A Buyer's Guide for eCommerce Systems

NOMAD ecommerce

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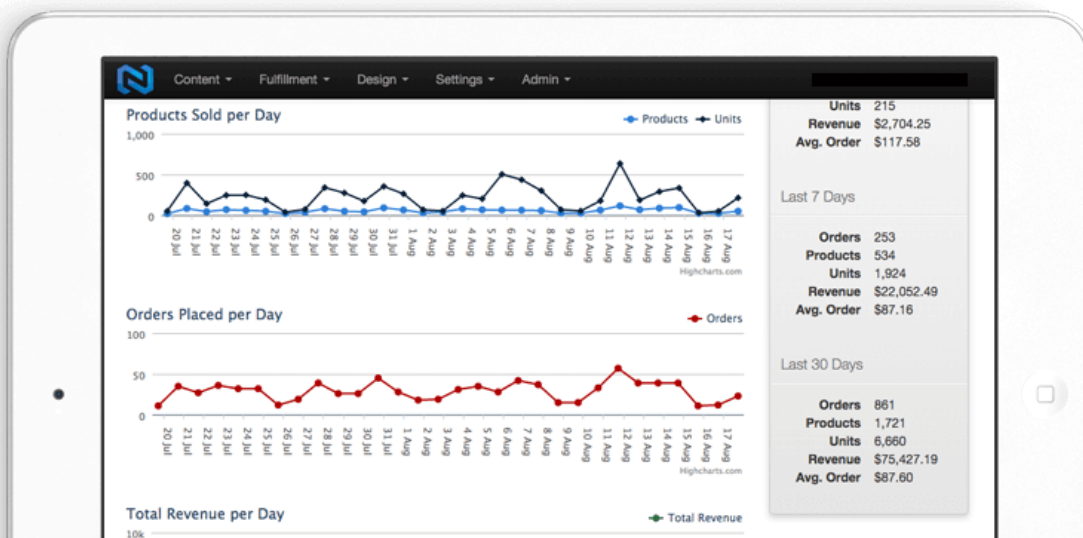## Why should you read this eCommerce buyer's guide?

The B2B eCommerce system market has changed drastically in recent years. Traditional eCommerce systems like Shopify and Magento served the needs of B2C businesses but now lack the features manufacturers and distributors need to achieve online B2B success.

Managers of manufacturing and distribution companies must carefully consider their business needs to determine if the eCommerce system they're evaluating can deliver the features and functions that matter and if the system vendor has the expertise to optimize and customize for the way they operate.

We wrote this guide to help you choose a modern eCommerce system; it answers the questions we hear from manufacturing and distribution executives every day, including:

- What are the benefits of implementing an eCommerce system as a B2B website?
- What are the differences between B2B and B2C eCommerce vendors and tools?
- What questions should I ask potential vendor partners?
- What are the key features of a B2B eCommerce system?

We approach the analysis from the viewpoint of manufacturers and distributors who recognize the need to have their ERP and eCommerce systems integrated so customers can trust that website information is valid and purchase data flows seamlessly into and between back-end business processes.

As you consider implementing or replacing an eCommerce system, focus on the areas that will benefit from a modern eCommerce system. You might have spent a considerable chunk of your budget on a website that's attractive and mobile-friendly but has low retention rates. You don't need more AdWords to attract customers – B2B customer retention rates are often low if customers are unsure if the website's data is current and valid. With an eCommerce system built for the B2B world, real-time data flows between back-end systems and your website, giving you:

- A new strategic marketing channel
- 24/7 customer order fulfillment
- Enhanced customer experiences & time savings
- Lower transaction management costs

A new strategic marketing channel

ECommerce is how we do business now. It's an opportunity to capture a new audience; people are accustomed to the convenience of eCommerce in their personal lives and want the same flexibility as B2B buyers.

