



Why Now's The Time To Launch Or Reinvigorate Your B2B E-commerce Initiative

10 Questions Every Organization Should Ask

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Purpose and Intent

This document serves as a starting point, checklist, and reference guide to buyers launching or reinvigorating existing e-commerce efforts. The recommendations, research, and checklist provide key questions that every buyer should consider in their evaluation of e-commerce solutions.

Commissioned Research Guidelines

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Executive Summary

Most B2B e-commerce initiatives began in the late 1990's during the dawn of the Internet boom. Often created as new organizations or separate business units, these entities proved to be both pioneers in selling to a new class of consumers and early adopters of innovative technologies. However, after a decade of optimizing for the right organization, business process, and technology infrastructure, organizations now face four forces of change:

- **Unpredictable macro economic conditions**
- **New workplace dynamics**
- **Shifting business models**
- **Inability to keep up with the pace of technology adoption**

Consequently, failure by manufacturing, retail, and communications/media/entertainment (CME) organizations to start or reinvigorate their B2B e-commerce initiatives will result in organizations falling further behind the competition. Organizations must adopt next generation approaches that address the buyer's need for new and personalized user experiences, an organization's need to deliver flexible business processes, and the greater community requirement to participate and collaborate in ecosystems.

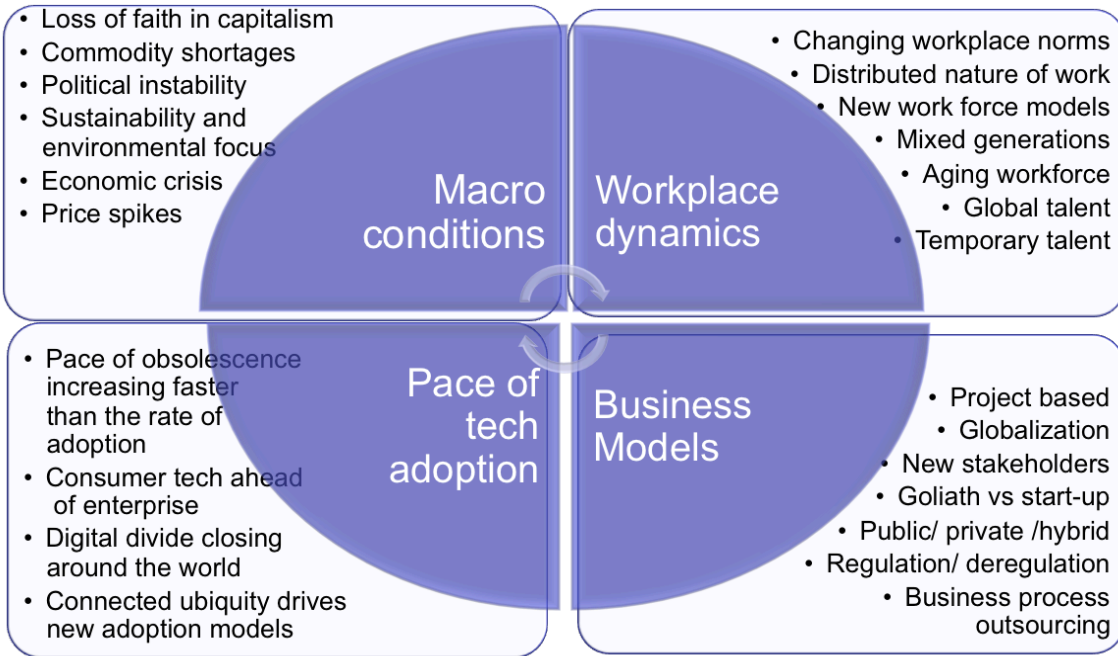
Recent survey data highlight the 5 main requirements B2B e-commerce organizations seek. Before beginning any technology evaluation one must answer 10 tough questions about whether their technology strategy aligns with the current business strategy. Those organizations that invest in new processes, business models, and technology today will position themselves for a great business platform for the next 5 years. Organizations who fail to make the transition can expect declining margins and an increasingly competitive environment.

