Your Customers Want E-Commerce NOW!
Creating Flexibility to Capitalize on B2B E-commerce Growth

Inside:
- B2B Buying Expectations Are Shifting
- Companies E-commerce Architectures Will Limit Growth
- Single Source Technology Foundation
- Using Structured and Unstructured Data
E-commerce is unquestionably in an age of ascendancy. Virtually anything that has been made in the last 100 years can be found for sale somewhere on the Internet. This reality is confounding traditional retailers, wholesale and distributors and more as their facilities can’t match the scope of offerings found in the electronic showroom of the worldwide web.

Businesses are rushing to create new, additional online channels for their products and services. For years, they have cut costs but have done little to grow top line revenues. E-commerce could be one way of achieving this. But, woe to the wholesale/distributor or manufacturer that thinks that e-commerce is simply an adjunct to their current systems and processes.

Both B2B and B2C customers' e-commerce expectations are changing as the market evolves. Customers have grown accustomed to polished e-commerce experiences like those offered by Amazon and Apple. They are beginning to expect the same level of experience from all sellers – even business to business websites. Unfortunately, most companies’ e-commerce architectures, if they exist at all, are limited in their ability to capitalize on this growth opportunity.

To compete effectively in this changed environment, we believe most companies should:

> Gain the external awareness of leading e-commerce practices and evolve the buying experience
> Build a single source ERP system that lays the foundation for managing production, financials, CRM and e-commerce
> Leverage both structured and unstructured data within the supply chain to increase value and gain insights across the entire value chain
> Use the new insights to proactively learn about one’s customers regardless of what channel these customers use to transact with your business
Modern commerce has been subject to constant change throughout history. In 1894, with the Richard Sears’ mail order catalog, buyers and sellers that were separated by vast distances could easily place an order by filling out a form and mailing it to the company for fulfillment. The innovation didn’t stop there. As time went on, these connections between buyers and sellers became faster and richer. Customers went from placing orders by mail, telegraph, telephone, and fax to shopping and ordering online.

Now comes the most significant inflection point in commerce: the adoption of the fully integrative e-commerce model. Modern e-commerce solutions have made the connection between buyers and sellers strong by making the flow of information instantaneous and two-way. It has shifted the paradigm and shattered conventional rules of commerce.

The internet has become the world’s largest showroom. Consumers can quickly and easily compare hundreds of retailers in a highly competitive marketplace. This ensures that the constant changes in buyer demands are met while transparency and efficiency are increased. The friction that made switching suppliers difficult in the past has been relieved.
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Now Business Customers’ Buying Expectations Are Shifting

The e-commerce landscape has changed dramatically in the past five years due to the overall growth of the channel, the explosion in internet enabled devices, and B2B customers desiring a B2C experience.

In the past decade, the internet has undoubtedly changed the way businesses sell. This shift is largely due to the exponential growth of e-commerce. According to eMarketer, e-commerce is currently responsible for $194 billion in retail sales in the USA in 2012, a 16.1% year-on-year increase. It has been forecasted that the amount of money spent on e-commerce will increase at least $25 billion every year.

The current growth of e-commerce can be largely credited to the proliferation of internet enabled devices: the tablet and smartphone. Smartphones have largely gained acceptance after the debut of the Apple iPhone in 2007. With the introduction of the iPad in 2010, the tablet market has experienced an even faster growth rate, forecasted to sell 106 million units by the end of this year. Due to the high demand and usage of these mobile devices, consumers and businesses have spent over $16 billion in 2011 online through their smartphone and tablet devices.

The increased growth in e-commerce and internet enabled devices has lead major online retailers to focus on providing an unparalleled user experience. Apple showcases this type of experience with their iTunes Music and App Stores. When a customer accesses the iTunes Library or App Store on any internet enabled device, they are not just presented with a “one size fits all” standard webpage. In fact, consumers get a custom built website for that particular device. When the customer makes a purchase, their account information, apps, and songs are synced across all platforms ensuring the user experience is consistent.

