IDC

Three Ways B2B Commerce Will Fundamentally Change by 2025:

And the Top Leadership Strategies to Win in the Future of Commerce

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Executive Summary

IDC defines **microservices** as a software architecture that structures an application as a suite of loosely coupled services that implement **business capabilities**. In this InfoBrief, IDC uses the terms "microservices" and "packaged business capabilities" interchangeably.

B2B commerce is evolving rapidly, and business customers increasingly expect engaging, consumer-like buying experiences. However, many of the digital commerce platforms on the market were built for yesterday's customer journeys. To outpace the competition and win in the next era of digital commerce, B2B companies must partner with commerce technology providers that help them adapt to changing market conditions.
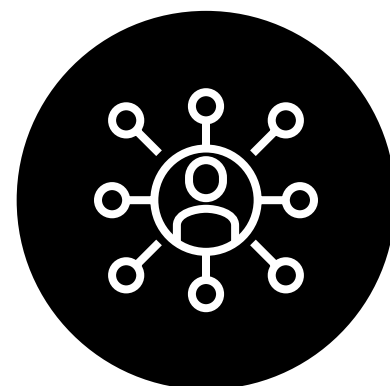
This IDC InfoBrief lays out three leadership strategies to overcome these challenges:

Offer differentiated B2B functionality
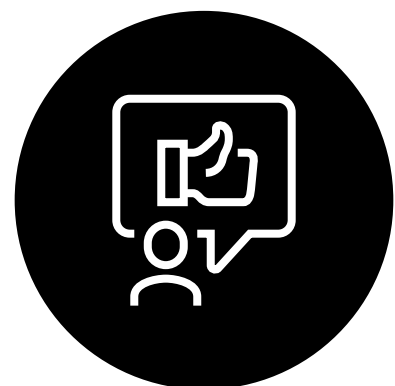
Deliver engaging commerce experiences

Harness the power of digital marketplaces

Challenges

Strategies

1 Business customers expect commerce experiences that support complex business models

Abandon "commerce in a box" platforms and assemble packaged business capabilities

2 Most B2B commerce platforms were built for yesterday's customer journey

Create differentiated, consumer-like, and cross-channel commerce experiences

3 Marketplaces are taking over digital commerce but B2B merchants lag behind

Incorporate marketplaces into your commerce strategy with purpose-built solutions
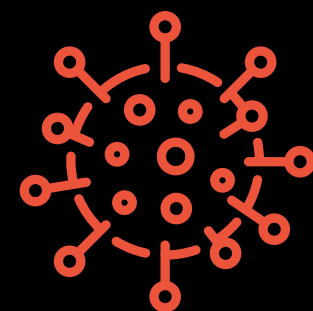
Challenge 1

Business customers expect commerce experiences that support complex business models

Commerce platforms drive digital transformation, and they must be adapted to the modern B2B customer. Delivering a highly customized commerce experience that meets the complex needs of B2B is a competitive differentiator today.

Customer expectations have drastically shifted and customers have come to expect high-value commerce business capabilities:

- Vast product catalogs with graphic content and product comparisons
- Frictionless ordering
- Ability to handle B2B complexity, such as integration with corporate procurement and ERP
- Support for business model changes, such as marketplaces with third-party products and direct to consumer engagement

IDC estimates that COVID-19 accelerated adoption of commerce technologies by three years. In 2021, we saw further acceleration, as B2B commerce shifted from a "nice to have" to a "must have" for B2B buyers.

