

Three Keys to Igniting Your Business Growth with Commerce in the Cloud



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Your e-commerce strategy is an essential component of your business success in today's market.

Having a nice website, online product catalog and a strong digital presence alone are no longer differentiators in the marketplace, and since customers are more empowered than ever today, the new reality is that customer experience is king. Competition is also pushing prices down and speeding the pace of change in virtually every market. The key concerns for commerce, marketing, sales, and IT executives are about core business issues: how to increase revenue; how to accelerate the pace of change; and how to handle growth when it comes. An IDC study revealed the implementation of SaaS based e-commerce could improve the total cost of e-commerce businesses by 50%¹. Boston Consulting Group agrees with these figures, with research showing companies can decrease their TCO by 20-50%².

"While 42% of U.S. companies studied, license software that they maintain on their premises - that will change as 'more companies outsource the burden of support, scalability, and upgrades to the vendor."

FORRESTER RESEARCH

AS QUOTED IN 'E-COMMERCE SOFTWARE SPENDING WILL NEARLY DOUBLE IN THE U.S. BY 2019,' FEBRUARY 2015, INTERNETRETAILER.COM

Cost cutting however, is only a piece of the puzzle. According to Deloitte, companies with an above Average investment in SaaS solutions grow 26% faster and are 21% more profitable³. These gains can be attributed to a number of factors but the three most important are the ability to create inspiring customer experiences, rapid response to complex market demands, and having an infrastructure capable of meeting your growth needs. As a leader within your business, you are no doubt looked to for guidance in these areas. Despite the obstacles facing e-commerce businesses today, the opportunity for change and growth is measurably clear. Because your business' success will be determined by your ability to chart a course that addresses these issues, the three key areas are described in additional detail to help those evaluating the capabilities and benefits of different e-commerce platforms.

¹ IDC ROI Analysis, November 2013 - <http://bit.ly/1QfetBq>

² BCG Perspectives - <http://on.bcg.com/1F1FFSj>

³ Deloitte - <http://bit.ly/1Jl5XwA>

INSPIRING COMMERCE EXPERIENCES

The cost savings associated with moving to the cloud are well documented. Cutting expenses is great because it increases profit, but this isn't the same thing as top-line growth. Many e-commerce leaders question if they can have a robust solution in the cloud. In other words, are they trading functionality for the operational simplicity of a cloud-based solution? This doesn't have to be the case. Your commerce solution should first provide you with the tools necessary to reach, convert, delight and retain your customers. These capabilities should then be available in whatever delivery mechanism makes sense for your business.

A world-class commerce solution should empower your business in the following ways:

13% of major manufacturing, retail and wholesale firms use home-grown e-commerce technology today, many will move to 'more nimble and highly scalable' commercial software. Between 2000 and 2010, e-commerce platforms had a seven year average life expectancy; today, companies that host their own e-commerce platforms will need to update as often as every four years.

FORRESTER RESEARCH

AS QUOTED IN 'E-COMMERCE SOFTWARE SPENDING WILL NEARLY DOUBLE IN THE U.S. BY 2019,' FEBRUARY 2015, INTERNETRETAILER.COM

Find More Customers and Differentiate Your Brand

If attracting more customers to your site is part of your growth strategy then SEO is important. Once a potential customer is at your store, do they like what they see? Can you create a unique experience relevant to your brand and customers, or are you stuck using rigid templates? Your team should have simple control over every pixel of your site.

Drive Revenue at Every Customer Engagement

One of the most important ways to drive revenue is to delight customers by simplifying how they discover new products through faceted navigation and guided search. You should also be learning more about your customers by engaging with them through dynamic content. You can increase AOV by automating the product recommendations and cross sells they didn't know they needed.

Empower Your Customers

You have to engage customers where they are with a consistent brand experience. Stores with responsive design empower customers to shop on any device because it has an experience they are used to.

Create Loyalty and Advocacy

Customers are loyal when they feel they have a relationship. Let your customers know you know them by leveraging precision marketing to make the most accurate product and content recommendations. Delivering relevant and dynamic experiences that are consistent and frictionless across all touch points will keep customers coming back.

