

Guide

Spryker

10 Hard Questions to Ask Vendors when Purchasing an E-commerce Platform

Ask these questions before hiring your next e-commerce vendor

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Introduction

The current e-commerce software market size

In today's fast-paced world, consumers are constantly shopping on the go. Every smart billboard, gadget, or social media platform now has the power to bring businesses one step closer to their customers. Technological advancements and the prevalence of more sophisticated digital buyers have contributed to the growth of e-commerce globally.

The Covid-19 pandemic further accelerated digital transformation.

As of 2020, there were an estimated

2 billion

digital purchasers worldwide



Currently, there are about **24 million** e-commerce sites across the world. 93.5%

of global internet users were said to have purchased products online.

E-commerce sites accounted for an estimated global sale of

\$4.2 trillion in 2020.

Experts say that the global e-commerce user penetration is expected to hit 63.1% by 2025. Furthermore, in 2019, the global e-commerce software market size was valued at USD 6.2 billion. It is projected to grow at a compound annual growth rate (CAGR) of 16.3% from 2020 to 2027.

The rise of e-commerce has spurred the need for more innovative digital commerce ideas as companies seek to transform their enterprises.

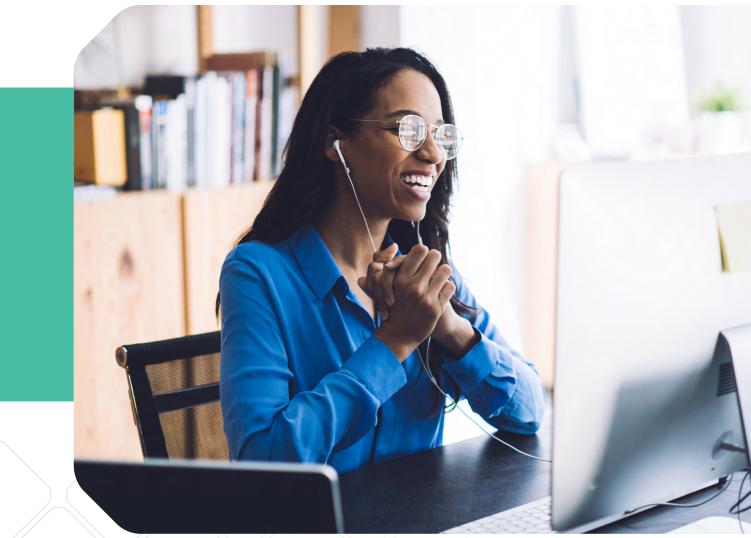
Why it's important to ask potential vendors the right questions

In this predominantly digital age, **selecting an e-commerce solution for your business is one of the most critical decisions you will have to make.** The criteria against which the decision is made will determine whether or not you achieve your business objectives.

Apart from using a Request for Proposal (RFP), asking the right questions before engaging with an e-commerce vendor can go a long way to prevent disparities between the desired solution and the one received. It's not enough to ask if a vendor's solution comes with a specific feature - the focus should be on how that particular vendor plans to implement the feature to suit your business needs.

Additionally, knowing what questions to ask could be beneficial for verifying claims about the functionalities or capabilities of a vendor's e-commerce software. Nuances between all the solutions presented can easily be identified when companies are aware of what to consider.

The task of selecting an e-commerce solution is two-fold: deliberations must first be made internally to decide what is relevant for your business. Based on those concerns, e-commerce solution providers can then be approached with questions to ascertain if they're the right fit for your company. When approaching vendors, yes or no questions must be avoided; asking open-ended well-informed questions will lead you to the right solution.



10 Hard Questions to Ask Vendors when Purchasing an E-commerce Platform



Digital transformation is all about implementing digital solutions to improve or transform every aspect of an enterprise's business model. Companies looking to digitally transform their business need e-commerce vendors who can effortlessly see them through the entire transformation journey.

The purpose of asking the question above is to determine how well an e-commerce vendor can meet your organization where it currently is, and also figure out if that vendor would still be a good fit for your business as it evolves.

Let's say you run a business within the manufacturing industry that serves B2B customers. Once you decide to embark on a digital transformation journey, you will need to build an e-commerce store from scratch. Your ideal e-commerce vendor should be open to working with businesses at a rudimentary level. **Presenting a tailored customer road map that highlights how they can achieve your goal of building a store of the future would be the best response to this question.**

Additionally, your potential e-commerce vendor must provide assurance when it comes to postdevelopment support in the future. If they plan to pivot their business at any point, customers should be notified ahead of time. 2. How do you support the complexities of our industry and nuances of our business processes?