Bulk discounting

Granular pricing

RFQ

B2B payment options

Flexible fulfillment

Shipping location rules

Kits, bundles, and assemblies

Punchout integration

Sales rep functionality

B2B marketplace support

Granular Workflows/ approvals

Custom price lists

Challenge 2

Most B2B commerce platforms were built for yesterday's customer journey

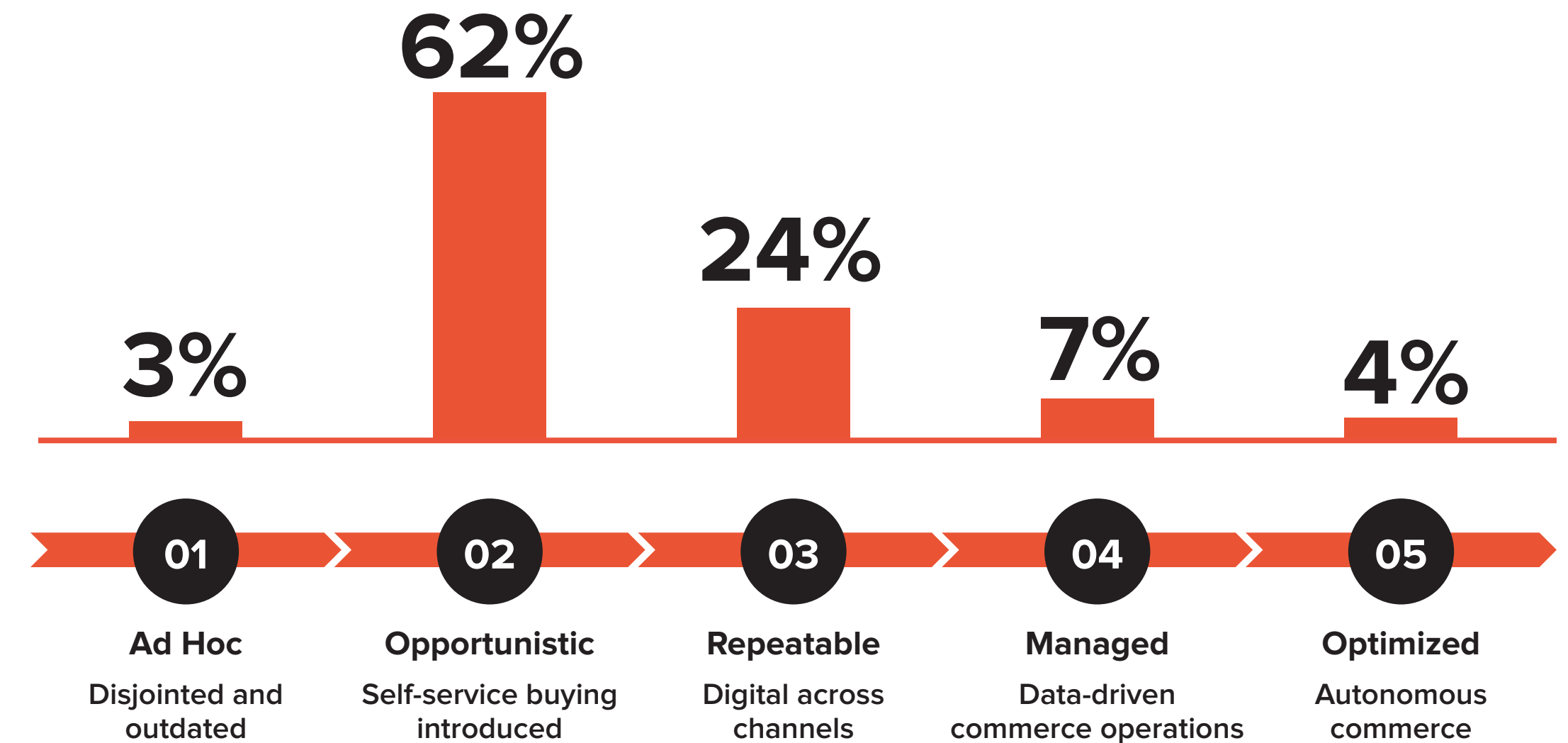Existing B2B commerce solutions have often been built around a customer journey that predates the iPhone.

