



Why eCommerce Point Solutions are a Mistake for Growing SMEs

(And What to Do Instead)

Introduction

Let's face it – if you're not adopting eCommerce, you're behind. Research shows that by 2040, over **95% of all purchases will be made via eCommerce**. While that seems like a long way off yet, the COVID-19 pandemic accelerated the move for all businesses, even in the B2B space. According to **McKinsey**, only 20–30% of B2B buyers want to interact with a sales rep in person now, making digital interactions and self-service the dominant model moving forward.

When the pandemic hit, many businesses were forced to make a quick shift to eCommerce. They simply couldn't serve their customers in-store anymore.

We all understand what it's like to operate in crisis mode now – you focus on solutions that are quick, easy and cost-effective. eCommerce point solutions like Shopify hit all points. With pre-designed themes, easy setup and a cost as low as \$100 per month, you can have a site up and running in a matter of days. And that's exactly what a lot of businesses did. They addressed priority number one – giving customers a way to continue buying.

Now let's fast forward a few months down the road (maybe a year for the ones that were quick on the jump). The eCommerce site itself might be working great. But there's major pain on the back-end. Why? Because their eCommerce site—a key sales channel—is separate from inventory management, finance, service, etc. The complexity this creates in the day-to-day operations is not only frustrating for employees, but it can have a significant financial impact – possibly even big enough that it cancels out eCommerce profits. Yikes...

Perhaps you're in the camp that spun up an eCommerce site and now see the need to simplify your processes. Or maybe you're new to eCommerce and want to do it right the first time. Whatever your current position is, this is a must-read before you go any further in your eCommerce journey. You'll learn about the challenges a stand-alone eCommerce solution creates in your business and how to solve them with a unified eCommerce ERP platform.

Ready to talk software?

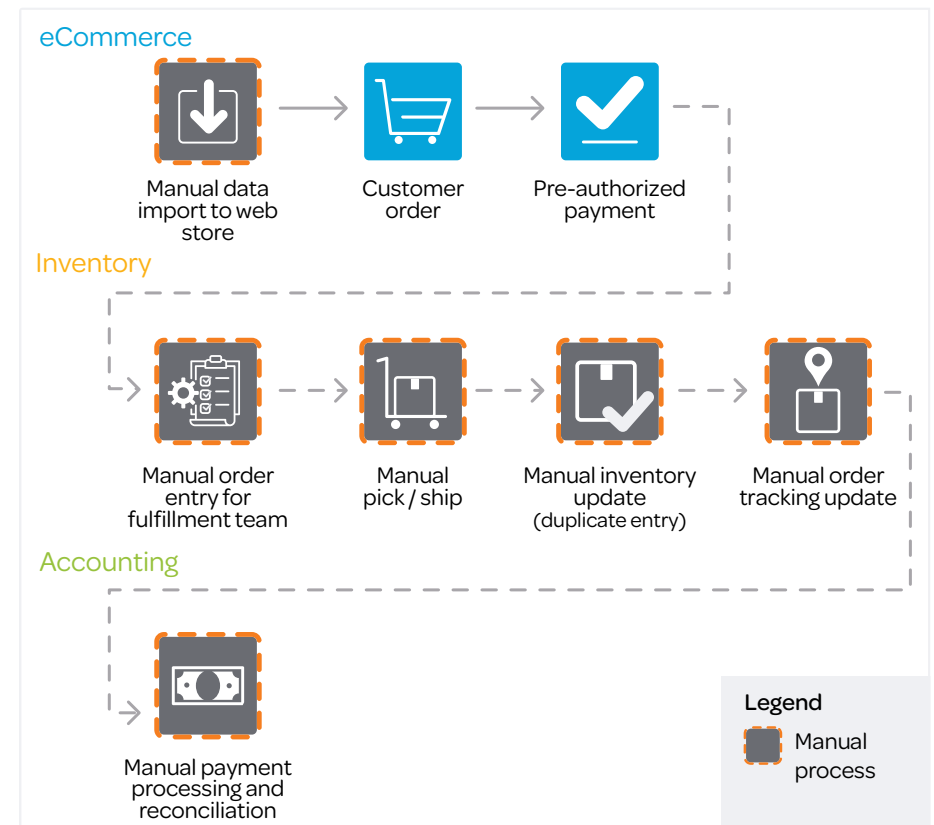
Let's chat >

How eCommerce Point Solutions Hold You Back

For any product, we often jump straight to the well-known names. In eCommerce, Shopify, SquareSpace, WooCommerce and others typically come to mind. They all serve their purpose well. But that's also their drawback – they serve a **single purpose**. But what about the other parts of your business that support online selling?

