



# Choosing the right inventory management system for your eCommerce business



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# Inventory management 101

## What is an inventory management system?

When many people think of inventory management, they think of Excel spreadsheets or manual stocktakes. While these can be useful for managing inventory in certain circumstances, nowadays the fastest-growing businesses use inventory management software to track inventory levels, forecast demand, and more.

Dedicated inventory management systems are designed to track stock through the entire supply chain or the portion of a business it operates in. That can include everything from production and ordering to warehousing, shipping, and fulfillment, as well as the movements of stock in between.

Depending on the system, inventory management software may have some or all of the following features:

- Inventory tracking and optimization capabilities
- Orders and invoicing
- Warehouse management
- Customer relationship management
- Reporting tools
- Batch tracking
- Barcoding
- Price lists
- Demand forecasting
- Integrations with other key business software, including shipping, accounting, 3PL, eCommerce, POS, manufacturing, etc.

Not all inventory management systems are created equal, which is why it's critical to choose the right solution to meet your business' specific requirements.



# Inventory management 101 (Con't)

## How does an inventory management system add value to your business?

According to [research by IHL](#), ineffective inventory management costs eCommerce businesses a huge \$1.75 trillion in lost revenue every year. These global losses fall into three categories:



On average, the combined impact of overstocks, out-of-stocks, and preventable returns adds up to 11.7% of annual lost revenue for every business.

Utilizing a robust inventory management system mitigates these risks and benefits businesses by enabling:

- **More accurate inventory and order tracking** – Systematizing inventory management decreases key issues like stockouts and overstocks
- **Improved operational efficiency** – Automating tasks with inventory management systems is more efficient, accurate, and cost-effective than manual labor
- **Improved customer experience** – Reduced time between ordering and fulfillment has a positive impact on customer satisfaction
- **Better decision-making** – Reporting and forecasting tools can be used to make smarter, [data informed decisions](#)
- **Greater visibility** – Having a [single source of truth](#) for data enables transparency across teams and with customers
- **Growth** – Streamlined workflows can be scaled up easily, leading to faster business growth

46% of small businesses with 11 to 499 employees don't have a dedicated inventory management system.

The majority of all businesses rely on nothing, pen and paper, or Excel to manage their inventory:



[Studies have revealed](#) that businesses with an efficient inventory management system see an increase in profitability and decreased costs.



# Types of inventory management systems

## Inventory spreadsheets

With tools, features, and formulas to make spreadsheets more dynamic and interactive, Excel and Google Sheets are capable of handling basic inventory management for small businesses.

Like anything that's free or cheap, spreadsheets aren't perfect, but they do have a lot of features that are suitable for new businesses looking for a quick solution to manage inventory.

Keep in mind, though, that it's easy to make double-entries and other errors using spreadsheets, and avoiding them requires time-consuming auditing, meticulous organization, and strict management practices.

### Pros:

- Low cost
- Easy to set up
- No "bells and whistles"

### Cons:

- Requires a lot of manual updating and monitoring
- Prone to human error
- Data doesn't update in real-time
- Limited functionality
- Not easily scalable

### Who is it suitable for?

Small businesses with annual revenue under \$100k and a small inventory range could find spreadsheet-based inventory management suitable in the short-term.



**Free Excel Inventory Template**  
Keep track of your stock, sales, orders and more with our free inventory management for small business tool.

[DOWNLOAD YOUR FREE TEMPLATE](#)



# Types of inventory management systems

## (Con't)

### Cloud-based solutions

Unlike inventory management spreadsheets or systems that sit on a local computer, Cloud-based inventory management software is hosted on the internet, with all data stored on third-party servers.

Cloud-based inventory management eliminates the delays, errors, and frustrations common to using spreadsheets – which explains why Cloud-based platforms are seeing a sharp increase in adoption worldwide. According to [IDC](#), global spending on Cloud computing platforms is predicted to reach \$19.8 billion this year, attaining a 21.6% growth rate in 2018.

While spreadsheets are designed to carry out general mathematical functions, Cloud-based inventory management systems are specifically created to handle the requirements of a growing business in relation to production, stock, warehousing, ordering, fulfillment, and more.