Many existing platforms suffer from the following:

○ Slow to implement and complex to maintain

○ Not built for mobile

○ Hard to comply with local requirements (VAT, taxation, privacy, e.g.,) and with external commerce hubs

○ Limited support for today's complex, disjointed, and non-linear purchasing path of business buyers

○ Inability to augment core commerce capabilities with third-party leading-edge technologies, such as self-service bots, advanced personalization, and new payment methods

○ Unfulfilled promises from technical microservices approaches, as opposed to pragmatic approaches with more attention to time-to-value of business capabilities

Q. What are the top priorities for you from a digital commerce platform?

30%	**23%**	**22%**	**21%**	**19%**	**19%**
Expanding internationally	Meeting or exceeding customer expectations (high customer satisfaction ratings)	Bundling offers across partners/providers (e.g., to create complete solutions)	Managing and optimizing pricing across channels	Sustainable commerce and environmental impact	Marketing/brand awareness

IDC B2B Commerce MaturityScape Benchmark: majority of sellers remain in the first two stages of digital commerce maturity

3%	**62%**	**24%**	**7%**	**4%**
01	**02**	**03**	**04**	**05**
Ad Hoc	**Opportunistic**	**Repeatable**	**Managed**	**Optimized**
Disjointed and outdated	Self-service buying introduced	Digital across channels	Data-driven commerce operations	Autonomous commerce

Source: IDC MaturityScape Benchmark: B2B Digital Commerce in the United States, 2020 (IDC #US43888919, June 2020)

IDC found that B2B organizations lag their B2C counterparts by about 5 years in terms of commerce experience engagement.

Challenge 3

Marketplaces are taking over digital commerce but B2B merchants lag behind

Over half of online B2C transactions occur over digital marketplaces. This number has been trending upward over the past five years.

Meanwhile, less than a quarter of B2B transactions occur over digital marketplaces.

B2Bs want to be a part of the marketplace movement but struggle to build the technology, people, and processes to power them.

Q. What are the top priorities for you from a digital commerce platform?

Supports both B2C and B2B commerce on a single platform
45%

Supports ability to build a proprietary, multi-sided digital marketplace
37%

Order management capabilities
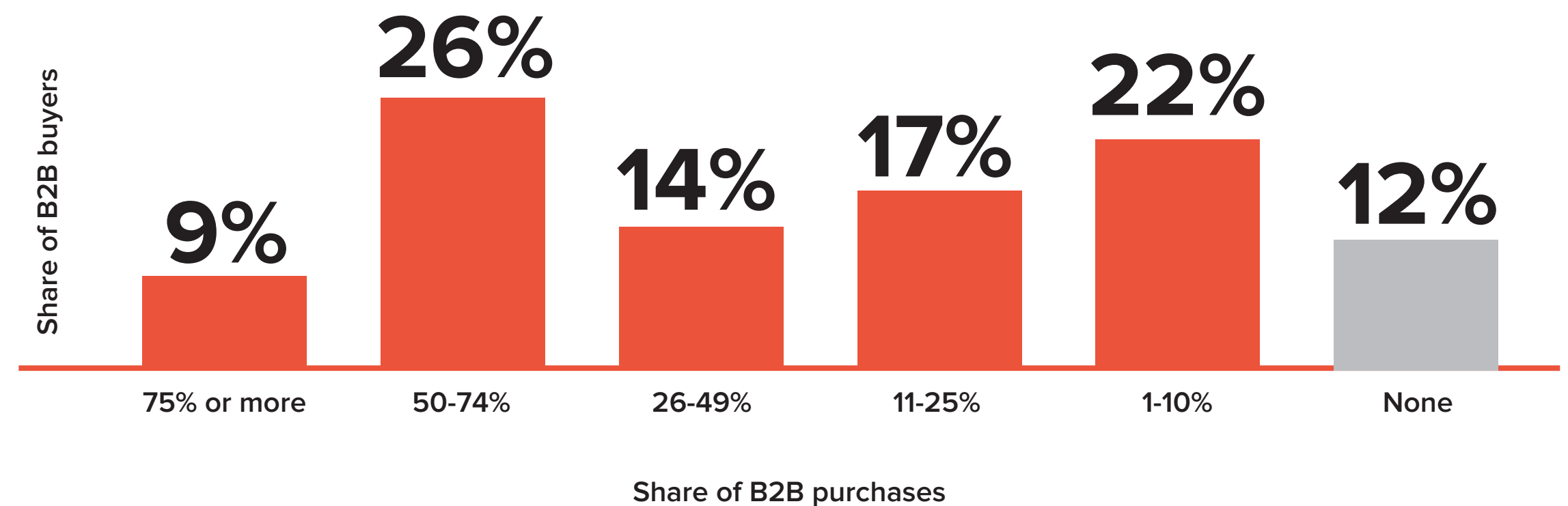**35%**

Customer experience management capabilities
35%

A strong personalization engine
35%

Selling across third-party marketplaces (eg. Amazon, Alibaba, eBay)
34%

Q. What percentage of your B2B buying is currently done via marketplaces?

Share of B2B buyers (y-axis)
Share of B2B purchases (x-axis)

