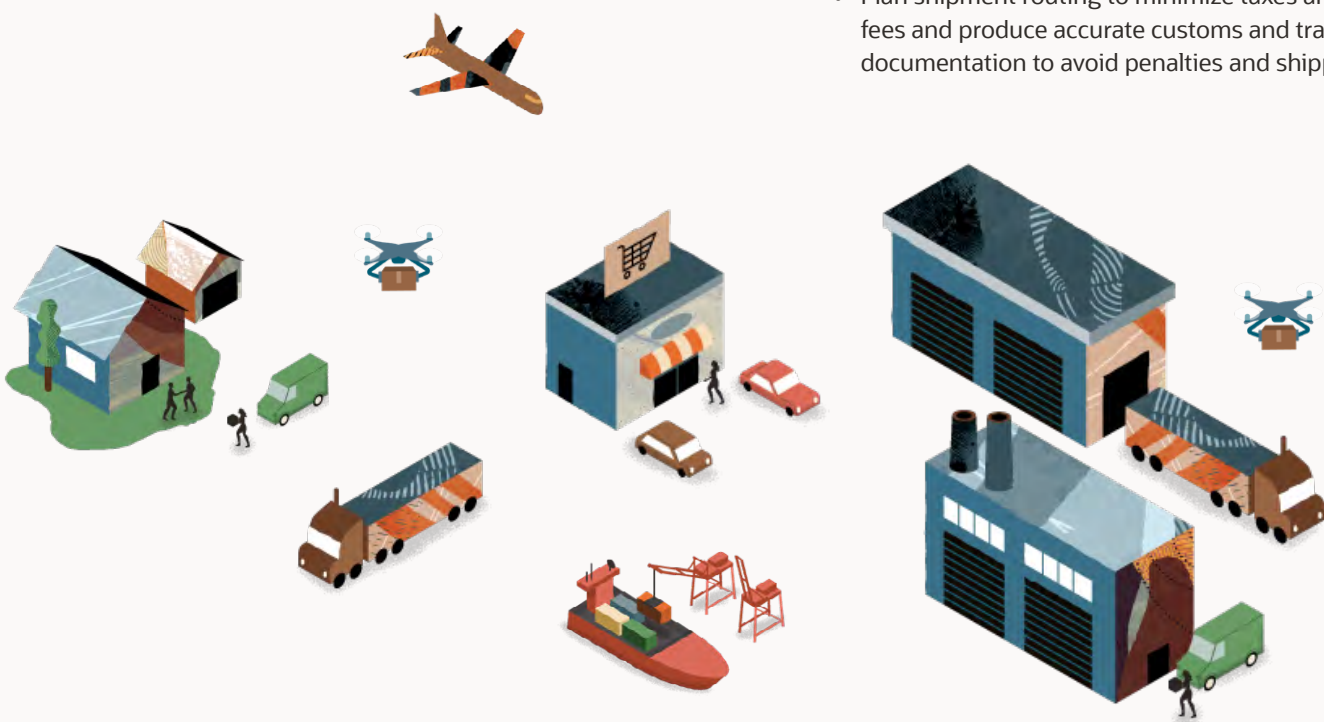
Getting started

The following steps can help you fast-track your approach to the perfect delivery and enhanced customer experiences:

- Assess your current IT landscape and the impact of modernization in how you manage orders, transportation, warehousing, and global trade.
- Identify and implement process improvements to ensure delivery channels always scale and support your business growth strategy.
- Establish and carefully manage delivery and client-centric key performance indicators.
- Establish a culture of change within your organization and empower people with digital technologies and tools.

Next steps

Go to **https://www.oracle.com/scm/solutions/order-fulfillment** to learn more about how Oracle Supply Chain Management Cloud can help.

ORACLE