#### Pros:

- Purpose-designed to handle inventory management and key supply chain functions
- A single source of truth for data
- Updates happen in real time
- Repetitive tasks can be automated
- Lower risk of errors
- End-to-end workflow management
- Your data is often secure and protected on enterprise-grade servers, even if you run a 1-person operation
- The good ones provide native integrations to other technologies as well as offering developers access to an API
- They're updated on a frequent basis, meaning you always have access to the latest software without having to perform manual installations
- They're designed to grow alongside your business with the click of a button, not through buying and installing additional servers or software

#### Cons:

- Higher cost than spreadsheets
- Set-up required

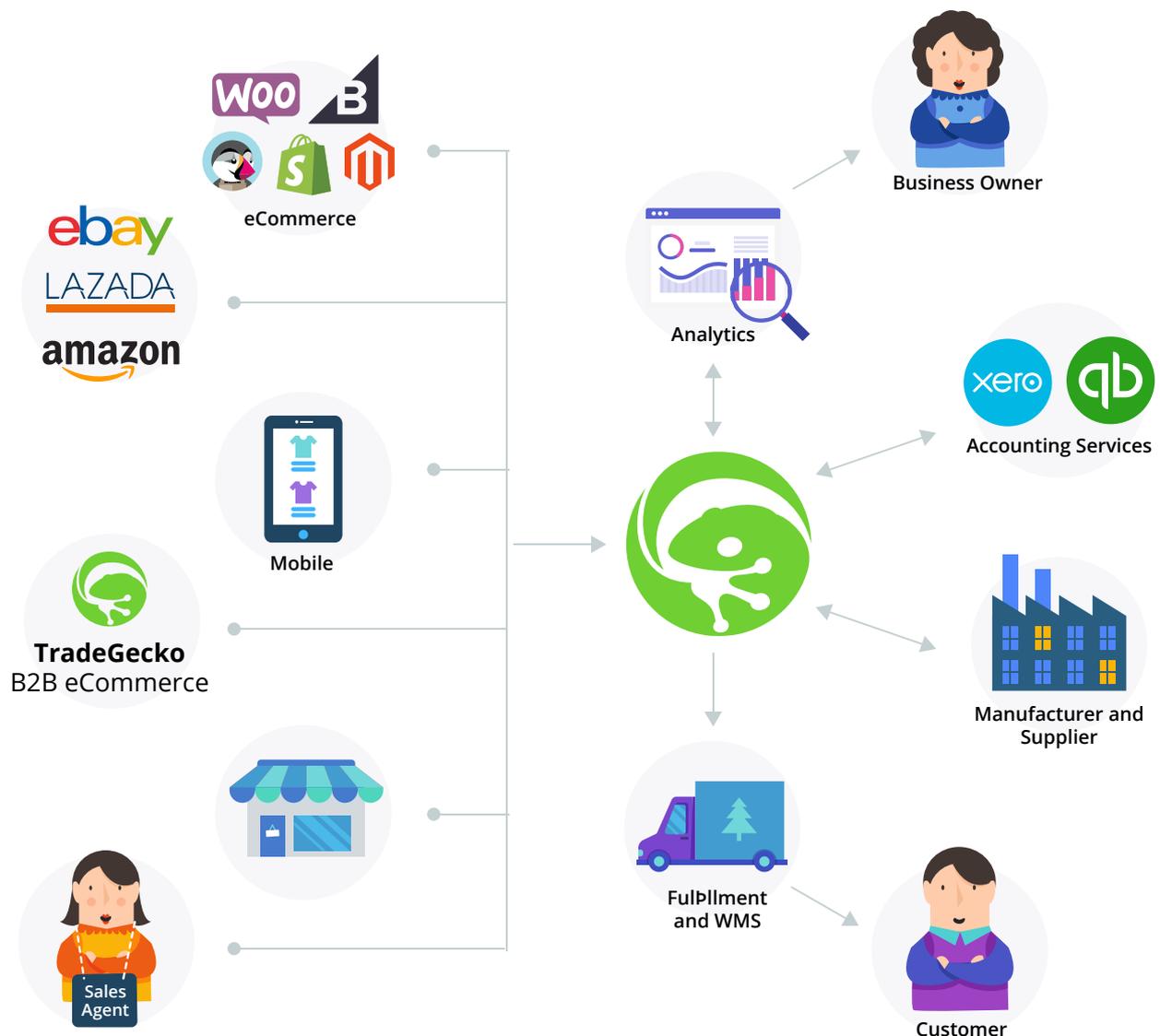


# Types of inventory management systems

(Cont')

## Who is it suitable for?

Cloud-based software is a good solution for small-to-medium-sized businesses with annual turnover of between \$100k and \$100m. For growing businesses, Cloud inventory management provides the level of sophistication needed to maintain effective supply chain management while scaling up sustainably.



