
UNIFIED COMMERCE

The Speed of Change



ABOUT THE AUTHORS



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INTRODUCTION

“Flexibility is required in order to quickly adapt to change.”

— James Connell, Roots

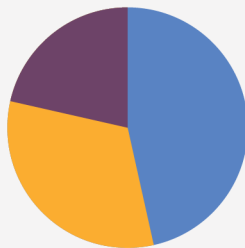
As retailers struggle to meet the ever-increasing demands of today’s consumer, the cliché “new normal” feels like a moving target. More than ever before, retailers must invest in their ability to change rapidly to maintain leadership in today’s volatile marketplace. Reactionary attempts to emulate competitive advantage often create liability rather than mitigate risk in an innovation strategy. Instead, successful digital transformation involves foundational investments in infrastructure and modularity.

Retailers now understand that merely meeting the next set of customer demands is no longer enough to stay in the game. Their focus must shift toward matching the *Speed of Change*.

Artisan is a digital innovation consultancy that delivers on ambitious digital projects for global leaders tasked with bringing disruptive change to their organizations. Broadleaf Commerce is an enterprise software provider with a proven track record of solving complex commerce challenges.

INTRODUCTION

Artisan and Broadleaf conducted a survey of over 40 Retail eCommerce executives across a range of both topline revenue and online revenues (GMV) with survey results published throughout this study.



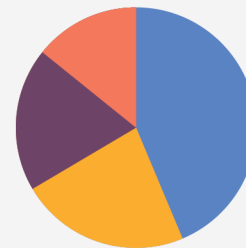
Current Title

- Director / Senior Director (47%)
- VP / Senior VP (33%)
- C-Level Executive (57%)



Annual Revenue

- Over \$1B (42%)
- Between \$500M & \$1B (33%)
- Between \$100M & \$500M (23%)
- Under \$100M (14%)



Annual Online Revenue

- Over \$250M (39%)
- Between \$100M & \$250M (22%)
- Between \$20M & \$100M (20%)
- Under \$20M (17%)

Evolving Toward Unified Commerce

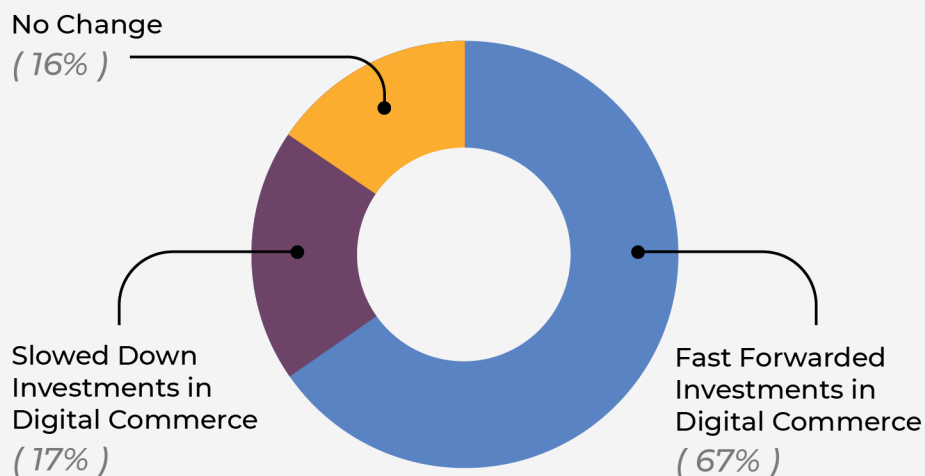
*“A fully modern commerce solution improves the ability
to personalize in-moment opportunities.”*

— AJ Sutera, Finish Line

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Retailers have been adapting to meet changing consumer needs for centuries. But with the advent of digital technology, the speed at which change occurs continues to increase dramatically. So much so that, today, the “speed of change” itself dwarfs the importance of any individual change or market disruption. As an example, consumer behaviors and expectations during the COVID-19 pandemic exposed retailers in a punishing way; those unprepared to adapt simply did not survive.

How has COVID impacted your organization's investment in Digital Commerce modernization?

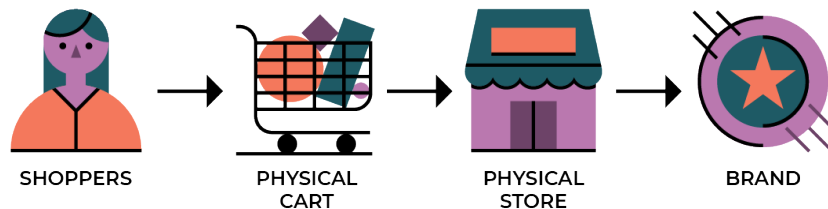


For a majority of Retailers, COVID has not only brought awareness, but quicker investment to Digital Commerce. And while QR codes and contactless pickup are now ubiquitous, larger initiatives are now advancing faster than ever. For example, Walmart's in-House delivery blurs the line between the eCommerce and in-store experiences with innovative and integrated customer journeys.

