



THE NEW PARADIGM: CUSTOMER-FIRST ECOMMERCE

CRM VS. ERP ECOMMERCE

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A leading digital media company had long been the gold standard in the market for audio production systems. But when its market shifted a few years ago, the company had two choices: revamp its strategy or risk becoming irrelevant.

The company knew it had to follow competitors to the cloud with a subscription-based revenue model. But that presented a huge opportunity: If it could roll out a tiered set of products and connect users via an open community platform, it could offer both large media companies and millions of individual artists a powerful way to share, license and monetize their output.

Making it work, however, was a different matter. The company’s ecommerce system – an on-premise implementation of SAP’s hybris suite had proven to be both costly and a barrier to innovation. It was optimized to distribute software boxes in 200 markets, not enable subscriptions or support a community platform. Adapting it for the new strategy would mean ripping it up and starting from scratch – a project that would cost millions and burn through 18 to 24 months. Instead, the company replaced hybris with CloudCraze, a fully-featured ecommerce application that sits on top of the company’s Salesforce CRM implementation much like an app on a smart phone. The new cloud-based system was up and running in 14 weeks, ties directly to the company’s existing customer database, and is endlessly configurable, allowing the company to roll out its new strategy quickly, test it in the marketplace and adapt as necessary depending on what it learned from customers.

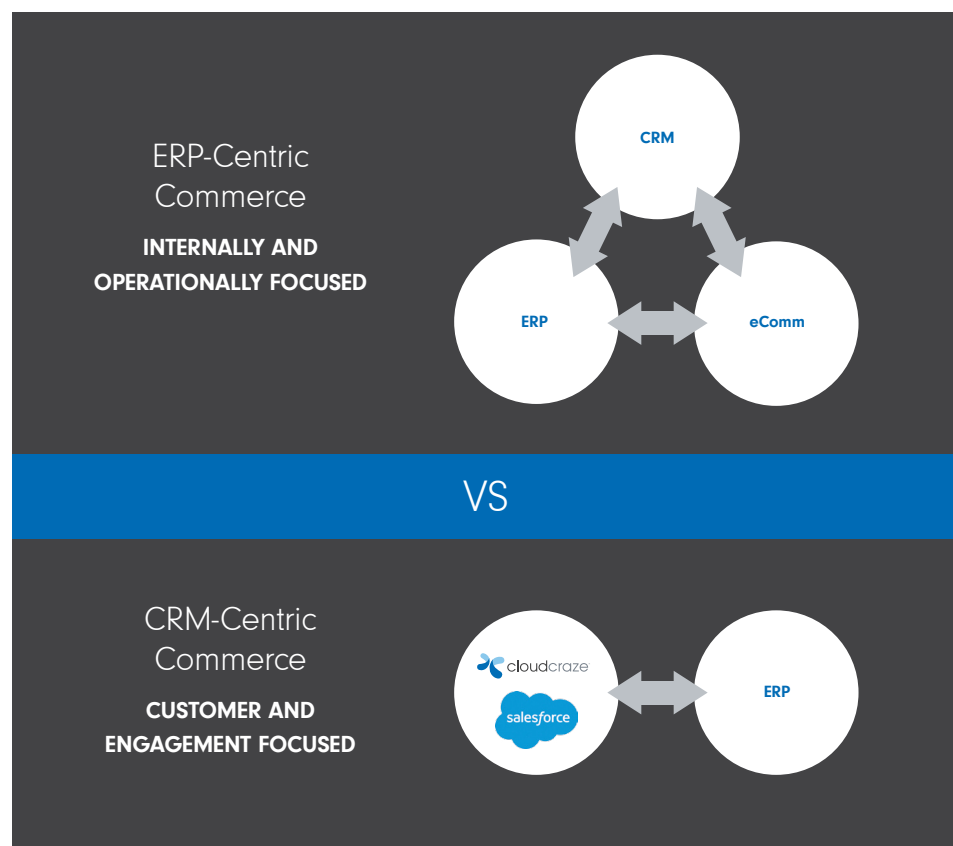
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As more and more companies find themselves boxed in by their first- or second-generation ecommerce solutions, this kind of crossroads moment is becoming increasingly common. Many are taking advantage of a paradigm shift in the ecommerce market that is favoring speed and flexibility over customization and control. Historically, ecommerce solutions have been built to order, hosted on-premise and tied into the company’s ERP, or back office enterprise system. But when markets shift, companies learn quickly that customization carries a heavy price: Faced with a need to change direction right now, an expensive built-for-purpose solution can feel like a pair of gold-plated handcuffs.