75% or more	50-74%	26-49%	11-25%	1-10%	None
9%	26%	14%	17%	22%	12%

B2B companies struggle with marketplace business models due to the following challenges:

1. Scaling technology to support escalated supply and demand
2. Supplier onboarding
3. Payouts
4. Marketplace-specific regulations (e.g., know your customer)
5. Becoming a "center of gravity" within their specific vertical
6. Supporting a wide range of product taxonomies and content

Source: Statista, 2021; IDC, 2021

Leadership strategy 1:

Abandon "commerce in a box" platforms and assemble packaged business capabilities

IDC research shows that packaged business capabilities combined into meaningful business capabilities have strong advantages, such as:

○ Facilitating rapid changes to individual modules within an application, enabling the delivery of quick application changes and updates

○ Enabling finely grained scaling of application components as opposed to the monolith application's requirement to scale the entire application

○ Saving costs resulting from optimized resource consumption

Case study

SIEMENS Healthineers

What did it build?

○ Created a system that augments the B2B services carried out by its service engineers for medical equipment (over 10,000 employees)

○ Injected digital commerce along the customer journey, including cross-sell and up-sell directly within doctors' and nurses' workflows on the machines used on a daily basis

○ Plans to add commerce to B2C workflows in the future

What did it achieve?

○ Replaced a legacy all-in-one commerce platform with a microservices-based system to more easily augment existing technology

○ Constructed and implemented the system in under seven months

○ "We have made many innovations to our business over the past year. We consider ourselves the market leader in innovations for full spectrum medical equipment." SVP of IT, Siemens Healthineers

What did it use?

○ Spryker Cloud Commerce OS

◉ Integrations with CPQ and configuration tools

| Healthcare | B2B | Medical Equipment |

Leadership strategy 2:

Create differentiated, consumer-like, and cross-channel commerce experiences

73%

of B2B buyers want a personalized, B2C-like customer experience.

Case study

What did it build?

- A mobile-friendly purchasing interface for mom-and-pop grocery micro-businesses in Mexico; these B2B companies often act like consumers
- Can support cash-based payment methods favored by their micro-business customers
- Constructed and launched a B2B commerce experience from scratch (no pre-existing digital commerce infrastructure) in seven months

What did it achieve?

- Achieved 2,000 transactions within a single month among 700 users, with plans to expand that to over 10,000 orders in a few months
- "We developed a whole business model around the digital channel, including a business unit focused on digital commerce supported by employees focused on marketing, customer experience, operations, data science, strategy, and software development." Head of Digital Commerce, Mercado Mayco
- Plan not to cannibalize its traditional channels and instead leverage digital in places it does not already have a physical presence

