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# 4 Steps to Digital Transformation in B2B Commerce

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The COVID-19 pandemic has put a heightened focus on eCommerce for many businesses. Organizations that previously invested in strategic commerce approaches are thriving, while those without a clear commerce strategy and road map have found difficulty being agile in responding to the increased demand.

The impact COVID-19 has had on customer behavior will forever change how we look at commerce.

It is a common misconception that an eCommerce transformation begins with a website or mobile application. In reality, there are business decisions to be made and opportunities to explore before technology even comes into play.

Creating an appropriate strategy and roadmap for your business is imperative. This guide outlines four steps to assess your readiness for B2B eCommerce transformation, including:

1. Set Your Objectives
2. Evaluate Your Market
3. Determine Where You Fit
4. Assess Your Internal Processes

# 1. Set Your Objectives

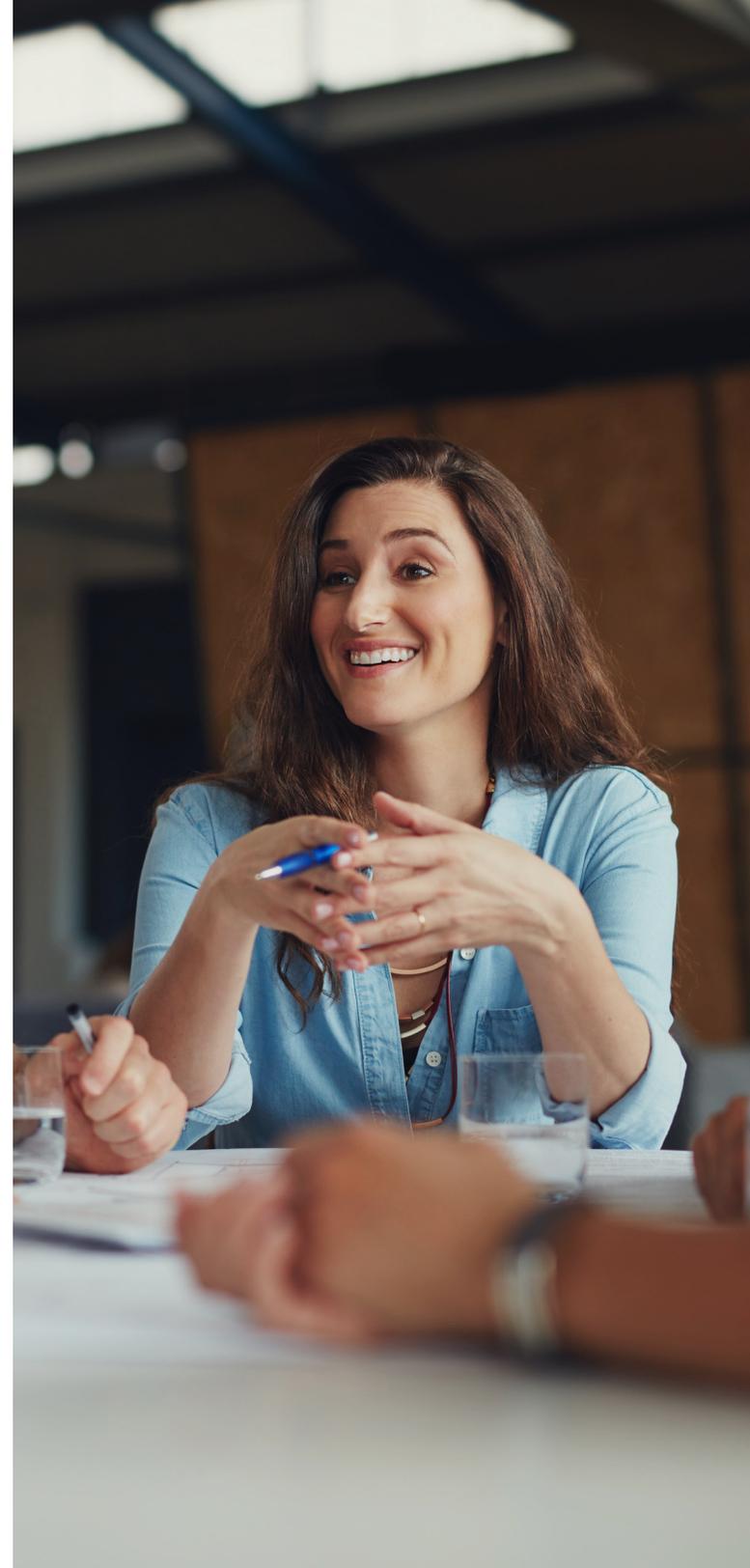
Start by identifying what you want to achieve. There are the standard business goals to consider, such as increased revenue, but you should also consider goals around customer expectations.

