

The Best eCommerce Starts with Tighter Integration



It is clear at this point that eCommerce is a must for nearly every company. While eCommerce may be a supplemental or alternative channel for many companies right now, it is rapidly evolving into the preferred channel for communication and interaction in today's hyper-competitive business world.

Extending far beyond retail and the “trade exchanges” that dominated the early Internet landscape, eCommerce is now an important channel for business-to-business as well as business-to-consumer sales and distribution of virtually any and every kind of product imaginable.

It is deceptively easy to get into the eCommerce game. Just set up a website with shopping cart capabilities and you're in business, right?

Well, not quite. While the website and shopping cart can indeed be relatively easy to set up, the actual administration of eCommerce is far more involved.

The online catalog must be complete and accurate. Pricing, availability and ordering must be correct. Credit checking and order approval might be required. Once the order is secured, fulfillment must be completed quickly and effectively, including: allocation; picking, packing and shipping; billing and collection; and follow-up to ensure customer satisfaction.

What about the proper handling of returns? Return rates for eCommerce sales are notably higher than with other channels. These, too, require efficient and effective logistical and financial execution.

And don't forget that in today's world of the Internet and Big Data, it is increasingly important to capture data from interaction with customers and prospects and use analytical tools to learn all you can about customers, products and experiences so that you can optimize product design, marketing

programs, and all elements of that customer experience to gain sales and stay ahead of the competition.

The logistics functions (picking, packing, shipping, return handling) probably already exist to support traditional channels. But you can't assume that eCommerce logistics will just blend in with those existing processes.

Integrated eCommerce



The seamless merging of eCommerce with other channels, throughout the entire customer experience, is the key to success in what has come to be called “omni-channel” sales and distribution. There’s a reason why there has been so much interest and discussion surrounding so-called omni-channel (Google or Bing any variation of the term and you’ll find millions of references). A simple definition is this: omni-channel retailing or supply chain uses a variety of channels, including browser-based websites, mobile apps and brick and mortar locations to provide an excellent shopping research and purchasing experience to the customer.

Your eCommerce function cannot stand alone.

Not only must eCommerce present a complete and consistent doorway to the customer experience, the supporting functions must be effectively combined to provide efficient completion of eCommerce transactions at least as well as those functions operate in support of traditional channels – customers won’t expect to pay more for eCommerce purchases to compensate for any additional costs for the supplier. They often expect to pay less.

To summarize, although eCommerce offers new ways to reach customers – ways that are increasingly demanded and expected – there’s more to it than setting up a website. Omni-channel success is based on providing a consistent and efficient customer experience through any channel that the customer chooses to engage their relationship with your company. This requires strong and fully integrated supporting functions that treat all channels with equal efficiency and effect.

eCommerce is your company's welcome mat

Use of the Internet for commercial purposes (after email) began with simple product displays or on-line catalogs which, of course, are still an important part of a company's eCommerce presence. What tipped the balance from showroom to sales floor was the addition of the shopping cart, turning the website into a functional interaction platform and a true eCommerce enabler.

The most successful eCommerce sites do more than emulate the physical shopping and buying experience.

Beyond simply providing a way to purchase product online, **successful eCommerce delivers additional information, choices, and convenience** that make it more pleasant and more efficient for the customer to do business with your company. It's more than just being where the customer is looking – it also must provide an excellent service experience. And that excellent service comes from a cooperative effort between the:



eCommerce platform



Supporting planning and execution systems



People

Together, these systems can provide the kind of information availability, smooth functionality, accuracy, and excellent service that customers expect and increasingly demand from their eCommerce experience.

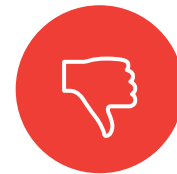
When considering eCommerce as the “welcome mat” for your business, remember that customers will buy from your company the first time based on promises, offers, and functionality (ease of use and features), but will only buy the second time if those promises are kept. In other words, customer satisfaction relies on efficient and effective completion of the sales – pick/pack/ship timeliness and accuracy, seamless financial completion (billing/charge, collection, accounting), and follow-through (return processing and credit, response to inquiries) as well as the ease of the online ordering process. **Most of those tasks are accomplished in conjunction with the company's ERP and internal processes.**

Beyond the website

The website provides access to your business. It is the conduit between your company and your customers and prospects. Everything else that makes the business what it is, all the products, services, activities, and value you create and deliver to customers takes place behind that gateway.