The new ecommerce paradigm emphasizes a number of key factors. By aligning ecommerce with a company’s CRM capability instead of its ERP system, these solutions focus on the customer’s needs, not the company’s. They hand the keys to marketing and sales, freeing them to make changes without running to IT for help. They can be implemented quickly and reconfigured on the fly. And they channel scarce capital back into the core business rather than pouring resources into what amounts to a captive “software company.”



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These attributes are a direct outgrowth of the maturing B2C and B2B channels. Buyers in both worlds are becoming increasingly sophisticated about what they expect from ecommerce. Faced with a near constant state of turbulence, companies today need tools that speed them up, not slow them down. Trying to customize the perfect ecommerce system might work in a perfectly predictable world. But at a time when markets change overnight it is critical to be customer focused, agile and adaptable. Here are the top ways new paradigm solutions help companies do that:

PUTTING THE CUSTOMER FIRST

A major complaint about old-paradigm ecommerce solutions is that they tend to put the company’s concerns ahead of its customers’. That’s because they typically sit on top of an ERP system that was designed to run back-office operations and optimize workflows, not manage customer touch points. These systems view the world from the inside out, prioritizing what the company needs to bridge internal obstacles rather than what it can do to solve your problem as quickly as possible. Transactions tend to involve a long slog through verification and qualification steps – turning the company into an order taker rather than a sophisticated, customer-oriented merchant.

This is especially true of B2B companies, which have been slow to react to their customers’ online needs. “B2B buyers continue to crave the ‘Amazon-like’ customer experience they enjoy as consumers,” Forrester Research said in a recent Forrester Wave report. Yet “B2B companies still lag far behind their B2C brethren in digital maturity and quality of the customer experience they offer.” Increasingly, B2B companies can’t afford to be complacent. Forrester estimates that the number of B2B buyers who will complete at least half their purchases online will double to 56% by 2017.

New paradigm ecommerce shifts the priority to building customer relationships by taking an outside-in approach, CloudCraze, for instance, lies on top of a Salesforce CRM implementation, and ties directly into the customer database. That puts a customer’s full file at a merchandiser’s fingertips, making it easier to speed up transactions and design an ecommerce experience that is personalized to the buyer. The company can anticipate more accurately what the customer wants. It can find more opportunities to build on the relationship through better, faster service that crosses functional boundaries seamlessly. It can learn from customer behavior and shift directions quickly. Forrester, which recently included CloudCraze among its eight top ecommerce solutions, calls it “Salesforce on steroids.”

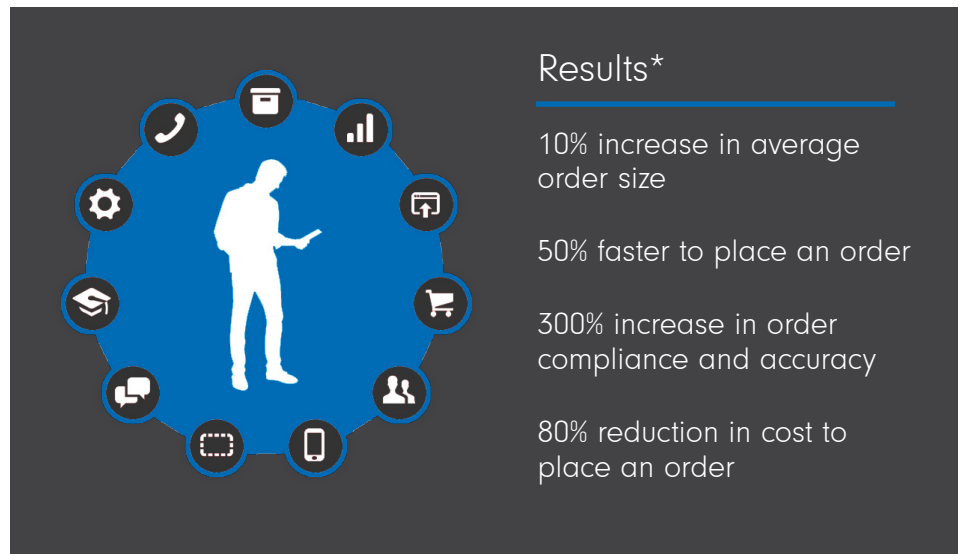
HANDING THE KEYS TO SALES AND MARKETING

Old paradigm ecommerce systems give companies a full suite of features and encourage them to design bespoke solutions that perfectly match their needs. But they also create unwanted distance between those responsible for customer relationships – sales and marketing people – and the customers themselves. These systems are so complex and take so long to build that they are inevitably out of date upon delivery. Making the changes customers want means marketers have to get in the IT queue and beg for adjustments.