## Improve Customer Satisfaction

A customer-centric focus is required to compete and win in a competitive marketplace. It's critical that you align your customer service strategy to your brand message. Consistent, easy-to-use customer service options are expected. Customers also expect you to understand them and provide personalized experiences that are tailored to them based on the relationship they've established with your organization.

Digital platforms provide the tools to help accomplish this. By leveraging standard platform capabilities, you can draw a deeper understanding of your customer to better meet their needs. Insights into customer activities allow you to identify buying patterns and journeys. This makes it easier for you to segment them more accurately to optimize product offers, pricing, and other needs that are unique to them.

The value of a B2B eCommerce platform often has more traditional goals of providing an improved customer service experience or service at a lower cost rather than to enable purchasing. Do your customers want to order more easily? See shipping statuses? Request and manage quotes? View their account balance? These are examples of benefits that go beyond the ordering process and aim to improve ease of use to increase customer satisfaction. These capabilities can help you retain customers and build loyal relationships.





## Growing Your Bottom Line

Improving customer experience is one of the most effective ways to increase sales. Providing improved customer service via online/digital channels has been proven to accelerate revenue growth with customers relative to overall corporate growth. In fact, B2B eCommerce sales are expected to outgrow B2C sales, reaching 6.7 trillion USD by 2020.<sup>1</sup>

Improved digital experiences and ease of purchasing will delight and foster loyal relationships with existing customers. But it's just as important to drive new customers. Digitizing customer service initiatives will reduce order errors and potentially reduce the number of people engaged to handle order issues. In addition, an excellent online store can attract new customers that were not visible to your selling channels in the past.

Before embarking on a digital transformation you must have measurable objectives for both customer experience and revenue growth. These objectives will serve as a framework for future conversations and decisions made as the journey progresses.

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<sup>1</sup>[CMS Connected](#)

## 2. Evaluate Your Market

Keeping up with the competition can be difficult in an over-saturated marketplace full of innovative competitors. Traditional selling methods are no longer the only way to do business. Consider where you can corner the market.

### Improve Customer Satisfaction

The “Amazon Effect” is upending many retail markets. Non-traditional competitors are coming in and securing market share. One example of this phenomenon is the bed-in-a-box companies that are changing the market for traditional brick-and-mortar competitors. This shift is also prevalent in B2B markets. Some very innovative B2B sellers are even competing against their own traditional brick-and-mortar business by segregating what they sell online and what they sell in-store. **In light of these new market forces, you must identify your true value to the market.**

To match pace with these new and unconventional competitors, you need to explore your customers’ unmet needs. Now more than ever, B2B businesses selling through multiple channels need to understand the value of these variable channels. While it may seem obvious, brick-and-mortar businesses have inherent advantages. How can you best leverage the resources non-traditional vendors don’t have? This may mean re-thinking how those resources are used.

#### Direct-to-Market Opportunity

Many companies are expanding into previously unexplored opportunities for selling, such as bypassing distribution channels and going straight to market with their products. Given the tools available today, this strategy is something you should consider.





## Customer Evaluation

Every B2B customer is unique, whether it be in size, industry, product mix, or target customer. Consider how best to serve their needs and the value you can provide. For instance, many businesses create a self-service system for smaller accounts and focus their manpower on large clients. The objective is to provide excellent customer service, even if you have multiple models to serve your clients. There are new tools and processes that can deliver great experiences even if they aren't a part of the traditional B2B sales and service model.

Digital leaders often begin by creating personas that are too broad and need to be broken down to a more granular level. There is no one-size-fits-all solution.