The insidious nature of an exponential curve is that the initial incline feels harmless. But, before you know it, the ascent becomes seemingly impossible to overcome. Fortunately, it is not too late for retailers to make the investments required to keep up with today's market volatility. To truly appreciate the importance of these investments, we need to briefly consider the rate-of-change at various points in the evolution of commerce. How did the exponential curve sneak up on us in the first place?

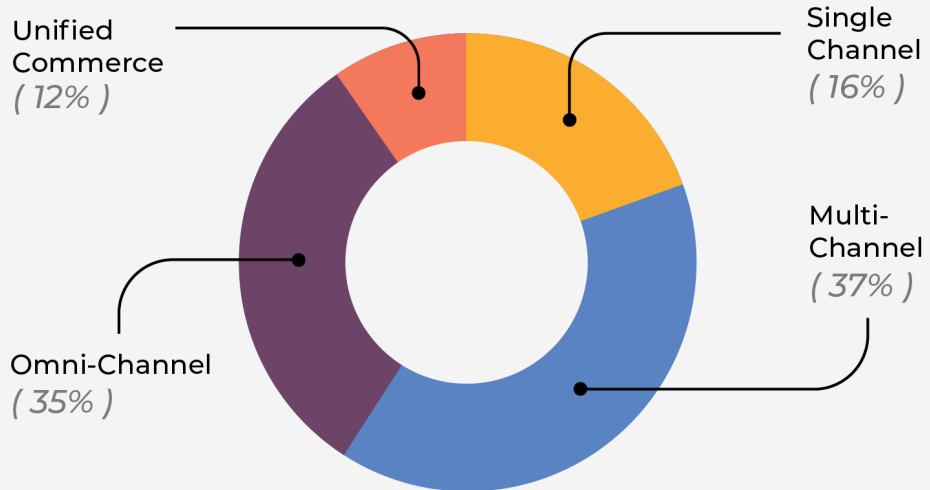
Traditional, or Single-Channel Commerce

Single-Channel Commerce is the simplest form of retail. Historically, this would be a physical store where consumers can buy merchandise. However, it also includes online-only retailers that don't have physical locations – where consumers can browse the merchandise and transact online with an expectation that the brand will ship their purchases to their home. Both approaches have the same single-brand relationship with the customer through the storefront. And, integrations from the commerce systems to back-end inventory, finance systems, or support systems are relatively straightforward.



Managing change within a Single-Channel Commerce system requires analysis of the single relationship touchpoint with the customer and the network of integrations with other internal business systems. The Speed of Change is merely limited to how quickly you can manage the single ‘front door’ to your business and the systems supporting it, but how long will your customers expect to use only one channel?

What describes your current Digital Commerce platform?

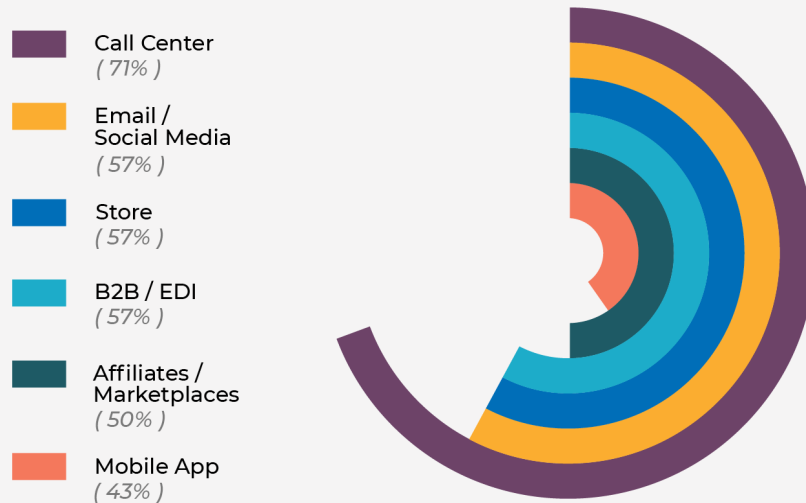


Though Unified Commerce is a relatively new term, a majority of eCommerce Executives still lack the ability to have a unified brand experience regardless of channel.