Having a great eCommerce site is only one component of your business. Every order made on your site impacts inventory, finance, purchasing and customer service. Each area of the business is part of the whole and you simply can't operate efficiently—or scale the business—when every department has its own system.

Let's consider an example to see how this plays out in practice. This assumes there are separate systems for eCommerce, inventory and accounting, with no integration between them. It's the most extreme example of disjointed systems, but it paints quite a picture.



Keeping Item and Price Information Up to Date is a Manual Process

Before you can start selling online, you need to populate your site with your item and pricing information at a minimum. You can choose to either pre-load existing customer information and create their accounts or ask customers to do it themselves.

How is this done? Likely with a manual import. That's not such a big deal on the initial setup. But what happens when you stop selling a product or add a new one? Or your pricing changes? This happens all the time. With a stand-alone eCommerce site, you'll be forever importing the most current data. But by the time it's loaded to the site and verified, is it really current anymore?

Customers Can't Access Real-time Product Availability

Stock outs are the nightmare of every distributor. Each time you tell a customer you can't fulfill their order you risk losing them. If they know they can buy elsewhere, they will.

When your eCommerce site is disconnected from inventory, it's easy to sell products you don't have in stock. There's no way to tell the customer what's available, so they work on the assumption that if it's on the site, you have it in stock. Even worse, think about the time it takes for you to manually pull the order information from your eCommerce system and hand it off to your fulfillment team. It could take hours (or worse, days) for you to realize the item isn't in stock. And now you have a frustrated customer.

When 54% of people stop doing business with a company because of a bad experience, even one slipup is too many.

Managing Inventory Manually is a Nightmare

Chances are eCommerce isn't your only sales channel. You likely still have sales reps entering orders that come in via phone, email or an order desk. There's a manual element to all of this. Which adds time to your order management process. So, while your inventory system might say that you have loads of product in stock, that count can change quickly when a stack of orders is entered.

Then there's the impact on fulfillment. As items are picked for orders, are the counts in your system updated automatically? If that's a manual process, you have yet another time delay. The manual processes on both ends leave you ripe for inaccurate data that leaves you unable to fill orders.

When inventory is the lifeblood of your business, can you afford to have unreliable data?

Manual Processes Don't Scale

There's no way around it – disconnected systems leave you relying on manual processes for pretty much everything. The issues with inventory management aside, the high staffing cost to handle all these simple everyday tasks can eat up a significant portion of your profit

This model is inefficient, leaves you stuck with data you can't trust and, if left unchecked, can erode your customer experience over time. None of this is conducive to growing a business.