COMPLEXITY SIMPLIFIED

Your business is complicated, selling online isn't easy, and customers are expecting more from online sellers than the prevailing technology can deliver for many sites. Simply restricting your core selling, marketing, and branding options isn't doing you any favors. Industry best practices should always be the starting point; however, truly successful businesses need the flexibility to change directions quickly when their particular market demands. The goal of an e-commerce solution should be to provide you with robust capabilities that solve complex problems in an intuitive and simplified way.

Empowering Business Growth

Most online sellers attempt to grow either by entering new markets or expanding within their existing one. This could mean adding new products into your portfolio, expanding into new geographies, or even extending your business model. Either of these ways is fraught with its own complexities. Seek out solutions that streamline the operational aspects of your growth initiatives by making it easy to add new currencies, geographies, microsites and catalogs.



Prepare for Tomorrow

Meteoric growth isn't a normal operating assumption for most companies but preparation for it should be. Companies that are successful but don't have partnerships and solutions in place that can grow when necessary will undoubtedly see their growth stymied. Prepare for success by laying the groundwork for enterprise level operations. Partner with a solution provider that has the necessary solution components ready to support your core sales operations. Consider how field sales would one day interface with clients used to buying online? What if your catalog grows to include configurable products?

How do you service your customers when they have issues? Will your solution support a uniform API-first architecture for easy integration to support these operations? Are you supported with templates to get you moving quickly or do you having to build from scratch when a business user needs something new?

Manage the cost Of Growth

With unlimited resources you could make almost anything happen. Most of us however, have very limited resources. When it comes to managing site availability, search indexes, product catalogs, pricing, catalog imagery and site content you could easily require a staff of dozens. Keep costs low by selecting solutions that are easily managed by small teams. You should be able to get off the ground quickly in order to keep innovating without sacrificing functional requirements.

“The most successful retailers will find opportunities by putting mobility, analytics, cloud, and social to work in their customer and operations strategies, adopting omni-channel integration technologies and IT governance, unifying customer engagement for hyper-personalized loyalty.”

LESLIE HAND
VICE PRESIDENT
IDC retail insights

BOUNDLESS GROWTH

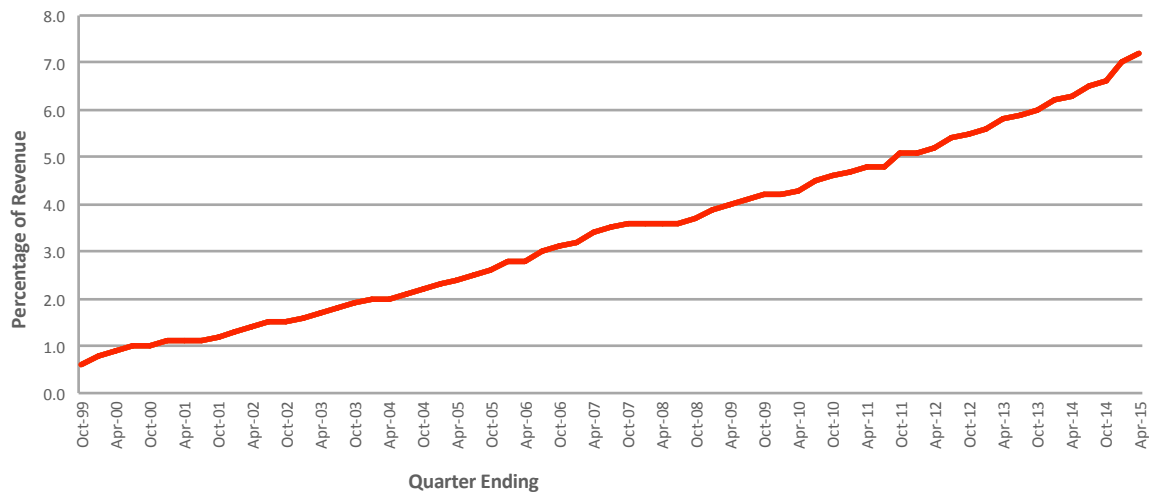
The e-commerce marketplace is flush with SaaS-based solution providers who make empty promises to improve your business. A close look at the Internet Retailer top 100 accounts will show that there are only five companies using SaaS based e-commerce in any fashion – and most of those are parts of a larger on premise ecosystem and only support a subset of that company’s market needs. In fact, only about 2% of the IR 500 use SaaS, and almost all have revenues under \$100M.