Multi-Channel Commerce

As traditional retailers began expanding their offerings to the online channel, we witnessed the rise of Multi-Channel Commerce. Though some retailers, such as Nordstrom's, were early adopters of creative personalization strategies such as deliveries, email marketing, and personal shopper services, the real mass adoption of multi-channel typically refers to the introduction of online stores for traditional brick-and-mortar retailers.

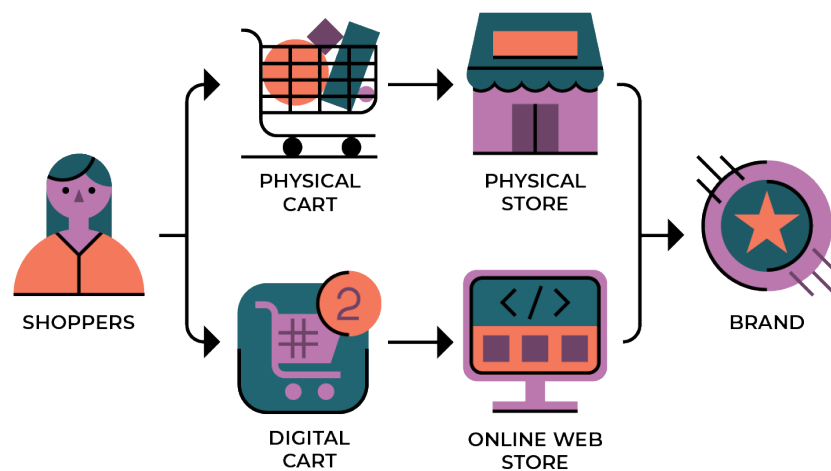
What multi-channel functions do you currently support?



Multi-channel commerce organizations invest in capabilities closest to the customer, prioritizing support over convenience.

**** 100% of respondents support eCommerce.***

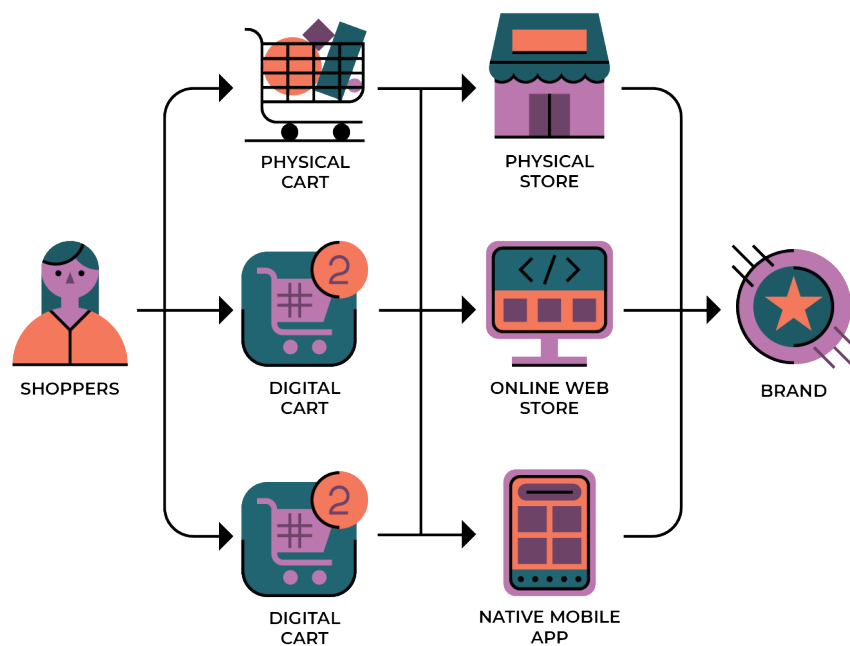
Multi-Channel Commerce introduced new challenges. Now consumers were potentially interfacing with the brand through different storefronts, and, often, the experience was different. Depending on the channel, the customer experienced a difference in presentation or self-service vs. full-service offerings. They also noticed pricing or promotions variances and inventory or selection inconsistencies. If a customer found out they just purchased a new blanket in a store only to later discover that it was 25% off online, the brand immediately lost trust and loyalty due to the disjointed experience. Preventing these inconsistencies required scrupulous management of integrations to core support and business systems, which added complexity.



Changes to Multi-Channel Commerce systems now required analysis of the consumer experience across multiple types of storefronts. Any adjustments required careful consideration of the impact on information flows through core business systems.

