

**Client:** Venda UK  
**Source:** Internet Retailing (Supplement)  
**Date:** 01 September 2011  
**Page:** 24  
**Reach:** 8000  
**Size:** 1303cm2  
**Value:** 8495.56



# WHAT'S YOUR LINE?

THE FIRST STEP TO DECIDING WHAT KIND OF ECOMMERCE PLATFORM WILL SUIT YOUR COMPANY IS DECIDING WHAT EXACTLY YOUR COMPANY DOES, REPORTS **CHLOE RIGBY**

**O**n the early days of internet retailing the most successful companies, from Amazon to Tesco, were those that developed their own ecommerce platforms.

Arguably, this was necessary when the choice of off-the-shelf solutions was limited. And today, for many longstanding ecommerce retailers, online retail is still all about the technology.

But for retailers coming more recently to the market, the story may be different. Ecommerce, now a proven market, has evolved to meet customer demands. Those demands range from the expectation that they will be able shop online to the wish to purchase from their mobile phone, check stock online and follow retailers via social media.

Innovation is happening so fast that many traders are struggling to keep up.

As if recognising how daunting this is for retailers, there's a move among many technology providers to consolidate. In recent months IBM has bought analytics company Coremetrics and order management platform Sterling Commerce, eBay has bought Magento, the open source platform and ecommerce services company GSI Commerce, while most recently hybris has merged with iCongo with the promise of becoming a one-stop shop that gives its customers the choice of how to buy.

The reasoning? As ecommerce becomes more complex, many retailers,

it's thought, would prefer to get all of their functionality in one place. Carsten Thoma, co-founder and chief operating officer of platform provider hybris, says: "It's a big advantage if a retailer can be across different disciplines and functionalities with one vendor. It makes it much easier to set up their own organisation and own structures. You don't have to deal with different partners and different contracts – that can be very distracting."

## WHO ARE YOU?

One way to avoid such distractions can be to start with a straightforward but key question. "For me the absolute first question has to be what kind of an organisation you are," says Giles Delafeld, group ecommerce director at Alexon Group, who oversaw development of a new platform while at Blacks Leisure Group.

If the company is a large business, then any choice of solution is likely to include IBM Websphere, or close competitor ATG, says Delafeld. "Businesses like that are turning over probably £200-£300 million plus online, and the kind of cost it takes to make Websphere work and to customise it to your business would be acceptable on that kind of revenue."

Large and mature retailers tend to have their own in-house ecommerce teams, arguably a prerequisite to making larger



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systems work. But mid-tier businesses with smaller or no ecommerce team may well prefer to use a hosted solution. There, says Delafeld, options would include BT Fresca or **Venda**. Such solutions, he suggests, would provide a richer customer experience straight from the box. Importantly, "They would be available at a cost that is appropriate to that size of business."

#### RETAILER OR TECHNOLOGIST?

The next key question is about whether your company sees itself as an IT innovator or as a company that would simply like to sell online, as part of a cross-channel strategy.

Eric Abensur, chief executive of platform Venda, asks: "Do you want to be retailers or technologists?" He adds: "Retailers are focusing more and more on their core activities to drive the most profitability that they can during uncertain times. Keeping that tight focus means shedding activities that are not strictly core."

Innovative or individualistic websites are not necessarily the result of smart in-house capability. Indeed, Jamus Driscoll, vice-president marketing at on-demand platform provider Demandware rejects the common suggestion that

innovators need to own their systems. "Modern on-demand architectures are really built as platform as a service – development control can be provided and extended to inhouse teams for them to develop on the platform itself." As evidence, he points to Nine West's building of a Facebook shop on a Demandware platform.

#### OWNED OR RENTED?

What are your aspirations for the business

in the medium term, that's to say the next five years? Do you have the cashflow to invest in developing your own or customising an existing platform, or would

you prefer a hosted solution with regular, known payments, and a provider who may share in the profits.

Fashion companies, for example, often decide not to develop in-house. Take Aurora Fashions, owner of Oasis, Warehouse and Coast. "They wanted to quickly establish themselves with a high-quality offering. The answer for them was to go to BT Fresca in order to get to that position of strength without having to develop internally," says Delafeld. Outsourcing the whole process through a vendor such as GSI Commerce or Elastic Path can be another useful answer. Such providers, says Hosein Moghaddas, VP and managing director, international, at GSI Commerce "are not trying to sell a platform but the ability for you to sell to your consumers and be successful".

When Marks & Spencer decided what platform it needed to get to the next level of cross-channel services, it opted for its own wholly owned solution. M&S wants to become a leading international cross-channel retailer, increasing its revenues from these services as high as £1 billion, up from the existing £500 million that it's achieved through its current, Amazon-built platform. To achieve this its incoming executive director of multichannel ecommerce Laura Wade-Gery (formerly with Tesco), decided building its own platform was required and hired SapientNitro to make it happen.

Until recently, whether you owned or rented was largely dictated by which platform provider you went with. But



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when Hybris merged with iCongo to offer what it described as a 'complete multichannel' package, it also moved to offer access to its platform via the cloud or through a managed service.

