Why Read This Report

Omnichannel fulfillment programs have topped eBusiness priority lists for a number of years. And while there is no doubt that retailers understand the omnichannel mandate, many are unsure of where to start. What are the major stages of implementation that companies should move through? Which omnichannel programs should leaders deploy first — and what can wait? What organizational, operational, and technical challenges must be addressed before launching programs? Forrester’s omnichannel fulfillment road map addresses these questions. This report, which comprises the road map chapter for the retail omnichannel playbook, gives eBusiness professionals a guide on how to craft their organizations’ omnichannel road maps with a particular focus on fulfillment initiatives. It will help eBusiness leaders chart their strategies for adopting and integrating omnichannel fulfillment into the organization, including selection of the right technology and ways to break down internal and external barriers that could impede progress.

Key Takeaways

Build Organizational Bridges To Share The Work And The Success

An omnichannel fulfillment road map helps raise and communicate key priorities, challenges, and opportunities that everyone invested in the project should know about. All stakeholders identified in the omnichannel fulfillment business case must be included in building, adjusting, and approving the road map through all stages of its development.

The Road Maps Defines “Who, What, And When” For Carrying Out The Strategic Plan

The team responsible for moving omnichannel fulfillment forward must make the transition using a detailed plan that includes timelines and milestones. To produce this road map, eBusiness leaders should perform a gap analysis that identifies technical and operational shortcomings that need to be addressed by project stakeholders over time.

A Business Case And Strategic Plan Are Prerequisites For A Successful Road Map

A road map is the guide for stakeholders to take action on a strategic plan that was justified by a business case. As such, eBusiness professionals must make sure that the strategic plan’s goals and the business plan’s expected outcomes are supported by the road map.
Paving The Path To Omnichannel Fulfillment
Road Map: The Retail Omnichannel Playbook

by Brendan Witcher
with Zia Daniell Wigder, Peter Sheldon, Adam Silverman, Rebecca Katz, and Laura Glazer
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Forrester interviewed 20 vendor and user companies, including Academy Sports + Outdoors, BCBG Max Azaria, Best Buy Canada, Dick’s Sporting Goods, eBay Enterprise, Guitar Center, hybris (an SAP company), IBM, Indigo, Jagged Peak, Lids, Manhattan Associates, MEC, NetSuite, OrderDynamics, REI, Sears, Shopatron, and Talbots.

Related Research Documents
Building The Business Case For Omnichannel In Retail
The Forrester Wave™: Omnichannel Order Management, Q3 2014
Nailing In-Store Pickup
Road Maps Translate Strategic Vision Into Action Items

To succeed in the age of the customer, eBusiness leaders must not just understand but also respond quickly to what the consumer is doing and how his or her behavior is changing.¹ eBusiness professionals are quickly moving toward offering omnichannel fulfillment by giving the customer access to enterprise-level inventory across every channel. Building off the omnichannel fulfillment strategic plan and business case, the road map sets priorities for identifying building blocks, plotting the sequence, and gaining the commitments to accomplish short-term goals while laying foundations for bringing long-term goals to fruition. But where should retailers start?

Road Map Objectives Create Clear Navigation For Project Teams

eBusiness professionals must lead the effort in creating an omnichannel fulfillment road map. This road map should describe how to get from the organization’s current state to one that matches the vision that’s been laid out by the business’ leaders (see Figure 1).

To get there, business leaders must break down often decades-old functional barriers to embed customer-centric behaviors, technologies, and processes throughout the business. This responsibility includes showing how future goals can only be reached with the help of business peers, technology colleagues, and often vendor partners. An effective omnichannel fulfillment road map has three objectives:

1. **Align stakeholders with a common process.** An omnichannel fulfillment road map adds some sharp teeth to the strategy and exposes the firm’s strategic omnichannel fulfillment plan to business and technology stakeholders, as well as to technology vendors and implementation partners. Rules around governance — deciding who owns the decisions, technologies, and policies — are also defined within the road map.

2. **Identify technology and operational capability gaps.** The meat of an omnichannel fulfillment road map consists of recognizing and addressing gaps to take the organization’s current state of omnichannel fulfillment to a future state defined in the strategic plan. The road map, in essence, becomes the eBusiness professional’s tool to commit to the “who, what, and when” of integrations needed to deliver omnichannel capabilities in both the short and the long term.

3. **Plot tasks and responsibilities on a timeline.** An omnichannel fulfillment road map forces critical discussion on how to acquire, develop, implement, and integrate technology, staff, and processes to reach strategic goals. Within the road map, key internal and external stakeholders are assigned responsibilities and milestones with clear expectations set for the time and type of final outcomes.
FIGURE 1 The Omnichannel Fulfillment Road Map Defines The Path To A Future State

- **Business case**
  - Why do we need to get there?