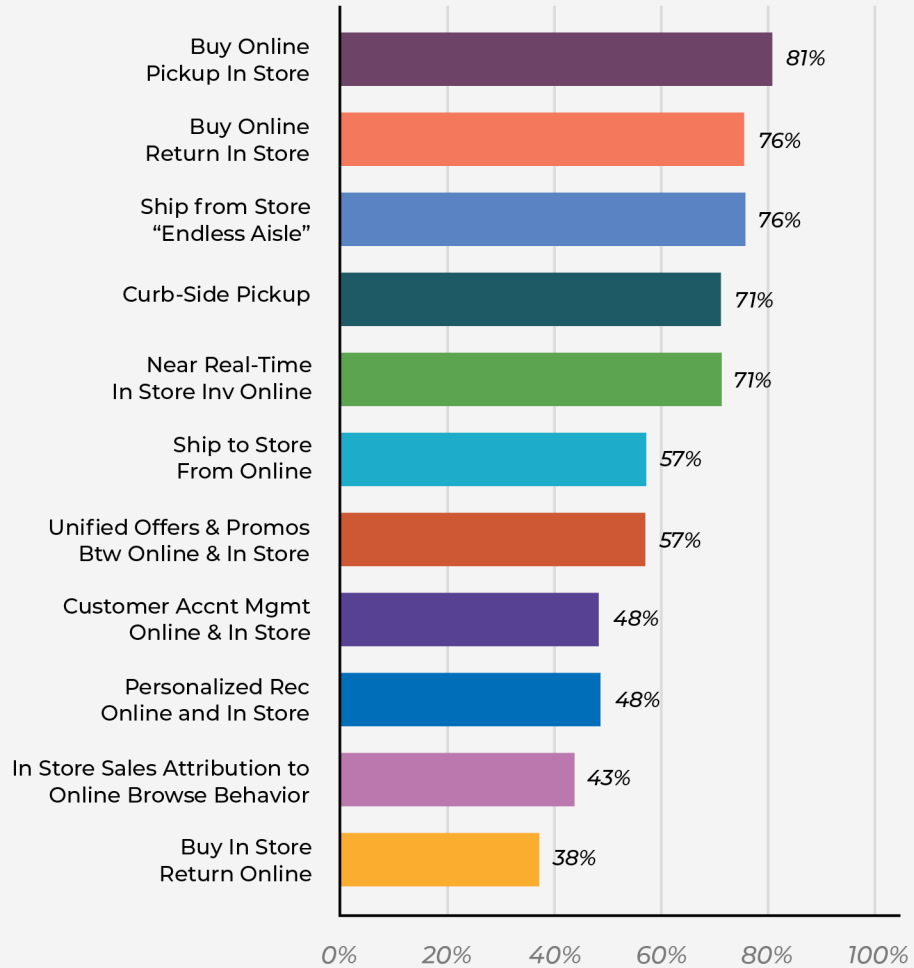
Omni-Channel Commerce

As retailers began to understand the vast diversity of consumer preferences when interacting with brands, the concept of customer-journeys through segmented channels became the focus. Rather than restricting shoppers to one storefront or another, retailers wanted to provide consumers with flexible options by combining digital storefronts, mobile applications, brick-and-mortar locations, supply chain, and delivery options. These creative combinations became known as Omni-Channel Commerce.



Retailers were faced with the enormously complex task of orchestrating many customer touchpoints that still portrayed a unified brand consistency. Coordinating integrations and processes through back-end support and business systems became more difficult, while consumers became even less forgiving when the experience wasn't consistent. Consumers expected their favorite brands to treat them with personalized, consistent experiences, no matter how they wanted to shop. If someone filled a cart with merchandise on their phone through a mobile app, they didn't want to start all over when they sat down with their laptop to take a closer look at images and complete the purchase.

What Omni-Channel or Unified Commerce functions do you currently support?



As Omni-channel and Unified Commerce investments are concerned, physical store enablement (and differentiation) is still clearly at the forefront. Continued investments into ongoing integration and system availability is critical, and there is still competitive opportunity in better unifying online and in store experiences.

When changes are made to Omni-Channel environments, even the smallest adaptation is saturated with trade-off decisions businesses are not always aware they need to make. For example, minor adjustments to a customer experience online could have considerable impacts on brick-and-mortar expectations. Introducing promotions only in-store could anger customers who want to transact online.