Four Forces Of Change Transform E-commerce

Organizations in manufacturing, retail, and communications/media/entertainment (CME) face four forces of change that impact their future survival (see Figure 1). While change is not new to any organization, the current pace of change has only increased resulting in tight economic conditions, reduced staffing levels, and decreased market competitiveness. Success requires organizations to mitigate controllable risks while instilling a culture of innovation among its key stakeholders: employees, customers, partners, and suppliers. An in-depth assessment of the four forces of change reveals:

- **Organizations face unpredictable macro economic conditions.** From commodity price fluctuations to a plethora of impending government regulation, organizations face increasing levels of uncertainty. Add growing global public sector debt and the emergence of a global jobless recovery, and leaders realize the pace of change will continue to increase and remain unpredictable. As a result, organizations must proactively focus on the elements of change they can control.
- **Workplace dynamics change how employees expect to use technology.** The e-commerce experience must account for role-based and generation appropriate interaction. Many organizations now face five generations of employees from Depression Era to Digital Natives. Each generation brings new norms for how work is defined, organized, and delivered. Today's employees and business partners expect greater levels of communication and improved opportunities for collaboration. Subsequently, buyers expect 24 x 7 availability, greater access to information on order status and support, as well as improved engagement in product design and the application of social computing to the e-commerce experience.
- **Business models shift from product driven to services led.** New solutions must account for newer services led business models. In many industries such as manufacturing and retail, margins on products have dropped to the single digits. Consequently, value added profits come from service related offerings. Warranty plans, installation, ancillary services, and various support offerings provide higher margin revenue streams. In some industries, such as telecom and high tech, products have become excuses to sell services. Handset subsidies and discounted laptops fuel longer-term service contracts. Concurrently, new services and business models continue to emerge as upstarts compete with established players.
- **Pace of technology adoption impacts how quickly organizations innovate.** Organizations remain trapped by their legacy infrastructure. Most surveys show that over 80% of the technology budgets focus on maintaining and supporting legacy technologies. Successful organizations in today's market conditions must shift the spending on innovation from 20% to 50% in order to keep up with the pace of change. Legacy applications and related infrastructure must be replaced with more agile solutions that can run both on-premises and in the cloud.

Figure 1: Four Forces Of Change Transform Next Generation E-commerce



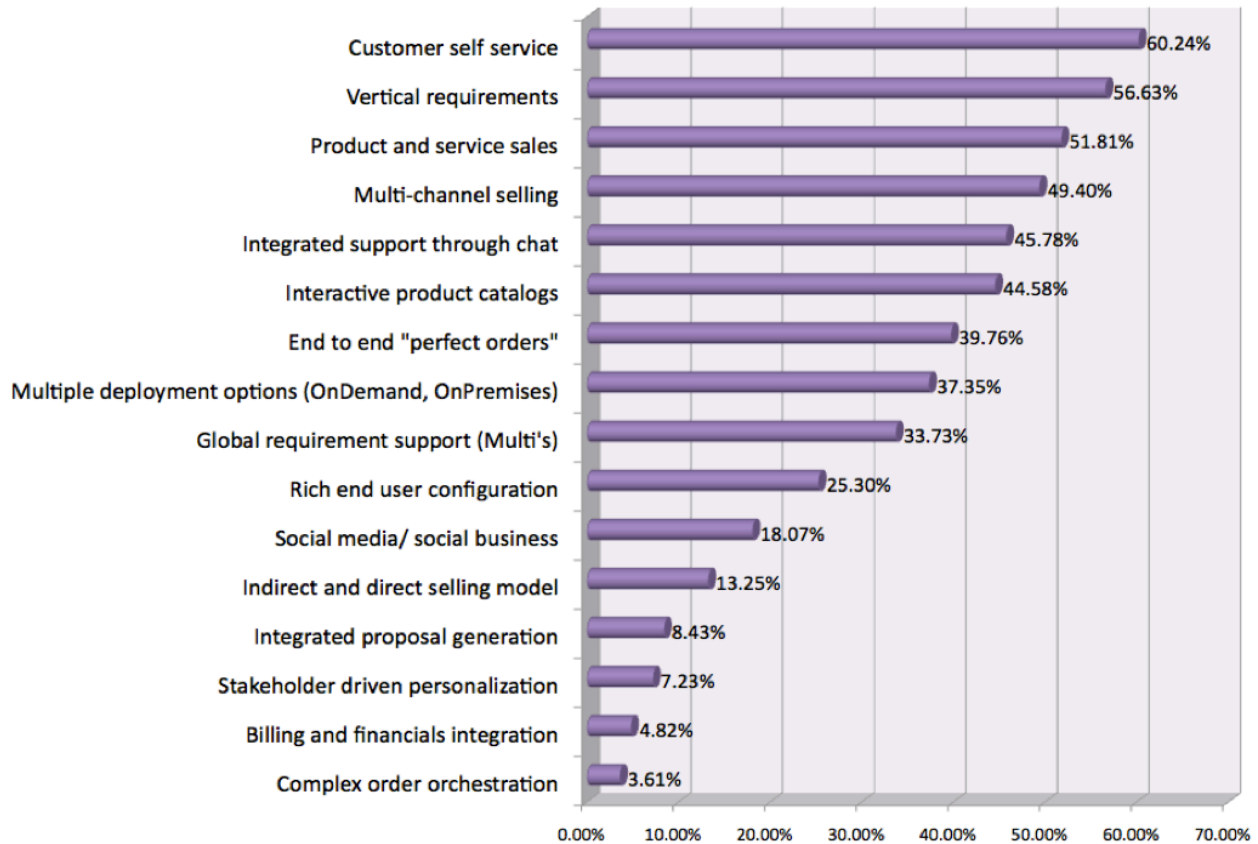
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Recent Findings Highlight Key Priorities in Today's B2B E-commerce Initiatives