- **Strategic plan**
  - Where do we want to be?

**Current state**
- Where is our business today?
  - Existing omnichannel programs
  - Technical and operational limitations
  - Organizational issues and challenges

**Future state**
- What does success require?
  - New/improved omnichannel programs
  - Technical and operational resources
  - Vision and guiding principles

**Road map**
- How will we get there?
  - Perform gap analysis
  - Determine initiatives, projects, and milestones
  - Establish objectives and measures
Objective #1: Align Stakeholders With A Common Process

The first step in developing an omnichannel fulfillment road map is to ensure stakeholders are all aligned and follow a common process. Because omnichannel fulfillment touches so many parts of the business, this is a critical first step to get right. As with all parts of building an omnichannel fulfillment road map, key questions need to be asked and answered along the way (see Figure 2). Once the executive team has identified the person ultimately responsible for leading the project, this individual must:

› Establish a strong planning team with business and technology expertise. Omnichannel fulfillment always has an impact on multiple departments across the enterprise. Stakeholders for most omnichannel fulfillment programs will likely include store operations, merchandising, marketing, finance, and business technology, and even external solution providers. Unfortunately, digital leaders will often limit the distribution of information and even exclude key individuals from the process until too far down the road. Michael Mercier, president of order management system (OMS) vendor Jagged Peak, feels that implementing an omnichannel fulfillment project without a “unified approach” can lead to issues. He suggests that, “All of the right people need to be focused on the same objective.”

› Outline the strategic initiatives and name the building blocks. The business stakeholder for every program identified in the organization’s omnichannel strategy should be educated on the basic logistics of how digital orders and physical products should move through each system. The team should then work together to fill in the building blocks of technology components, operational changes, organizational commitments, and process adjustments to implement each program. These building blocks will help narrow requirements and identify resources needed for the project. For example, if a building block is endless aisle technology, then the retailer may need to invest in mobile point-of-service (mPOS) tools and operational training for store associates.

› Agree on a governance process to make decisions. To create an effective omnichannel fulfillment roadmap, project teams must establish a governance plan that assigns responsibilities appropriately. Governance in this case means identifying who owns the decisions, technologies, and policies within the road map project. For example, the CIO of a US retailer we spoke with initially decided to build — rather than buy — an OMS based on cost for supporting a new reserve online/pick up in-store program. But when the CMO later decided to launch ship-to-store, the CIO realized a more robust third-party OMS would be needed. A good governance process would have considered both the CMO’s vision and the CIO’s knowledge of future flexibilities for outsourcing an OMS versus building an in-house solution.
### FIGURE 2 Omnichannel Fulfillment Road Maps Are Built By Asking Relevant Questions In Three Key Categories

<table>
<thead>
<tr>
<th>Step</th>
<th>Category</th>
<th>Questions to ask</th>
</tr>
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</table>
| 1    | Align stakeholders with a common process          | • Who are the key stakeholders in technology and business units with connections to our firm's omnichannel fulfillment strategy and plan?  
• Are the objectives of our overall omnichannel fulfillment capability strategy clear and understood?  
• What is our governance process to make decisions and break logjams? |
| 2    | Identify technology and operational capability gaps|                                                                                                                                                   |
| 2.1  | Produce a program-level gap analysis              | • What gaps exist in the organization's current omnichannel fulfillment capabilities versus the plan for future state as defined in the strategic plan?  
• What are the key business goals for each program?  
• What are the target performance metrics for each program? |
| 2.2  | Determine gaps in technology requirements         | • What tools do we have for delivering omnichannel fulfillment, such as OMS, WMS, and inventory management systems?  
• What platforms do we have for offering customers omnichannel fulfillment such as eCommerce, mPOS, mobile Web, and apps?  
• What do we have for measuring program success, such as A/B and multivariate testing, dashboards, and analytics? |
| 2.3  | Determine gaps in operational capabilities and processes | • What are the current distribution levels of inventory across our distribution/store replenishment centers and store locations?  
• What space is available in our different store locations to support omnichannel fulfillment programs?  
• To what degree can our current staffing levels — labor hours and skills — support omnichannel programs? |
| 3    | Plot tasks and responsibilities on a timeline     | • Which gaps are most relevant to fill upfront?  
• What types of resources — internal staff, technology vendors, or outsourced services — should we use for filling capability gaps?  
• What are our timeline and milestones for moving from current state to the planned future state? |
Objective #2: Identify Technology And Operational Capability Gaps

Digital business leaders at retailers view omnichannel capabilities as both a keystone for their companies’ digital engagement strategies and an imperative for meeting the rapidly changing expectations of today’s retailer shopper. Retailer leaders are therefore pushing to implement omnichannel fulfillment programs despite the significant commitments required in time, capital, and change management.