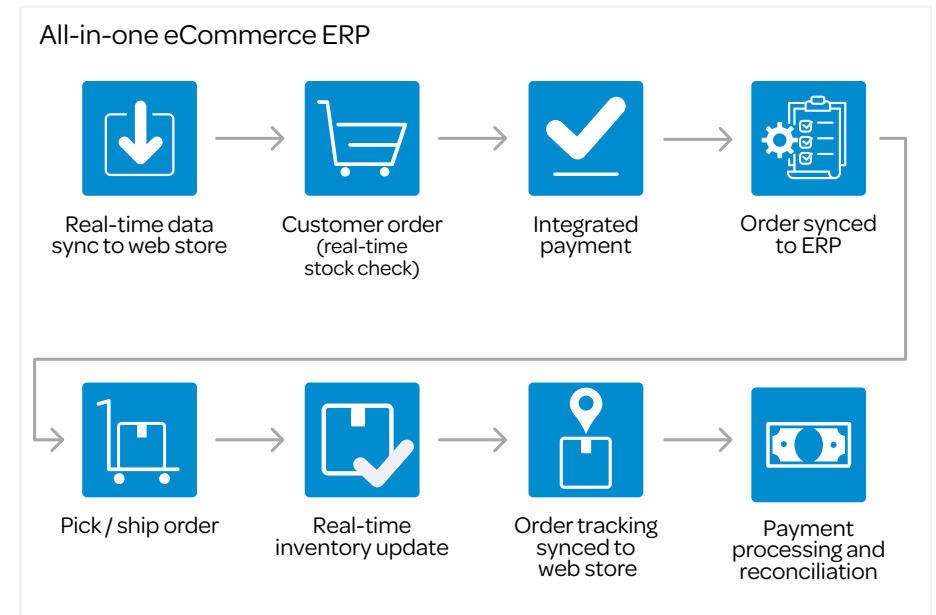
8 Ways You Win with a Unified eCommerce ERP Solution

At this point, you might be wondering *'What's the alternative?'*

Do away with the jumble of point solutions and upgrade to a complete eCommerce ERP platform that pulls all key areas of your business into one system.

If we revisit our order-to-cash workflow again, you'll notice something missing – the manual processes. An all-in-one solution streamlines the flow of information using automation. As you move through order-to-cash, the data is passed onto the next point in the process without manual intervention. This makes life simpler for your team, reduces the manual effort and boosts productivity across the entire organization.

An integrated solution offers dual benefit. You're increasing revenue on the front-end and saving money on operational costs on the back-end. That's a winning combination with a very real impact on your bottom line.



1. Boost Sales Revenue with New Channels

The most obvious benefit of eCommerce is that you can expand your customer base. In the face of physical restrictions like we've seen in the pandemic, eCommerce allows you to reach both new and existing customers across a wider geography even if in-store buying isn't an option. Not to mention that eCommerce gives B2B sellers an avenue to shift into the direct-to-consumer model. Diversifying your customer base offers an added level of protection for your business against economic uncertainty. This was true for one of our customers that sells tools and construction materials. When the pandemic first hit, contractor business dropped dramatically because they couldn't be on-site. But consumer sales increased on their eCommerce site, as people now had the time to tackle the home projects they'd been putting off.

While you can certainly see these same benefits on the revenue side with a stand-alone eCommerce site, research has shown that companies with an integrated eCommerce ERP solution see an **8% increase in sales volume** on average. Why? Because efficiency in your back-end operations frees up both time and money for you to re-invest in optimizing your eCommerce site, building other sales channels and expanding product lines to better serve customer needs.



2. Improve Customer Retention and Lifetime Value

Whether you're in B2B or B2C, customer expectations are similar across the board – if you don't have products in stock and make it easy for them to buy, they'll go elsewhere. In fact, **Walker Info** research predicted that customer experience would leap over price and product as the key brand differentiator. Sure, you can deliver a strong on-site customer experience with virtually any eCommerce platform. But their interaction with your brand doesn't end there.

You might think that customer-facing activities are separate from your day-to-day operational functions. But as we've highlighted earlier, every inefficiency in your processes has the potential to carry through to your customer. When you have a unified solution, inefficiency isn't such an issue. Your data automatically flows from one team to the next through the entire order-to-cash process. You don't have to worry about holdups because someone hasn't entered the data the next team needs to do their part. That means orders are filled and shipped faster, customers have total visibility into their orders and returns are easier to process. There's dual benefit for your team and the customer.

How good is your customer experience?

Each question you answer 'No' to is a signal that your customers are going to buy elsewhere.

	Yes	No
Does your website show real-time inventory availability?		
Can customers view and pay invoices online?		
Can you display company-specific pricing for B2B buyers?		
Do customers have real-time access to order status and shipping information?		
Do eCommerce orders automatically feed into your order management system?		
Do sales, service and accounting teams have access to the same customer information?		

Must-have B2B eCommerce Features for Happy Customers

While B2B buyers want the same simple, easy online experience that they get as a consumer, they do buy differently. Here's how you can win over your B2B buyers with a stellar online experience.