In a Q3 2010 Software Insider Survey of B2B e-commerce decision makers, 83 respondents prioritized 5 areas of focus when asked, “What are your top 5 priorities for your 2010 to 2011 B2B e-commerce initiatives?” (see Figure 1) Key finding from detailed discussions emphasize the importance of:

- **Customer self-service.** Originally designed as a right channeling tool to reduce costs, organizations now find their customers asking for these features. In fact, stakeholders increasingly expect always on access to key information from order status to support knowledge bases. Web access is a key priority with mobile access emerging as a requirement. As one VP of e-commerce at an industrial distributor proclaimed, “We started out on self service to save money, now it’s become a feature customers expect and can’t live without!”

Figure 2: B2B E-commerce Initiatives Prioritized Around 5 Key Areas



Software Insider eCommerce Survey, Q3 2010. n=83 for global B2B survey respondents
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- Vertical requirements.** After years of dealing with horizontal solutions, organizations now expect out of the box industry expertise. Best practice business processes, appropriate vertical names, and rich last-mile capabilities drive decisions to upgrade existing solutions. Organizations starting new e-commerce initiatives rank this as a top priority during vendor selection. The VP of Sales and Operations at a global manufacturer stated, “If we have to customize more than 50% of the vertical capabilities it’s off our short list”
- Product and service sales.** Manufacturers, retailers, and CME firms require one system to deliver both product and service sales. Many respondents commented on how they have had to integrate multiple systems across multiple product catalogs through a chaos of multiple pricing and product configurators. Buyers of new e-commerce systems expect one integrated system out of the box, reducing the cost and complexity of managing multiple integration points. The Director of Digital Services at a global CME entity noted “We can no longer afford to have our media and media related service offerings separated by different technology platforms. It’s way too expensive.”

- **Multi-channel selling.** Both internal users and B2B customers assume that they will be serviced through multiple entry points into the system. Traditional field sales, indirect channels, e-commerce, public market places, and private supplier networks have all emerged as preferred channels. Organizations must support seamless approaches through the order cycle. A Senior Director of Partner Sales commented, “My customers expect to place an order online, call me for order status, and buy from preferred partners and suppliers as needed. They want one place, multiple channels.”
- **Integrated support through chat.** Support offerings must provide multiple options including SMS, chat, phone, and field service integration. Chat complements contact center operations and enables business process outsourcing (BPO) of the service and support capabilities. A Director of E-commerce Support added, “Our customers see chat as a more effective way to address quick questions and speed up resolution around order errors, stock outs, and complex changes. Customers see this as a valuable alternative when voice is not an option”

Next Generation E-commerce Requirements Span 10 Elements Across 3 Major Areas

With an increasing pace of change, next generation e-commerce requirements must meet three key elements that include dynamic user experiences, business process focus, and community connectedness (see Figure 3). Ten key requirements are as follows:

Dynamic User Experiences

1. **Role-based design.** Solutions should take into account how different types of users seek information, receive tasks, and perform work. Design of solutions should follow use cases that represent a collection of similar tasks and job functions. User based personalization should address requirements for differentiated product catalogs and pricing based on role, security, and type of stakeholder.
2. **Consistent experience across channels and deployment options.** Solutions should be agnostic to where and how solutions are deployed and accessed. Users should receive a common but personalized experience across on-premises, cloud, mobile, surface, and other user paradigms.
3. **Contextual and relevant delivery of information.** Information required to make decisions should be tailored to the user’s requirements. Tasks, notifications, and alerts must be delivered at the right time to the right person based on user preference.