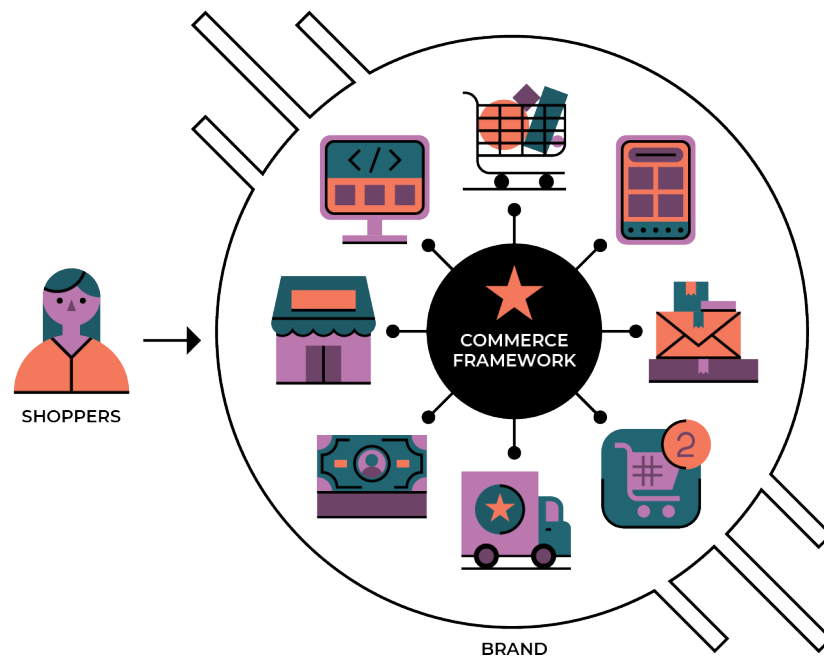
While customer preferences come in countless combinations of possible experiences, customers still expect the brand to act as a single, unified entity. Integrations across many systems and touchpoints are not a concern for the customer, but each change could mean dozens of integration projects or broken consumer journeys. Retailers then are left with the burden of adapting rapidly and consistently across all customer touchpoints. Not a simple task.

Unified Commerce

The evolution of commerce systems is not slowing down, even with complexity at an all-time high. Therefore, forward-thinking retailers are setting goals to unify all systems that support the various steps in each customer journey. Unification cannot stop at the integration of support and business systems across all channels. Unification must include every customer touchpoint to strengthen their relationship with the brand.

Rather than thinking about the impact of each customer journey segment on every other component in the commerce enterprise, the focus should be on unifying the entire brand experience with every customer.

Shoppers are not concerned with each item's physical location or how the retailer will deliver their order; instead, they want to know what is available and when their selection will arrive. Payments, taxes, shipping, and synchronizing CRM profile data are all irrelevant to most shoppers. Customers either see a single fluid interaction with your brand and your merchandise, or they see friction and aggravation. Unifying all systems to work interchangeably to provide a unified experience is what truly matters.



When designing a Unified Commerce enterprise, the customer may be at the center of attention in terms of experience design. However, the technical design must have a flexible and dynamic framework that connects data and systems across the entire business. This type of infrastructure allows the enterprise to shift quickly with customer expectations and business needs.

Commerce Type	Defining Characteristic	Key Commerce Limitations
Single-Channel	Store or Online Presence	Solution Complexity
Multi-Channel	Multiple Customer Purchase Paths	Integrated System Synchronization
Omni-Channel	Customer Journey Mapping	Integrated System Availability
Unified	Holistic Brand Management	Ongoing Investment

Progress towards a Unified Commerce enterprise must be carefully aligned with the entire organization's goals and investments. Success is entirely bound to how well the retailer will embrace the necessary budget, changes, and personnel considerations to achieve innovative and industry-leading consumer experiences.

When the commerce enterprise is designed with unification and rapid change in mind, it's clear that the focus needs to shift away from customer journeys through different channels – and towards an interconnected architecture that allows all systems to work in harmony and accommodate changes rapidly.