## 3. Determine Where You Fit

Explore opportunities to expand and evolve your current strategy. Can you offer new products? Can you sell from supplier stock, thereby reducing inventory-carrying costs? Can you reach new customers? It may be useful to evaluate these and other opportunities to provide new value to existing customers or attract new customers altogether.

### Online Marketplaces

If you decide to bypass your distributor network to sell straight to the end user, online marketplaces are an excellent place to start. Sites like Amazon, Overstock, and Wayfair are great examples of third-party sites you can leverage to build an enhanced relationship with your end customers. When buyers are searching for a product online, you want to ensure they find yours. It is also key to understand where they are in their journey and how you can fulfill the needs of those buyers.

Are they doing research, comparing products, purchasing, or looking for support post-purchase? If they are prepared to purchase, and you are not selling direct, you may consider providing links to marketplace sites or distributors where they can complete their purchase.

### Distributor Fulfillment

One strategy many B2B businesses are adopting is acting as an intermediary between suppliers and buyers. After building an eCommerce platform with a positive user experience (UX), you can expand your online offerings to products you neither produce nor stock. Acting as a marketplace of sorts, you can include the goods and services of other brands in your catalog. This means you don't have to invest in inventory or handle fulfillment, but rather you can act as a channel for third party sellers and provide great user experiences, add additional value to the market, and attract new traffic.





## Selling eCommerce Capabilities

Some larger, more progressive manufacturers that have developed an excellent eCommerce experience have chosen to offer those capabilities to smaller channel partners. By creating eCommerce sites for those channel partners, everyone wins. The larger organizations maximize their channel, and smaller distributors reap the rewards of an improved digital presence. If you chose to explore this business model, it's important to evaluate the expenses associated with creating these platforms and compare them to the cost benefits at scale.

## White Label Products

In commodity markets, many manufacturers and distributors choose to provide white label products. White label products are unbranded and may either be leveraged by manufacturers to secure distribution relationships, or by distributors to support their brand. By adopting this strategy, you can focus on production and supply chain while limiting investment in marketing and brand engagement. Selling white label goods to distributors will allow you to monetize on your channel partners' customer bases, marketing capabilities, and web traffic. White label products often bring cost advantages as well, appealing to cost-driven buyers since brand and sales investments are reduced.

## 4. Assess Your Internal Capabilities

Before you can embark on a digital transformation, you need to evaluate where your organization stands today with your availability strategy, product information, sales team, and IT capabilities to know where you're prepared to grow.

### Availability Strategy

A clear stocking strategy is critical to establishing availability or delivery expectations and enabling ongoing engagement with your buyers. As you consider that strategy, it needs to be aligned with your customer strategy. Once clear expectations regarding availability and lead times are established, you can leverage data to evaluate sales trends, product costs, logistics capabilities, and replenishment resources. Product and customer mix may lead some B2B suppliers to adopt some combination of the strategies noted below.

#### **Build-to-Stock**

Also known as “made-to-stock,” this stocking strategy focuses on historic demand and future sales forecasts to maintain appropriate inventory levels. Orders are filled from stocked inventory rather than producing or acquiring products as orders come in. Companies adopt this method when rapid delivery is critical, but this approach is problematic for high-cost or customized products.

When this strategy is adopted, the next decision centers around inventory placement. Evaluation of regional demand informs inventory placement, as does delivery cost and expectations. Some organizations have chosen to establish internet inventory locations to simplify stocking and limit channel conflict.





### **Build-to-Order**

Companies that adopt a build-to-order strategy produce products only upon receipt of order. Also known as “made-to-order,” this method begins the production or fulfillment process after an order is placed. This results in longer fulfillment times and puts pressure on the supply chain, but also reduces inventory investment. Manufacturers and distributors that follow this process generally sell products of higher value that are more specialized or customizable.

### **Supply Chain Assessment**

Longer lead times are expected for more expensive products that require customization or have regulatory considerations. For more generic, fast-moving, or lower-priced items, customers expect quick delivery after ordering (thank you, Amazon). It’s important to provide transparency regarding lead-time, shipping costs, and any other costs anticipated when you receive a client order. For many B2B sellers, providing this level of transparency without human intervention is a significant challenge.

