

A person wearing a grey herringbone suit jacket is shown from the chest down. They are holding a large, multi-layered stack of translucent blue cubes in their left hand. The cubes are arranged in a roughly rectangular shape, with some cubes floating slightly above the main stack. The background is a dark, gradient grey.

E-COMMERCE PLATFORMS EVOLVE

A SPONSORED SPECIAL REPORT ON WEB-HOSTED E-COMMERCE PLATFORMS

Out with the old: Today's e-commerce platforms drive success

E-COMMERCE PLATFORMS ARE THE **LIFEBLOOD** of retailers' online sales success. And the systems retailers are putting in place today are markedly different than those from just a few years ago. The changing nature of e-commerce platforms, which increasingly unify previously disparate back-end functions, reflect the broader retail shift to omnichannel shopping that ties together merchants' online and offline operations.

Today's e-commerce platforms often incorporate technology that enables consumers to check real-time inventory counts across channels, track the status of their shipments, read product reviews and deliver streamlined navigation paths so they can quickly find the products they want. Some platforms also enable retailers to coordinate marketing initiatives across online, mobile and, in the case of retail chains, store channels. Often, these are platforms hosted and accessed on the web, or cloud. From these platforms, e-retailers can expect to be able to manage e-commerce, mobile commerce, accounting, point of sale, inventory and order management, marketing, merchandising, online marketplaces, customer service and financials.

"A unified commerce platform, which enables merchants to manage all aspects of omnichannel commerce, drives revenue for merchants on the front end while simultaneously improving employee productivity and business efficiency in the back office," says Manish Chowdhary, CEO of GoECart, a cloud-based commerce platform provider.

Even so, many retailers haven't implemented the latest technology that newer e-commerce platforms offer. And there are some good reasons for that, experts say, because change can be difficult.



JOANNA MORRISSEY
E-commerce web strategist
with Americaneagle.com, a web
development and design firm

"Some retailers invested a lot of time and money implementing legacy platforms years ago, and they may feel like they're stuck with those systems," says Joanna Morrissey, e-commerce web strategist with Americaneagle.com, a web development

and design firm. "But as the e-commerce retail landscape continues to change, many of them are recognizing their systems' shortcomings and looking for ways to meet and exceed their business objectives—and replatforming is often the answer."

Still, many retailers continue to operate on-premise or custom-built e-commerce platform systems. Those systems can be time-consuming and costly to maintain and update, which may stifle retailers' ability to grow, experts say.

Cloud-based platforms are gaining popularity, some experts say, because they can be updated relatively quickly, they don't require retailers' information technology teams to maintain them

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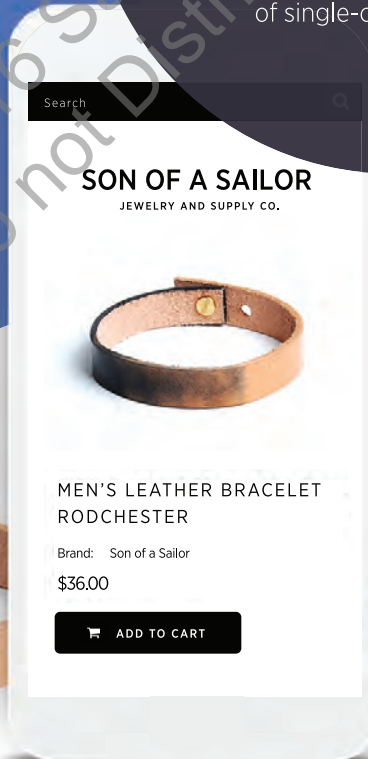
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and they typically cost significantly less than legacy platforms.

"We're at an inflection point where cloud-based e-commerce platforms are now mature and we expect to see midmarket retailers transition away from on-premise or custom-built solutions," says Troy Cox, senior director of product management at BigCommerce, a technology company that develops software for businesses.

But those legacy-based systems can be difficult to move away from. "We see many retailers on antiquated homegrown solutions that are hard to manage, or on outdated versions of older e-commerce platforms that are no longer meeting their business needs because they've either outgrown them or just haven't kept up with updates," Morrissey says.

Cloud-based systems make updating faster and easier because there is no software or hardware for retailers to purchase, install or maintain. "The cloud-based model means less strain on often overburdened IT departments," Chowdhary says.

Legacy systems lack flexibility and scalability, says Darren C. Hill, CEO and co-founder of WebLinc, an e-commerce platform provider. When an e-commerce business grows and its platform doesn't grow with it, the retailer can suffer.

"These older platforms are significantly limited in their features and functionality," Hill says. "The rigidity of older platforms completely get in the way of users. The usability of legacy systems just isn't there. There are so many options a new platform provides, and there's no reason all retailers shouldn't benefit from them."