Transformation Considerations

*“The ability to build and act on data
improves ongoing change.”*

— Hani Batla, Adorama

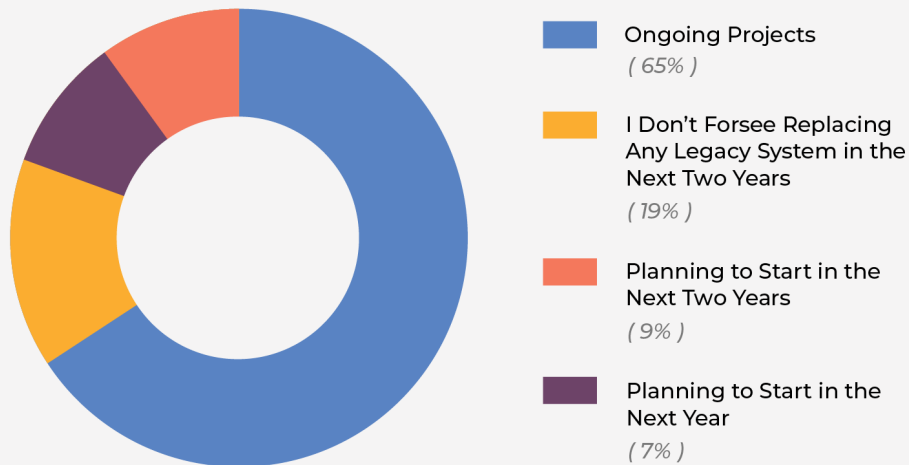
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While commerce trends have certainly increased in complexity over time, the reality is retailers are operating today in all of the stages listed above—from Single-Channel systems to a cutting edge, Unified Commerce model. Regardless of the sophistication of their current Digital Commerce solution, it is nearly universally true that retailers are seeking to advance toward a more unified, seamless customer experience. So, when seeking digital and commerce transformation, what must retailers consider?

Legacy Dependencies

Regardless of the transition approach, many organizations will have legacy systems they will need to manage carefully to enable successful transformation. The largest scope decision to make is whether the existing systems can be modified to work with the overall unified enterprise or if those systems must be removed and replaced. This is typically not an easy or emotionless decision. Many legacy systems have decades of investments and proven reliability that companies will not want to dismiss easily.

Where is your organization in replacing Digital Commerce related legacy systems (ERP, POS, OMS, PIM, CMS, etc)?



Regardless of the Digital Commerce stage, organizations continue to commonly replace legacy systems regularly, placing adaptability at the top of ongoing Digital Commerce solution concerns.

A common approach to modernizing legacy systems is to create adapter or integration services around the system to make them compatible with the new environment. While this approach is more cost-effective, it ultimately creates additional layers to the infrastructure and increases complexity to maintain and service with future changes.



TECH TALK

Most modern Enterprise Commerce applications integrate through some type of “wrapper” or Middleware when integrating to large legacy systems such as Enterprise Resource Planning (ERP) solutions. Similarly, modern web services such as RESTful APIs are used to ensure even the most up-to-date, microservice-based Commerce applications can “talk to” any first- or third-party system.

Either way, the primary goal with a unified architecture approach is to ensure the existing system can adapt to work with the new enterprise architecture foundation. Otherwise, the existing systems could be a considerable obstacle to achieving the Unified Commerce goal.

Intentional Channel Variance

With a goal to transition to a Unified Commerce environment, it is also essential to consider any intentional business-justified differences between channels. It's easy for retail leaders to set the edict that all channel experiences should be the same for the customer, but it may not be possible or desirable for every channel to be organized the same way.

A remote kiosk used primarily as an awareness campaign should probably have access to the entire company's inventory for browsing or ordering, but being able to support returns may be more trouble than it's worth for that situation. It's important to take such business limitations or goals into account when pursuing a Unified Commerce solution.



TECH TALK

Starting with an understanding of the system that will “own” the master data of key components helps inform channel integration and data synchronization. With Commerce, it is common to start with decisions around the Customer, Product, and Order master records.

Intentional Channel Variance can make sense when a brand has different store layouts or specialty stores different from their main store configurations. Kiosks, pop-up stores, and delivery systems may have intended purposes or limitations to be carefully considered when driving towards a Unified Commerce model. Having a flexible core to the enterprise that allows for variation is key to enabling a catered experience to differentiate the brand.

Investment & Support

Overall support and investment from the business are also foundational elements when considering digital transformations. To truly succeed at establishing a Unified Commerce ecosystem, an organization must understand and embrace the strategy as part of its DNA. Organizations with digital transformation at the forefront of business priorities succeed because they are willing to make the necessary time, resource, and talent investments and are committed to working through the challenging steps required to accomplish their overall goals.



FINANCIAL CONSIDERATIONS

Total Cost of Ownership (TCO) for a Digital Commerce solution is typically impacted most by organizational spend rather than straight license, hosting, and support fees. Understanding the types of resources and associated skill-sets necessary for appropriate merchandising, marketing, design/creative, production support, customer service, and application development can vary greatly between solutions.

Support at the executive level through the entire organization must be clear for any significant initiative, and a transformation of commerce to a Unified architecture is no different. Any shortcoming of full support internally will only result in frustrating experiences for consumers. The IT, Marketing, and other business units cannot drive a successful Unified Commerce initiative alone – **it will take the entire organization working together.**

What, if anything, hinders you from moving to the next step in the commerce journey?