# Types of inventory management systems

## (Cont)

### ERP systems

ERP inventory management, short for enterprise resource planning inventory management, refers to an integrated approach to business planning and operations. With an [ERP inventory management system](#), businesses can manage all their finances, logistics, operations, and inventory in one place.

[According to Statista](#), global spending on Cloud Enterprise Resource Planning (ERP) software is predicted to increase from \$19.1 billion in 2017 to \$28.8 billion in 2028.

Typically, ERP systems are built for businesses with extremely complex inventory and sales order processes, which usually apply to larger companies. Small businesses may not be able to justify the higher cost of an ERP inventory management system compared to a standard Cloud inventory management system, especially if the additional functionality and capabilities aren't needed.

#### Pros:

- Ability to handle large, complex supply chains
- Ability to handle complex data streams
- Advanced warehouse and location management
- Repetitive tasks can be automated
- End-to-end workflow management
- Greater data security
- Integratable with complementary business systems

#### Cons:

- Higher cost
- Longer set-up and training times required
- Complex workflows
- Custom coding to integrate additional systems may be required
- Advanced functionality that may not be needed

#### Who is it suitable for?

ERP systems are best suited to large, well-established companies with a yearly turnover of \$100m+ who require more advanced functionality than what's provided with a standard Cloud-based inventory management system. This includes multinational corporations and companies that operate across multiple sales channels.



# How to choose the right system

## Questions to ask

Just getting started with inventory management or thinking about upgrading? Here are some of the key questions to ask yourself before making a decision.

### **What type of business are you? Small, medium, or enterprise-level?**

Larger businesses tend to have more complex inventory, which requires more advanced inventory management capabilities.

### **What are you trying to achieve? What challenges are you trying to solve?**

Make a list of operational challenges you're facing and goals you'd like to achieve from your inventory management approach. This could include anything from lower inventory holding costs to more accurate inventory tracking, more streamlined workflows, easier scalability or higher profitability.

### **What are your must-have features?**

The type of products you sell will dictate the exact tools and features you require to operate effectively. Some inventory management systems support functions like composite variants and batch tracking, while others don't. Make sure the system you choose has the right functionality to meet your specific requirements.

### **How much are you willing to pay?**

Costs can vary significantly – keep in mind that paying for essential functionality can end up increasing your profitability and decreasing costs over time.

### **What channels do you sell on?**

If you sell across more than one channel, you will need a system that's built to handle multiple sales channels. Reliable inventory management systems can be integrated directly with several platforms including [Shopify](#), [BigCommerce](#), [Amazon](#) and [Lazada](#).

### **What integrations do you require?**

Most but not all Cloud-based and ERP inventory management systems offer a suite of integrations with other key applications, such as shipping providers, accounting systems, logistics providers, etc. Some providers also enable custom integrations through an API.



## How to choose the right system *(Con't)*

### **Who needs access?**

If multiple teams or people will be accessing your system on a regular basis, it's a good idea to choose a Cloud-based solution that updates automatically in real time for everyone to see.

### **Do you need training/support?**

Most providers offer varying levels and types of support as well as training resources, although costs can vary. Some providers offer free support included in the subscription, while others charge extra depending on the level of support you need and your subscription tier.



# How to choose the right system (Con't)

## Recommended features for eCommerce

If you sell online, look for an inventory management system that's specifically designed for eCommerce businesses. Some key features to consider include:

### **An online ordering system**

You should be able to easily handle online transactions through your inventory management system, whether that be by syncing orders from your eCommerce store or selling directly through a provided store interface. If you sell retail and wholesale, also make sure that the system is equipped to handle both B2C and [B2B eCommerce](#).

### **Mobile capabilities**

If you sell on the go, choose a system with a [mobile app](#) so you can easily check stock and create orders from anywhere, at any time.

### **Online payment gateway**

Remove barriers to payment by choosing a system that has a built-in payment gateway or integrates with your existing payment gateway.