However, most of the leaders who are providing an unparalleled user experience through integration are B2C businesses such as, Amazon and Apple. Recent trends have shown that B2B customers are demanding a B2C experience too. This demand is evident from the recent adoption of Apple products into the corporate world. According to the New York Times, 93% of the Fortune 500 is testing the deployment of iPads and iPhones throughout their organization. Companies such as, Royal Dutch Shell, Credit Suisse, Kimberly-Clark, St. Jude Medical, Covidiem, Teradata, Nike, Danske Bank and Facebook have already implemented the use of Apple products throughout their organizations. Even companies such as Amazon are providing B2C experiences to B2B customers through Amazon Web Services, according to Business Insider; they gained over 500,000 business customers by the end of 2011. Companies with a B2B model need to innovate now as their customers yearn for a better experience and conventional B2C companies are more and more likely to fill this void.

Customer needs and wants continue to evolve. They now expect your business to know them and their preferences regardless of the chosen commerce channel (e.g., mobile, in-store, phone, etc.). It’s a multi-channel world now, even in B2B. Are you there yet?
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Companies E-commerce Architectures Will Limit Growth

As the online e-commerce space continues to grow, companies need to be able to cater to increasing customer expectations. Consumers in the modern online marketplace are increasingly asking for an experience which is more integrated, tailored, and automated. However, many companies lack such capabilities to fulfill their customers' expectations due to the rudimentary integration of their IT infrastructure.

Many companies have become largely dependent on “bolted on” e-commerce solutions. A bolted on e-commerce solution is an e-commerce package which is not directly integrated into your core systems. Therefore, a change in inventory, pricing, billing, or shipping would not be automatically reflected on your retail website. Consider the following customer issues as a result:

> Your customer places an order and expects delivery tomorrow, but instead receives a delayed email that the item is out of stock
> The company understands a competitor is offering a special price on an item, but cannot make pricing changes fast enough to match the offer
> A customer makes a change to shipping address, but the product ships before the updates to the customer record take place
> A customer on the web seeks an in store pickup, but it cannot be confirmed because inventory cannot be confirmed

In the early days of e-commerce such issues were excusable. Today, customers will simply choose to go elsewhere.

Furthermore, if you are a supplier to Amazon or Apple, their tolerance for errors is slight. Amazon has a target Order Defect Rate of 1% or less. Suppliers that exceed this rate for a prolonged period of time risk suspension or termination. The challenge for many B2B companies today is that their existing (non-e-commerce) systems & processes do not meet the quality, reliability and other standards expected in the B2C world. How will they do better in the e-commerce world with the technologies and processes that already produce substandard results?
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Guidance

We believe three priorities exist today for businesses that wish to prosper in the more online, e-commerce and end-customer focused economy. These priorities include:

- An immediate need to become more conscious of this changed and changing sales channel
- The rising quality, timeliness and other requirements that old ERP solutions may not deliver
- Mastering the rich vein of unstructured data

Gain the external awareness of leading e-commerce practices and evolve the buying experience

In the current e-commerce landscape, companies need to take a proactive approach in understanding the ever changing online buyer (business or consumer) and compare these new requirements against their existing IT infrastructure. They need to do their homework by assessing resources like the numerous Internet Retailer guides (see: www.internetretailer.com/guides). This homework may help the company understand what competitors are doing in the e-commerce sphere, the kinds of technology they use and the metrics that drive their actions.

Companies then need to gain better understanding of how their customer (or their customer’s customer) wants to do business and then find solutions that enable these emerging capabilities at the speed, quality and other metrics the market demands. This is a continual activity as customer expectations continue to increase as the internet retailing experience improves.

Bottom line: **You can’t win in e-commerce if you don’t understand the new, rapidly changing landscape.**

Companies Need a Single Source Technology Foundation

To achieve market relevancy or superiority, companies must shift their view of their old ERP solution. Those solutions were often designed for a different time. They focused on internally generated transactions and have a strong accounting-centric focus. Those capabilities will still be needed but for companies to compete in the e-commerce world, the old ERP may not be up to the task.

Some companies may be in a more difficult position as they may not have a single integrated ERP solution. They may have several ERP solutions in their company. They might also have a loosely interfaced collection of best of breed applications that collectively resemble the components of an ERP solution. In either scenario, there will likely be islands of automation, potential communication gaps and other challenges that are not tolerated by modern e-commerce buyers today.