Another factor to consider is simplifying your fulfillment logic. For manufacturers and distributors with multiple fulfillment locations or production facilities, it can be difficult to determine the best way to fulfill an order. In many cases, this function is often provided by customer service representatives. Automating this process can be complex and difficult, but it’s important for B2B businesses moving online, particularly given multiple line items orders typical to this market.

Providing a delivery estimate for complex orders can also be a challenge. Shipping items from multiple locations increases shipping costs, but at times is unavoidable. Determining when and for whom to provide that level of service is important. When digitally transforming your B2B strategy, look for areas of your supply chain where shipping and fulfillment decisions can be automated. Need help? Consider investing in an order management system (OMS).

## Product Development and Management

When selling products online, you need to maintain consistent, rich product data across channels, including:

- Product-specific information
- Technical details
- Accurate descriptions
- Installation guides
- Maintenance information
- Compatible products
- Imagery

This information must be consistent wherever a buyer encounters it. B2B companies often have data scattered across multiple locations and channels (ERP, cloud, internal network, etc.), making it difficult to

share this information throughout the organization. As part of your digital transformation, rethink how you manage those processes and what information management systems are used, understanding that the information/data required today may be different from what has been managed in the past. As you consider these implications, you may need to bring new skill sets into the organization, as well as IT professionals, to do the work.

Tools such as product information management systems (PIM) can significantly improve your ability to manage and syndicate product data effectively. But product data management is not a one-time effort. Data management needs to be a pillar of your business. There are multiple product information management (PIM) systems that can consolidate and continuously update data across channels, but it is critical to establish clear ownership of and responsibility for that data.

### Structure Data for Success

Sourcing data from suppliers is the main focus for distributors. If your supplier list is long, it can be difficult to gain and maintain product information to plug into your system. Those suppliers may also suffer from the limitations regarding product data management discussed previously. Establishing connections and a process to acquire, assimilate, and manage that data is crucial.

For manufacturers, the focus is on internal data dissemination and on supporting multiple distribution channels. From marketplaces to distributor sites to manufacturer marketing initiatives, it's vital that your product data is extensive and uniform across platforms. Choosing a system and a team to manage all this data across these channels is a crucial part of that.

# Sales Structure

## The Ordering Process

When evaluating your sales process, begin with how orders come in.