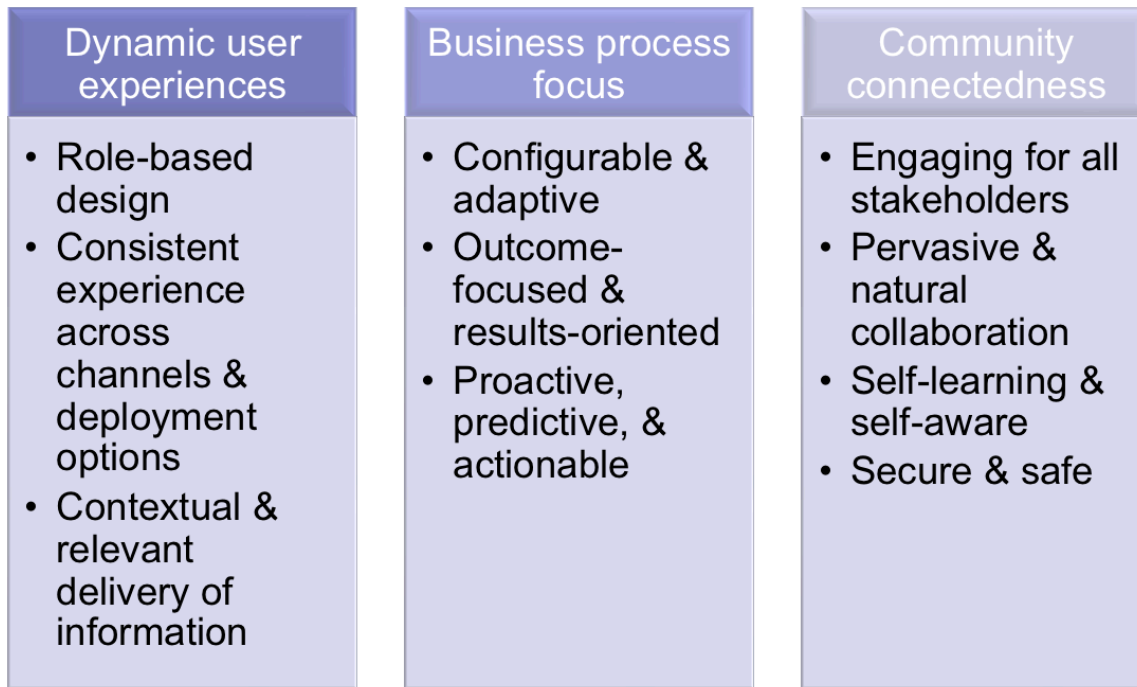
Business Process Focused

4. **Configurable and adaptive.** Solutions should be configurable by business users at a process level. Complex product requirements such as configure, price, and quote (CPQ) capabilities should be implemented once and deployed across all storefronts. Regulatory requirements and changes should be delivered and modified by configuration not customization.
5. **Outcomes-focused & results-oriented.** Solutions should track key metrics across an end-to-end process. Users should be able to see key dashboards that enable transparent performance management and corrective actions. Outcomes should be accessible to stakeholders as determined by role.
6. **Proactive, predictive, and actionable.** Solutions should support up-sell, cross-sell, and other customer predictions learned over time. Decision-making should be pushed to the lowest levels so that users have the right information to take action to support the overall customer experience.

