An itelligence White Paper

B2B Omni-Channel Engagement: Challenges and Solutions from the Mid-Market Perspective
In every B2B industry segment, companies have noticed dramatic shifts in customers’ expectations for the buying experience. The roots of this change can be traced back to the debut of Amazon.com in 1995, which triggered a revolution in the way consumers evaluate and shop for products. As consumers grew more comfortable making online purchases, pure play e-commerce vendors gained market traction. To stay competitive, traditional retailers embraced online channels as a way to maintain existing customer bases and expand their reach.

The “consumerization of IT” provided customers with greater access to e-commerce channels, especially with the advent of widespread broadband internet connections and lower priced desktop and mobile devices – radically altering expectations for browsing and purchasing. In turn, the B2C e-commerce experience began to raise expectations for similar services and capabilities for B2B buyers.

Many B2B suppliers responded by launching e-commerce sites to complement traditional sales channels. As suppliers deployed e-commerce initiatives, they quickly discovered that treating e-commerce as a sideline, or complement to traditional direct channels, was a mistake. B2B sites that lack functionality are difficult to use, or provide a confusing, inconsistent brand experience that can alienate potential buyers. With easy access to other options, buyers will seek out alternative vendors.

Businesses found that B2B buyers looking for a positive experience tend to use the same criteria as their B2C counterparts:

- **Consistency** – Providing the same information and capabilities on pricing, promotion, products and inventory – across all channels
- **Convenience** – Giving B2B buyers access to online tools for self-service and product configuration
- **Flexibility** – Allowing buyers to begin a transaction in one channel and continue or complete it in another
- **Visibility** – Granting streamlined access to online product catalogs, enterprise-wide inventory availability and order/delivery status
- **Personalization** – Demonstrating a knowledge of buyer order histories, service requirements and product preferences

In other words, B2B buyers now expect the same type of “omni-channel” buying experience that they regularly encounter as retail consumers.
For B2B suppliers, omni-channel retailing represents more than a commitment to customer convenience. An effective omni-channel approach must provide a seamless consumer experience across all available shopping channels. The consumer must be able to access the same information and have a contextualized experience no matter what channel they use. B2B suppliers that can leverage e-commerce as part of their omni-channel strategy face enormous market opportunity and revenue potential. According to one estimate, online revenue from B2B transactions was approximately $559 billion in 2013 — more than double the $252 billion in 2013 B2C online sales.1

B2B companies are rushing to capitalize on this opportunity. Some 57 percent of B2B vendors say they are shifting a portion of their transactions from offline to online and self-service channels, and another 44 percent agree that B2B commerce is adopting B2C best practices to optimize the purchase experience.2 The bottom line is those B2B organizations that believed they could continue to compete via their direct channels alone — or those that view their e-commerce channel solely as a complementary line of business — may find themselves struggling to maintain market share, especially against competitors who offer a more cohesive omni-channel strategy.

Creating Competitive Leverage for Mid-Market Enterprises

With an e-commerce deployment as the foundation of a B2B omni-channel customer engagement strategy, mid-market enterprises may also find they can improve their leverage across the full spectrum of competitors.

- **Drawing market share from smaller, unproven vendors** – Mid-market enterprises have a demonstrable track record of service and performance – in direct contrast to many pureplay e-commerce merchants and start-ups. A proven business model, a referenceable customer base and demonstrated expertise can all be tremendous assets when launching an e-commerce channel – especially in B2B transactions where buyers are traditionally more risk averse and less willing to gamble on unknown or unproven vendors. The well-established market reputation that mid-market enterprises already have in their back pocket can provide the credibility a buyer needs when evaluating a short list of e-commerce options.

- **Providing an alternative to customers dissatisfied with a large-vendor experience** – A robust e-commerce offering also gives mid-market enterprises the opportunity to capture market share from larger competitors. Customers who are unhappy with a lack of personalized service and responsiveness from a larger vendor may be drawn to doing business with a smaller company that distinguishes itself on service. A full-featured e-commerce presence can make it easier for these customers to identify a potential vendor and ultimately move their business.