### **Integrations and an API**

Most but not all Cloud-based inventory management systems offer some level of integration capabilities. Look for a system that can [easily integrate](#) with your critical software, including:

- Shipping e.g. EasyShip, ShipStation
- Accounting e.g. Xero, QuickBooks Online
- 3PL e.g. Fulfillment by Amazon
- eCommerce e.g. Shopify, WooCommerce
- POS e.g. Vend, Shopify POS
- Manufacturing e.g. Katana
- Warehousing management systems
- Forecasting e.g. Inventory Planner, Lokad

If you require an integration that isn't on your provider's integration list, keep in mind that a developer will need to build a custom integration using the provider's API.



# How to choose the right system (Con't)

## Automation

Cut down on manual labor and improve efficiency by choosing a system that [automates repetitive tasks](#) such as:

- Order confirmation and shipping notifications
- Barcode scanning
- Order syncing
- Order routing across multiple warehouse locations
- Internal notifications

## Reporting capabilities

To be a successful business, you need to be able to track your performance and plan ahead. Sophisticated inventory management systems have tools like sales reports and [demand forecasting](#) features to help you make strategic decisions about your business.



# How to choose the right system (Con't)

## Choosing a partner vs. vendor

You've probably heard the terms "tech partner" and "tech vendor" before, but what's the difference? A tech vendor supplies a product or service to businesses, such as a software package or a piece of technology. A tech partner, on the other hand, not only provides a product or service, but also becomes an extension of your business.

In other words, a partner goes above and beyond the services of a standard vendor to help you develop your business by offering expertise, support, and resources along the way.

### The hallmarks of a good inventory management partner

Like any positive business partnership, a tech partner should be willing to help you achieve your goals and celebrate in your successes. Here are some of the key qualities to look for when engaging a tech provider for your business.

#### 1. The ability to design a custom solution to meet your needs and budget

A reliable technology partner should be able to support you in implementing a solution that works best for your needs and your budget. They should also be able to tweak or extend upon their offering (through integrations, for example) to fit your specific requirements, rather than taking a "one size fits all" approach to implementation.

#### 2. Proven track record

Does a prospective partner have solid testimonials from other customers? Are case studies available from businesses like yours? Being able to see how a tech partner operates in the real world and the results they've achieved for other businesses goes a long way towards building trust.

#### 3. Ongoing support and engagement

Reliable tech partners will be able to offer ongoing support after onboarding. This could include assigning you a dedicated support team member, providing access to resources, and giving guidance on how to better utilize their offering as you evolve.

#### 4. Their own partnership ecosystem

No tech vendor or partner can be all things to all people, which is why many providers have their own partner relationships to offer service extensions as and when customers need them. At TradeGecko, for example, we integrate with a number of complementary tech solutions to offer a more holistic solution to businesses and practice what we preach: providing a true single source of truth for business data.



## How to choose the right system (Con't)

### 5. Customer feedback is taken into account

Any good business takes customer feedback into account, and tech providers are no exception. Look for businesses that have a clear avenue for providing feedback and incorporate that feedback into new releases.

### Questions to ask before choosing an inventory management partner

When selecting a technology partner to help you through this transformational stage in your company's growth, ensure that they're invested in helping your business succeed by asking the following questions:

- Do they specialize in your specific area of business?
- Do they offer the key features you need to operate your business effectively?
- Can they offer the capabilities you need now and as you grow?
- Do they integrate with your other key business software?
- Do they frequently share learnings and resources that can help you grow?
- Is their platform continually releasing new functionality or is it stagnant?
- Do they offer you the flexibility to grow within your IT requirements?

Like any good marriage, picking the right technology partner is key to the long-term success of your business and the happiness of your customers.



# Introducing TradeGecko

## The best solution for your eCommerce business!

TradeGecko equips businesses with the tools they need to manage their business online, from anywhere, at any time. The platform combines enterprise-level tools including inventory management operations, essential business applications, and online commerce solutions – enabling eCommerce businesses to work smarter, streamline operations, and ultimately, be more profitable.