- Phone
- Email
- Online
- EDI

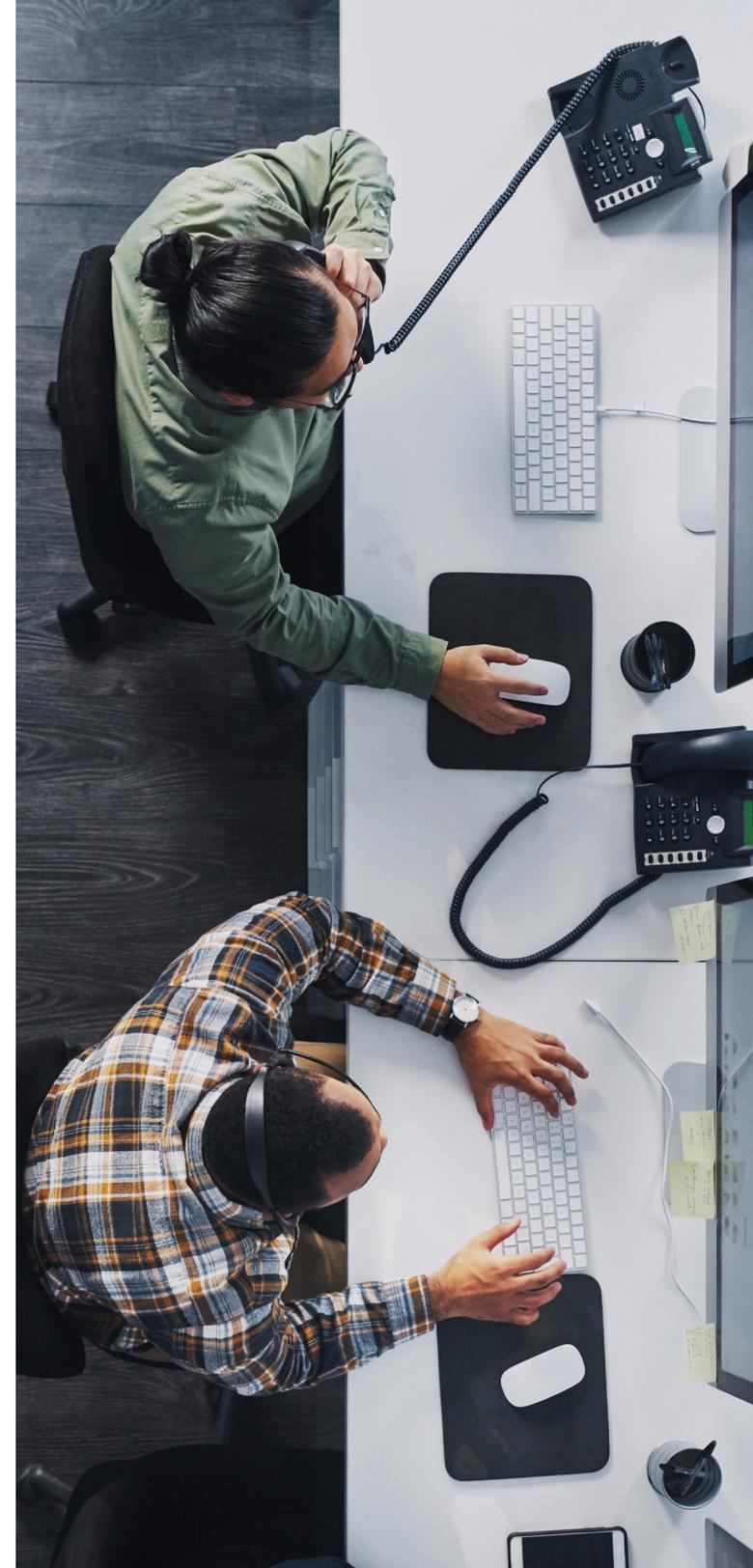
### Also consider:

- Order type mix relative to customer size and value
- Order complexity with respect to
  - Product complexity
  - Number of line items
  - Fulfillment complexity
  - Compliance

Understand that transitioning to an online/self-service ordering model doesn't happen overnight. Your current customers will need support to transition with you as you make these changes. Carefully consider the customer service implications that may accompany that transition.

## Why EDI?

EDI is the exchange of business information in a standardized format. It allows your clients to send information from their system to yours without any human interaction. By automating data exchanges, many of the ordering processes can be streamlined and keeping data up-to-date is more efficient. In some cases, EDI is the primary technology driving transition to electronic ordering for B2B businesses. However, it requires significant setup and technical capabilities on the part of both the seller and the buyer. For many organizations selling to smaller organizations, the cost and complexity of EDI may be excessive.





### **Sales Force Culture**

The current structure of your sales workflow will affect the choices you make in transitioning to a digital sales approach.

- Traditional sales teams are more transactional in their approach. They spend their time taking orders and making sure those orders are recorded and filled.
- Consultative sales teams work to understand their clients' business to better help them anticipate future needs in selecting products and services.

Automating order entry (self-service) puts pressure on sales teams to transition to more consultative models. This will require training, and there will inevitably be pushback from those not prepared to make the transition.

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## IT and Technology

New technology deployments require a strategy. It can be tempting to throw technology into the ecosystem very quickly, particularly when there is a significant technology deficit within your organization. Consider not only the skills and resources required to support new technology, but also the stress integration efforts that new systems will put on existing teams. Having a plan for ongoing care of your current system is imperative, as well as developing a roadmap for migrating new systems in the future.

In addition to skills, the evolution toward digital will put pressure on technology budgets and processes. Studies have shown that technology spend is increasing across the board as organizations realize how critical technology is to their success moving forward. That increase isn't always funded from the traditional IT budget. Sales and marketing teams are becoming more significant technology advocates, and the push to upgrade may come from them as well.

### **Technology Systems and Resources**

Commerce digital transformation requires new technologies and IT skill sets. You need to understand your current technological landscape. There are several systems that can benefit your digital transformation beyond a core eCommerce platform, but you may not need each one.



