# THE INSIDER'S GUIDE TO ENTERPRISE-LEVEL COMMERCE PLATFORM DELIVERY

## What you wish you knew before starting a digital commerce project

Salmon presents an insider's guide informed by practitioners who have been defining, delivering and managing many of the world's leading enterprise-scale ecommerce sites for over 20 years.

Salmon
SHAPING FUTURE COMMERCE

# ABOUT SALMON

Salmon is a global ecommerce consultancy that helps brands transact more digitally.

Founded in 1989, the same year Tim Berners-Lee invented the World Wide Web, digital is in our DNA. Today we're driving €7.4 billion in revenue annually through client ecommerce platforms, including Argos, Audi UK, DFS, Halfords, Selfridges and Sainsbury's.

With global coverage, we are the largest digital commerce consultancy in WPP's network of companies. Over many years, we've helped shape the ecommerce landscape...

- We built the first £1m site in the UK, partnering Jungle
- With Argos, we helped revolutionise UK shopping with Click and Collect
- We developed the world's largest online grocery re-platform for Sainsbury's
- We created the world's biggest B2B platform for Premier Farnell
- We're building some of the world's largest online stores across luxury, fashion and automotive today

# INTRODUCTION

Ecommerce is a key pillar in many major brands' digital transformation efforts. According to a McKinsey study[1], only 26% of digital transformation efforts deliver performance results above expectations, and ecommerce is often one of the areas where companies fail to make the grade. A new study by Salmon also highlights that only 16% of ecommerce decision-makers experience a pain-free platform delivery process.

This guide shares Salmon's experience of how best to approach ecommerce implementations, to help make sure you are among the quarter of companies that get it right.

It is written for senior executives responsible for digital change, to help them see beyond the features of enterprise-level ecommerce platforms, and to give an inside track into what really matters when it comes to successful implementation.

# EXECUTIVE SUMMARY

The way we look at ecommerce platforms and delivery is upside down. We obsess over features and functions, giving limited attention to the real factors that drive ecommerce success (or lack thereof).

It is Salmon's experience that overall project costs increase when key decisions are taken out of sequence. At the same time, the platform's ability to properly capture your associated vision decreases. Instead of starting with the platform features set, you should:

- Start with a vision that articulates the strategic direction of your ecommerce plan. You should craft this with involvement and feedback from your customers.
- Develop an architecture that supports your vision. Identify your data and develop your interfaces before you start on implementing what customers see.
- Select an implementation partner that is the most likely to be able to take the vision and implement it in all its vivid detail. Choosing a partner with prior experience of implementations of your scale, and in your market, is extremely important.
- Select a platform that fits best with your vision and business processes. Evaluate it against these, not just against other ecommerce platforms.

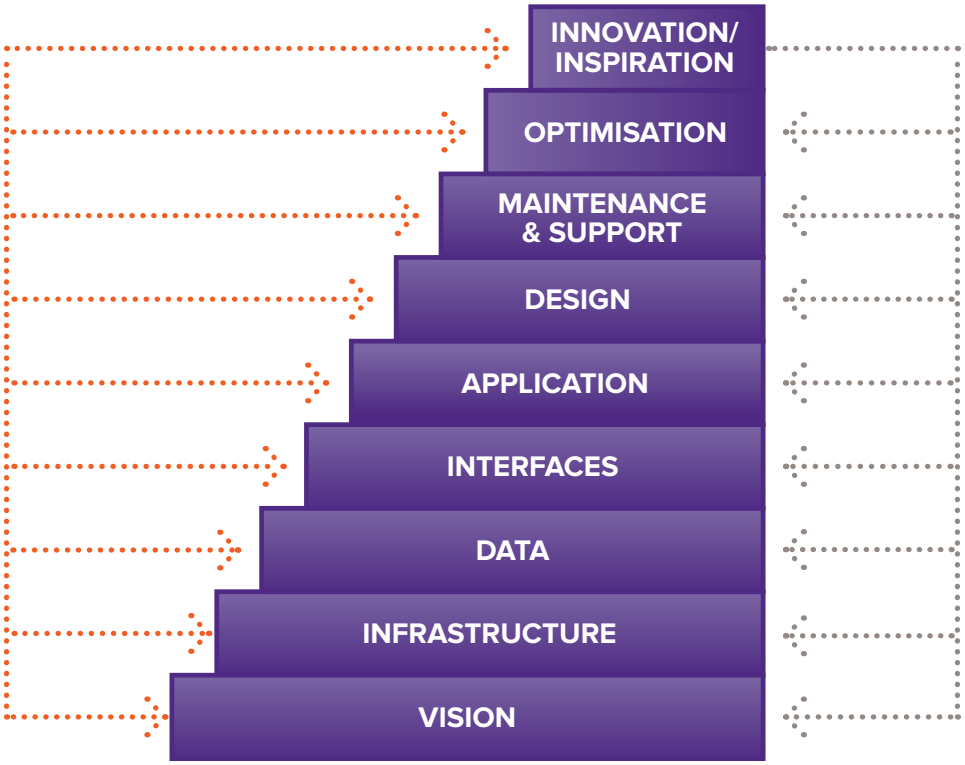
Only **26% of digital transformation efforts** deliver performance results above expectations.
**(McKinsey 2015)**

[1]Source: McKinsey Global Survey on global transformation (2015).
www.mckinsey.com/business-functions/organization/our-insights/how-to-beat-the-transformation-odds

And this, in turn, may demand a different, more open approach where you:

- Listen to your customers and collaborate with them. Give them a voice in the vision and design, rather than proceeding on the basis of what you think they need.
- Develop for flexibility. Use modern techniques such as microservices, a DevOps approach to automation, and develop interfaces that can be used by any system including the ecommerce platform.
- Strive for results, not perfection. Make compromises to reduce complexity – if you need to feed price data to ecommerce to make it work, then do that instead of insisting it call a price service API (and fits a perfect architectural solution).
- Let the chosen platform become an opportunity to hone and sharpen your business processes. If you try to bend the system to the way you work, rather than optimising the way you work to fit your chosen platform, you'll create a larger, more costly and less flexible result.