66%
Prioritization
of Other
Projects



44%
Organizational
Complexity

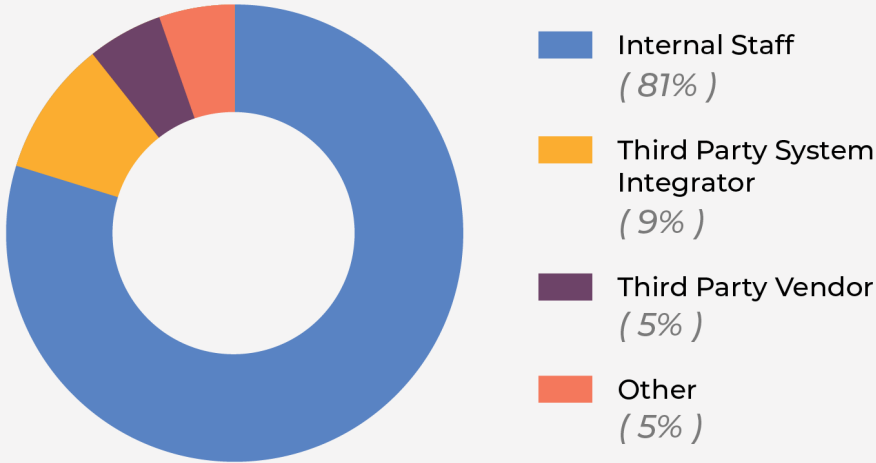


34%
Solution
Complexity



32%
Not Enough
Budget

Who is expected or planned to be the migration “owner” of your Digital Commerce related legacy system replacement projects?



Project prioritization is the clear roadblock of eCommerce executives when it comes to solution modernization, where organizations would do well to consider external investment in order to deliver additional revenue with a faster time to market, especially in areas where internal staff are burdened with the problem of prioritization.

Leaders of customer-centric commerce change must make careful budget considerations while adequately managing expectations. Unified Commerce transformations are not easily purchased or completed in weeks or even months without significant investments. It is important to ensure that plans are tightly aligned with the business and operational teams. Leaders must also clearly define target outcomes both for the consumer and the business operations teams.

Approach Options

*“Customer engagement improves when appropriately
leveraging a fully modern commerce solution.”*

— Marc Saffer, Claire’s



How does an organization pursue Unified Commerce? While each retail organization is unique, ultimately, the most common paths fall into a couple of different approaches.

Forklift/Replacement

One of the perceptively most straightforward transformations is a complete overhaul of the commerce enterprise from an existing system to an entirely new one. Though this path may be the easiest to describe, it can also be one of the most complex, expensive, and time-consuming approaches. In the forklift or replacement method, an organization will set up the new system entirely on its own, find the cleanest integration points in and out of the system, then “flip the switch” from using the old system to the new.

The downside of this approach is that many businesses cannot manage the volume of changes and integrations all at once—especially when also working with legacy systems, finance, and supply-chain systems to align all data to work together seamlessly. The personnel requirement is also commonly underestimated to manage the existing systems while also establishing new ones. Then, the migration plan needed for the cutover must be perfect on the first try, or expensive delays, rollbacks, and data cleansing exercises will drag on well beyond the project endpoint.



FINANCIAL CONSIDERATIONS

Decisions between “big bang” vs. incremental approaches should be viewed through a risk vs. reward filter regarding an organization’s Return on Investment (ROI). Enterprise Commerce migrations typically take up to a year or longer in larger organizations. Sometimes the benefit of consuming additional features incrementally outweighs the cost savings of a full migration due to timeline impacts.

Good candidates for forklift transformations are much smaller organizations that can pivot from utilizing existing systems and embrace new systems readily. Those with robust service-layer architectures may also manage large-scale transitions depending on how well systems have been decoupled and the sophistication level of their master data management.

Incremental

A far more common approach to pursue a Unified Commerce enterprise is to plan the transformation in smaller milestones incrementally. This approach is often pursued as an interactive replacement strategy where parts of the existing enterprise are decommissioned with each milestone achieved until the final steps are the equivalent of ongoing maintenance and improvements for future needs. The key to incremental approaches is to ensure the entire business is on board with the perceived pace of the overall initiative, so there is support, understanding, and participation at every stage.



TECH TALK

Organizations that have already “API enabled” their Digital Commerce solution components or otherwise have a “Headless solution” are already down the path of being ready for an Incremental approach, with many Digital Commerce solutions incrementally starting with Customer or Cart & Checkout feature sets.