E-commerce has grown 17% YoY⁴ as an overall percentage of retail sales. However; 86% of that growth is from the top 100 companies⁵. Simply put, what the market is showing strongly suggests that the current generation of SaaS commerce solutions haven't been able to support the highest demand growth rates or proven capable of scaling small businesses into large scale success.

⁴ https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

⁵ <https://www.internetretailer.com/2015/04/13/e-commerces-sales-outgrow-total-retail-sales-2014>

E-Commerce Year-Over-Year Growth as a Percentage of Overall Revenue



The reason for this is a need for e-retailers to compromise. In order to maintain operational and pricing efficiencies typically associated with SaaS, many offerings have rigid storefronts that offer only mediocre functionality. Perhaps these solutions represent the most important market “best practices” but without more nuanced control you’ll never be able to fine-tune your site for explosive growth.

The four essential areas to consider when evaluating how a SaaS-based solution will affect their growth are:

Platform Flexibility

Top-tier companies are constantly tweaking and testing both site content and site structure. To break into the upper half of the IR 500 requires control over every pixel and a suite of complementary capabilities to grow into. You should be confident that you have sufficient latitude to continue to update and tweak your user experience.

Platform Performance

A “noisy neighbor” in the cloud can cause a lot of problems because you can’t necessarily predict when they will be noisy. As a growing company, site responsiveness and uptime are essential. Share resources where it makes sense and isolate where it doesn’t.

Pricing Model

In the early stages of growth many companies can afford a revenue sharing pricing model. More mature high growth companies simply can’t afford to give away 2%-3% of their total revenue once they cross a certain threshold. You should be looking for a flexible pricing structure that will suit your business in the present and future.

Cloud Security

This particular issue can be nebulous. Most e-commerce decision makers aren't sure what they are afraid of, but they know they are afraid to tarnish their brand's reputation. Attaining data security in the cloud doesn't have to be rocket science. Trust vendors who have proven to be trustworthy.

COMMERCE WITHOUT COMPROMISE

Anytime you change the fundamental ways a company goes to market you are accepting some level of risk. By knowing where the market is soft and understanding the growth needs of your company, you can mitigate those risks. Take the following pieces of advice with you into any SaaS evaluation.

Invest in Strategy

The business you have today isn't the business you will have in a few years. The solutions you invest in should have an underlying vision and strategic direction that is compatible with your own. Buy the strategy not the features.

Know Your Needs, Know Your Abilities

The corollary here is "know what you can do". Not everyone can take full advantage of the extensive customizations available through open source and on premise solutions. If you can't manage them, don't buy them. In commerce platform evaluations, operations and technical skill can become after thoughts. Make sure your organization has a plan to extract the full benefits any solution potentially offers. If you don't have that plan, you are misallocating time and money.

Know What You've Already Got

36% of companies say "too many older systems to integrate" was a major challenge in their last e-commerce deployment. Work out your integrations with your short list. If they can't handle the back end, you should probably move on.



Partner with Companies that Have Deep Expertise in Commerce

Buying the right solution is a combination of evaluating strategy, market needs, solution capabilities and partner expertise. The right strategy and partnership with a solution provider that understands your business, has deep commerce expertise and capabilities, and has a great vision can be a hedge that allows you to settle for less functionality in the short term.

Oracle is committed to helping you succeed with your e-commerce and digital business initiatives. We invite you to contact us at your convenience to discuss your requirements and any questions you might have. To contact Oracle directly, please call **1-800-633-0738** or visit the **Oracle Global Contacts** page to find the phone number for your country.

For more information on Oracle Commerce solutions, please visit **www.oracle.com/commerce**.



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