Omnichannel fulfillment road maps are rarely simple documents; often they contain numerous complex initiatives that touch many departments across the enterprise. eBusiness professionals leading project teams with the goal of developing a comprehensive omnichannel fulfillment road map must:

› **Produce a program-level gap analysis.** Road maps must define gaps between current omnichannel fulfillment capabilities and management’s vision for future capabilities, but rarely do retailers launch all of the primary omnichannel fulfillment capabilities at once. For example, the majority of the retailers we spoke with for this report currently offer only a few omnichannel fulfillment capabilities. Explicitly outlining which specific capabilities the organization has prioritized is important for defining the project’s scope and managing stakeholder expectations.

› **Determine gaps in technology requirements.** Addressing technology gaps is a challenging but critical part of road map development, and project teams may find themselves struggling to choose between options for filling gaps. For example, a global retailer we spoke with revealed that “simply assessing the risk/rewards of kiosks versus mPOS systems took us about three months to work out.” Because OMS lies at the heart of omnichannel fulfillment architecture, however, and touches three of the six phases of the customer life cycle (explore, buy, and use), filling the OMS gap should precede all other technology assessments (see Figure 3). The Omnichannel Order Management Forrester Wave™ can help in this process by providing stakeholders with insights into the OMS market and how leading vendors stack up against each other.

› **Determine gaps in operational capabilities and processes.** When businesses start to fulfill orders in a new way, business leaders must put into place new processes, new policies, and even new people to manage these orders properly. Each one of these changes to executing an order through the new program requires documentation within the road map and review by stakeholders to avoid risks and gain consensus. Leading retailers go one step further, planning for ways they can optimize these programs, even if...
it means significant changes across thousands of stores. In speaking about their store projects that support interconnected growth, Marc Powers, senior vice president for Home Depot, highlighted the company’s initiative “to allocate [retail] space to stage a customer’s buy online, deliver-from-store order in such a way that it enables an efficient fulfillment process.”

FIGURE 3 Omnichannel Fulfillment Elevates Customer Experience In The Heart Of The Order Life Cycle
Objective #3: Plot Tasks And Responsibilities On A Timeline

Omnichannel fulfillment road maps define the action steps for delivering on management’s strategic plan. For teams to successfully carry out these actions, the “who, what, and when” need to be defined. This translates into stakeholders, tasks, and timelines, respectively. These are defined within the road map as high-level, big-picture steps necessary to execute the omnichannel strategy, supported by a detailed, tactical view of how specific stakeholder will execute on tasks. This latter part should be used by stakeholders during implementation.

During this final step of road map development, the project team must remember to:

› Determine a realistic timeline. Road map timelines help stakeholders understand time allotted to execute tasks and avoid missing implementation deadlines. Timeline length can vary significantly. One fashion retailer we spoke with successfully launched reserve online/pick up in-store in just a
few months. But retailers we spoke with that launched multiple, more complex capabilities said their projects took up to three years. For more complex initiatives, project teams may have difficulty estimating the amount of time needed to address certain gaps. Greg Bella, director of product marketing for OMS vendor OrderDynamics, shared: “Technology is the easier part to estimate. Addressing operational challenges — how many boxes will the retailer need, how will products get from the floor to a pick location — can add significant unanticipated time to market.”

› **Assign manageable phases and important milestones.** A comprehensive road map breaks down high-level project phases into manageable milestones and detailed information about each task. For example, many eBusiness professionals pointed to store training around omnichannel programs as an important milestone for delivering omnichannel program success. As one SVP at a major US retailer pointed out: “Within the stores, there is a need for both technical skills and some level of material handling and outbound expertise. Without that, the infrastructure may be great, but practices will fall apart.” Detailing the “what, where, how, and when” of each task that leads to completion of the store associate training milestone should be outlined in the road map.

› **Detail labor requirements.** Road maps are incomplete until each task is assigned to a named stakeholder. But before project teams assign a task, they must determine if internal resources have the availability and skills to complete the work — for example, understanding if an IT department has the time and expertise to build a robust OMS from scratch. When project teams decide internal resources cannot complete a task or may not be the best choice to execute, they will often assign the work to an external partner. As one fashion retailer shared, “We felt working with an experienced service integrator would reduce our timeline and help us apply best practices.” Being explicit with “who does what” in the road map will help coordinate work during execution and avoid resource bottlenecks.