## Magento Commerce **eCommerce**

An eCommerce platform, like Magento Commerce, provides the base for the shopping and buying experience, including catalogue assessment, search, filter and refine, and checkout. It's important to note the differences between B2B and B2C platforms. B2B platforms provide the functionality one typically finds in any consumer platform, but also support the additional complexity required of B2B buyers including customized catalogues, customer-specific pricing, customer-specific logistics and delivery options, organization-level user management, and enhanced ordering tools and interfaces. Using Magento Commerce in the Adobe technology stack also provides mobile connection through progressive web applications (PWA).



### **Product Information Management (PIM)**

PIM systems support both back- and front-end needs when it comes to managing and disseminating product data. Many evolving organizations manage product data in silos with different parts of the organization enhancing base product data to fit their individual needs. As a result, that information is often misaligned and inconsistent. Pulling that data together to support the customer-facing channel can be difficult or impossible to accomplish without a PIM system. With Magento Commerce, you can connect into your PIM system.



### **Customer Relationship Management (CRM)**

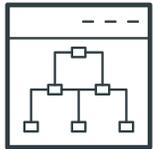
A CRM system allows your internal teams to stay aligned with what customers and clients are doing, regardless of their department. Any team member has the ability to see customer interactions with salespeople, the website, and customer service, as well as what marketing materials they've accessed and more. By tying all this information together, a CRM gives a holistic view of your customer and keeps all teams on the same page.

It's also an essential tool in providing an omnichannel experience for your customers. By enabling clients to transition from interacting online to interacting with internal teams, your employees will be better equipped to provide a seamless experience as the customer moves through the buying journey.

## Marketo Engage

### **Marketing Automation**

Marketing automation systems, like Marketo Engage, are often bundled with a CRM system and have evolved to help companies market to customers and potential customers. They allow organizations to target marketing based on customers' interactions with the business. Consolidating data into these systems enables your teams to target messaging based on defined customer journeys and content.



### **Content Management System (CMS)**

A CMS is used to manage content across marketing channels and customize what content is presented across various platforms such as print, website, email, and more. It may also provide personalization mechanisms to target content to specific users based on customer data.

There is no prescriptive order to implement the systems outlined above. There will be system overlap, and your organization may not have a need for certain programs. Glaring holes in your technology stack should be prioritized over less-critical problems where a temporary solution can suffice. In some cases, manual processes will be sufficient to bridge a gap and fulfill customer expectations. It may be strategic for leadership to take a stepwise approach in doling out additional technology investments as the digital journey progresses and demonstrates increasing value.



### **Order Management (OM)**

OM systems provide a mechanism to manage customer orders, which Magento Commerce does.. From determining how best to fill an order to providing order status updates throughout the lifecycle, these systems are critical to providing visibility to available inventory and enabling end-users to see their order status without human interaction.

## IT Resources

These platforms are evolving at a rapid rate, and IT has to respond quickly to implement and meet customer needs. While it's traditionally believed that IT (specifically technology) is an expensive component of business structure, it must also be viewed as a part of your value proposition to your customer.

Consider IT from an investment perspective. B2B customer expectations surrounding the delivery of new and improved capabilities are growing, often because of B2C experiences. Increased personalization, advanced analytics to anticipate customer needs, and tech trends like AI are all developing in traditional consumer markets, and it's only a matter of time before customers expect those technology experiences to be a part of their experience. Have an accelerated IT program to bring value to customers more quickly. Be adaptable to customer needs. You need to have an IT organization that's fast when it needs to be fast, and deliberate when it needs to be deliberate.

Your IT team needs certain capabilities in order to create a more seamless digital technology transformation:

- The ability to provide analytics and analytics support to maintain clear performance data
- The ability to integrate multiple systems seamlessly
- Ongoing maintenance and updates to the systems
- Awareness of new technological enhancements that could bring value to the business

Having an IT infrastructure in place and a team to support these tasks is a crucial component in the success of your digital transformation.