**69% of ecommerce decision-makers** claim that customer service was impacted during the platform delivery process (eg. through downtime).*



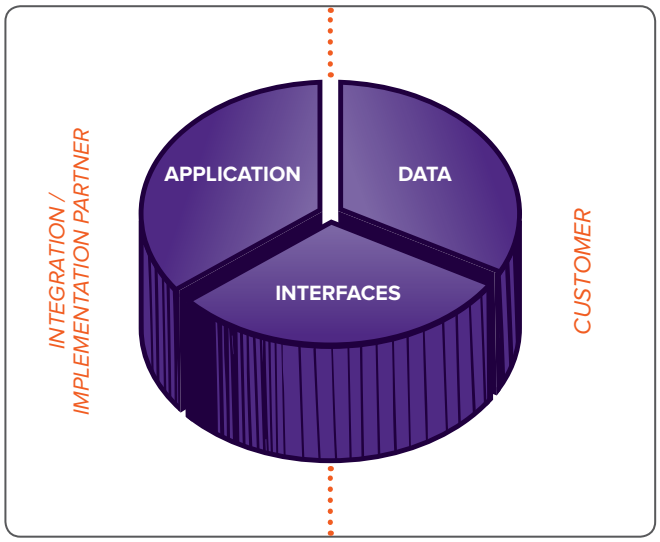

**Ecommerce layers: effective platforming is more than the sum of the parts**

*Source: 2017 research commissioned by Salmon and conducted by Censuswide across UK, Germany and Benelux

## Architecture: Starting with a solid foundation, reducing cost and not building a house of cards

Ecommerce platforms have become quite consistent in terms of features. If you do a detailed RFP based on features you will quickly find that most of the "Leader" or "Challenger" platform vendors can match each other feature-for-feature with strengths and weaknesses around the edges.

We asked our Multichannel Director, Craig Harper-Ashton, who has led the development of enterprise-level commerce platforms for over two decades, a question. If you could capture in basic terms the pain points and insights learnt from implementing ecommerce platforms over the past 20 years, what would it look like? He came up with a simple diagram:




*"Customers looking at a platform would expect me to draw a technical diagram about one or more of those platforms. The purpose of this illustration is to show that the choice of the platform and the points behind it isn't insignificant, but it also isn't a major consideration. Therefore the diagram I always draw is a pie chart that represents the resources, time and effort that you spend on a solution.*

*The platform choice and usage of the **application** represents a small fraction of that effort, and the other effort – relating to time, cost, resources, people coming and going – comes from the **data** already in your system, the environment and company, and the knowledge you've got behind it.*

*The third piece is how you pass that data around, i.e. the **interfaces...** and twenty years of experience have shown this picture to be true with any programme that you get into."*

So before starting with the selection of a platform, we would propose that you **start with the larger slices of the pie – namely the data and interfaces** (how you get at the data). Defining this architecture, along with the business processes, will do two key things; it will reduce the cost of your ecommerce implementation, and it will get you closer to achieving your vision.

## Do you change the platform, or does the platform change you?

The platform you choose is usually the smallest element of cost, and the one that least impacts the vision. What is generally a bigger investment is re-engineering the company to get the most out of the platform. As a rough rule of thumb, 60-70% of the cost of ecommerce platform implementation lies in the discussions about "we don't work in this way", or "the system needs to do this because this is how we work, or what our customers expect", or "we need to match how our core systems work in this regard". This is where a lot of time is spent changing the system to match the current state of a customer's business, people and workflows.

Today's ecommerce platforms are engineered to speed up and automate the sales process. The best ecommerce companies see their platform implementation as an opportunity to re-engineer their operating/trading models, based on a digital-first paradigm.

**So ask yourself a fundamental question: are you willing to change to make your business successful?** The more agile your business can be in accommodating the way the system works, the better result you will get from it, as you can spend more time working on the features you want to get vs. getting sidetracked by customising the system to match the way you are used to working.

## Best foot forward: Enabling, not stifling, innovation.

Let's consider two ecommerce projects, run in different ways:

**Project 1 begins with an RFP to create (or replatform) an ecommerce system.** The ecommerce group consults with the marketing and IT departments and captures a large set of requirements and breaks them down into must-haves, should-haves, could-haves and won't-haves. The must-have list is very large. Vendors are invited to bid, and work up great proposals and plans to implement the must-have list. Vendors know that to win, the bids must be competitive, so they bias their assumptions with low cost in mind. A budget is established and the project kicks off into a design phase. Project plans are created. At the end of design, the cost has gone up, but is still within budget. The project kicks into coding, and quickly falls behind schedule. The stress level on both sides (customer and consultant) rises. At some point a crisis meeting is called and items that are highly challenging are de-scoped. After spending the entire budget (and perhaps contingency) and many cycles of quality assurance bug fixing, the system finally goes live. Future phases are planned to get desired features into the system, but marketing and customers are disappointed as it takes years to get to the point they assumed they would get in the initial project.

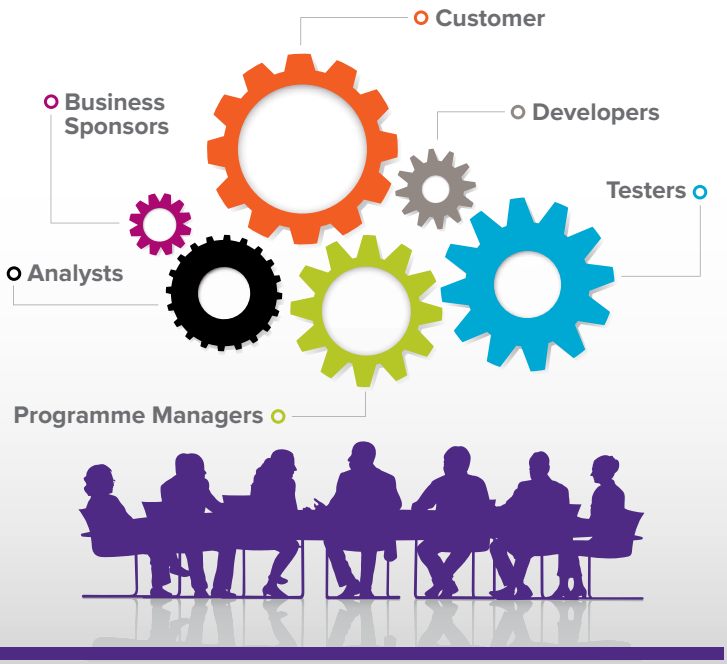
**Project 2 begins with a discussion about vision.** It isn't led by a list of requirements, but the vision is well defined and refined. The marketing and IT team interview a series of implementation vendors, asking detailed questions about capabilities, their approach to projects and their experience in their industry. The team selects the vendor on fitness for purpose, vision, and experience and approach; price is important but not an over-riding factor. Once selected, the vendor and the customer jointly assess the right technology platform for their needs.

