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COLUMN

Why Start Your Digital Transformation Now (Part One)?

Because end-to-end business integration is fast becoming a table stakes in the race for competitive advantage.

By Epicor on August 16, 2019 [\(home\)](#)

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As a manufacturing leader, you've likely heard a lot about the efficiencies and productivity gains realized from having a single digital thread that connects your factories to your back-office financial functions, streamlining and linking work processes and production data from engineering and product design, through manufacturing, and to delivery and field service.

An emerging trend is to extend that thread to include your selling processes. Whether you sell business-to-business (B2B) or business-to-consumer (B2C), it's becoming increasingly urgent to better coordinate data from every sales channel to all aspects of e-commerce, such as websites, online marketplaces, mobile apps, and social media.

The reason manufacturers must not delay digitizing their sales processes is that most of the world already has, creating customer expectations that you provide the same levels of sales and service offered elsewhere. As more buyers expect—and more manufacturers meet—these expectations, the risk grows that you'll fall behind your competitors or allow a new, digital-savvy entrant to capture market share.

In this first part of a two-part series (part two will appear in *Automation World's* November IIoT supplement), we'll look at how to digitize your sales processes to better address customer demands. In part two, we'll look at how digitization can help you attract and retain the workers you need.

What customers want

Though they've always been demanding, your customers' experience with other digital-savvy businesses has amped up their expectations. They want their customized, short-run order delivered as quickly as if it were made to inventory—or faster—and at the same price. They know it's complicated, but also that every other company they buy from seems to have the latest technology figured out.

They also want a seamless, easy-to-understand buying process that allows them to engage via the channel of their choice—and, increasingly, that means interacting through more than one channel during their workday or as the purchase process proceeds.

For midsize manufacturers, this 24/7 demand requires not only the need to offer multiple channels, but the need to offer a robust e-commerce website that's connected with their enterprise resource planning (ERP) system. This allows B2B customers to begin their purchasing process at work, from a desktop or laptop web browser, and continue it in the evening on an iPad from home or a smartphone just before going to bed. In the always-on world marketplace, checking and confirming product specs, availability, price, and shipping schedules long ago stopped being done during traditional work hours.

This basic setup, a website connected to the ERP, offers convenience to your customers while eliminating the hand-offs—and the potential for error they introduce—in your order fulfillment process.

Achieving digital omni-commerce

When we talk about transforming a manufacturer's business—not just its production—we're talking about extending e-commerce to each of its production channels with a digital omni-commerce. This next-gen version of online operations isn't a cut of digital e-commerce as a channel like electronic data interchange (EDI), but rather offering it in all sales channels. We're also talking about extending it through to the factory floor.

For manufacturers and distributors, the center of digital omni-commerce is a cross-platform ERP solution. This solution drives offline commerce, including kiosks, store locations, EDI, direct sales, and customer sales representatives, as well as various online channels, including dealer network portals, online storefronts and markets, mobile, and social. All activity and information are managed from a single source of truth, the ERP system. This includes product, process, customer orders, and stock.

By digitizing commerce, manufacturers can more easily stay apprised of their customers' changing needs. What and how are they buying? How are they consuming information and gathering research? Keeping the engagement channel open through digital omni-commerce helps manufacturers receive such feedback, so they know who their buyers are, how they are buying, what they are doing with the product, what challenges they face—and that feedback continuously loops back and forth between the customer and the factory floor.

This allows manufacturers' extended value chains to be responsive to their customers' changing needs, so they can make products that are uniquely targeted to specific customers, distinguishing them from competitors' products.

With digital omni-commerce, manufacturers and distributors also can ensure that no matter where a customer decides to shop, they will have a consistent brand experience. Think about shopping for clothes. Apparel manufacturers don't only sell through Macy's or Nordstrom, but also direct via their website and through other online marketplaces. Yet their brand expressions are consistent throughout.

Automating to-order and in-person sales

For manufacturers that make-to-order (MTO), engineer-to-order (ETO), and configure to order (CTO), automated selling is as critical as it is easy to see the benefits. As SKUs and custom configurations proliferate, automated systems are crucial to ensuring order accuracy and speeding order delivery.

Still, digital e-commerce is critical even if your unique selling proposition involves a sales team personally interacting with your customers, human-to-human. Companies that thrive on personal selling must focus on digitizing every other aspect of their sales fulfillment process, just as to-order manufacturers must. This includes automated order configuration, pricing, and delivery confirmation.

For manufacturers that sell or service their products through dealers, for example, automated systems streamline order quoting, sales management, inventory tracking, and warranty processing. With direct access into the ERP system—the single source of truth for all orders—such systems provide dealers with self-service access to their sales histories and allow them to personalize offers, offer convenient delivery options, and maintain transparency throughout the buying process.

Or consider the comparison between two sales representatives competing for the same customer. One shows up with a paper catalog and a bunch of paper order forms that they manually complete, and which must be personally delivered or faxed to the office, with confirmations made via email or fax.

The other has an iPad that allows the sales person to help the customer electronically configure the order, as well as offer a digital representation of it along with confirmation of pricing and delivery dates. Once closed, the order immediately electronically flows all the way to the manufacturing floor, cutting days out of the lead time, eliminating order errors, and freeing the representative of paperwork hassles.

For more information, visit [Epicor Software \(/en-us/\)](https://www.epicor.com/en-us/).

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SIDEBAR: State of the Digital Manufacturing Business

The good news is that if you move quickly, you can still stake out first-mover advantage in your industry. A KPMG Manufacturing CIO survey reports that manufacturing companies say their digital strategies are not very effective. When asked the question, "How effective has your organization been in using digital technologies to advance business strategy," only 8 percent described them as "very effective," vs. 18 percent for all industries.

The bad news, especially if you're not ready to map your digital strategy, is that manufacturers are on the move. The KPMG survey, using investment in cloud services as a proxy for digital investment, found that though manufacturing survey respondents trailed other industries in current-year cloud services spending, they expect to increase their investment more than other industries in the next one to three years. This was true across all deployment models: infrastructure as a service (IaaS), up 20 percent; platform as a service (PaaS), up 23 percent; and software as a service (SaaS), up 33 percent.

It's no secret that manufacturers are facing a retirement exodus. Reports indicate that an estimated 2.7 million manufacturing jobs will likely need to be filled as a result of retirements of the existing workforce. Others calculate the median age of a manufacturing worker today as closing in on 45, which means half are older. Replacing these workers with new technology (which improves the workforce's productivity, so fewer employees are needed) and the Millennial workforce is vital to any manufacturer's continued success.

Meanwhile, modern technology figures prominently in research about what organizations must do to recruit Millennials. The 2018 Deloitte Millennial Survey notes that more than half of respondents expect Industry 4.0 (the consultancy's shorthand for the latest technology) to free them from routine and mundane work, allowing them to focus on more creative, human, and value-adding work.

That's significant, because another report from Gallup found that Millennials "choose careers for more than a paycheck... Their ultimate goal is to find a good job that fuels their sense of purpose and enables them to lead a life well-lived." The report also notes that Millennials have "instant and constant access to technology, allowing them to become consumers of everything, including the workplace. They can seek and find information on jobs and companies with greater ease than any generation before them."

Millennials recognize that they have options and they don't feel the need to stay with a job that isn't the best fit for them.

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