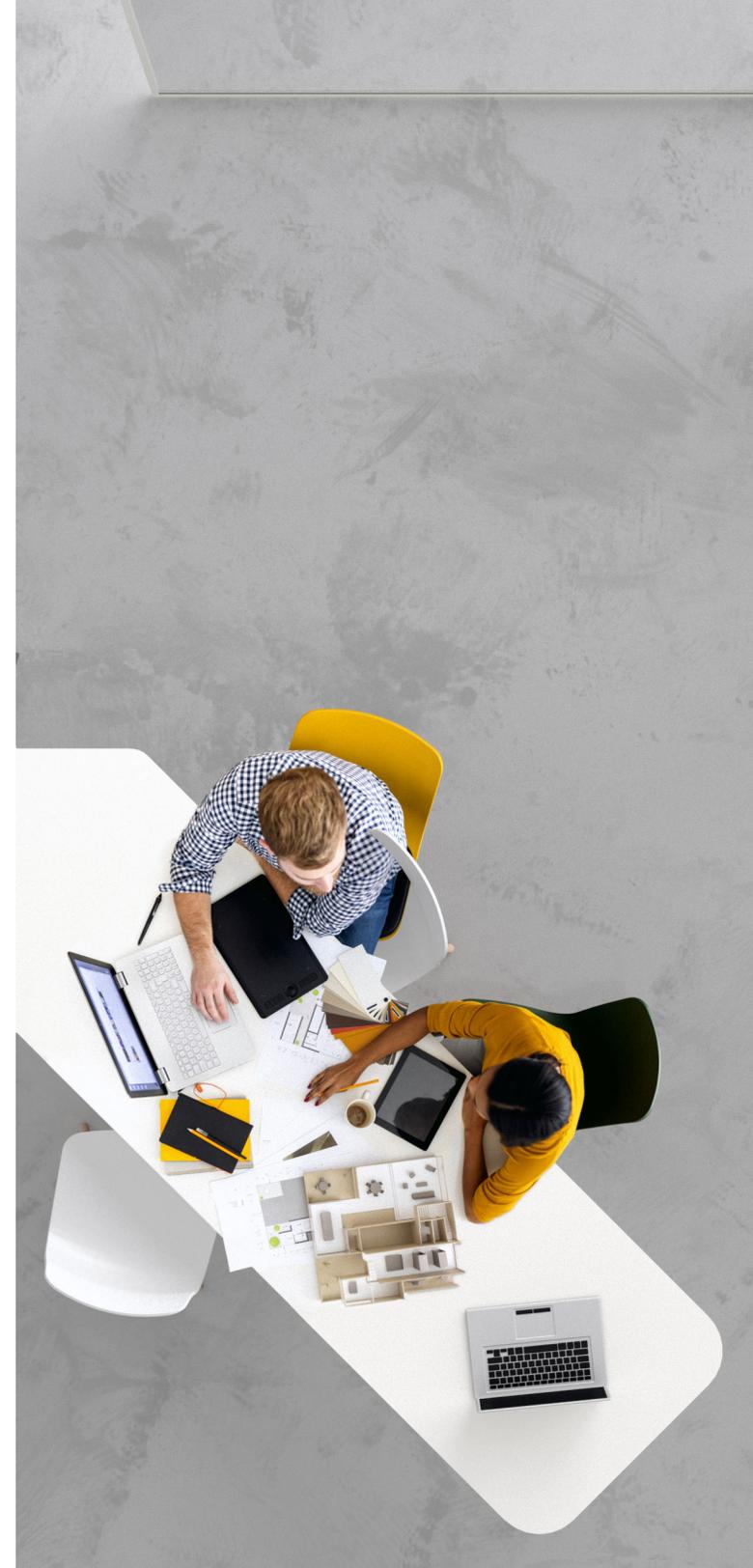
## What's Next?

Digitally transforming your eCommerce experience requires strategic thinking and internal assessment of your capabilities. Technology is not a one-size-fits-all solution, and having the resources and data to back up your platform implementations is imperative to your success. Ultimately, COVID-19 will force a change in the your approach to commerce, requiring you to become faster and more nimble. This transformation in speed and business agility will only be possible by building a strategic commerce road map for your business. Magento Commerce can get you there not only today, but in the future.

## Perficient + Commerce

Perficient blends the strategic imagination of an agency with the deep technical acumen of an established consultancy background to deliver exceptional customer experiences for the world's biggest brands.