The implementation vendor is given the latitude to make decisions (and develop the proposition) based on its experience, not a list of requirements to meet. A smaller project is then defined and funded to create an architecture that is capable of delivering the vision, and work begins on extracting data and defining and implementing interfaces to get the data the system needs. Basic building blocks, such as DevOps automation and environments, are put in place before work begins. With these basic building blocks established, the platform "bolts in" quickly, allowing the work to customise it, and prepare it for real world use to proceed quickly, with minimal rework.

Which of those two projects seems set up for success to you?

At Salmon we would vouch for Project 2 being the success story. It does a few key things well:

- Reduces the focus on line item requirements **and in-doing-so unleashes the power of the platform**
- **Increases focus on overall vision,** allowing the requirement to flow from that.
- Aligns the platform and vendor with the vision, **so your chances of achieving it are higher.**
- Establishes a **usable architecture before proceeding into work** to customise the system.
- Connects all parties – marketing, IT, customers, vendors etc. so **they can effectively collaborate on the solution.**




Connecting all parties will promote far more effective collaboration and shape a more successful outcome.

The ecommerce platform is a set of tools – your solution is the house you want to build with them. The right platform is the one that allows you to build the house at the best quality, for the most reasonable "realistic cost". Before you think about selecting a platform vendor, think about what your vision and business objective is. Let that decision shape the evaluation of the platforms. What platform works best for the way you work today, and the way you want to work tomorrow? Try not to force-fit a platform into your current business processes – let your processes bend and blend into the way the platform works.

## What does visionary look like?

There's nothing wrong with putting a new coat of paint on an ecommerce property. Product visuals, streamlined checkout and mobile interfaces are all important structural parts that your current ecommerce vendor and platform supplier give you, and you probably have efforts ongoing in these areas. But what about the revolutionary stuff?

Your revolutionary vision should include questions like:

- What will lift you from, say, the #8 company in your segment to #1?
- What feature(s) will open up a new capability to your customers that your industry (and competition) does not have?
- What capability will double your online traffic to your ecommerce property over the next 1-2 years?

These are key questions to ask as they will drive the next step you take in ecommerce, and the platforms and products you use to do the job. Once you have determined your vision, you are ready to prime your ecommerce effort with an architecture that will support it, and that starts with data, interfaces and business processes.

**Think vision not detail**

Instead of focusing on platform features, lead with the vision that defines your ecommerce plan.

## DevOps and Microservices – a quick primer

Two emerging trends in ecommerce system delivery are worthy of mention, as they impact significantly the cost of delivery of platforms:

DevOps is a set of concepts around enabling a development team to rapidly see the results of what they are building, with these concepts that making the development process more efficient. Salmon has pioneered some of these concepts in ecommerce delivery, and continues to innovate in areas such as:

- Rapid release cycles – from doing a release every 3 months to doing them as frequently as hourly.
- Automating everything – testing, performance, security vulnerability testing, so developers can ensure their work passes all facets of production readiness.
- Feature switches – the ability to deploy incomplete functions to a production environment, but leave them "switched off" until they are ready for real-time use.

DevOps is akin to a sprint relay team, where high performance levels are delivered sustainably at high pace. Using DevOps, Salmon almost halved the "problems backlog" for a travel & leisure client over 6 months which led to significantly improved platform reliability and stability.

Microservices is the idea of breaking up a system into components. Ecommerce, for instance, is now an ecosystem made up of various components. The most obvious example is the checkout flow, which is about capturing an order and payment, and the content flow, which is about presenting products to a customer (think pictures, video, reviews, and the ability to search and find). Rather than having a monolithic system that handles both, the ability to pick a platform vendor for each of these aspects gives different parties control over the right tool for their vision.

While this is attractive at first glance, it also creates complexity. Binding together different systems is not seamless, and can create more work that more monolithic ecommerce systems have already integrated. As such, the flexibility may come at a cost that doesn't necessarily have a return on investment, as the more monolithic solution is enough for most visions and requirements.

## A checklist for replatforming

The ecommerce landscape is quite mature now: most companies selling products will have some form of ecommerce property online, even in less digitally advanced sectors such as B2B. We are now seeing the next evolution of ecommerce: replatforming from now fully depreciated platform investments to new platforms that overcome the limitations ecommerce managers want to work around. Typical drivers include:

- The platform is feeling old and tired in comparison to competitors
- The cost of running the platform is expensive (due to the maintenance/customisation effort)
- The cost of the team employed to manage the ecommerce effort is high
- As the business grows, the performance of the platform is inadequate
- The platform isn't nimble enough to keep up with marketing/customer demands
- The business is changing, and needs an ecommerce platform to provide new ways to win customers and capture revenue

As we've stated, putting a new coat of paint on an ecommerce property may offer a sound course of action. If you are replatforming, however, you should focus on the revolutionary as well as the evolutionary. Spending a lot of money to change a version number, or selling the same set of products in a more visually appealing way, isn't going to produce the return on investment that a more revolutionary approach will.

## Create your building blocks, before you create your system

Let's zoom in on data and interfaces, two of the key drivers of cost of ecommerce platform delivery:

**It's all about data: Set up the building blocks first**

A system doesn't truly come alive until it is fed with data. Products, pricing, inventory, customer specific contracts, promotions. All of this data bounces off the product and customised code, and gives you a sense of how the system responds in real life.


One of the common mistakes committed in ecommerce projects is to build it before the data is available. Then, when the data is introduced to the system, it creates a deluge of system issues that sustain quality assurance teams for many months. The teams working on the system then go into fire-fighting mode, knocking down bug after bug, chasing perfection.

A better model, we suggest, is to introduce the data right from the beginning. If a developer, or a marketer, can see the system interact with data, they will identify issues as they occur. They can test their code or promotion or catalogue structure prior to the quality assurance phase of the project. They can give meaningful feedback during system demonstrations. Customers with early beta access can give meaningful feedback.

It's all about the data. You should endeavour to **inject real world data into the system right at the beginning of the project to avoid the pitfalls of elongated test cycles at the end.** If you can't easily get access to all the data, creating "test reference data" and the supporting data architecture early can also mitigate project risk.

### And it's all about the interfaces


Much of the data you will need to successfully digitise your business is locked up in core systems. To feed the ecommerce system's thirst for real data, you'll need to focus on creating interfaces. They are the freeways that connect ecommerce with the rest of your enterprise.