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Mid-Market B2B Suppliers Face a New Set of Challenges with E-Commerce

Despite the tremendous potential of B2B e-commerce, mid-market B2B suppliers often find that they face a host of new challenges in their push to embrace e-commerce for their businesses.

- **Global Markets and Competition:**
  Mid-market B2B suppliers that launch an e-commerce channel have to adapt quickly to doing business in a global market. They must determine whether, and to what degree, they want to accommodate clients in other geographies, and how to manage issues such as multi-currency transactions, website and catalog translations and regulatory requirements in local markets.

- **New Online Competitors:**
  Traditional mid-market vendors new to e-commerce can also face new, competitive threats from pure play e-commerce sellers, as well as an expanded slate of traditional vendors who are broadening their own reach into e-commerce.

- **Increased Buyer Leverage:**
  In an e-commerce environment, the unwritten rules for B2B sales engagements can also change. The balance of power in B2B transactions tends to shift to buyers who have improved visibility into pricing and vendor performance—and the leverage that goes with that visibility.

- **Accommodating a More Complex Sales Cycle**
  The B2B sales cycle is frequently more complex than its B2C counterpart, sometimes spanning months and involving multiple approval and review cycles. Vendors will need to determine how to translate that engagement cycle into an e-commerce model and how multiple channels will integrate to provide consistency throughout.

- **Managing Complex Relationships Online**
  B2B client/vendor relationships are often pre-negotiated and defined contractually with pricing and discounts determined in advance. E-commerce implementations have to take this complexity into account.

- **Product Customization**
  B2B product configurations are frequently customized to the client’s needs and can be significantly more complex than the B2C world.
Recurring and Pre-Negotiated Orders

Many B2B orders are recurring, based on ongoing needs or pre-negotiated purchase agreements. Any B2B omni-channel solution needs to accommodate the fundamentally different nature of B2B engagements.

Simply porting elements of B2C e-commerce to the B2B environment is only a partial strategy. Only those mid-market B2B suppliers who can adapt the complexities of B2B commerce into a unified B2C-like experience will be able to capitalize on the revenue opportunities available in this new omni-channel market.

SAP’s hybris commerce platform can help B2B companies capitalize on these opportunities through a comprehensive B2B e-commerce solution that allows businesses to give their customers a rich omni-channel shopping experience through a sophisticated feature set that includes:

- Best-in-class product catalog management leveraged across channels
- Sole search and navigation manageable by business users
- Advanced personalization to deliver targeted and relevant content
- Account management delivered via self-service or a customer service representative
- Robust order management, including quote negotiation, quick orders, order replenishment and multi-warehouse distribution
- Customer-specific pricing, product access, credit limit management and pre-negotiated billing terms

hybris: B2C Omni-Channel Capabilities for B2B Suppliers
Synchronizing the System of Reference and the System of Record

For many B2B companies, back office ERP applications serve as the system of record providing the single version of the data that allows them to manage resources and effort across all facets of the enterprise. However, when businesses embark on an e-commerce project, they often treat the new channel (the system of reference) as a standalone silo, with little consideration for how their traditional direct and/or call center channels will coordinate with their e-commerce channel.

Because cross-channel consistency is a key component of a quality customer experience, keeping these channels in sync is now a top priority for businesses. SAP hybris helps businesses keep the e-commerce system of reference synchronized with the enterprise system of record through web services integration to ERP master data on customers, contacts, products, pricing, credit, invoices and other key facets of B2B commerce.

Through hybris, businesses can ensure that the transactions conducted through their e-commerce channel update the relevant enterprise applications that manage accounts, financials, transactions and inventory. This helps the business maintain the discipline and consistency that are essential to smooth and efficient operations. Just as importantly, customers receive a higher quality, seamless experience as their purchasing behavior crosses channels.