Driven by customer insights, we gather and analyze the data to determine the best approach for your omni-channel strategy. Our customer experience experts craft a journey that tells a story, enabling you to connect with your customers while providing utility that makes its way into their everyday lives. And with a deep understanding of business needs and extensive technical capabilities, our commerce solutions encompass multiple channels, providing a seamless and efficient experience across your entire enterprise.

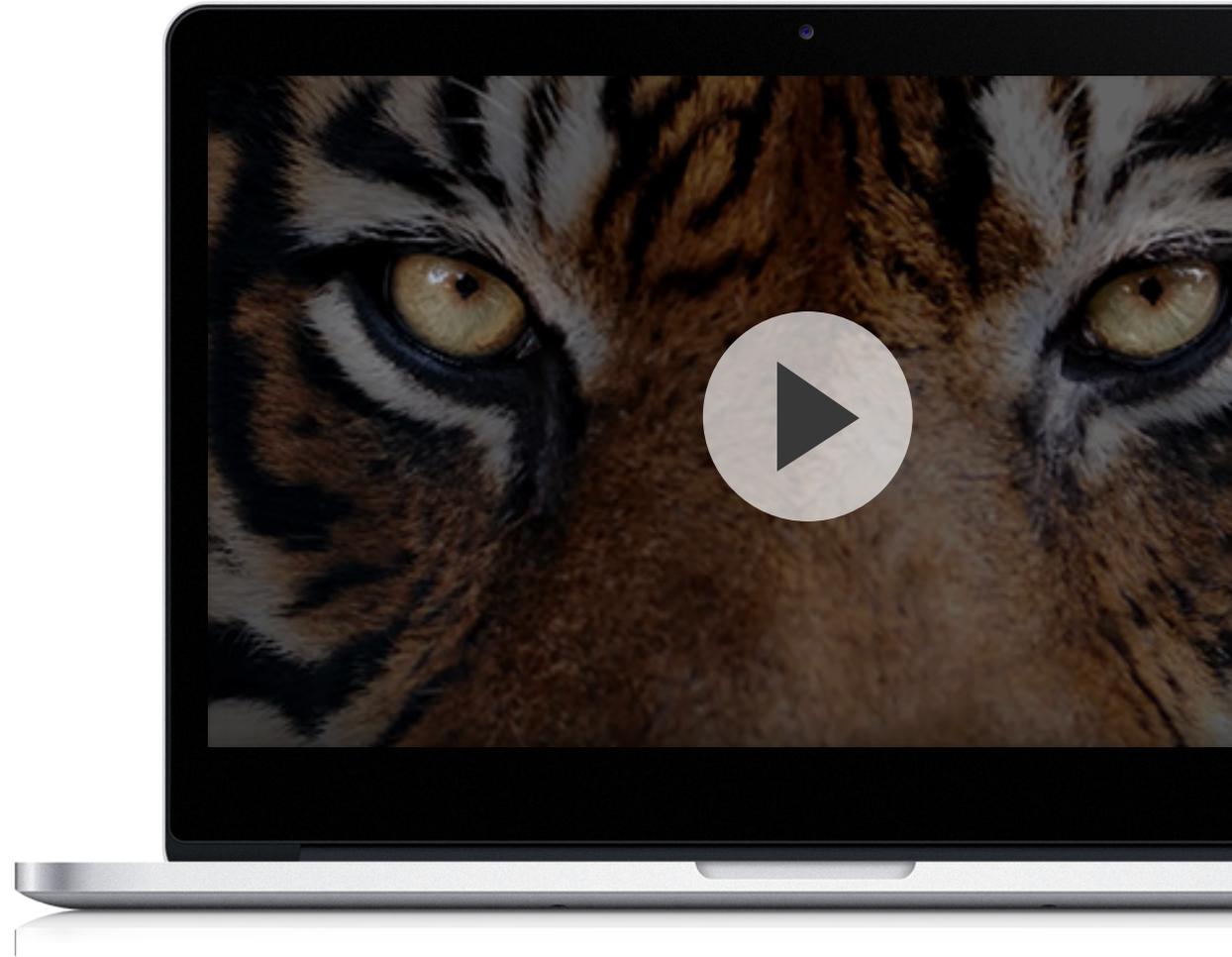


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