> E-commerce vendors who are relatively narrow when it comes to service offerings tend to constitute problems for businesses in the long run. Today's business environment requires a considerable amount of flexibility in operations as industries rapidly evolve.

> If the experience of an e-commerce vendor is limited to working with digitally savvy retail B2C businesses, then adjusting to meet the requirements of more traditional B2B businesses might be somewhat of a challenge.

> Every industry has its own set of complexities. Sometimes, these difficulties impact the supply chain process. Being cognizant of how these complexities influence the functionalities that are needed for each customer is a challenge that your potential e-commerce platform provider will have to tackle.

> For example, the order management process for a B2B online store selling medical devices will be significantly different from that of a B2C store selling consumer packaged goods. What this means is that vendors must be flexible enough to offer the appropriate functionalities that both online stores need to succeed.

A B2B MedTech online store will most likely receive large independent orders for devices worth thousands of dollars. To fulfill this requirement, the vendor would need to create a platform that includes a company account with multiple access levels, user roles, and permissions. The order approval process is a critical step in such B2B environments.

Working with an e-commerce vendor that understands the uniqueness of your business processes could help you achieve some of your platform-related goals. 3. How will your commerce platform help us exceed the key performance metrics in our industry?

Potential vendors must outline how the implementation of their e-commerce solution could help businesses achieve defined success metrics. Metrics such as Average Order Value (AOV), repeat customer rate, refund and return rate, and sales conversion rate are typically good benchmarks for measuring the success of an e-commerce site.

When a platform functions optimally, greater customer retention and repeat purchases become more of a possibility. In a lot of ways, a good user experience could mean more traffic and a decrease in the rate of cart abandonment.

Asking your e-commerce vendor about the specific pain points their solution could help solve is essential. Furthermore, knowing how to define what a successful platform should look like could aid businesses in making a selection. 4. Who will own the e-commerce implementation project and what accountability will be in place?

In many industries, working with external partners can sometimes be challenging due to the question of ownership. The lines of responsibility can often become blurred without the right systems and processes in place. During the platform implementation phase, a solution partner could be hired to manage the entire project. Although solution partners play a beneficial role, the arrangement between them and the e-commerce vendor could become complex if each party's responsibility is not clearly defined. Businesses looking to engage vendors must have a contractual agreement detailing the obligations of each stakeholder.

For some companies, giving up ownership might seem like giving up control. However, this is not always true. Customer-centric vendors are capable of working collaboratively with businesses to bring their projects to life.

One related challenge that arises when companies think about transferring ownership is security. More specifically, data privacy and cybersecurity are two concerns that businesses struggle to address when determining who will be held accountable for a project. For B2C or B2B companies that handle sensitive customer data, finding a trustworthy implementation partner should be the top priority. 5. How do you support knowledge transfer and the ongoing development of our internal e-commerce talent resources?

Businesses continuously have to weigh the benefits of utilizing internal resources against the pros that come with outsourcing. It is essential to inquire about a vendor's plan to transfer knowledge to your internal team. Will there be training or onboarding sessions for your team on how to use an e-commerce solution? At what phase of the engagement will a vendor be required to provide this training, or will it be hands-on training that occurs only when new features are available? Does the vendor have an established library of current training modules or courses?

Asking these questions will help your team decide if a vendor truly offers value. For example, e-commerce solution providers could set up an agile project management framework to help internal customer teams solve problems during the post-implementation phase. Such processes could be handled through ticketing systems or an online library that gives customers access to technical and non-technical information needed for their development and internal project teams. Whatever the case, all parties should define clear expectations of the pre, during, and post-implementation support services.



6. What is your typical cost breakdown for implementing and customizing a digital commerce platform?

As with any other project, analyzing and planning resources could help alleviate cost overrun. Before approaching an e-commerce vendor, businesses need to consider how much they are willing to commit to their e-commerce platform.

Keeping in mind the potential cost of development is vital. However, asking to see maintenance, customization, and improvement cost breakdowns could enable business teams to budget more adequately.

7. How will you support our future revenue models?

For some businesses, B2B commerce platforms are only a starting point. Advancing from a standard commerce platform to a marketplace could be a long-term goal for a company in need of additional revenue streams. Similarly, the geographical expansion of a business could mean implementing more features to support transactions across multiple locations.