Community Connectedness

7. **Engaging for all stakeholders.** Solutions should engage not only employees, but also customers, partners, and suppliers. A B2B solution should support other models such as B2C, B2B2C, and partner selling models through one implementation. User experiences should cut across business processes and different stakeholder types. Organizations should be able to integrate other tools such as support and billing to complete perfect order life cycles.
8. **Pervasive and natural collaboration.** Solutions should allow easy sharing of information with internal and external users. Social meta data such as location, sentiment, and user feedback should be captured and enable improved access to information.
9. **Self-learning and self-aware.** Solutions should track preferences and identify patterns for future correlation. Self-learning paradigms should help organizations plan demand and supply indicators and create accurate forecasts.
10. **Secure and safe.** Solutions must meet security and disaster recovery thresholds. User data should be encrypted and protected at all times throughout the transaction. System availability should include consideration for high availability and failover scenarios.

Figure 3: Next Generation E-commerce Solutions Address 3 Key Elements



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Recommendations: Apply The E-commerce Checklist During The Selection Process

Before launching or relaunching your e-commerce initiatives, start with the checklist of key business requirements (see Figure 4). Buyers should factor business value, organizational effectiveness, business process completeness, technology competency, and the vendor’s partner ecosystem in each checklist item. Ask these key questions of each technology solution provider.

Figure 4: Vendor Selection Checklist For E-commerce

Key Requirement	Detail	Notes	Checklist
Multi-channel selling models	Does the solution support Web, Kiosk, Field Sales, POS, call center, mobile, new social channels?		
Different selling styles	Does the solution support multiple selling models such as B2B, B2C, B2B2C, Partners, VARs, and e-commerce storefronts?		
Product and service order support	Does the solution address requirements for a single system to deliver services offerings in tandem with product?		
Perfect order requirements	Does the solution support a continuum of Perfect Order processes such as opportunity to order capture, order capture to order fulfillment, order fulfillment to completion out of the box.		
Stakeholder-driven personalization	Will organizations enable internal teams, business units, partners, and suppliers to build price lists, catalog items, discounts, program eligibility, etc?		
Verticals and industry experience	Does the system deliver out of the box support for your verticals and industry requirements?		
Global deployments	Will the system support global requirements for multi-currency, multi-lingual, and multi-organizational?		
Integration	Does the system support open API’s, back office systems, and integration back to perfect order scenarios?		
Multiple deployment options	Can users move from On-premises, cloud based, and BPO. Are there migration paths among the deployment options?		
Suite versus best of breed components	Does the system provide end-to-end solutions on a common architecture? Can components be adopted?		

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About Us

Altimeter Group is a Silicon Valley-based research and advisory firm that provides companies with a pragmatic approach to disruptive technologies. We have four areas of focus: Leadership and Management, Customer Strategy, Enterprise Strategy, and Innovation and Design.

About R “Ray” Wang, Partner

R “Ray” Wang (@rwang0) is a founding partner and research analyst for enterprise strategy at Altimeter Group and the author of the popular enterprise software blog [“A Software Insider’s Point of View”](#). With viewership in the millions of page views a year, his blog provides insight into how disruptive technologies and new business models impact the enterprise. A background in emerging business and technology trends, enterprise apps strategy, technology selection, and contract negotiations provides clients and readers with the bridge between business leadership and technology adoption.

Buyers seek Ray’s research in disruptive technologies and their impact on business processes, business models, and organizational design. Business topics focus on harnessing innovation, creating next generation business and IT leadership, and applying the new rules of business. Technology topics include SaaS/Cloud solutions, Social CRM, Next Gen ERP and apps, business process transformation, Project Based Solutions, Order Management, Master Data Management, and middleware technologies.

For technology sellers, Ray provides strategic guidance in go-to-market strategies; reviews and designs software licensing, pricing, support, and maintenance policies; delivers competitive assessments; evaluates software partner ecosystems, and researches business processes such as the perfect order and customer experience for the enterprise and SMB markets.

In both 2008 and 2009, Ray was recognized by the prestigious [Institute of Industry Analyst Relations \(IIAR\)](#) as the [Analyst of the Year](#) and in 2009 he was recognized as one of the [most important analysts for Enterprise, SMB, and Software](#). In 2009, A Software Insider’s POV was listed in the top 20 of Jonny Bentwood’s [Technobabble 2.0 Top Industry Analyst Blogs](#). In 2010, Ray was listed as one of the [Top 5 Analyst Tweeters in Edelman’s TweetLevel Index](#), recorded as part of the [ARInsights Power 100 List Of Industry Analysts](#), and named one of the top Influential Leaders in the CRM Magazine 2010 Market Awards.