› **Incorporate change control processes.** As mentioned above, availability of internal staff must be part of the gap analysis. If it is determined that internal resources are to be used, then steps for change management will likely be needed. Why? Because an internal stakeholder’s time is often already committed to other projects and activities. If an individual’s time is being reassigned to omnichannel fulfillment, the change will likely disrupt schedules and cause reshuffling of priorities or reassignment of staff. For example, if store managers are expected to spend significant time picking and packing future ship-from-store orders, other responsibilities they currently own may need to be executed by assistant managers or other store associates.
Recommendations

Build A Road Map To Support A Marathon, Not A Sprint

An omnichannel fulfillment road map normalizes a long, complex, and confusing process while putting up the guardrails needed to keep retailers on the right path. A road map also validates each stakeholder’s level of participation and justifies time-to-market periods, which can sometimes stretch into years. These latter points are particularly useful for managing expectations of your corporate leaders, many of whom will not be involved in the daily challenges of bringing an omnichannel fulfillment program to life. To produce a road map that works, eBusiness professionals should:

› Establish partnerships and set expectations with store operations counterparts. For omnichannel fulfillment programs to be successful, eBusiness professionals and store operations must develop a strong partnership during the road map development process. Together, these two teams must establish clear action items, timelines, and service-level agreements (SLAs) for implementation and ongoing execution of all online and offline omnichannel fulfillment functions.

› Start the technology gap analysis with an OMS assessment. eBusiness professionals must view the order management system (OMS) as the heart of omnichannel strategy— the technology that delivers the logic and workflow needed to drive demand across the enterprise. Although many eCommerce, POS, and ERP platform vendors offer support for managing orders after submission, best-in-class OMS vendors address critical omnichannel order capture and distributed order management scenarios. This means that not only is the OMS acting as an order capture hub for online Web, tablet, and mobile orders, but also for all sales that originate via the contact center, store, or field sales force.

› Remember that technology is only one piece of the puzzle. A robust and agile technology platform underpins any omnichannel transformation. But technology is only part of the equation; even organizations equipped with best-in-class technology often lack the operational and logistical models for the technology to be used effectively. For instance, JC Penney ultimately removed mPOS capabilities from its stores because customers were unable to identify cashiers carrying the devices. Use customer journey mapping with your different omnichannel fulfillment programs to identify logistical hurdles upfront.

› Recognize that omnichannel excellence is a work in progress. Omnichannel fulfillment is complex as a cross-channel and cross-departmental project. Retailers should not expect to implement it all overnight. Plan a road map that looks at least three years into the future, and...
be prepared to adjust it as the requirements change and as new technology becomes available. eBusiness professionals must build a road map that portrays the omnichannel fulfillment project as an ongoing process, not a single project with a start, middle, and end. Iterative development, additional capabilities, and new technology investments are an inevitable part of this journey.

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**Supplemental Material**

**Companies Interviewed For This Report**

Academy Sports + Outdoors
BCBG Max Azaria
Best Buy Canada
Dick’s Sporting Goods
eBay
Guitar Center
Hybris (a SAP company)
IBM
Indigo
Jagged Peak
Lids
Manhattan Associates
MEC
NetSuite
OrderDynamics
REI
Sears

Endnotes

1 In the three years since Forrester first defined the age of the customer, the urgency for change has only increased. The age of the customer is real, and it is permanent. Old strategies won’t equip organizations to win and retain today’s demanding, empowered, and fickle customer. A customer-obsessed enterprise focuses its strategy and its budget on the technologies, systems, and processes that win, serve, and retain customers. For more information, see the “Winning In The Age Of The Customer” Forrester report.

2 For more information on tier 1 and tier 2 omnichannel fulfillment capabilities, see the “Building The Business Case For Omnichannel In Retail” Forrester report.

3 Business executives today are challenging IT leaders to enable and directly support business outcomes. The best response to these challenges is to transform the traditional IT governance programs into business technology (BT) governance programs — where business outcomes drive IT investments. See the “Introducing The Forrester BT Governance Maturity Self-Assessment” Forrester report.

4 The primary omnichannel fulfillment capabilities include enterprise inventory visibility, buy online/pick up in-store, ship-to-store, ship-from-store, endless aisle, and in-store returns of online orders. For more information on the primary omnichannel fulfillment capabilities, see the “Building The Business Case For Omnichannel In Retail” Forrester report.

5 There are a number of OMS solution providers, including standalone solutions and those that are natively part of an eCommerce platform. That being the case, it’s not always clear what’s needed to fulfill a specific requirement or how vendor offerings differ from one another. In addition, the selection of a solution isn’t one to be taken without consideration of a number of other factors. For some clarity on this issue, see the “The Forrester Wave™: Omnichannel Order Management, Q3 2014” Forrester report.


8 Once up and running, eBusiness executives must concentrate on developing and delivering change across the four dimensions while being conscious of other change activity in the organization. eBusiness leaders universally agree that delivering iterative change is key. As agile commerce transformations are typically multiyear undertakings, eBusiness leaders must pay particular attention to changes in customer behavior, such as emerging touchpoints, or other internal changes, such as back-end system upgrades that may change the scope of their work. For more information, see the “The Building Blocks Of Agile Commerce” Forrester report.
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