Often, interfaces are considered a parallel project. Most data in your core systems serves the needs of your core business, so creating external interfaces to provide it to other systems often isn't done until ecommerce comes along and requests it.

This is a mistake. Core business systems are highly complex. Once embedded in a company, they are very difficult to change. However, there are a lot of products on the market now that can create usable interfaces to this data. Ecommerce implementers typically have a lot of experience with these, as they need to make them work to get at the data that drives ecommerce. Work with them to define the interfaces, and methods to get at that core system data as the first step in your project, before you consider any features or functions that are customer-facing.

In fact, this work often creates an opportunity for rationalisation of the interfaces or creation of an integration layer/approach. Ecommerce is often the "glue" that provides access across systems such as product, customer, price, inventory, and loyalty.

## Selecting a platform: Navigating the platform solution through the typical sales cycle

So you've established your vision, thought about your architecture, and are underway exposing the interfaces to the data you need to realise it. Now you are ready to look at platforms and implementation partners.

Vendors will show a platform as a set of great features, that compete well against their competition, and your team will no doubt get hyper-enthused about how easy it is to create products, set up promotions, establish contract pricing and manage orders. However, it's too easy to see a platform as a solution. In reality, it takes application to your business to turn that platform into a solution to the pain points created by your vision.

Instead, think of the platform as a set of tools – your solution is the house you want to build with them. The right platform is the one that allows you to build the house at the best quality, for most reasonable "realistic cost".

Before you think about selecting a platform vendor, think about what your vision and business objective is. Let that decision shape the evaluation of the platform. Let the selection of an implementation partner you trust shape the platform decision – what platform works best for the way you work today, and the way you want to work tomorrow. Try not to force-fit a platform into your current business processes – let your processes bend and blend into the way the platform works.

While you should engage with a partner you trust, if that partner doesn't use the platform that allows you to realise your vision, then there's a mismatch. That's why the decision of implementer and platform is joined – you should consider both together.

> "What you need to get away from is the thinking that when you've bought your platform, you've got a solution. It's just a product."
>
> **Craig Harper-Ashton, Multichannel Director, Salmon**

Salmon's experience shows that focusing solely on features is a short-sighted approach to platform selection

## A simple overview of ecommerce platforms: Avoid getting caught up in product features

Gartner and Forrester compile annual Magic Quadrant/Wave reports comparing ecommerce platforms. These reports do a great job of considering the features of these platforms and their application to business problems, as well as the focus and direction of the companies building them.

Despite all this information, many customers make decisions on platforms at the end of the day based on "gut feel". We have seen small companies choose industrial strength platforms that they falter with, as they simply don't have the personnel to properly manage them. On the flipside, we have seen large companies choose niche platforms that they quickly outgrow.

In our experience, **feature and function are not the best way to determine the platform that is right for you.**

So, what are the right factors?

- **Alignment with vision.** If you need a basic product cart and checkout flow, there's no point buying a platform that provides a high degree of customisation. Conversely, if you have a vision that doesn't fit a basic product and checkout flow, buying a rigid platform designed for that won't suit your purposes.

- **Pricing Model.** If you are a small business with low online revenue, you won't want a high upfront investment/development project ecommerce platform. Conversely, if you are an enterprise customer seeking a robust platform for today and tomorrow, you won't want to buy a platform that limits your creativity and ability to address your vision.

- **Performance and scalability.** If you take less than 200 orders per month, then buying a platform that is high performance is overkill. If you take 200 orders per hour, with peaks of 1000 orders per hour during peak sales periods, then being able to scale and perform are key factors to consider.

- **Flexibility and ease of integration.** If you are integrating in real-time with a number of core systems and other internet-based services, then a platform that allows you to build inbound and outbound services easily is needed.

- **Roadmap.** If you have a vision that is dynamic and continually innovates, a roadmap that captures, for instance, further investment in leading technology, will appeal.

Encouragingly, 90% of enterprise level ecommerce decision-makers view **'alignment with overall vision'** as important in platform selection.*

92% also view **'the ability to scale with growth'** as important.*

*Source: 2017 research commissioned by Salmon and conducted by Censuswide across UK, Germany and Benelux

Let's take a look at some of the major platforms:

## IBM Watson Commerce

IBM covers a broad range of technologies across the digital marketing space. It's not just an ecommerce platform;` it has components for analytics, user journey tracking, email marketing management, order management, configure/price/quote, product information management, content management, and call centre interaction. IBM is also delving into Cognitive Commerce, and has rebranded much of its commerce offerings as "Watson Commerce". The intention behind this is to build increasing degrees of augmented intelligence into their products, so ecommerce managers can do their jobs with less effort, and the system can learn about consumers to help navigate their purchase. IBM offers hosted SaaS/cloud options, as well as on-premise versions. Their platform has B2C and B2B features.

### Sweetspot

IBM excels at high scale, high configurability visions, and emerging cognitive capabilities. If you see value in other components of the IBM digital commerce strategy, then you will find the capability to combine these compelling.

***Salmon experience:*** *Selfridges has run IBM Commerce for several years and continues to experience significant sales growth from the platform. Each year, the company experiences a Black Friday flood of traffic with its "Christmas Comes Early" sales, attracting buyers from around the globe to its luxury product offerings. The platform has proven itself year after year as highly available. It's also extensible, with support in different languages and currencies (using translation services), and the ability to provide instore device access on tablets to sales associates, and payment methods.*

*For DFS, Salmon upgraded IBM WebSphere Commerce V7 with V8. One of the high level aims we met was that the end customer would not know we had changed anything. This kept the scope simple; everyone knew what the end goal looked like, and was able to progress consistently against the roadmap and vision.*

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SAP offers a broad range of products across customer engagement and commerce applications. It's not just a highly scalable, enterprise B2C and B2B ecommerce platform; it has components for analytics, marketing automation, order management, configure/price/quote, billing management, product information management, content management, point-of-sale systems and customer service interaction. SAP has extended its traditionally strong back office ERP, CRM and HR product suite to deliver a full end-to-end proposition including strong front and middle office capabilities. SAP offers both hosted SaaS/cloud and on-premise licensing models.

SAP Hybris includes a range of vertical industry specific accelerators. These are designed to accelerate project delivery and provide best practice in both business solutions and technical delivery. SAP Hybris accelerators are currently available for B2C, B2B, telco and finance verticals.

### Sweetspot

SAP Hybris Commerce is best suited to medium to large scale, high configurability visions. It is especially compelling for organisations that see value in combining components of the SAP consumer engagement and commerce vision or that have existing SAP solutions.