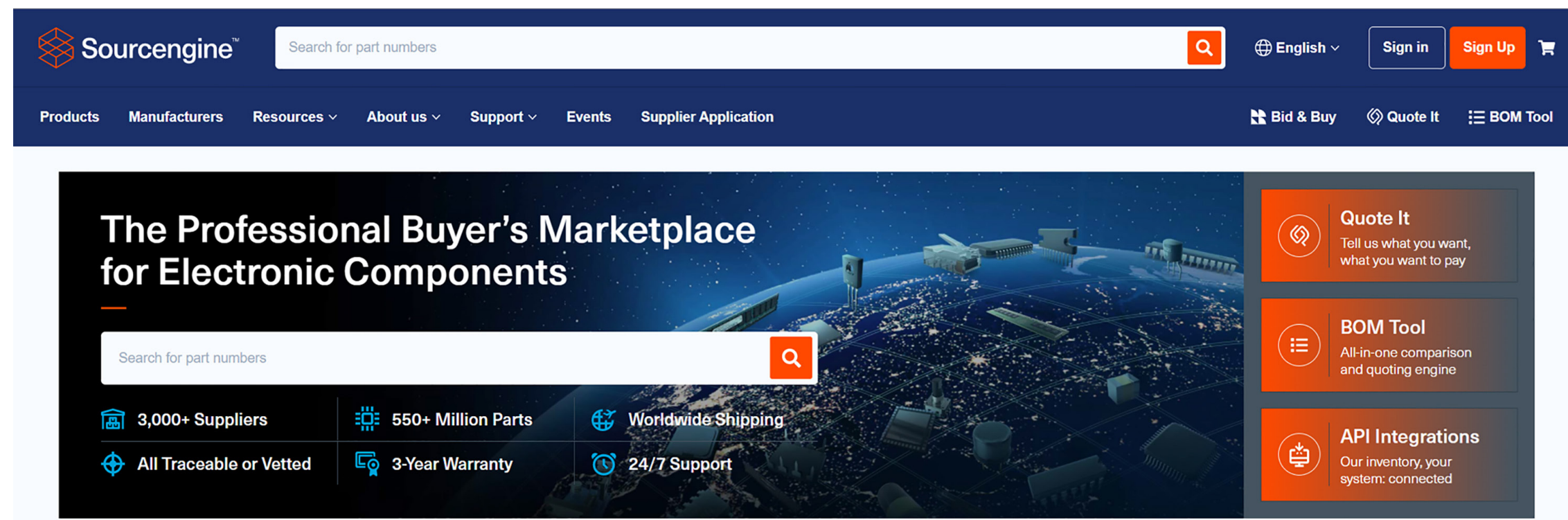**What did it use?**

- Spryker Cloud Commerce OS
- Glue API

| Grocery | B2B | CPG Wholesale |

Leadership strategy 3:

Incorporate marketplaces into your commerce strategy with purpose-built solutions

Benefits of marketplaces for B2B buyers and sellers:

- Compelling, alternative digital revenue stream
- Enables direct customer relationships
- Wider product assortment
- Easier to browse
- Streamlined payments, fulfillment, customer service (fewer accounts)
- Greater geographic reach
- More competitive prices
- More information / transparency
- Lower capital expenditure for suppliers

Case study

sourceability

What did it build?

- A B2B marketplace that has over 550 million searchable products
- State Machine allows for scheduled delivery in batches and excess handling
- Self-built feature: 2-click upload of a BOM (offline processing takes a week)
- Built its own product information management (PIM) system on top of Spryker's PaaS

What did it achieve?