Source: Forrester Research, Inc., The Forrester Wave™: B2B Commerce Suites, Q1 2017
Achieving a Quicker Time-to-Value with hybris: Guidelines for Mid-Market Enterprises

Despite the potential opportunity inherent in a B2B e-commerce channel with B2C customer engagement capabilities, mid-market enterprises don’t always have the resources to deploy e-commerce solutions such as hybris in the way they need, as quickly as they need. In-house IT resources are frequently focused on the systems that support traditional channels with little time and budget to devote to establishing a sophisticated e-commerce offering.

The Value of Strategic Partnerships Combining E-Commerce and SAP Expertise:
Mid-market enterprises can often achieve a quicker time to value with their e-commerce/omni-channel implementations by partnering with organizations that have a proven track record in B2B e-commerce platform deployments and expertise in back-office enterprise applications – versus relying on already overburdened in-house IT resources to ensure the project’s success.

For example, itelligence has partnered with an industry leader in innovative e-commerce solutions for B2B and direct-to-consumer brands across industries, to deliver this type of turnkey omni-channel commerce solution to B2B suppliers.

The collaboration is specifically focused on assisting mid-market B2B suppliers in integrating hybris with the full suite of SAP enterprise business applications to create the omni-channel buying experiences that help attract and retain customers through a higher quality of service.

Creating a Smoother Path to an Omni-Channel B2B Engagement with Pre-Built Solutions:
While many larger enterprises opt to develop the core components of their e-commerce platform themselves, mid-market enterprises may be better served by leveraging pre-configured, out-of-the-box functionality such as shopping carts, checkout, and search functionality.

This enables the business to focus more on those areas of customization that are key to its market differentiation, while streamlining implementation, lowering costs, and accelerating time to value.
By combining exceptional SAP and hybris technology with the extensive expertise of the Gorilla and itelligence teams, hybris Catalyst gives mid-market businesses the ability to implement an end-to-end e-commerce solution, within a compressed timeframe — equipping them to capitalize on the tremendous opportunity of omni-channel customer engagement.

The hybris Catalyst solution builds on the hybris Accelerator to provide a turnkey offering that is tightly integrated with the SAP master system of record. This ensures that the e-commerce system of reference stays in sync with the enterprise system of record — helping the business manage its multiple channels as an integrated whole and providing its customers with the omni-channel experience that emulates the B2C e-commerce experience in simplicity, consistency, personalization, and ease of use.

Ideally, the partner will also offer expertise in the supplier’s specific industry to ensure the successful translation of its industry-specific processes into its e-commerce channel.

**Ensuring Seamless Integration with Enterprise Applications:**
Another area where a strategic partnership can add significant value to a hybris implementation is in the integration with back-office enterprise systems. This ensures that the e-commerce system of reference stays in sync with the enterprise system of record — helping the business manage its multiple channels as an integrated whole and providing its customers with the omni-channel experience that emulates the B2C e-commerce experience in simplicity, consistency, personalization, and ease of use.


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- Reducing costs by streamlining business operations
- Increasing revenue by capturing new customer segments and market opportunities
- Improving conversion rates by capitalizing on B2C best practices
- Increasing customer satisfaction by delivering multi-channel convenience
- Representing complex and specialized products accurately and effectively
- Managing the complexity of B2B transactions
About itelligence

itelligence, Inc. is a wholly owned subsidiary of itelligence AG, an international full-service solution and consulting company with a global presence in 22 countries. itelligence provides a broad range of consulting and customer support services to further maximize SAP solutions, including implementations, application management services and hosting.

itelligence also provides Business Intelligence, Mobility, SAP HANA, Success Factors and Office of CFO solutions, including Business Planning & Consolidation (BPC) and Governance, Risk and Compliance (GRC). itelligence is an SAP gold channel partner authorized to resell SAP® Business All-in-One and SAP BusinessObjects™ solutions, an SAP global services and SAP global hosting partner, and an SAP-certified global provider of application management services. itelligence also holds global quality accreditation by SAP Active Quality Management organization for demonstrating clear quality standards and processes.

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