Improving the customer experience needs to be retailers' main focus, Hill says. Retailers who settle lose out on the ability to easily manage content and design, customize more parts of their site, and merchandise products better, he adds. Many of these benefits are thanks to software-as-a-service (SaaS) applications, which allow retailers to access the latest technology in the cloud.

"While it has taken time for brands to fully discover the benefits of cloud-based platforms,

retailers are now starting to realize the benefits SaaS platforms can bring to their business," Cox says, adding that SaaS offers multiple advantages for retailers' e-commerce sites, such as lower operating costs, predictable monthly fees, better uptime, higher security and less overhead because retailers don't have to dedicate their IT staff's time to maintaining their servers.

SaaS can also help retailers bridge the gap

between their online and offline channels, which has been challenging for many of them. Customers increasingly expect a consistent

experience across channels, and retailers have little choice but to adjust, experts say.

"Delivering a singular commerce experience to customers no matter when, where or how they choose to interact with the brand is crucial to retailers' success,"



SHANE DESROCHERS
Vice president of digital commerce and retail analytics at Aptos, a retail management software provider

says Shane Desrochers, vice president of digital commerce and retail analytics at Aptos, a retail management software provider.

Chowdhary agrees, and says a unified e-commerce platform may be the answer. "One of the biggest e-commerce platform challenges facing retailers today is providing a unified shopping and service experience to customers across all sales channels and touch points," he says. "This stems from a plethora of poorly integrated systems with data residing in silos and no 360-degree view of the customer."

The experts agree that standalone e-commerce platforms that aren't integrated with an order management system that updates information in real time can lead to missed revenue opportunities or customer service issues.



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“E-commerce platforms and order management systems have to work hand in hand,” Desrochers says. “When customers try to separate the two, it presents problems in the synchronization of data and who owns what within the processes.”

Those problems can magnify as a retailer grows its business. “Retailers go through different levels of growth,” Cox says. “At each stage of growth, they need to consider updating processes such as order management systems or enterprise resource planning software to handle increased complexities. Traditionally, each level of growth has triggered a point at which brands needed to replatform, because on-premise or custom-built solutions cannot scale as their brand grows from millions to multimillion dollar revenue. With cloud-based platforms, that’s no longer a limitation.”

It’s a cycle that older platforms that don’t unify systems or offer regular updates simply can’t handle, experts say. “It’s simple. Siloed applications restrict growth and slow revenue,” Chowdhary says. “To be successful in e-commerce today, companies of all sizes can no longer rely on legacy siloed or homegrown business applications.”

Adapting to the changing ways that consumers shop is at the center of challenges facing retailers. To meet retailers’ newfound requirements, platform providers are responding with bigger and better platform capabilities.

There is a massive and dramatic shift in consumer behavior from offline to online,” Cox says. “More than half of U.S. consumers now prefer to shop online largely because of the convenience.”



Retailers can capture a slew of data about consumers’ online shopping behaviors, which enables them to provide highly personalized experiences for their online shoppers.

“Retailers can take personalization in a direction they’ve never been able to before,” Americaneagle.com’s Morrissey says. “Interpreting customer behavior and using it to provide a truly unique and specialized experience for the customer is big right now, and it’s only getting bigger.”

Desrochers agrees and says the benefits retailers can reap from personalization are critical to the business. “More than ever, retailers are looking for that holistic view of the customer regardless of how they’re shopping the brand,” he says. “Retargeting is one thing, but really understanding how to present content—not only enriched content, but enriched content that’s relevant to a customer’s history—could turn an occasional customer into a regular one.”

An important piece of that personalized experience is omnichannel capabilities. To best reach a customer at the right time with the right product and the best message specific to her, retailers must be able to communicate across all devices. “Shoppers want to be able to buy whenever and wherever they’re already engaged—whether it’s based on the device they’re using, or through some of the newest sales channels such as Facebook and Pinterest,” Cox explains. “U.S. consumers now expect to purchase through any channel and brands need to find ways to efficiently present their products in more than just their online store.”

To accommodate consumers who increasingly shop across multiple channels, many retailers now have a responsive site or mobile app to make shopping convenient and easy for their customers. “People are literally shopping everywhere, always, all the time,” Morrissey says. “They might be shopping at work on their desktop, on their mobile phone on the train on the way home, or on their tablet as they watch TV—and often it’s for the same item. That means it’s more important than ever that sites are mobile and responsive.”

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Fashion company RachelRoy.com is one example of a retailer responding to the mobile demands. It relaunched its site in April using WebLinc's platform. Because roughly half its audience visited the site on mobile devices, the company designed for mobile first, then translated that design to tablet and desktop.

"Rachel Roy's team needed a flexible e-commerce platform that allowed it to fully express its brand, and being able to easily add to and manage original site content was a major priority," Hill says. "It's too early to tell exact numbers, but mobile revenue is certainly higher than it was on the brand's previous site."