- Built a marketplace that handle big data
- Achieved high implementation speed
- Over 3,000 merchants selling on the SourceEngine marketplace
- Over 50 companies signing up for its website every week
- "Last year we had revenue of a few million dollars on SourceEngine. Now we sell tens of millions of dollars annually. Our aspiration is to take all orders online on the website." SVP of eCommerce, Sourceability
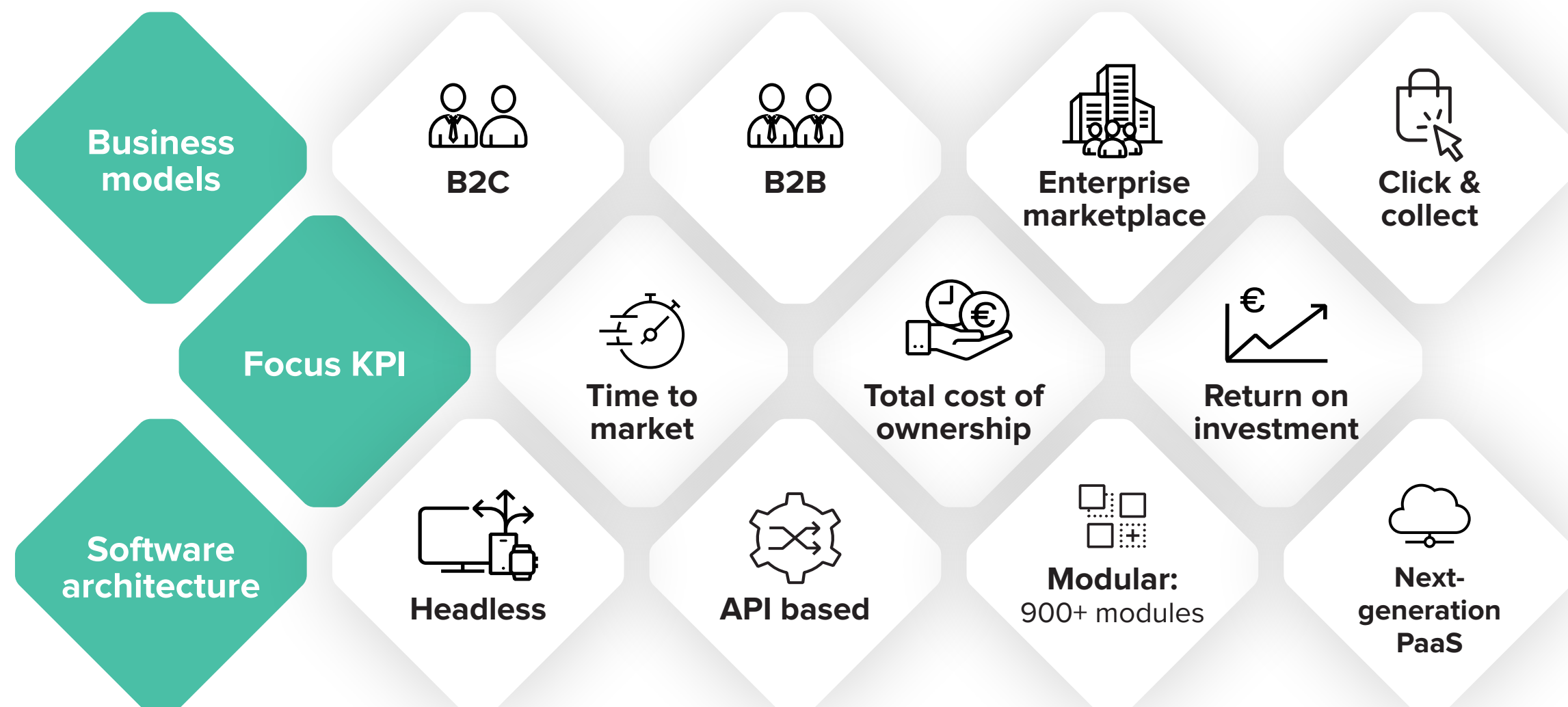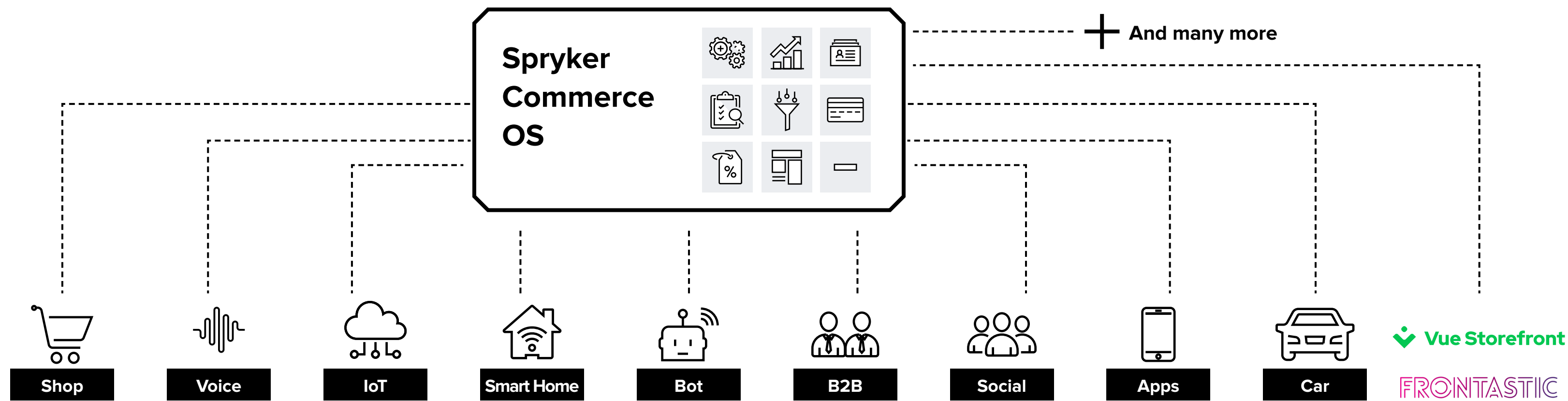
What did it use?