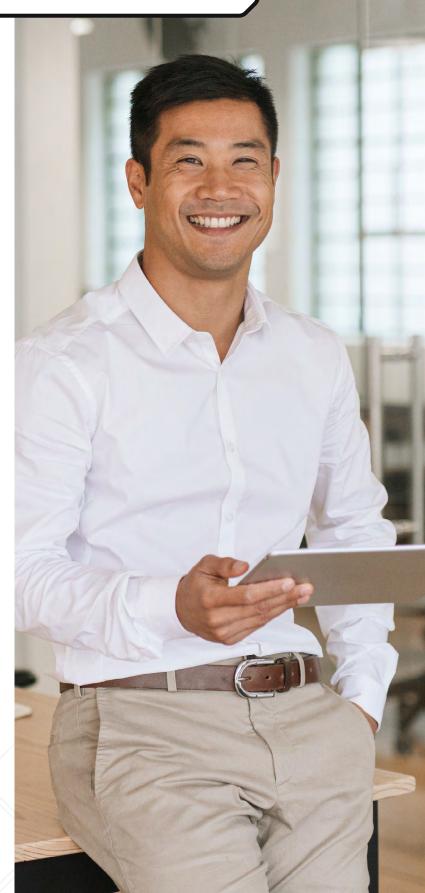
Flexibility then becomes a criterion for purchasing an e-commerce solution, as vendors that adapt to new business models will be the ones known for delivering long-term value.

That is where the vendor's roadmap and vision come into play. **Reviewing the short-, mid-, and long-term roadmap can be crucial in matching your expectations with those of the vendor.** Similarly, you should make sure that there is room for your needs and requirements. The same is true for the overall vision of the vendor. Does it match up with your goals? Does it maybe even exceed it so that you can benefit from a highly innovative partner? 8. How can modern composable, flexible, and extensible architecture enable our digital transformation?

These days, enterprises are utilizing composable architectures to build and adapt their digital solutions speedily. According to Gartner, a composable enterprise is an organization that delivers business outcomes and adapts to the pace of business change. The idea of a composable architecture is to API-enable all the systems and processes within the enterprise and its partners, allowing access to it by the developers and business users, and then dynamically combining those APIs into digital solutions for the ever-changing business needs.

Many enterprises still rely on monolithic ERP systems and legacy applications with static processes. Yet, these traditional systems don't align with the digital world where commerce occurs anywhere and everywhere. Before purchasing an e-commerce platform, it is critical to determine if a vendor can implement a headless, API-based architecture that will aid in delivering your content to numerous touchpoints.

Digital transformation is a continuous process, and enterprises that fail to embrace the composable framework will be unable to respond to consumer needs quickly.



9. How can we incorporate the bestof-breed commerce functionality in our e-commerce platform?



According to Gartner, Packaged Business Capabilities (PBCs) are software components representing a welldefined business capability, functionally recognizable as such by a business user. Packaged Business Capabilities refer to a business service that can stand alone and can be consumed whole by a client. A PBC binds microservices together with an API to streamline your workflow and cut down on back-end management.

Before selecting an e-commerce solution, it might be helpful to think about which Packaged Business Capability adds value to your business. For example, product data management, order management, and promotion capabilities could all be included in the commerce platform or sourced from third-party technology partners. The vendor should allow you to access the functionality that's best for your business process.

When the vendor works with a technology partner to integrate their solution into your current architecture, you automatically gain freedom over your technology stack. This approach of implementing best-of-breed solutions can offer many additional benefits. For instance, payment solutions integrated into your platform could give customers access to several payment options.

Another example is a separate content management system integrated into your platform to help you effectively customize and optimize the content on your website.

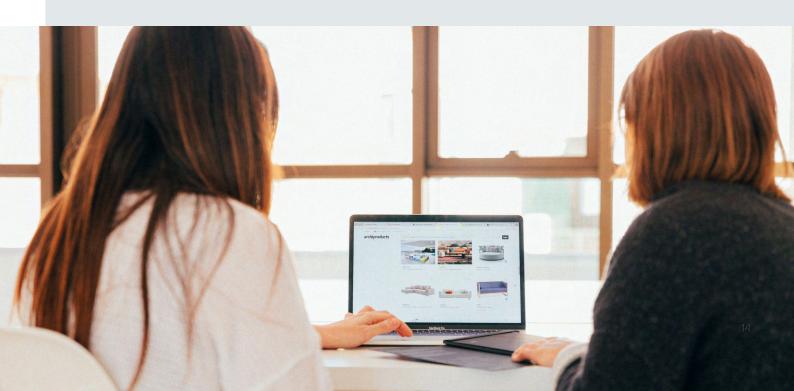
It is beneficial to find out if your potential e-commerce vendor will be adopting a best-of-breed approach, what partners they work with, and how they plan to integrate the relevant software into your technology stack. 10. How can we get our commerce solution to increase revenue in weeks instead of months?

A minimum viable product (MVP) is a development technique in which a new product or website is developed with sufficient features to satisfy early adopters. The complete set of features is only designed and developed after considering feedback from the initial product users. The MVP Approach is a strategy utilized by businesses in agile development environments such as the hyper-competitive e-commerce ecosystem.