***Salmon experience:*** *Ted Baker runs a highly successful SAP Hybris site that has helped push the brand into a direct to consumer relationship. Outstanding product visuals, mobile friendly interfaces and country specific sites have helped drive sales growth online for this iconic British fashion brand.*

## Magento


Magento is a platform for open commerce innovation and comprises a suite of associated services that deliver a capability well-suited for retail merchants. Through its extensible architecture, it can be tailored to suit B2B use cases which will soon be baked into the core product.

It has features which aim to provide a streamlined user experience, such as a one-page checkout, persistent basket, order tracking, and more. The platform is flexible and is built from the ground up to accommodate a multi-site, multi-region configuration. Most things in Magento can be configured at any level, meaning that payment gateways, tax calculations, customers and pricing can be configured independently for all regions. Version 2 of the product has been released, which has seen the entire codebase being rewritten to support more recent development technologies whilst retaining the wide array of features from version 1. Enterprise Edition has a roadmap which will see new features such as a brand new B2B feature and integration with CMS platforms.

A suite of associated services, such as Magento Commerce Order Management and Magento Business Intelligence, provide merchants with advanced analytics and order processing abilities. Magento can be either cloud-based via Magento's cloud offering or self-hosted on a cloud provider, or via dedicated hardware.

### Sweetspot

Magento is particularly suited to rapid implementations and an agile methodology where time-to-market is critical. And with Magento 2 now re-architected to meet enterprise level capacity requirements, its feature set is more than capable of serving large sites.

***Salmon experience:*** *Punch Taverns use Magento to provide 3000 pubs around the UK with a B2B ordering system for beer and other products for sale in those pubs. Engineered to provide publicans with the ability to order easily in a more "consumer friendly" interface than traditional ordering systems, and to cope with peak loads during the Christmas run up, it showcases Magento's flexibility as a B2B platform.*

## Intershop


Intershop is an omnichannel ecommerce solution that provides features for high technical and international projects in both B2B and B2C. The platform is quite popular in Germany, where it was founded, and Northern Europe but less known (and evolving) in the UK and USA.

The Intershop suite offers a centralised commerce solution that allows companies to manage both customer types and business models from a single platform. This seems to line-up with their "synaptic commerce" strategy, which is designed to make integration and setting-up microservices with other system environments faster and easier. Intershop acquired an OMS platform (The Bakery) to increase the platform's transactional capabilities, in the expectation that orders will come from all kind of sources (such as the Internet of Things).

Recently, Intershop changed the core of the system to improve its platform implementation time, flexibility and to make it suitable for continuous deployment. The back-end of the system is now separated from the front-end, making it suitable and open for front-end customisations and co-platform integrations (e.g. with Adobe Experience Manager, Bootstrap, etc). Intershop ships its product with fully responsive front-end stores for both business models (which are built on Bootstrap) and comes with a rich set of features that work out-of-the-box.

Since the beginning of 2016, you can run Intershop commerce suite in the cloud.

### Sweetspot

Intershop is best suited for medium to large B2B and B2C companies with (international) multi-channel ambitions who require speed, flexibility and want enterprise software capabilities for a decent price.

***Salmon experience:*** *The Netherlands supermarket chain Jumbo implemented a very powerful Intershop engine for its online grocery shop to help customers significantly accelerate their online shopping. It was able to support thousands of search requests, with customers filling their baskets with hundreds of products, associating countless discount rules and prices – and all at the same time, without compromising on performance.*

## Salesforce Commerce Cloud (DemandWare)

Salesforce recently acquired a pioneer of the SaaS model of ecommerce delivery, Demandware. Commerce Cloud provides an omnichannel B2C product that is purely service/cloud-based software, which differs from the other platforms in this paper that offer both cloud and on-premise ('host it yourself') versions.

Commerce Cloud/Demandware has traditionally been very popular with apparel and fashion retailers. Merchants are attracted to the low cost of entry to the platform, and focus on a traditional browse and checkout funnel. The ongoing cost of the platform is relatively low too, as it is all cloud-based, so there are no additional hosting or maintenance costs, with updates handled automatically by the platform vendor. As a merchant starts to scale, however, the percentage of revenue model can make it increasingly expensive to more enterprise-level customers.

Commerce Cloud is now offering omnichannel point-of-sale and augmented intelligence capabilities through their Einstein engine. Future integration with Salesforce.com may expose B2B features and customer support capabilities.

### Others

Another platform worth highlighting is Oracle ATG Web Commerce which promotes a personalised online buying experience for individual customers, by presenting relevant content and merchandising, personalised search, customised marketing programmes, and tailored websites. Indeed, there are a variety of options in the Gartner and Forrester reviews of commerce platforms. Most of them are smaller niche players than the ones considered above. This doesn't mean they may not be the right platform for you, but the cost of entry is typically lower, and the feature set less in need of customisation or consulting.

As this article is targeted at enterprise customers, our review is focused on those with which Salmon has deep implementation experience.

89% of ecommerce decision-makers view **'the ability to integrate data across the business'** as important in platform selection.*

*Source: 2017 research commissioned by Salmon and conducted by Censuswide across UK, Germany and Benelux

## Cloud/SaaS eCommerce Models

Most platform vendors now offer “Software as a Service” (SaaS) models for their products. In fact, for some this is the only model they offer. In a SaaS model, the vendor hosts the system, providing access as needed to administer it, but keeping control of the underlying version, database and security of the platform. This is also known as “cloud ecommerce”. Typically the vendor will bundle hosting, the platform license, and basic support for the platform into one attractive price. This difference from traditional “on-premise” models where the hosting (cloud or traditional data center), licensing and support were all handled by different parties.

There are cost advantages to SaaS models. By buying three services from one vendor, you can typically leverage a better price than buying these alone. However, there are drawbacks to be aware of that might make the obvious cost savings less attractive:

- Getting support for your solution, not just your platform
- Ability to upgrade or customise at your own pace
- Getting dedicated attention when something goes wrong
- Having access to all of the components of your solution
- Dealing with performance issues
- Potential for security issues
- Slower release cycles for your application

A hybrid approach is to use cloud-based servers, but in a “single tenant” configuration. Your servers are cloud-based, but dedicated to you, so you can make decisions independently of your “noisy neighbours”.

What suits your business better? Cost per order line, as a percentage of revenue, or fixed annual cost for the platform? If you are an entrant in your sector, then using a platform which charges per order as you ramp up your growth is likely the smarter choice vs. an expensive investment requiring a long term to break even. If your order volume is high, and you are an established online player, then the investment to own your platform is likely to be worthwhile.