To overcome these challenges and respond to these important emerging trends, retailers must have in place an e-commerce platform with the right tools to address the demands of their business.

One way retailers are adjusting is by adopting e-commerce systems that consolidate key data elements, business rules and functionality historically housed in multiple systems. In fact, 53% of retailers surveyed across markets plan to implement a unified commerce platform, according to a recent National Retail Federation survey. The report also showed that 86% of retailer respondents plan to leverage a unified commerce platform "over the longer term."

"Traditional point of sale, call center, e-commerce and mobile technologies that directly interact with consumers are converging, and unified e-commerce solutions have emerged as the platform of choice to reduce complexity and enable seamless consumer engagements and transactions throughout the shopping journey," Chowdhary says.

Hill agrees, and says a unified platform saves time on the retailer's end while increasing revenue. "Unified platforms piece together all customer touch points along their buying journey, help create seamless experiences for non-technical users, such as retailers' e-commerce

teams, and improve their margins," he says. "They also enable enhanced and consistent brand experiences across all channels and devices for customers."

Because the systems connect disparate systems, unified platforms can be easier to use, make site changes quick and easy, and help to streamline operations and integrations with other tools and applications.

But Morrissey emphasizes that retailers' platform needs vary, and that some attributes—regardless of their complexity—are becoming standard.

"It looks different for every retailer. But there is a common theme that retailers are expecting certain functionalities to be included in their platforms," Morrissey says. "Certain features are considered standard or common in e-commerce platforms—such as complex promotions, advanced search and navigation, and recurring orders—despite the fact

that these are decently complex e-commerce technologies, retailers are increasingly expecting them as base level."

Regardless of the key features a retailer needs, Cox says a cloud-based e-commerce platform is the best choice.

"There is no reason for a retailer to spend time distracted and focused on the challenges of running its own servers," he says. Retailers are successful when they can focus on the business and not have to worry about maintaining and upgrading their on-premise platforms, he says.

Desrochers says that, regardless of channel, a single view of the customer, product and inventory are paramount in e-commerce. "The retailers that are doing it well today understand those things and are allowing their systems to be tightly



TROY COX
Senior director of product management at BigCommerce, a technology company that develops software for businesses

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integrated and exposing those at every level of a customer interaction,” he says. “When they’re disjointed, it looks awkward and creates a bad experience for the customer. And unfortunately, consumer expectations are far past the technology stacks a lot of retailers are running today.”

Deciding to take on a replatforming project

isn’t easy for retailers. It not only involves careful planning and budgeting, but also determining what the best e-commerce platform specific to their business looks like. Some merchants turn to technology consultants and end-to-end e-commerce service providers to help them identify the best tools for their technology stacks.

“Retailers need to think beyond features. They should consider scalability, portability and management,” Morrissey says. “All of those are equally as important, if not more important, than features.”

Knowledge and flexibility are other key attributes retailers should look for in a technology consultant or e-commerce service provider. “Every retailer has different requirements, so retailers should partner with an organization that can dig into the comprehensiveness of what a platform offers in context to a client’s requirements and who’s going to be the owner of the individual components that they’re trying to actually bring to life,” Desrochers says. “They need the ability to look holistically at what the platform’s options are and then apply those specifically to a retailer’s business and its unique requirement.”

Retailers should also seek technology-savvy vendors that are able to stand behind any promises or guarantees they make—such as uptime and return on investment. “Consumers expect and demand to be able to buy anytime, anywhere, so uptime is important,” Cox says. “Retailers should look for a partner who is at the forefront of the latest industry offerings, can adapt quickly to changes in the market and is delivering new features to meet the changing landscape.”

Hill adds that a vendor should ensure that its tools are easy to implement and use. “Retailers should be able to efficiently manage order processing, inventory, sales, invoicing and omnichannel fulfillment needs,” he says. “And lightweight,

modern technology provides ease of use from a technical standpoint.”

Retailers should also look to work with vendors with deep e-commerce experience that can help them understand where the retail market is heading.

“The right

e-commerce technology partner will have deep experience and industry insight to have a well-articulated point of view on any given issue that affects the e-commerce industry, now and three years out,” Chowdhary says. “Retailers should make a list of the top industry trends or issues that are driving their business decisions, and ask their selected e-commerce partner for their opinion.”

Many retailers—big and small—are

struggling with their existing platforms and dreading the idea of taking on a cumbersome replatforming project. But experts agree, e-commerce platforms today are more robust, easy-to-use, easy to update and less expensive than they have even been in the past.

The potential benefits of replatforming outweigh the costs—both in terms of time and money, Hill says. “The right replatforming move will help a brand evolve with customer needs, boost revenue and improve business processes—now and well into the future.”

After all, while a retailer can choose to stick with the status quo, its competitors likely won’t. “This is the future of e-commerce,” Cox says. “Now’s the time to pay attention and take action.” ■



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