24/7 customer order fulfillment

Today's B2B customers seek distributors and manufacturers who offer online ordering, usually driven by a desire to place orders outside regular business hours, and phone or fax orders won't cut it – they want the immediate order confirmation a website uniquely provides.

Around-the-clock ordering capabilities are also necessary if you plan to expand internationally; their regular business hours won't be the same as yours. A robust eCommerce site allows you to pursue international customers without the fear of leaving them under-served.

Enhanced customer experiences & time savings

A true B2B eCommerce platform gives customers access to the same real-time data your customer support team used to offer during a phone call. Customers can go online and obtain any information they need, both about products and their accounts.

From a product standpoint, a fully-browsable website is a quoting catalog, showing customers items, pictures, specifications, and the results of contextual searches. The system automatically calculates costs (including shipping) based on each customer's business terms and offers informa-tion regarding new orders, including copies of invoices and discount thresholds. This saves time, as customers no longer need to call for inquiries; they can access their data in just a few mouse clicks.
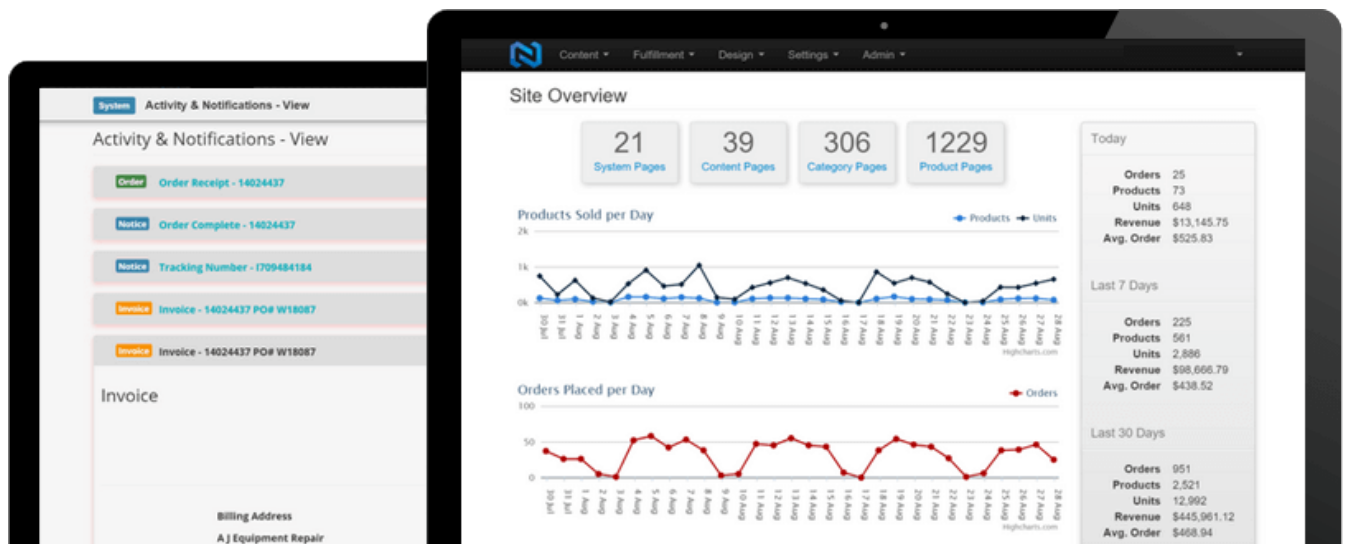
Lower transaction management costs

The average company pays $40 to $50 in labor to enter and manage each order. Performing the same transactions via an automated eCommerce system dramatically lowers the cost, often to as low as $2 to $3 per order. The customer performs the order entry, so there's no need for phone calls and faxes, and no one needs to re-key information into your ERP system because a modern, B2B-focused eCommerce system automatically integrates with ERP.

There are two significant differences between B2B and B2C eCommerce – the vendors and the tools they offer.