## Don't believe the sales hype: Calculating the "realistic cost"

Platforms are usually not the highest cost item in ecommerce efforts, nor usually is implementation. However, these two items are typically the main focus of companies seeking to enter or replatform their ecommerce properties. In our experience, the items that drive time and cost are typically as follows:

**Factors of cost:**

Platform – **5%**

Implementing the platform – **20%**

Consulting to determine the vision and properly articulate it – **5%**

Data management – **10%**

Business processes to create, destroy or re-engineer – **20%**

Cost of people leaving the project – **5%**

Interfaces (how to pass data around) – **20%**

Quality assurance, management and governance – **15%**

What this yields is "realistic cost". We've sat in many meetings where the final cost of a project is revealed, to the customer's shock and horror! What the implementer is showing is a "realistic cost" which factors in the hidden costs shown above. This is especially true when you issue a multipage RFP with a large set of "must-haves". Every line item you create will add to the cost.

Let's look at the elements of cost to consider:

### Product Costs

The most obvious cost is that of the platform software. This can be a software license, a per order line cost, or a percentage of revenue model.

### Hosting/Cloud Costs

- The servers and network that run the ecommerce system. Vendor cloud offerings can bundle this into the product cost. Network bandwidth charges can be variable based on traffic.
- Add-on costs can include content delivery networks and security products such as denial of service protection.

### Vision and Design Costs

- Consulting with experts to define your vision, and design the solution and supporting architecture, before you implement. If this work doesn't align with the platform you select, then the cost to implement could go up, as fitting a visionary design into a platform that works in a certain way already can create a lot of work.

### Implementation Costs

- Changing the base platform to your needs, interfacing it with your systems, and setting up and priming the ecommerce system with your content and data.
- Updating your branding, look-and-feel, and online content management.

### Maintenance Costs

- The ongoing costs of supporting the platform, such as monthly fees to host, annual fees for software maintenance.
- Support of the application code, response to issues, patching of software for security, and upgrades of the system for new features.
- Ongoing developer effort to add new features or fix issues that arise from real world use.

### Personnel Costs

- The cost of staff to manage the system from day to day.
- Responding to customer concerns, merchandise products on the system, and set up and run promotions.
- IT costs to support interfaces to the system.
- Interpretation of analytics data, and changes to the system to improve conversion.

Nearly all (95%) ecommerce decision-makers cite 'flexible pricing to support growth' as important in platform selection.*

*Source: 2017 research commissioned by Salmon and conducted by Censuswide across UK, Germany and Benelux

## How to reduce your non-visible costs

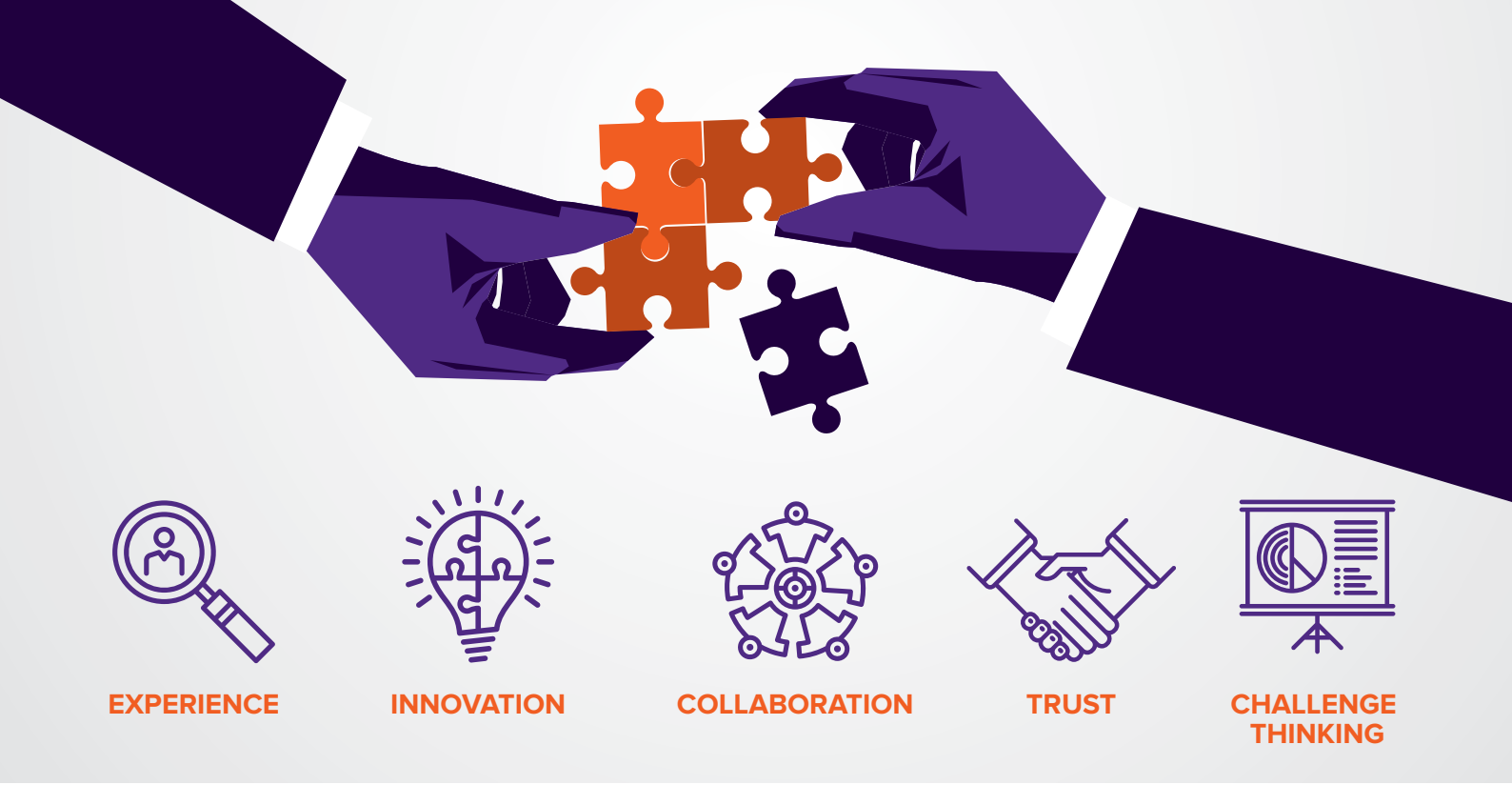
Non-visible costs are ones that arise when you get into the midst of a project, and something unexpected happens. This is true in most ecommerce projects, so anticipating and planning for it is critical. Ask some searching questions...