Hybris' Thoma explains why this was important: "Companies that are mature might want to own their solution on their premises. In different phases of the commerce initiative within the company you may want also to outsource, or maybe you might choose a hybrid model."

#### DOMESTIC OR INTERNATIONAL?

Selling overseas can be as simple as adding new delivery or payment options to your website. But for those looking to run foreign language websites capable of handling high levels of demand, it's important that the technology they use has the ability to respect the multilingual, multicurrency, multishipping needs of ecommerce in different countries, as well as the varied tax laws, says GSI's Moghaddas.

Hybris' Thoma also suggests that traders may want to mix and match functionality depending on territory: "For example, an on-premises solution for the largest markets you set up your commerce activity in, or a hosted or managed solutions, cloud-based for smaller countries, brands or initiatives. It's the ultimate flexibility in deployment model on a global scale."

#### CULTURE CLUB

When choosing an ecommerce platform it's also important not to underestimate the corporate culture, says Alexon's Delafeld. When he went through the process of finding the right ecommerce platform at Blacks Leisure Group, he asked himself many of the questions we've looked at here. In the end he went with

Mantiki. That wasn't because they had the most functionally rich platform or because they were the cheapest but because, "They had exactly the right culture fit to work with me and my team."

#### JOINING UP PAST AND FUTURE SYSTEMS

Most retailers will have legacy systems – and questions about whether they should be replaced. Venda's Abensur says: "You should approach your platform with a mindset that says, 'I'm building a store complete with marketing, promotion, merchandising and sales capabilities; the legacy systems will have to plug in.' There are very few legacy systems that don't have integration or modernisation tools that allow them to interface with web systems."

But ultimately, investing in new systems will be inevitable at some point and when that happens it's a good idea to make sure the new platform can adapt to new additions – whatever the technological future may bring. Demandware's Driscoll says the website is now "just one representation

of the consumer's interaction with a brand". He adds: "We would encourage retailers to build their architecture around a concept of nobody knows what's next, as opposed to saying there's a discrete list and some things are on and some off."

#### WEIGHING UP – AND MEASURING

Part of deciding which is the right ecommerce platform is to work out how you'll judge if it's a success. For Venda's Abensur, the key is profitability. "You'll know it's working when sales start to flood in and orders start to flood out."

GSI's Moghaddas says customer retention is crucial – and that means it's important for board members to consider ecommerce analytics. "I recommend that



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the board understands what's being presented in front of them – what revenue being generated, what's the stickiness on the site and what's the repeatability of the sales on the site," he says.

As we've seen, looking to invest in a new ecommerce or cross-channel platform is no small piece of work. Installing a new platform can be expected to run over the course of several months. That's why it's important to make sure that the decisions you make now are carefully considered and valid for the medium-term – and in ecommerce that's the next five years. ■

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“ When choosing an ecommerce platform it's also important not to underestimate the corporate culture ”

## NOT ON THE HIGH STREET

When NotontheHighStreet.com launched in 2006, it could find no suitable off-the-shelf solutions to fit its needs, which included a marketplace business model. Instead, it chose to develop its own ecommerce solution, built in-house. At first it used a PHP development framework but in 2009 it migrated to the Ruby on Rails platform. It is now on the fifth version of its application.

Gregory Becker, senior technical manager, says: "We are constantly developing and improving our online marketplace and therefore need to be able to control the

development cycle at all times. Building our own was, and remains, the only viable option."

The company recently added a new social commerce tool of group gifting to its functionality and found this straightforward thanks to its team of in-house developers. "The hardest part is prioritising which function to add," says Becker. "We operate in an agile fashion so can easily focus and deploy resources for business needs as required."

His advice for others considering their ecommerce platform options is to look at the

technical expertise in the company. "The best fit would be a good open source platform with an active development community," he says. "Alternatively a hosted solution with a good API that can be integrated or extended as required. If the company needs more technical advice a hosted solution would work best." But, he adds: "The platform alone will not make the sales. Investing time and money on optimising the core user journey and ensuring the customer experience is as optimal as possible also needs to be a priority."



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**WHAT THE EXPERTS SAY**

**THE PACE OF CHANGE**  
"The changing customer journey is being changed by customer innovations, not by retailer invention. That means commerce is changing ever faster. We used to think that ecommerce was evolving quickly; now we have to manage m-commerce and most retailers have only just started developing a strategy for it only to find they are expected to have an s-commerce strategy."  
Eric Abensur, chief executive, [Venda](#)



**SO STAR WARS**  
"We're living in a remarkable time where growth is on every angle and dimension – things we think are impossible, completely foreign, so Star Wars, are now becoming real within 18 months."  
Jamus Driscoll, VP marketing, Demandware



**BEYOND TECHNOLOGY**  
"If you go with a boutique provider then it's no longer just about technology, but around how you use the experience within that boutique provider along with your own team to be able to create competitive advantage in that development process."  
Giles Delafeld, group ecommerce director, Alexon Group



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Shabby chic from Notonthehighstreet



Notonthehighstreet is a marketplace for craft retailers