Failure to integrate repeats mistakes of the past.

Implementing a web-based commerce strategy without integration to internal processes is disturbingly reminiscent of the way many companies complied with the Electronic Data Interchange (EDI) mandate a couple of decades ago. At that time, leading companies were insisting that suppliers communicate (orders, acknowledgements, ship notices, invoices, etc.) using EDI. Some suppliers complied in what we'll call "the right way" by implementing EDI extensions with their ERP systems. These suppliers enjoyed fast and efficient communications with their customers, saving money and avoiding the delays and errors that are endemic with the manual processes that EDI replaced.



Other suppliers, unwilling or unable to comply with the spirit of the EDI mandate, chose to use a manual approach. Rather than gaining the benefits of EDI, these companies incurred the extra expense for a stand-alone EDI workstation to send and receive EDI messages. Incoming messages were received and translated into a paper print-out that was then manually entered into the company's order management application. Similarly, outgoing documents were printed out on paper and manually entered into the EDI workstation for formatting and transmission to the business partner. This compliance with the letter of the requirement, but not the spirit, yielded no benefits for the company. In fact, it actually added costs, delays, and the potential for errors as data was manually handled and entered. Stand-alone eCommerce can be a repeat of that sad and expensive experience.

The eCommerce system should not hold any data that exists in ERP and all activities, entries and transactions should be completed once, updating both ERP and eCommerce simultaneously. Only in this way can you avoid the costs, delays and errors companies once experienced with a disconnected EDI process.

The way it should be:

Your eCommerce platform (website and shopping cart functionality) should be integrated with your ERP and internal functions as much as possible. Generally, duplication should be avoided in all circumstances.



- Website information (pricing, product details, availability) should come directly from the ERP database.
- Customer transactions (sales, allocations, shipping instructions) should go directly into the ERP order management and inventory systems.
- Order status from ERP should be available to customers during the life of the transaction and beyond. Many eCommerce companies send status updates via email (order accepted/in process, order shipped, shipment tracking information) and this information should also be available on the website.
- All activity, including click-streams, abandoned shopping carts, and order changes should be captured and inserted into the corporate data warehouse for future analysis in combination with other product, customer and market data.
- The financial side of the eCommerce transaction should be completed with and through the ERP financial applications – credit check, account or credit card charge, invoicing, collection, and general accounting.
- Order and item pricing may well need data from ERP, especially in the case of configured or customized products.
- Purchase and accounting history posted to the customer account should be made available to the customer through the eCommerce site – extracted directly from ERP so there is no time lag or duplication.

The business case for integrated ERP and eCommerce

Even though eCommerce is no longer a choice for most companies, but a requirement, it is still good practice to map out a business case to drive eCommerce investment and technology decisions. Gartner Group has developed a framework for building a CRM capability that encompasses the eCommerce process as well. “The Eight Building Blocks of CRM: Overview” document outlines the recommended steps to building your CRM and eCommerce vision, strategy, objectives for the customer experience, and outlines the need for and parameters of organizational collaboration, processes, information, technology, and metrics. All these apply to eCommerce implementations.

eCommerce can (and should) be an enabler for increased sales and profit, and not just a cost of doing business.



Of course, there is a cost associated with the purchase, implementation and continued management of your eCommerce presence – similar to what you incur with any business application. These include the software license, annual maintenance and support costs to the supplier, any implementation assistance (consultants, technical assistance), set-up and loading (internal resources), training for users and maintainers, additional hardware/software needed to support the new application and its data, and perhaps additional applications or tools to exploit the new business and new data availability – enhanced warehousing and packing/shipping capabilities if direct sales are new or additional, analytical tools, etc.

The benefits include:

- Additional sales to new and existing customers.
- The potential for new and more efficient fulfilment and logistics to support e-business.
- Closer relationships with customers and prospects derived from additional information that can be collected and analyzed for improved product design, better inventory performance, and more precise planning.

