

The Ecommerce Edge: The Benefits of an Integrated Business Management Software Suite

Overcoming the Barriers of Stand-alone Ecommerce Applications



A White Paper for Today's
Growing Ecommerce Businesses

April 2008

The Ecommerce Edge: The Benefits of an Integrated Business Management Software Suite

Introduction

Ecommerce is a vital source of revenue growth for both companies that sell online to other businesses and to consumers. Total online sales were expected to hit \$259 billion in 2007, according to the recent Forrester Report. Are your ecommerce operations ready to manage an influx of buyers?

Today's ecommerce companies today feel the need for a transfusion – the operational boost that can move them to a customer-focused business with the ability to grow even larger. These small and mid-sized ebusinesses (called eSMBs) have many of the same business requirements as large corporations; they may be smaller or employ fewer people, but they can have equally complex business processes.

Growing ecommerce companies whose sole channel is over the Internet and retailers who are adding ecommerce to their existing sales channels are both likely to have a hodge-podge of software products in use in their business. Typically, these applications — for webstore creation, order management, accounting, and shipping — don't "talk" to each other. As additional applications – inventory or warehouse management, customer relationship management (CRM), T&E management, HR, etc., are added, the ecommerce business is left with a disconnected slew of applications — and what's worse — the problems of manually entering and re-entering data across these multiple products.

The ramifications include lost productivity in work hours spent re-entering data manually and attempting to consolidate data from the disparate systems; extremely high error rates, as manually entered data is highly prone to mistakes; lack of visibility to the information necessary to make decisions; and outgrown applications that cannot scale to allow the business to grow. The eSMB is trapped by the limits of the very technology that was intended to help the company grow and thrive.

With their existing solutions, mid-sized e-businesses cannot become the Amazon.com of their business segments. And unlike large companies, small and mid-sized businesses face the realities of smaller budgets, fewer IT resources, and zero tolerance for risk.

The Advantages of the Integrated Suite for Ecommerce Companies

Addressing the plethora of disconnected applications is the first step an ecommerce company can take to gain better control of its business operations and increase the efficiency of those operations across all its storefronts. A single integrated business management application provides significant advantages to the business, accommodating the breadth of the company's business processes, while providing the flexibility for even small companies to tailor the suites to meet their specific business needs.¹

An integrated suite allows e-tailers the ability to efficiently manage single web store or cross-store operations and consolidate the entire breadth of ecommerce business activities: all of the accounting, order management, warehouse management, returns management, billing, customer support, marketing, sales force automation, and customer relationship tracking and management data is in a single repository, allowing all aspects of ecommerce to be managed from within one single application.

¹Research firm AMR reports that U.S. companies will increase their ERP budgets by 11.3% in 2007. "Enterprise Resource Planning Spending Report, 2006-2007," AMR Research. Boston, MA. October 2006.

The key benefits include:

- Efficiency of operations management: productivity is enhanced because redundant data entry across multiple separate applications is eliminated and the danger of inaccurate entries that ensued from those repeated entries is alleviated;
- Cost of application licensing and maintenance: reliance on multiple applications to run your ecommerce business creates a cost burden. First, the cost of all the applications, their support fees and upgrades; the cost of any integration, which then has to be re-done with new releases of the applications; and the time cost of dealing with multiple vendors and their support teams – as opposed to “one throat to choke.”
- Improved customer service: from the instant ability to confirm that a product is in stock or report when it will be delivered, the immediate delivery of delivery data, easy returns management and reimbursements, integrated payment management, and seamless visibility between sales and service and support, the ecommerce customer is afforded a better shopping experience and is far more likely to be a repeat customer.
- Seamless cross-channel sales support: RSR Research reports that a top challenge for winning ecommerce companies remains the customers’ expectations of seamless purchase and delivery across channels².
- Improved, consolidated business intelligence: with an integrated ecommerce suite,etailers can avoid fragmented data, but rather access real, actionable business intelligence to use in better capturing, retaining and reselling into their customer base. Only the visibility of an integrated ecommerce suite allows easy access into analytics such as:
 - Shopping Activity Reports
 - Referrer and Keyword Reports
 - Cart Abandonment Report
 - Customer-Specific Webstore Activity
 - Search Engine & Affiliate Marketing reports
 - Specific Pages visited
 - Site search reports
 - Purchaser conversion ratio for each search term
- Multi-store management from one single system: an ecommerce suite can support the integration of operations from one or more web stores. Etailers can thus manage inventory and fulfillment, market to different customer segments, assign commissions to sales reps and affiliates, and track and report all Web and sales activities from one account, with a 360-degree view of all shoppers, including purchase history and marketing and support communications, no matter from which store they purchase.

² RSR Research. March, 2008.