- ✓ Allow customers to create **self-service quotes** by selecting their items online, submitting a quote for approval, then converting to an order.
- ✓ Help customers be more efficient with **online account management** so they can view and pay invoices, create support tickets and view their account status.
- ✓ Create a **personalized experience** with favorite lists, single-click re-orders and bulk buying options.
- ✓ Provide **company-specific pricing** to offer buyers the same discounts they get on other sales channels.
- ✓ Allow **multiple shipping addresses** to make multi-location stocking easy for your customers.

Providing this type of experience to your customers simply won't be possible with an eCommerce point solution that's disconnected from the rest of your business. These features require tight integration across all areas of your business.

For example, to provide company-specific pricing, you need to pull price lists from their original source. Integration ensures that the price your customer sees on the website always accurately reflects the pricing in your system. Trying to maintain that manually would be a nightmare and you run the risk of conflict with your customer over pricing that doesn't match.

3. Lower Inventory Costs

This is where you start to see the true value of an integrated solution. An eCommerce platform on its own won't do anything to help you manage your inventory. But with an ERP solution, you can reduce inventory costs by up to 30%!

How? By leveraging sales forecasts and demand planning tools to invest in the right inventory at the right time. This can only be done when you're working with real-time information. Each time an order is placed—from your eCommerce site or another sales channel—that data feeds straight into demand planning so you can see how well products are selling, when you need to re-order and what the optimal quantity is.



Source: NetSuite, Pathway to Success Leading Practices for Wholesale Distribution

4. Manage Inventory More Effectively Across Multiple Channels and Warehouses

As your business scales, it's natural to add multiple sales channels. If you're adding eCommerce (or already have it), you'll have at least two channels. Other online channels are also becoming more common, with **87% of business buyers purchasing from marketplaces** like Amazon. While this gives you more opportunities to make the sale, it also adds complexity to order and inventory management.

Having orders from all sales channels funnel into a single system gives you greater visibility into your inventory available to promise. Any delay capturing those orders increases the likelihood of a backorder, so real-time syncing is essential.

And if you store inventory in multiple warehouses and stores, the complexity increases again. Not only do you need a picture of your sales requirements from multiple channels, but you also need a view into your inventory across all locations at any point in time. And yet **28% of companies lack inventory visibility across multiple locations**. Why? Because they don't have the right systems to support it.

These are the processes that ERP software is built for. Trying to manage this with a collection of point solutions simply won't do. Full visibility into historical sales data, upcoming orders and trend analysis helps you optimize your inventory and reduce backorders (up to 80%!). And with all warehouses managed in the same system, you know exactly what items you have, how many and where they are. As orders come in (from any channel), you can pull them from inventory at the closest warehouse to the customer, speeding up delivery time and lowering shipping costs. A win-win across the board.



Oops!
We're out of stock
:(

reduce
backorders by
80%




Source: NetSuite, Pathway to Success Leading Practices for Wholesale Distribution

5. Manage Cash Flow More Effectively

According to Brainyard's Fall 2020 CFO Insights Survey, managing cash flow is a top challenge for 43% of CFOs. And for distribution companies, managing inventory effectively has the biggest financial impact. Moving toward just-in-time inventory management is the key, so you can order the inventory you need, when you need it, without carrying excess. That extra product sitting on the shelves in the warehouse is tied up capital that you can't spend on other necessary expenses to keep the business running.

This level of optimization simply isn't possible without real-time visibility into your sales forecasts. And for that, you need a unified eCommerce ERP solution. Not only can you see what inventory is on hand, available and committed, but you have sophisticated demand planning tools that use data to drive purchase decisions (instead of your gut).

Paired with a 50% faster order-to-cash cycle, you can see very real results that have a positive impact on cash flow.