- Do you have cover for key members of staff? How will they be replaced and how will the cost of that replacement be handled between us as partners?
- How do change requests work? Can you substitute one feature for another or will the cost always increase from the estimate?
- If the project needs to be delayed because an important interface is not ready, how will that impact the project? Do you have suitable workarounds?
- If a key business process needs to be changed to better accommodate the platform you are implementing, are you willing to change it?

**For projects spanning multiple countries and regions:**

- Have you considered using an ESB (Enterprise Service Bus) to help minimise integration effort and complexity?
- Are your local business team enabled and committed to the project, and are they able to input knowledge and data at the relevant times?
- In order for you to maintain an acceptable of level of speed and service to your customers, are local internet latency issues known and mitigated?
- Have you considered your architectural approach to single vs. multiple?

Knowing ahead of time what will happen if things don't go according to plan ensures you and your implementation partner are communicating openly about the risks.

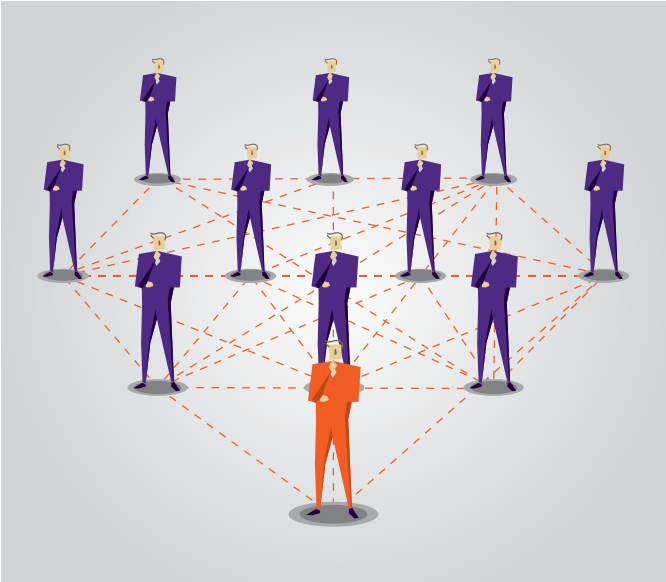



## Effective partnerships: Attributes of a successful implementation partner

If the implementation partner is the primary driver of the solution, using the platform as the tool to craft your vision, then we should consider the attributes of what makes a successful implementation partner:

### Experience

Ecommerce deployments become risky when the partner is doing something for the first time. There's no substitute for experience, particularly at enterprise-level, both in the chosen platform and the type of industry you operate in.

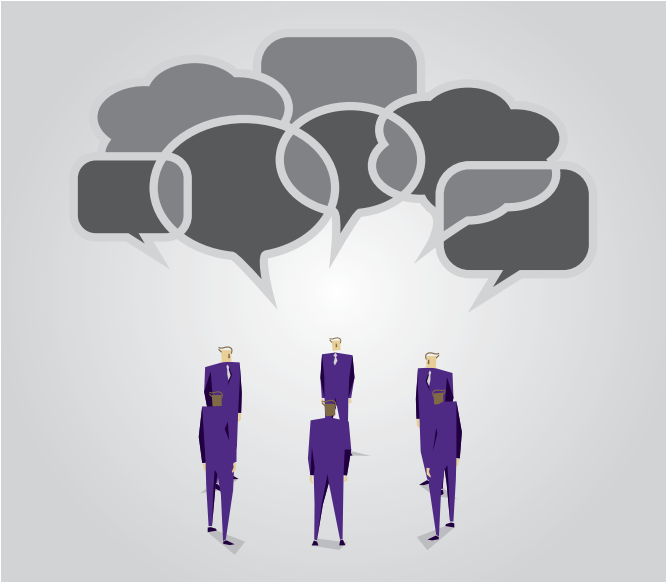


Working with an experienced team will help to mitigate risk and manage project cost effectively by foreseeing issues and being able to respond to them in a way which reduces impact on the overall project timelines. An inexperienced delivery team will miss key design and implementation issues that are inherent to major implementations. This will have huge knock-on effects on future rollout and integrations if not managed upfront.

Ask the vendor to provide details on the team they will provide, and interview those people to get a sense of their experience. Ask them for specific examples of work that are in your industry. It's not essential that the experiences match perfectly, and you will always have both senior and junior team members in any project, but you want to get a sense that the people working on your project know what they are doing, so when the sales people and senior management leave the room, what you are left with is still a partner you have confidence in "handing the keys to the car" to.

Nearly all (97%) ecommerce decision-makers cite 'experience with implementing enterprise level platforms' as a most important factor in partner selection.*

*Source: 2017 research commissioned by Salmon and conducted by Censuswide across UK, Germany and Benelux

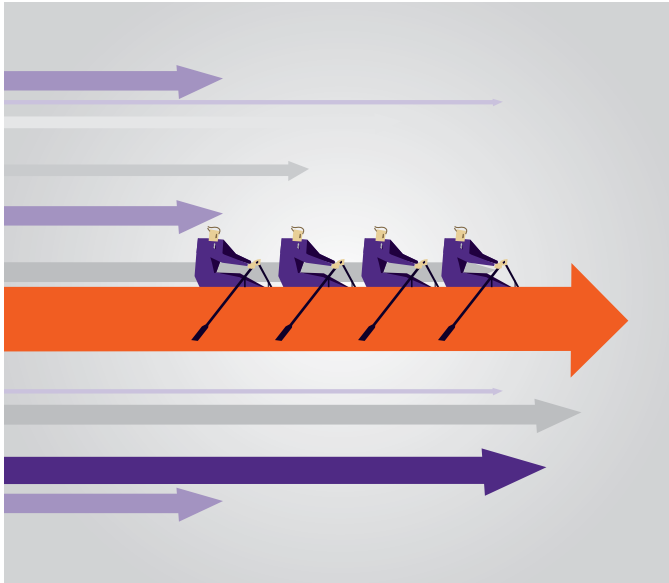


## Ability to challenge your thinking

A true partner is one that will challenge you, encouraging outcomes that help you move from good to great. Be wary of vendors who ask you what you want, and focus solely on that; seek out those partners that already have a vision for what they think you need. There's a key difference between a partner that will just implement what you tell them to, and charge you for it again when you find it doesn't achieve your vision, and one that will align their work and cost to achieving the results of your vision.