In addition to the business benefits of an integrated suite, there are technical benefits as well. When such suites are accessed as software-as-a-service over the Internet, even further business and technical benefits ensue. Key points to consider include:

1. **Scalability.** Integrated suite solutions are designed to grow with your company. Stand-alone applications generally “top out” without transition paths to other solutions, forcing users to start over from scratch with a new and different application. An integrated suite provided as “Software-as-a-Service” (i.e., software hosted online) will allow seamless growth. Businesses can add more users, more modules, increase their database size, and increase their volume of transactions as the business grows — without business disruption.
2. **Business process customization and automation.** With an integrated business management suite, eSMBs can successfully tailor the actual business processes that underpin how they conduct their business. Because workflow underlies the entire suite and not just fragmented parts of it, SMBs can customize the solutions to work exactly how their businesses work — rather than having an application that dictates how the business has to be run.
3. **Long term cost of ownership when provided as SaaS.** When an integrated suite is offered as Software-as-a-Service — allowing businesses to subscribe to a service rather than purchase, install, and maintain an in-house software solution — companies can better forecast and manage their costs, and eliminate high internal IT support costs. Web-based delivery of business solutions proves the most economical in the long run as your business needs grow and change³. Research shows that SaaS deployments are 50% to 90% faster with a total cost of ownership (TCO) five to ten times less expensive than traditional software.⁴ Cost of ownership can be complex — as it includes far more than just the savings gleaned in original purchase and implementation. It also includes:
 - a) The time, expense and skill required to integrate the multiple applications which has to occur each time an application in the mix is upgraded or replaced
 - b) The cost of potential disruption or downtime when the multiple products are upgraded or new revisions or releases are installed
 - c) Time and dollars spent upgrading software and ensuring integrated systems work properly together after each upgrade
 - d) The very positive effects of increased productivity: faster order processing, rapid access to critical data by employees, increased ability to address customer issues immediately; instant data for upsell/reselling, returns management, as only a few of the many examples.
 - e) The even more positive effects of timely, accurate billing with compliance to all revenue recognition requirements

³, TCO of On-Demand Applications Is Significantly Better for SMBs and Mid-Market Enterprises. Yankee Group. June 1, 2005. .

⁴ Triple Tree and the Software and Information Industry Association (SIAA). Fall 2006.

The Business Benefits of NetSuite

NetSuite is the first and leading on-demand complete business management suite that allows you to manage all your ecommerce operations with one single system. It includes everything from inventory and warehouse management to shipping automation, accounting, CRM, sales force automation, customer support, listing management, ecommerce, employee productivity tools, and much more.

Using NetSuite, your entire business — accounting, sales management, customer service, employee and partner managements; and your own web stores maintenance — is integrated, so you can improve your productivity by streamlining operations and automating processes across the company. And because NetSuite is an on-demand solution, available only as Software as a Service over the Web, you have no costly hardware or software fees, no expensive integration of standalone products, or difficult upgrades to contend with.

The NetSuite Advantage:

1. Unified Business Processes across One or More Web Stores

With a single, integrated platform for CRM, Accounting/ERP and Ecommerce, you can automate key business functions across all departments, including sales, marketing, service, finance, inventory, order fulfillment, purchasing, and employee management. Your employees no longer have to re-enter data in different systems, rectify inconsistent or inaccurate data, or wait for batch updates. Instead, all your employees view and share accurate data in real time, leading to greater collaboration among departments and increased productivity across your business.

2. Increased Visibility for Better Decision Making

Customizable dashboards offer real-time access to key performance metrics, supporting intelligent, timely business decisions. In addition, full visibility into unified customer records results in more efficient and highly personalized sales, fulfillment, and service processes. NetSuite dashboards are role-based, providing “out-of-the-box” relevance to employees’ individual job functions.

3. Ability to Extend Processes to Customers, Suppliers, and Partners

Given today’s need to work closely with partners through an extended enterprise, NetSuite offers self-service portals that enhance both business-to-business and business-to-consumer collaboration. In addition, proactive notification of partner-specific events accelerates process cycles and improves responsiveness, ensuring your position as a preferred partner.

4. Customization to Address Specific Business Needs

NetSuite is the world’s most customizable Software-as-a-Service application. “Click not code” configuration and modular implementations jumpstart your business on NetSuite. Advanced customization with simpler, industry standard tools allows you to tailor business practices and processes to meet your specific company and industry requirements. Because our customization carries forward seamlessly with upgrades, we actually encourage you to highly customize NetSuite to create your one-of-a-kind software application.

E-Tailers Speak:



"Since April 2006, we have had a 300% growth in dollar volume on the e-store and a nearly fourfold increase in the quantity of orders. That just would not have scaled on the old system(s)."

—John Tannone, Business Systems Manager, ESET

5. Support for Your Compliance Goals

NetSuite includes audit trails that allow you to see changes that are made to data sets or business processes. Actions are “remembered” so you can always know what happened when and by whom.

6. Superior Value with an Affordable Solution

Built from the ground up for growing and midsize businesses, NetSuite offers affordable pricing, accelerated implementation, and comprehensive support packages that result in unbeatable TCO. Plus, you eliminate the costly and time-consuming integration often associated with using a patchwork of disconnected systems. NetSuite also provides leading-edge professional services and educational programs that ensure efficient implementation and continued, long-term success.

Ecommerce Challenge – A Real-life Example

The Challenge: A frustrated customer has called the etailer’s customer service with two questions: “Where is my current order” and “I want to order another one of the same item — how long will it take to arrive?”

The Dilemma: The etailer cannot answer either question: he has no visibility into the warehouse to see if the product has been picked or packed. He also has no visibility into shipping information to ascertain if the item actually has been shipped and, if so, where it actually is. And because he lacks visibility into inventory, he does not know if the product the customer now wants to order is in stock or on back order, hence, cannot tell him how long the delivery is likely to take.

The Solution: With an integrated suite, all parties that touch the customer share visibility into not only the customer data, but the warehouse inventory status, and the shipping and tracking information. Whoever the customer reaches within the company can tell him when his order was processed, the status of the item ordered (on hold, in backlog, for example), and its whereabouts.