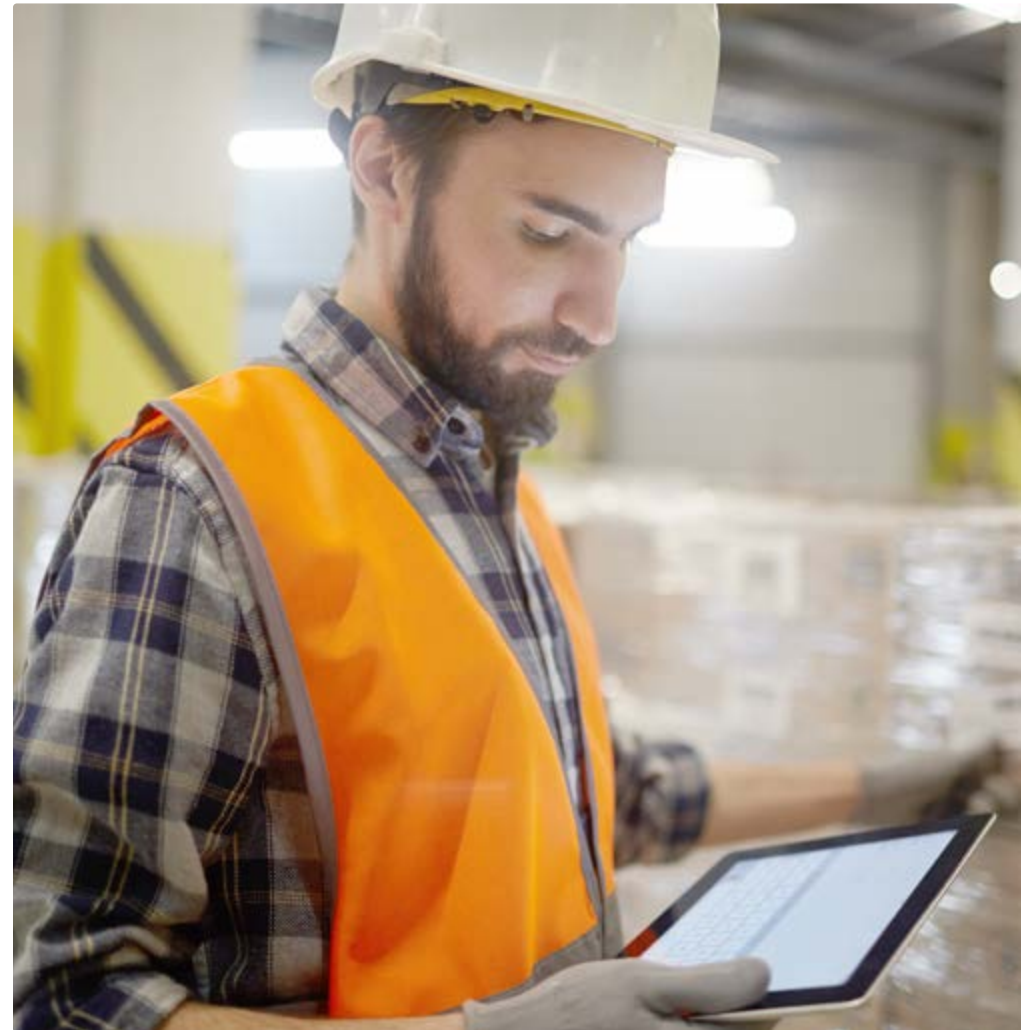
-  Reduce days sales outstanding by 10% to 20%
-  Increase revenue performance by 10%
-  Lower inventory costs by 30%

Source: NetSuite, ERP Datasheet

6. Save Time and Money on Operational Costs

With all your data in a single system, across sales, inventory and accounting, the need for duplicate data entry in multiple systems disappears. Customer information and order details entered on your eCommerce site are synced to your ERP system, where they trigger automatic workflows across the relevant departments. And data from your ERP system is synced back to your eCommerce site, keeping item and price information up to date and giving customers access to tracking details and order information.

Without a unified solution, you'd be forced to perform these tasks manually – exporting data from one system and importing into another. Not only is that approach ripe for data errors, but your staffing requirements increase exponentially. If you're having trouble visualizing the impact on your day-to-day, chat with your team. They'll tell you where they get bogged down and how much time these processes take. Now, imagine you cut that time in half with data syncing between systems and automation. What is that extra time worth to you?