- Spryker Cloud Commerce OS

Electronics	B2B	Wholesale

Meet Spryker

Spryker Commerce OS

And many more

Shop | Voice | IoT | Smart Home | Bot | B2B | Social | Apps | Car

Vue Storefront

FRONTASTIC

Business models
- B2C
- B2B
- Enterprise marketplace
- Click & collect

Focus KPI
- Time to market
- Total cost of ownership
- Return on investment

Software architecture
- Headless
- API based
- Modular: 900+ modules
- Next-generation PaaS

Spryker

- Founded in 2014
- Over 400+ employees
- Over 150 customers worldwide
- B2B, enterprise marketplace, unified commerce, B2C, and many more
- Modern, headless, clean-code architecture for maximum extensibility ...
- Built to achieve fast time to market in complex commerce
- See more at spryker.com

Technology at a glance

- Next-generation architecture, written in PHP
- Offered in Single-tenant PaaS
- Offered in AWS, Azure, GDP
- Composable architecture, PBC based
- API based, headless, modular technology

IDC predictions on the future of commerce

01 **"Autonomous commerce" and other novel business models will gain popularity:**

- Autonomous commerce involves orders placed without human action with sensors, vending machines, autonomous vehicles, seamless payments, intelligent appliances, etc.

- IDC predicts that by 2026, 25% of all B2B digital orders will be placed via IoT-connected commerce platforms, such as machinery ordering replacement parts or location-aware equipment.

- Other novel business models replacing traditional product purchases include as-a-service/subscriptions and consumption based.

02 **Packaged business capabilities and headless commerce will drive all commerce growth**

- By 2025, IDC expects 90% of all new apps to feature microservices architectures that improve the ability to design, debug, update, and leverage third-party code.

- Similarly, IDC expects that over 20% of the digital commerce market will run digital commerce exclusively in an API-first fashion.

**03** **Digital marketplaces will become a dominant force in B2B commerce**

- By 2026, over 60% of all B2B digital commerce revenue will take place on digital marketplaces.

04 **Sustainability and transparency will play more important roles as buying criteria:**

- The sustainable commerce trend has already begun in B2C, driven by more sustainable materials, business practices, shipping, and transparency. This will see a large uptick in B2B, and IDC expects sustainability/ethics to show up on RFPs.
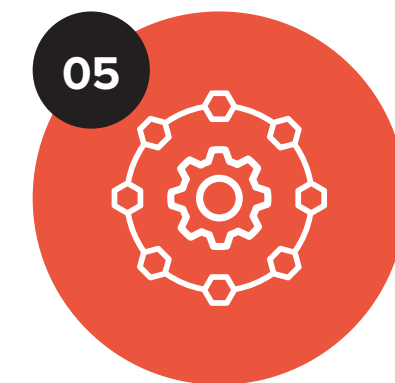
05 **Personalized product information**

- By 2025, over 15% of B2B digital commerce interfaces will provide personalized product and service information/content based on a buyer's company size, industry, organizational role, purchasing history, etc.
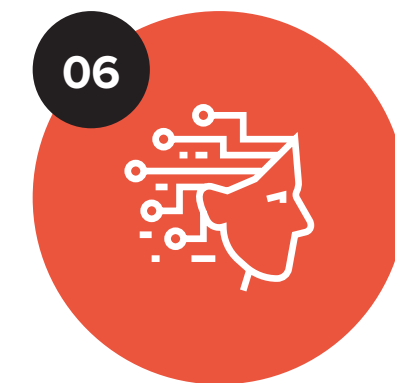
06 **Artificial intelligence will influence B2B commerce:**

- By 2026, over 15% of all bundles (B2B and B2C) ordered will have been proposed by algorithms.

- Current efforts to segment and target customer experience in B2B will be replaced by AI-driven individualization.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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