Typically, the biggest challenge with incremental approaches in large enterprises is unraveling dependencies within the business and technical processes. Milestones defined with only the technology or only the business process in mind without considerations for the entire system and users will result in frustration or misunderstandings long before reaching the finish line to the overall

initiative. In the end, digital transformations are as much about organizational change as they are about technology. People and processes cannot be neglected.

It's also important to design the enterprise foundation at the outset, so all solutions and milestones needed to support commerce and the business are in scope. This provides clarity for both the technical and business solutioning plans.

A strong enterprise foundation layer is the key to unifying all systems required to support a single customer's personalized experience across the entire brand.

Unified Commerce: The Journey

*“Flexibility is best improved with a fully
modern commerce solution.”*

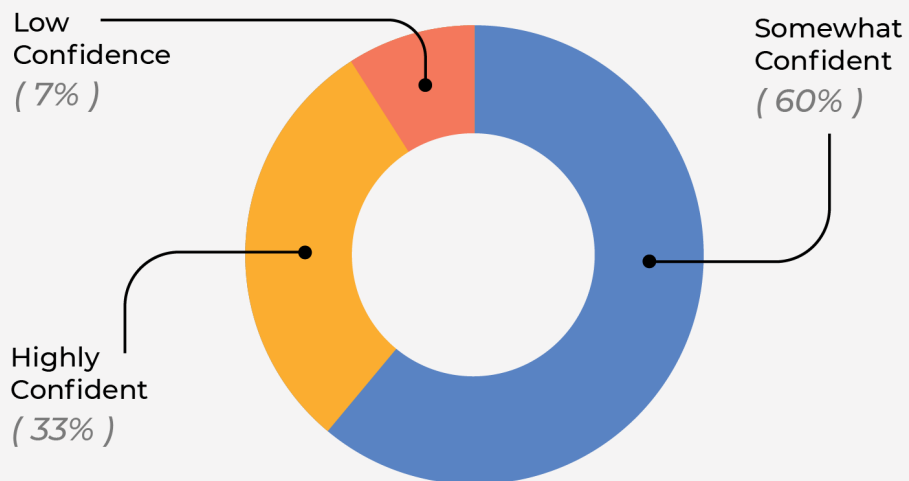
— Sandy Moheban, H&M

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CONCLUSION

The commodity in commerce is no longer limited to the goods sold or systems and processes that support transactions. The commodity of commerce is actually how quickly a retailer can change to meet the needs of the digital-age consumer. **The commodity of commerce is the *Speed of Change*.**

Confidence Level - Organization's ability to keep up with consumers shifting demands.



Only one-third of the eCommerce executives surveyed indicated a high confidence in their organization's ability to keep up with customer change, suggesting clear competitive advantage.

CONCLUSION

Unified Commerce may seem like the next “new normal” in the evolution of retail. In actuality, it is much more than that. A retailer does not become “unified” with a single project effort or investment. Rather unification is enabled by acknowledging that investment is required to keep the brand-to-customer relationship at the center of the conversation. It is an investment in ensuring the entire enterprise accommodates that expectation.

Unified Commerce is not a destination to be reached. It is a mindset or state-of-being that consistently embraces and empowers rapid change — it is a journey.

ABOUT ARTISAN



Artisan is a digital innovation consultancy providing full-service technology strategy and solution services to global leaders tasked with bringing disruptive change to their organizations. Our clients are change catalysts who call on us to bring clarity and elegance to their toughest challenges. We push them to go further than they ever imagined possible.

As your innovation partner, we deliver flexible Unified Commerce solutions such as Broadleaf to achieve innovative retail experiences for your customers. From full-featured mobile and web products to end-to-end omni-channel commerce system solutions, enterprise supply chain solutions, application and system integrations with the cloud, SaaS and micro-service technologies – Artisan brings your ideas to life.

artisan-studios.com

ABOUT BROADLEAF



Built with the future in mind, Broadleaf Commerce is an enterprise software provider with a proven track record of solving complex commerce challenges. Our API-first approach, and cloud-native microservice architecture gives you the control, flexibility, and performance to innovate quicker and achieve time to value faster.

As the market-leading choice for enterprise organizations requiring tailored, highly scalable commerce systems, we deliver a modular platform that embraces an open philosophy with an extensible and intuitive administrative console.

Broadleaf Commerce was founded in 2009. Over the years, we have earned the trust of leading brands like - O'Reilly Auto Parts, Major League Baseball, ICON Fitness, and Telefonica.

broadleafcommerce.com