New paradigm solutions recognize that what customers want changes on a dime and that marketers need the freedom to roll out new concepts, test them quickly and make adjustments in a continuous cycle. A multiplatform ecommerce system that ties into the customer database gives marketers the ability to respond to promotional or competitive imperatives without technical support, using simple tools to modify images, adjust product descriptions and hone merchandising in real time via AB testing of media, product mixes and pricing. Flexibility also extends to the sales team. Coca-Cola Germany, for example, has used a CloudCraze mobile-based solution to give salespeople full access to every customer's complete set of data on-site. Reps can replenish inventory, optimize point-of-sale programs and mobilize others in the company to solve problems with a swipe of a finger.



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*CloudCraze client results

IMPLEMENTING QUICKLY AND RECONFIGURING ON THE FLY

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The irony of legacy systems is that they were designed to give customers anything they want. They offer endless ways to customize the solution – if you have enough time and money to take advantage of them. The beauty of the cloud is that it allows companies to take what they want, when they need it – and nothing more. This metered, pay-as-you-go model means a cloud-based system can be implemented much faster with less up-front cost. In this case that meant the company could build out its new strategy in phases: Phase 1 replaced the hybrid functionality completely and returned its cost of capital in five months. Phase 2 introduced the subscription model so the company could experiment with what worked before going full bore. Phase 3 rolled out the whole strategy, complete with “freemium” offerings and the community platform.

A number of companies offer what they incorrectly call “cloud-based” systems – hybrid and Oracle included. But they differ in many respects from the “cloud computing” many customers have come to recognize. It’s true these systems reside on external servers and are delivered online. But they are still single-instance, highly customized implementations that are extensions of an ERP system. They take a long time to configure at a heavy up-front cost and include significant downstream maintenance costs – which is why Salesforce CEO Marc Benioff began calling such offerings the “False Cloud” as early as 2011. CloudCraze, by contrast, plugs into a Salesforce implementation and can borrow much of its functionality from its host. A wealth of tools and capabilities – from security to workflow – are already built in and users can draw down what they need a la carte. The system is already linked directly to the company’s rich customer database, so there’s no need to duplicate customer data or build a new bridge to the CRM system. And like a cloud-based version of Adobe Photoshop or Microsoft SQL Server, CloudCraze is seamlessly updated on a regular schedule, benefiting from a broad base of user input.

This is another example of how the new paradigm puts customers first. It assumes that your customers are wiser than you are – meaning you’ll never be able to perfectly anticipate what they’ll need 18 months from now. CloudCraze lets a company start with what it knows already and adds features and capabilities based on what customers ask for later. Instead of spending money on features you think they might need, you’re spending on what actually makes customers happy.

PUTTING RESOURCES BACK INTO YOUR CORE



“Every dollar you aren’t spending on features, capabilities and complexity you don’t need can be funneled back into what really counts – innovating, executing and delivering what your customers want.”

The old paradigm turned many unwitting businesses into software companies. IT departments swelled to maintain banks of servers and complex extensions of the ERP system. Any significant changes involved long time frames and heavy capital investment. The company’s hybrid system, for instance, was unsustainably expensive. Adopting the first phase of CloudCraze not only duplicated the hybrid functionality in 14 weeks, but lopped off \$1.2 million in annual maintenance cost. Because the new system returned capital within months, the company could justify building out the critical second and third phases that allowed its full strategic vision to come to life. The CloudCraze implementation essentially paid for itself.

And that’s the point. The new ecommerce paradigm is about spending what you need to spend – and nothing more – to find new customers, transact with them seamlessly, and develop lasting relationships. Every dollar you aren’t spending on features, capabilities and complexity you don’t need can be funneled back into what really counts – innovating, executing and delivering what your customers want. In a global marketplace increasingly characterized by turbulence and disruption, companies can’t afford to be boxed in by their legacy systems. They need a solution that is dynamic as the markets they serve.