In many instances, businesses request a quick turnaround and expect the final product to be ready early on. Forward-thinking e-commerce vendors typically recommend an MVP approach, which involves starting with a slimmed-down e-commerce platform and adding more features further down the line.

Adopting this approach reduces the time to market, as the project can go live after a few weeks of development. The initial feedback received from customers will be used to make improvements and minimize future mistakes. Additional requirements such as new features, product lines, or touchpoints can be included as needed.

Before selecting an e-commerce vendor, companies must make their timeline and project delivery expectations clear. Being clear about your ideal project pace could help you determine if a vendor's approach works well for your business. If you're open to a phased and agile implementation strategy, then finding a commerce platform provider who can build an MVP in a few weeks would be a step in the right direction.

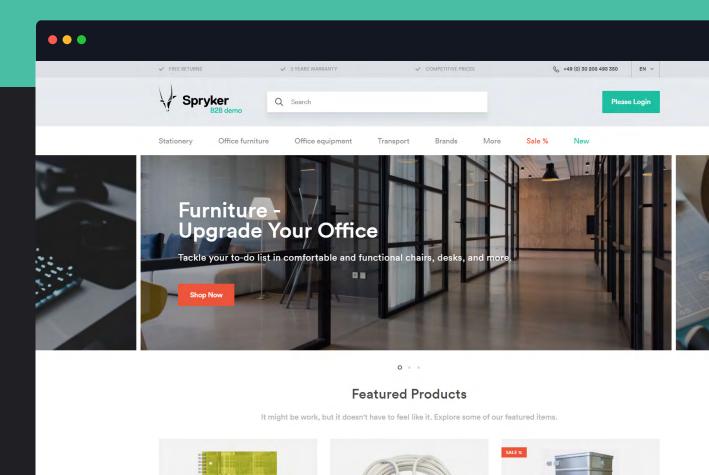




Selecting a vendor

When selecting an e-commerce vendor, years of expertise or time in business is never a reasonable benchmark. Prioritizing innovation, hunger, and a vendor's desire to succeed at your project could be more beneficial. Ultimately, selecting an e-commerce solution provider that fits your business's needs in areas such as work ethic and overall vision will result in long-term success.

Could Spryker be the right vendor for you?



In B2B industries, customers often have very sophisticated digital commerce requirements - from customer-specific prices and extensive product catalogs to organization mappings and workflows. In such cases, a highly scalable, secure, and extensible solution is necessary for meeting demand and securing revenue from digital platforms.

Similarly, B2C industries have to deal with constantly changing consumer demands. More so than ever before, customers require highly personalized shopping experiences. With a market that evolves at the speed of light, B2C companies need an e-commerce solution that is both innovative and flexible.

Spryker enables companies across various industries to create winning commerce experiences. Our solution is the most modern cloud-native platform-as-a-service solution with over 100% (YOY) growth; it is headless, API-based, and enterprise-ready.

Spryker offers a well-built Enterprise Marketplace, B2B, B2C, and Unified Commerce Solution that empowers businesses to meet customer demand on any touchpoint, including mobile apps, wearables, and several other IoT devices.



Additionally, we help you make selections from our best-of-breed technology partners and then integrate their products into your technology stack. Our extensive technology partner network consists of providers from all relevant e-commerce areas.

We believe in being nimble, innovative, and customer-centric. Our solutions are trusted by leading brands and recognized by analysts such as <u>GARTNER</u> and <u>IDC</u>.

What's next



 Does Spryker seem like the right vendor for you?
Talk to our sales team to discover more.



About Spryker

Founded in 2014, Spryker enables companies to build sophisticated transactional business models in unified commerce including B2B, B2C, and Enterprise Marketplaces. It is the most modern platformas-a-service (PaaS) solution with headless & API-based architecture that is cloud and enterpriseready and loved by developers and business users worldwide. Spryker customers extend their sales reach and grow revenue with a system that allows them to increase operational efficiency, lower the total cost of ownership, and expand to new markets and business models faster than ever before. Spryker solutions have empowered 150+ companies to manage transactions in more than 200 countries worldwide. Spryker is trusted by brands such as Aldi, Siemens Healthineers, Hilti, and Ricoh. Spryker was named the most innovative and visionary of all new vendors in the 2020 Gartner Magic Quadrant for Digital Commerce and named a major player in B2B e-Commerce by IDC and is the only commerce platform to provide full B2B, B2C, D2C, and Marketplace capabilities out of one stack. For more information about Spryker please visit <u>Spryker.com</u>.

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