As with any other process improvement or system project, complete the business case and cost/benefit analysis. Proceed to organizing the project team and planning the project. Allocate the resources and carry out the project according to the plan and schedule. Regularly report progress to executive sponsors and the rest of the organization to keep their interest and enthusiasm high.

Be sure to provide sufficient education and training to all employees who will be involved in or affected by the eCommerce system. Complete the project and document results, lessons learned, and ideas for future improvements. And establish the necessary procedures and resources to keep the new eCommerce system up-to-date and functioning effectively.

Choosing an eCommerce solution

Make sure your eCommerce application includes comprehensive, user-friendly design and authoring tools so users and marketing people will be able to create and update your digital “showroom” directly, without the need to engage programmers.

Look for a system that has flexible ordering and pricing capabilities sufficient to accommodate your needs today and in the foreseeable future.

Connections and interfaces to and from your ERP system are of particular importance.



It is easiest to implement the eCommerce system that is part of your existing ERP provider’s offerings or a system offered by a partner that has interfaces to your ERP already built-in. If you are considering a new ERP system, be sure that there is a suitable eCommerce module or proven partner product that is already interfaced to the rest of the ERP functions and database.

Specifically, you will want a seamless connection between ERP and eCommerce. As much as possible, the eCommerce system should draw data directly from ERP tables with minimal duplication of data between the two systems. Alternatively, there should be a configurable synchronization process between the two systems (again, with the least amount of duplication possible) allowing you to specify exactly what information is exchanged, and when, for each direction (ERP to eCommerce and eCommerce to ERP). Synchronization should be automated with little or no human intervention required.

Additionally, where possible, eCommerce users should have access to all the information they might need directly in the eCommerce system, regardless of where that information may reside, meaning that interfaces to other systems in addition to ERP can be beneficial.

Building a successful eCommerce strategy

What is your eCommerce strategy? **Just installing the quick and cheap solution is not a strategy** – and puts you in the same difficult situation as the EDI “rip and read” compliance mentioned in the “Beyond the website” section above. A slapped-together, short-term solution may be a less costly option for the time being, but it will end up being more expensive and less useful in the long run.

So, your eCommerce strategy should be long-term, and **recognize the forthcoming growth of eCommerce as the future of customer interaction in days to come**. That is not saying that your traditional markets and sales channels will disappear, although they might in some markets, but eCommerce will continue to grow and will become more and more important in all markets. Your strategy, and the tools you choose to support that strategy, must be flexible and adaptable in order to support your continued pursuit of eCommerce.

A sensible strategy recognizes current needs and includes a plan to meet those needs with the necessary systems, processes and people. Each of those three elements must be formulated with growth and expansion in mind. It’s okay that the details of just how that growth will play out are not known precisely at this time. It is still important to lay out the general parameters and approach you will use to move forward after the initial capabilities are established – and to allocate the resources necessary to keep your eCommerce efforts moving forward.

One critical element of such a forward-looking strategy that often gets overlooked or underserved is the need for education and training for the users, managers and developers of eCommerce processes. That includes formal training classes from systems suppliers, consultants and other third-party sources, and a keen awareness of market trends and developments gathered from industry publications, conferences, and user groups.

As your strategy develops and unfolds, be sure your team stays engaged and involved in all eCommerce-related activities and accomplishments. The team includes senior executives (sponsors and champions), business units from across the organization (even if they do not touch eCommerce directly, they will undoubtedly be affected and will need to support this new type of business), sales, IT leaders, and supply chain partners.

Plan an integrated approach to include everything from the web site itself and its technical challenges through fulfilment, return, financial management, analysis, and feedback to sales, marketing, product design, customer relations and logistics processes.

Choose the right technology platform and toolset to enable the customer-facing capabilities (and flexibility) along with the integration with supporting functions. Also choose appropriate partners to help you succeed – software and system suppliers, external advisors and contractors, educators, and technical support. These resources are part of your team and critical to your ultimate success.

Lastly, be sure to include provisions for continuous improvement in your eCommerce plan. Technology continually changes; customer expectations are constantly in flux; and you will continue to learn as you strengthen your eCommerce experience. eCommerce can become a competitive strength when based on a solid plan and smart execution by a strong team that harnesses the technology, processes and people to deliver a great customer experience. And there's no time to waste.