### TradeGecko's core capabilities include:

- ✓ **Inventory control** – Improve stock tracking and reduce stockouts and overstocks through automatically updated stock levels.
- ✓ **Purchasing** – Create, edit, and email purchase orders that update inventory levels automatically while ensuring data accuracy.
- ✓ **Inventory optimization** – Streamline your internal operations through automated demand forecasting, inventory optimization, and reorder points.
- ✓ **Integrations** – Easily connect to other key business software, including shipping, accounting, 3PL, eCommerce, POS, manufacturing, and more.
- ✓ **B2B eCommerce platform** – Start taking bulk orders in minutes through a B2B eCommerce storefront that can be customized for each buyer.
- ✓ **B2B payment gateway** – Quickly and easily create invoices and accept digital payments.
- ✓ **Mobile app** – Check stock and create orders anywhere, any time.
- ✓ **Intelligence reports** – Monitor sales and inventory in real time.
- ✓ **Demand forecasting** – Accurately plan for the future and keep stock at optimal levels.
- ✓ **Warehouse inventory management** – Receive, pick, pack and ship with ease as you manage multiple warehouses and inventory locations efficiently on a single platform.
- ✓ **Multichannel sales** – TradeGecko provides a central hub to manage inventory and orders for **all** your sales channels efficiently and effortlessly. You can sell on marketplaces, B2C and B2B eCommerce platforms, and on mobile.
- ✓ **Batch and expiry tracking** – Track batches to reduce discounts and spoilage, and improve your business workflow.

These features and more are designed to support new and growing eCommerce businesses in their entrepreneurial journey by helping them grow and scale up online.

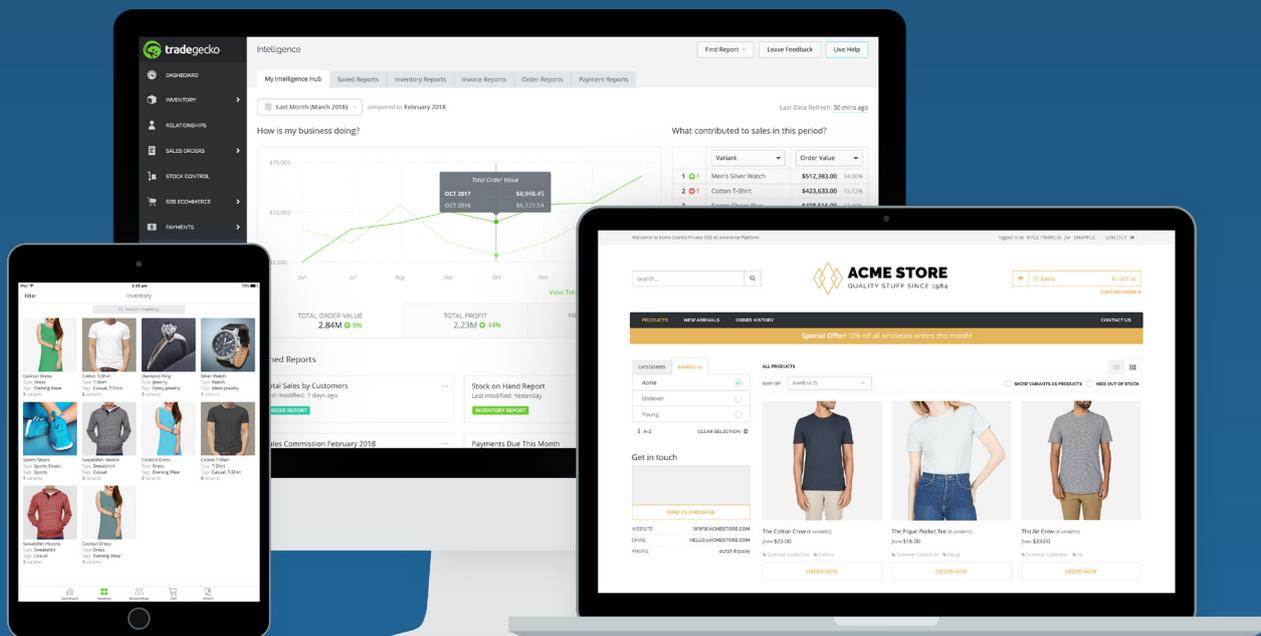




Powerful **inventory and order management software** to take control of your business!

Ready to see how it all fits together?

**START YOUR FREE 14-DAY TRIAL TODAY**



About TradeGecko | [tradegecko.com](http://tradegecko.com)

Founded in 2012, TradeGecko is a Cloud-based commerce platform for SMBs, serving B2B wholesalers, distributors and eCommerce businesses, allowing them to take control of their businesses operations - from production through to fulfillment - so that they can focus on growth. TradeGecko has a global customer base in over 90 countries serviced from their offices in Singapore, Canada, the UK, and the Philippines.