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Multichannel Commerce Decision Guide
Will Your Commerce Platform Support Ongoing Business Growth?

Platforms designed to anticipate and adapt to change will facilitate future growth.

The old maxim "the only constant is change" was coined well before the advent of multichannel commerce, so perhaps it requires a small rewrite: "The only constant is constant change." Multichannel retailers are operating in an environment where shopper preferences, business models and consumer technologies are definitely different than they were just a few years ago – and within a few years' time they will almost certainly be changing again.

To be successful in this market, retailers need to both adapt to change and plan for their own ongoing growth. Fortunately, these dual requirements are often related: changes often create or identify new growth opportunities, ranging from newly accessible international markets to emerging sales channels such as social retailing.

Optimizing growth amid ongoing change puts special demands on a retailer's multichannel commerce platform, particularly since digital commerce remains at the cutting edge of retail. Following are four critical capabilities for a commerce platform that can successfully "future-proof" your technology systems and your business, primingboth for long-term growth.

1. Support for Multiple Deployment Models

The three types of multichannel commerce deployment models – on-demand, hosted and on premises – offer different advantages. On-demand deployments provide fast time to market, standardized out-of-the-box functionality and minimal TCO. With hosted deployments, retailers get higher levels of customization along with a greater sense of ownership and fewer hardware responsibilities. On premises deployments are the most customizable, with data handled by the retail customer and less dependence on the technology vendor.

Due to constant change and the need for growth, retailers must choose a platform provider capable of deploying in the manner that they need, when they need it. For instance, a retailer that is just starting out in the digital arena may want an on-demand deployment. These require minimal capital investment because they are typically priced with revenue share models. However, if the e-commerce business is successful and its revenue rises beyond a certain point, the retailer will want to switch to a hosted or on-premise model that is priced more advantageously.

Ideally, a single platform provider would be capable of offering multiple deployment options, both for different phases of a retailer's "life" and for different divisions of the retailer's business. For example, a retailer with a well-established domestic business that enjoys plenty of in-house IT support will want an on premises solution. However, if this same retailer is using e-commerce as a means to "test the waters" in a new geographic market or via a new customer touchpoint, an on-demand or hosted solution will provide maximum capability for a minimal investment. Should the new venture prove successful, the retailer can then switch to a different deployment model, all while keeping the same technology provider throughout its enterprise.

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In addition to offering multiple deployment models, vendors with an extensive partner network allow retailers to choose an implementation partner that best suits their needs – for example, those specializing in a particular retail vertical or with local expertise in a key geographic market.

2. Designed to Support International Expansion

The global spread of broadband Internet access and smart mobile devices has created a fertile ground for international expansion by multichannel retailers. As noted above, retailers can use a "vanguard" e-commerce presence to determine if their brand and products will be a hit with consumers in an untried market. If the initial response is lukewarm, the retailer can fine-tune their messaging and merchandising to discover the optimal combination for that particular culture. This type of real-world market research can take place well before the retailer opens up a brick-and-mortar store, and at far lower capital costs.

Before going global, however, retailers will need to conduct an e-commerce platform audit to make sure it's capable of supporting their plans. Key elements include:

• A content management system that combines a centrilized master source of information with market-specific product content information;

PROJECTED ONLINE RETAIL SALES, 2011-2016 (in $billions)

E-Commerce continues to offer tremendous growth potential to retailers: In the U.S. alone, online sales are projected to top $325 billion by 2016. Global markets and new sales channels are further expanding retailer's growth opportunities.

[1] Source: US Online Retail Forecast, 2011-2016, Forrester Research, Inc. Feb. 27, 2012

• Multi-country, multi-currency transactional capabilities that include handling local tax collection and compliance regulations;
• Support for multiple languages.

Multichannel commerce platforms that have been designed from the ground up to operate in multiple languages, and with multiple currencies, will provide retailers with the strongest levels of support and optimization as they enter new markets. In contrast, retailers trying to retrofit and internationalize a platform that began its life in a single market are likely to sacrifice functionality and/or to require extensive work-arounds that will add cost and time to deployments and ongoing operations.

3. Flexibility to Expand to New and Emerging Customer Touchpoints

Many expansion opportunities are closer to home but still require strong IT support for success. Customer touchpoints and sales channels have multiplied recently and there's little sign that the trend is slowing down. First cell phones, then smartphones and now tablets have each become valuable retail "real estate." The latest iPhone, which features the Siri voice recognition technology that is capable of learning from the consumer/user, could represent the next level of mobile interaction.

Not all expansion is tied to a device. Social networks – particularly the dominant Facebook – are being adopted (and adapted) by retailers to engage customers, enhance brands and even for direct sales. And as television viewing moves further away from the traditional broadcast model toward two-way interactivity, the TV could become the next big thing in retailing.

GIVEN THE RAPID EVOLUTION OF THE MULTICHANNEL CONSUMER, RETAILERS SHOULD SEEK TECHNOLOGY VENDORS THAT ARE FOCUSED EXCLUSIVELY ON COMMERCE.

The optimal multichannel commerce platform will have the flexibility to handle both existing and emerging touchpoints, as well as those that may still be on the drawing board. Adaptability and rapid deployment capabilities will be critical to retailers' future growth abilities.

4. End-to-End, Retail-Focused Solution Sets

In times of rapid change, retailers need an IT platform capable of supporting all the most important functionalities required for multichannel commerce operations, from processing and tracking transactions to maintaining product catalogs and databases to optimizing customer interfaces, including those for mobile devices. Just as importantly, the platform must carry out these operations consistently across Web, phone, print and brick-and-mortar channels, thereby providing customers with a secure, reliable service experience and employees with an efficient, collaborative workflow.

When pursuing rapidly emerging opportunities, having a comprehensive, end-to-end solution is far preferable to the inherent complexity of assembling key "moving parts" from a variety of technology vendors (or even a single vendor offering acquired technologies that are not integrated). Linking and integrating multiple systems not only increases cost, complexity and implementation timelines, but also creates more potential failure points. And with multiple vendors, fixing mistakes takes longer because the retailer must first determine who is responsible for what.

In addition, and given the rapid evolution of the multichannel consumer, retailers should seek technology vendors that are focused exclusively on commerce. Many IT vendors offer elements of a multichannel commerce platform as a means to sell other unrelated systems that provide them with a higher profit margin. These vendors will focus their management attention, along with the lion's share of their R&D budget, on the high-profit applications rather than the commerce systems.

Along with a shared focus on the business of commerce, retailers should seek vendors that are themselves primed for future growth. Tech companies with a solid business model offer the assurance of continuity and continued support, and those dedicated to long-term growth will expend the resources needed to stay on the cutting edge of new developments.

In the midst of rapid change it's often difficult to balance achieving short-term goals and planning for long-term growth. Retailers that can achieve this balance will be able to take advantage of fast-moving opportunities while staying "healthy" for an extended future. And to that end, a multichannel commerce platform that is itself designed, built and operated for long-term growth will prove to be an invaluable asset.