E-commerce, CRM, production and financials can’t be viewed as adjacent systems. They should each be parts of a larger, fully integrated whole. They need to work together on a well built foundational ERP solution. Bolting add-ons for each of these areas will lead to long term problems just as building a house without a solid foundation with eventually cause it to lean.
In order for companies to develop such operational flexibility and future scalability, it is vital to construct a holistic, enterprise solution. Cloud technology enables all sizes of companies to take advantage of the latest IT technology. It allows in-house personnel to focus more on innovation rather than mundane IT housekeeping. A holistic solution helps ensure all parts of the core system can communicate effectively and immediately. It allows data to be leveraged across systems. A single solution should allow the integration of your e-commerce system with your ERP, CRM, & POS systems to ensure imbedded integration across all platforms.

The Social Workforce

Modern enterprise solutions have the potential to provide a better customer experience with a well-managed implementation. These solutions enable companies to remain agile and increasingly efficient by natively integrating e-commerce with the core operational system for a consistent experience across all touchpoints. These solutions should enable companies to move from standalone transactional channels such as online, in-store or telephone to an integrated commerce solution that puts the customer at the center of every experience. They capture preferences and transactions into rich customer profiles to support personalized marketing, merchandising and promotions across all channels. Extending these customer-centric capabilities to B2B businesses enables companies to provide a consumer-class experience to business customers and suppliers. This allows for seamless integration to streamline B2B invoicing, support and payments with efficiency that can be difficult if not impossible to achieve with older architectures.

These solutions require companies to revaluate their operational strategy for a new breed of consumers that are demanding a higher level of transparency. Customers now expect real-time data on stock levels, the shipment status, customer reviews, and overall process transparency. Your company’s old operations strategy may not be up to the task.
There are some additional points to ponder re: e-commerce technology platforms. We believe a single, multi-channel, integrated solution will quickly become table stakes for any business desiring a multi-channel strategy. We are not optimistic that non-cloud based, best of breed solutions will be as cost effective or error-free as the market will demand. As a business moves from supporting one channel to multiple channels, it must have a low cost technology platform that can support rapid change, inexpensively. Again, we are concerned that bolting on more and more layers of different, loosely interfaced technologies to support additional channels will be costly and error-prone.

**Companies Need to Use Structured and Unstructured Data**

B2B companies that are stuck in the middle of a value chain often find themselves starved for data. They particularly thirst for insights into customers, prospects, their customers’ customers and more. To fully exploit the capabilities of more holistic ERP solutions, companies need to find and exploit data on all manner of customers. Fortunately social media websites are a goldmine of customer data and companies need to acquire tools that enable them to collect and analyze this data.

Tools like Salesforce Marketing Cloud (www.radian6.com) allow businesses to gather data from social media (e.g., Facebook, LinkedIn and Twitter) and analyze both the structured data (e.g., in their ERP systems) and the unstructured data (e.g. blogs posts and comments) to gain customer insights from the end consumers. This data can help them identify and target underserved markets, become aware of potential product warranty issues, spot emerging trends, etc. It can give them a head start on exploiting shifts in customer behavior and leave competitors struggling with the problem of how to dispose of their bloated, unnecessary inventory. Greater insight creates the opportunity to truly surprise and delight the customer.

Insights can also act as a barometer of success. They let you measure the impact you are having on the end customer. This information, when taken with other data gathered by your ERP solution, gives your company a more complete picture of performance and results.
Conclusion

Ignoring the new channel of e-commerce is simply not an option for most companies if they want to survive. While e-commerce has its roots in the B2C (business to consumer) world, consumers, suppliers, and others are bringing it into the B2B world. And, they’re doing it quickly.

If you want to play in the e-commerce space, we believe you must possess three key ingredients to win. You need to be very aware of this new commercial world. You must possess a strong technology foundation and you must be ready to exploit vast amounts of all-new kinds of data and insights about your customers, suppliers, products and partners.

Companies that correctly adapt to this new era of e-commerce will be rewarded with a dynamic capability which is aligned with the fast moving nature of the marketplace. Those that do not will see their business move elsewhere. It's time to capitalize on this shift.
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