Vendors who understand B2B eCommerce differ significantly from those who market and sell B2C eCommerce systems. Vendors focused on B2B systems know how manufacturers and distributors run their daily operations. They understand the ins and outs of your business, such as why you handle purchase orders in a specific way, why salespeople incorporate their commissions into sales orders, why you authorize transactions for some customers but not others, etc. Pure-play B2C eCommerce vendors lack this business depth, so it's difficult for them to customize a system for your needs.

B2B eCommerce tools differ significantly from B2C tools, particularly from the perspective of back-end business logic. B2C eCommerce applications typically have a 'retail-first' focus. For example, popular B2C eCommerce tools like those from Shopify and BigCommerce require plugins to perform basic tasks, such as entering a purchase order number upon checkout, obtaining customer-specific pricing, or relating accounts via parent-child relationships.

As you research eCommerce systems, identify the critical aspects of your business operations, which eCommerce features/functions are necessary to fulfill those aspects, and vendor traits.

Questions to ask yourself

There are four questions to answer about your organization before researching potential eCommerce systems and vendors, including:

Is this going to be a revenue-generating website?
This may seem obvious, but many companies rely on their marketing department to perform 100% of the tasks related to evaluating, purchasing, and implementing their eCommerce platform, which often means the site will serve marketing and PR purposes but not delivering the in-depth operational tasks to satisfy customer needs.

How many orders do we expect?
While you operate in a B2B market, you may have low enough volume to justify a traditional, B2C-focused eCommerce tool. An annual order volume of under 100 will allow you to use standard B2C tools like Shopify, Magento, and BigCommerce; if you anticipate a higher volume of orders, you'll need a B2B-focused eCommerce tool. (The exception to the "low-volume rule" is if you manage thousands of items with frequently changing prices; even if your volume is low, the complexity of the product catalog would require a B2B-focused tool.)

Finally, there's no way a B2C-focused tool can handle typical midmarket needs when managing products across two or more warehouses. Anything beyond a single warehouse requires a B2B tool that can handle vending differences, inventory allocation, etc.

How comfortable are we building and maintaining a website?

The inexpensive B2C platforms are great for experienced professionals with HTML and CSS programming backgrounds who have built websites because they offer lower price points based on low levels of implementation and maintenance support. If your team lacks website development skills, however, you need the support provided by B2B eCommerce platform vendors. Evaluate your in-house skills – and don't forget to consider what would happen if the go-to person leaves your company.

How will we handle shipping and tax?

B2B eCommerce tools handle a variety of business logic points. Many customers' policies encourage buyers to provide the total cost, including shipping and taxes. Or you may want to provide tax and shipping estimates based on different buying scenarios and product bundling. Again, if you only need an integrated shipping cost module and anticipate low order volume, you may get away with a B2C tool. However, some eCommerce storefronts using B2C tools lack knowledge regarding what constitutes a non-taxable customer versus a taxable customer or which items are taxable versus which are not. This feature alone may make B2B eCommerce the obvious choice to avoid running afoul of the government and facing penalties.

Questions to ask potential vendors

There are four questions to ask vendors as you research eCommerce systems and vendors, and they are:

Can the platform connect with our ERP system?

You have both ERP and marketing data. ERP data includes inventory, product availability, pricing, customer names and addresses, orders and order status, etc. Combining that data with marketing data makes your site more appealing and accessible for customers.

Your eCommerce website should function as more than an order entry tool – it should also provide the same valuable, up-to-date information your customer service representatives would provide. This level of efficiency is only achievable when your back-office ERP data communicates effectively with your eCommerce website. When it doesn't, customers can't view updated shipment statuses, invoices, available quantities, and other critical data.

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Will we have a dedicated, experienced project manager?

Also, will subcontractors and partners implement and maintain the system? You must be confident that a talented resource will be available when necessary, and that the talent is specific to the ERP system connected to it. Does your dedicated resource understand Macola, Syspro, Dynamics, or whichever ERP system underpins your business? When you consider that requirement and the need to build the website, the vendor should offer more than a one-man team. (If not, keep looking.)