## Trust

You're speaking to your dentist. Do you tell him or her how to drill your teeth, at what angle, and how long the appointment is going to take? The dentist has been trained and knows through deep experience what works and what doesn't. This is what you are doing with any implementation partner – giving them the latitude to apply their experience to your problem, listening to their approach and validating it through the lens of your ecommerce vision. If you can't trust them to make the right decisions, it's likely you have hired the wrong consultant, or chosen the wrong platform.



## Collaboration and Transparency

Rather than ask an implementation partner for a "project cost", work with them to define the business case and return on investment. If you are both driven by the business case, then decisions will be made to craft your ecommerce platform to achieve the ROI goal. You may even want to structure deals to reflect this.

9 out of 10 ecommerce decision-makers rate the 'ability to challenge their thinking' as a major factor in partner selection.*

*Source: 2017 research commissioned by Salmon and conducted by Censuswide across UK, Germany and Benelux

## The hidden cost of implementation: Don't Let Operating and Management be an afterthought

Too often, the day-to-day considerations of running an ecommerce system, and the cost of that, are secondary to the implementation. Building something is typically more appealing than maintaining something, so that bright shiny object we are creating catches our eye rather than the more mundane task of using it and maintaining it day to day. Yet those costs, and risks, can be higher than the implementation in most cases.

Nearly a third (29%) of ecommerce decision-makers admitted that important requirements emerged late in the platform delivery process.*

Security is a big example here. A data breach of your customer data, or payment capture infrastructure, can be extremely costly and devastating to your brand. To guard against that requires questioning the vendor and implementation partner on their history of security patching, their efforts to detect and mitigate zero day vulnerabilities, their experience seeing and remediating security issues, and their ability to mitigate DDOS attacks. However, these questions are often last on the agenda for a new ecommerce platform – in the category of "other questions we should ask" towards the end of the RFP or design phase.

Another area is support. Support comes in two forms – reactive (help me when I have a problem) and proactive (help mitigate problems before they occur). Often the proactive aspects of support are ignored – there's just a check mark in the "support" box. Our experience confirms there is a tendency to not care about support... until you actually need it.

*Source: 2017 research commissioned by Salmon and conducted by Censuswide across UK, Germany and Benelux

These “non-functional” considerations are actually some of the most important, and to our mind carry equal priority. Here’s an example of these items, and questions you should ask:

### Infrastructure Automation/DevOps

- What tools does the platform (or partner) offer to automate the process of development, testing and deployment?
- Is regression testing of the system an automatic or manual labour function?
- Can the creation of an environment be done automatically, or is it a manual process each time?
- Can a deployment be done automatically?
- Are tools in place to test the performance and security of the system in an automated way?

### Microservices

- How modular is the platform?
- Can you separate out aspects such as content management, checkout, pricing, and inventory as separate components of the solution, so you can bolt in other components that serve your needs better in those areas?
- Can the system run in “headless” mode where content can be managed outside of the commerce platform?
- Can it use pricing directly from another system or does that data have to be fed to the platform?

### Data Migration

- How do you get your data into the system?
- If you are replatforming, how easy will it be for existing customers to see all the information they currently use in the new system?
- Can customers login the same way they did, or do they need to recreate their account and profile?

### Support

- What do you do to detect problems that might bring the system down and mitigate them before they do?
- Can you look inside the system and see how it is performing – memory, cache, CPU?
- What do you put in place to clean up the database to keep it efficient?
- How do you monitor and alert on issues with the system, and how do you respond to out-of-hours issues?

### Performance

- How scalable is the platform to cope with heavy traffic?
- How did it perform last Black Friday (if your business experiences trading peaks)?
- How, as a platform vendor, do you respond when the system works, but is performing slowly? Can you diagnose the issue and point the customer or integrator at the root cause?

### Security

- How quickly do you respond to zero day vulnerabilities?
- How many critical patches for security vulnerabilities (outside the normal patch cycle) have you issued in the past year?

### Roadmap

- What is your vision for ecommerce in the future?
- How do you see that aligning with your business?

# CONCLUSION

Ecommerce platforms have come a long way in the past 20 years. Every business and enterprise now has a compelling case to invest in an ecommerce platform to connect with customers. We're now seeing the first "refreshing" of ecommerce properties – the dumping of depreciated investments that have been in place for five or more years, in favour of new platforms that enhance capability and reduce cost.

What this paper has shown is that the selection of an ecommerce platform is not the primary consideration in your efforts to replatform, or embark on a new effort to establish ecommerce as a cornerstone of your business. It certainly is not the first consideration also. We recommend an approach that focuses on vision, architecture, data and interfaces first, steps that will enable you to pick the right platform (and partner to implement it) at the lowest cost.

As both consultative guide, partner and architect to innumerable brands in the development of their commerce platforms over the last 20+ years, Salmon is strongly positioned to help organisations meet the modern-day challenges of ecommerce planning and implementation.

Get in touch at

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or on 01923 320000

## Top 10 things to do to excel at platform implementations

1. Reverse the order of things. Start with a vision, select your implementation partner, move to an architecture, get your data and interfaces right,. Only then pick a platform.
2. Consider non-functional aspects alongside features and functions, not afterwards.
3. Ensure you have real data to populate your ecommerce system under development before you start a project.
4. Document and test your interfaces to data before you start developing ecommerce features.
5. Pick a partner that has ideas that shape your vision, not one that simply wants to build what you have asked for.
6. Work with a partner to select the right platform for your vision – is it cloud-based, a per order line model, or an upfront investment that is recouped over time?
7. Ask experiential questions of your platform and implementation partners, not just feature/function ones.
8. Keep RFPs simple, or dispense with them altogether and interview and work with potential partners to get to know them.
9. Look for platforms that have open interfaces, or break their components up into microservices.
10. Look for infrastructure automation and DevOps principles in your implementation partners or cloud hosting.

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## ABOUT SALMON

Salmon is a global digital commerce consultancy – the biggest in WPP's network of companies – that defines and delivers market-changing solutions and customer journeys for the world's leading brands.

Established in 1989, with operations in London, Amsterdam, New Delhi, Beijing and Melbourne, Salmon clients include Argos, Asian Paints, Audi UK, DFS, Halfords, Jumbo, LloydsPharmacy, Premier Farnell, Sainsbury's, Selfridges and Sligro Food Group.

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