7. Get Actionable Insights to Drive Future Growth





Lack of visibility is one of the chief complaints we hear from companies that run disconnected systems. They can run reports on their eCommerce orders, but they have to reconcile that with reporting from other channels to understand their sales performance. They have a rough idea of their inventory counts, but understanding the financial impact takes some extra work. The list goes on.

ERP software increases business insights up to 80%

Source: NetSuite, Pathway to Success Leading Practices for Wholesale Distribution

True visibility comes from centralized data. With a single source of truth, you have greater confidence in the data and it's easy to run reports that cross departmental boundaries. This level of insight into your business helps you uncover issues faster, identify patterns and trends, and pinpoint areas that you can optimize further.

Some examples of what this looks like day-to-day for your team:

-  Purchasing managers know how much and how often to reorder from vendors
-  Finance can see how much cash is tied up in inventory and how quickly it's being turned over
-  Operations managers can make appropriate changes to increase efficiency based on inventory KPIs
-  Warehouse staff can fill orders faster, without checking multiple systems

8. Lower IT Costs and Reliance on In-house IT Resources

ERP is often associated with high cost. Quite frankly, it makes small and mid-size companies nervous and sometimes scares them off ERP entirely. But the massive price tags you hear about are usually for large enterprise solutions. Today's solutions for SMEs are quite affordable, especially when you start adding up the cost of each individual point solution you use – and the overhead to maintain them all.

Looking specifically at eCommerce, Shopify and others might seem like the lowest cost option. The monthly fees are reasonable – ranging from \$100/month to upwards of \$1,800/month, depending on your transaction volume. You could also be subject to fees based on your monthly store revenue. Then you factor in the cost of extensions for more features. Some are free, but companies will often spend between \$200 and \$500 per month on these apps. And let's not forget the integration cost (if you choose to integrate with other point solutions). And this is just the cost of your eCommerce site. That doesn't account for your accounting software, inventory management system, CRM or any others that you use.

When you consider both the functionality and the value you get with an ERP solution, the cost isn't near as daunting. With a unified platform, you don't have to worry about eCommerce integration costs or upgrade issues because it's all part of the same platform. And with a cloud ERP solution, you don't have the added expense of hardware, servers and IT resources to maintain it all.



Source: ERP Datasheet, NetSuite

Time to Upgrade Your Business Systems?

If you're already using an ERP solution, but your eCommerce site is disconnected from it, now is the time to integrate. Particularly if you're processing more than 30 or 40 orders per day, it will save your team from the frustration of keeping everything in sync manually. And the investment will save you money in the long run.

If you're in the camp that hasn't moved to ERP yet, you're in a prime position to transform your business. Implementing ERP is a big decision, with impacts for every person in the company. So, how do you know if you're ready?

First, review your current business processes and identify where the pain is. We covered the pains that relate to eCommerce point solutions but expand beyond that to include the rest of your business. See how many of **these signs** are relevant for you. Every 'yes' is an indicator it's time for ERP.

If you've decided you have an operational need for ERP, you're well on your way. Before you dive into the **selection process**, do a quick gut check to see if your **team is ready for the change**. A new system will have a big impact on your people, so you want to make sure that everyone's on board.



Helping People and Technology Work Better Together

We've talked a lot about software, systems and integration. But hopefully you've also noticed the impact the technology has on your people. You can have the best eCommerce platform and a leading ERP solution, but if they aren't properly designed, you'll be left feeling disappointed.

This is where we get excited. We're an ERP partner – we sell, implement and support ERP software. But building out the perfect solution to **make life easier for you and your team** is what we're all about.

We're partnered with the leading ERP software providers, so we can design the best-fit solution based on your needs. Public cloud, private cloud or on-premise – we've got you covered.

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We sell, implement and support best-in-class ERP software for small and mid-size businesses. We believe putting people first is the best way to make technology work for them. It's a conviction that sets us apart.

The shift to a new ERP system can be daunting and disruptive. But it doesn't have to be. We ease the inevitable uncertainty that comes with an ERP project, helping you transition with the highest level of empathy, consideration and fit.

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