Subcontractors and partners are rarely a good arrangement. You want one point of contact responsible for your deployment's success – it prevents finger-pointing and inaction when issues arise.

How do we know when orders are entered into the system?

A robust B2B eCommerce system will have automation to save time and keep your fulfillment processes flowing. It will also be customizable so the vendor's project manager can automate around your existing processes; you shouldn't have to reinvent the way your company operates to accommodate for system functionality.

What's our pricing strategy?

Most vendors have moved to a business model that requires a smaller upfront investment combined with either a monthly subscription price or a maintenance fee arrangement. The upfront cost should account for the project implementation, with the rest made up in monthly subscription or maintenance costs. Nail down a price with the vendor on projected costs over a 3- to 5-year period.

In this section, we highlight the four critical features a B2B eCommerce system needs to manage a manufacturer or distributor's eCommerce site; although we may seem to repeat already-noted features, we included them to reiterate their importance.

There are five must-have features for your system.

Built with B2B needs addressed

A B2B eCommerce site must reflect ERP data in near real time, including:

- Pricing changes
- Customer information updates
- Customer discounts
- Customer order status
- Item availability
- Shipping status
- Discount information
- Payment status

The site should be intuitive, so business operations aren't interrupted when small changes are needed – users and administrators shouldn't need web development experience to use the system. In addition to their typical job responsibilities, the administrator(s) should be able to perform basic tasks like product updates, image additions and modifications, layout changes, and minor customizations.

Able to handle complex pricing models

Your eCommerce system should reflect the value customers place on viewing tax information and various cost estimates for shipping options. You shouldn't spend hundreds of hours developing complex functionality that will save you just a few hundred dollars – the system you choose should account for variations and complexities across an array of shipping options; for example, FedEx and UPS pricing for different box dimensions.

Capable of providing a live inventory feed

You also need back-end ERP integration so customers can see live inventory levels. They want to log into your site and see how many pieces of an item you have available. Or, if they order items regularly, offer a shortcut to information about those items and a reorder button. It's that extra level of customer service that inspires long-term customer loyalty.

Competitive pricing

Because they need to integrate with your ERP and may require business-specific customization, B2B eCommerce systems cost more, on average, than B2C systems. However, a modern system will have the functionality and integration capabilities built in, so expect to pay competitive pricing for implementation, followed by a reasonable monthly subscription/maintenance fee.

As you shop for a new eCommerce system and vendor, remember there are significant differences between B2B- and B2C-focused ERP systems. B2B-focused systems provide integration and automated workflows between ERP and eCommerce sites and the vendors who build and support B2B systems have the experience and knowledge to customize eCommerce to your needs.

Nomad erpCommerce is an eCommerce shopping cart application built to integrate with virtually any ERP solution, resulting in complete and accurate information. Customers of Nomad erpCommerce gain the following from their implementations:

- **Consistency** between their ERP data and the data on their eCommerce website.
- **Improved customer experience** with better data presented to their customer.
- **Less administration** time with a flexible and easy-to-design eCommerce platform.
- **Integration** with virtually any ERP system, including Exact Macola, Microsoft Dynamics GP, and Syspro.

Contact Nomad for more information about purchasing a new eCommerce system and integrating it with your ERP.

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About Nomad erpCommerce

Nomad erpCommerce is a robust, easy-to-maintain, easy-to-design and easy-to-scale eCommerce solution that integrates with any ERP system.

Our team has designed and delivered superior eCommerce solutions integrated with ERP for 10 years with the goal of helping small to mid-sized manufacturers and distributors achieve efficiency and growth through technology.

Want to learn how Nomad erpCommerce can help your organization achieve its growth goals? Call us at 855.225.6304 or visit www.NomadeCommerce.com.

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