A custom report for

TATA CONSULTANCY SERVICES

7 STEPS TO B2B ECOMMERCE EXCELLENCE

Look at your organization the way customers do, then revamp your technology and processes to meet their needs. Here's how.

From the editors of DIGITAL COMMERCE 360

Introduction

Operating a B2B ecommerce site doesn't even qualify as table stakes in today's post-pandemic world. Business customers expect suppliers to solve their problems and to offer a full array of digital services that help them get their jobs done more efficiently.

Here are just a few examples of what leading B2B companies now offer:

- Personalized product information, availability, and pricing for each customer segment
- The ability to react quickly when supply chain snafus delay deliveries, and to offer alternatives that will keep the customers' business running
- Allowing buyers to see a full range of options, which may mean creating a marketplace where channel partners and even competitors offer their products
- Ensuring every touchpoint (physical location, website, mobile app, call center) is aware of customer activity in every other touchpoint, providing buyers with a seamless experience as they research and purchase
- Easy-to-use mobile websites and apps that allow customers to solve their problems whether at a job site, on the factory floor or anywhere else
- 'Experience First' approach for all stakeholders including buyers, partners and suppliers

And that's just for starters. The B2B companies lapping their competitors are also marketing their services effectively through the full array of digital channels, including search, social media, ads on major marketplaces, text messaging and more. And they're providing a consistent brand message across geographies and business units.

For any manufacturer, wholesaler, or distributor to reach that level of digital excellence means connecting all the information sources within the organization. That way the daily changes in supply and demand inputs flow to internal personnel in ways they can use and to customers in ways that help them do their jobs and give them confidence in the selling organization.

How does an organization go from operating a conventional ecommerce site to becoming this kind of flexible, can-do digital leader? This report will lay out a 7-step approach and provide examples of companies that have taken each step, and how they benefited as a result.

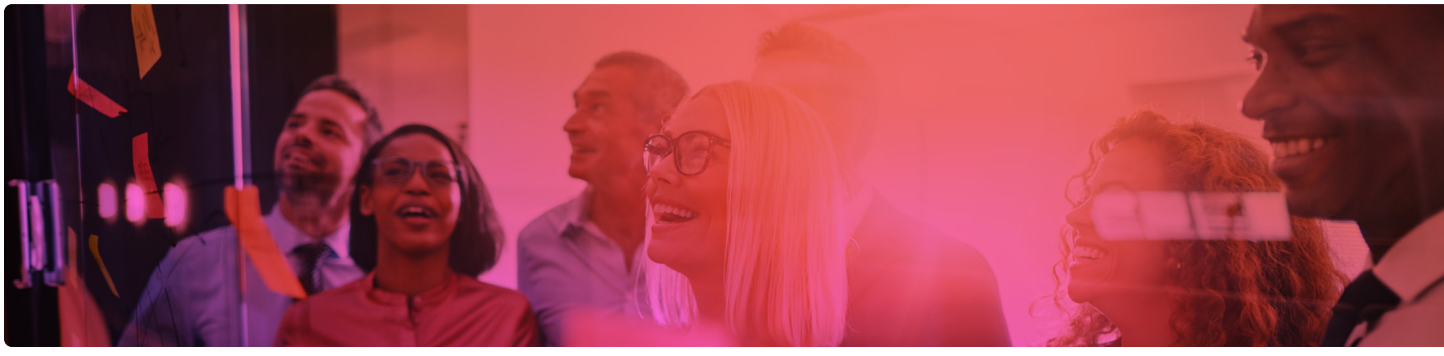
But the most important insight is this: You must first understand your customers and their needs.

What Apple founder Steve Jobs said in 1997 remains true today: "You've got to start with the customer experience and work backwards for the technology. You can't start with the technology and try to figure out where you're going to try to sell it."

Digital technology enables B2B companies to solve their customers' problems in ways that would have been impossible in 1997, or even 2017. But organizational structures that grew up over the decades were designed for then, not for now.

Becoming a digital leader means rethinking internal processes considering customers' needs and then implementing the technology and processes that will enable your company to solve your customers' evolving demands better than your competitors can. ■

Contents



B2B ecommerce overview

The COVID-19 pandemic accelerated the shift to purchasing online, this includes business buyers.

U.S. B2B ecommerce sales grew by 50% to $1.90 trillion in 2022 from $1.26 trillion in 2019, the last year before the pandemic, estimates Digital Commerce 360. By 2027, B2B ecommerce will reach $3 trillion and account for 24% of all B2B sales in the U.S., up from 16% in 2021, Forrester Research predicts.

Buyer surveys illustrate this rapid shift in purchasing patterns. 68% of B2B buyers expected to make at least 40% of their purchases online by the end of 2022, according to an April 2022 survey of 440 U.S. purchasers from midsized and larger U.S. businesses, up from 56% in 2021. The Amazon Business unit of ecommerce giant Amazon.com Inc. conducted the survey.

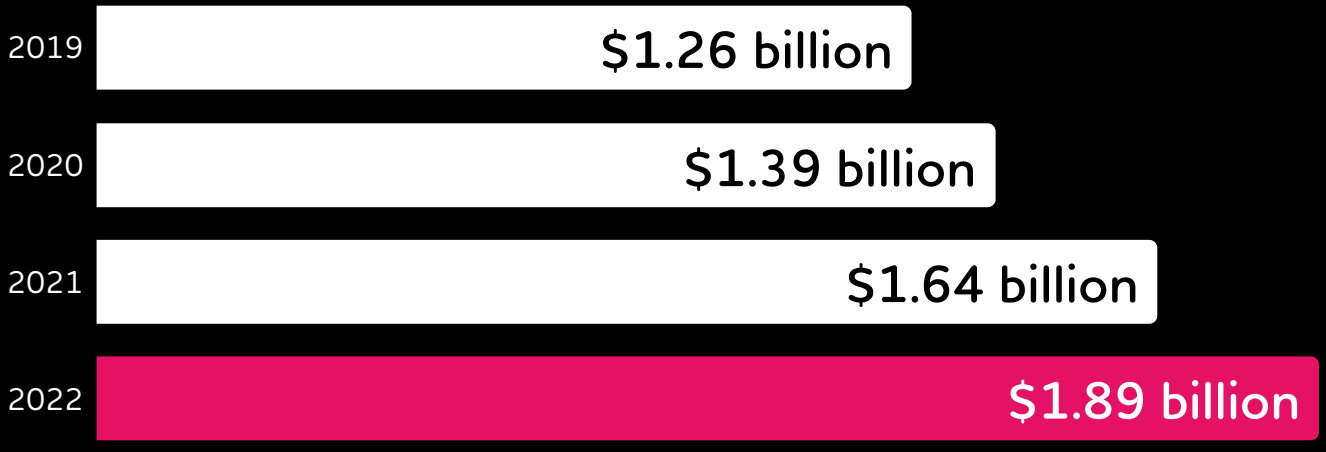
The fastest-growing segment of B2B ecommerce is marketplaces where many companies offer their products. B2B marketplace sales exploded to $130.0 billion in 2022 from 24.6% in 2020, growing seven times faster than B2B ecommerce revenue overall, according to Digital Commerce 360.

35% of B2B buyers said they do at least half of their purchasing via online marketplaces in a March 2022 survey by Digital Commerce 360. That's only going to grow as more of these multi-vendor shopping sites emerge: Already Digital Commerce 360 tracks 400 B2B marketplaces, up from around 100 a few years ago.

A prime example of a specialized marketplace that's growing rapidly is GoDirect Trade, a marketplace created by Honeywell Aerospace

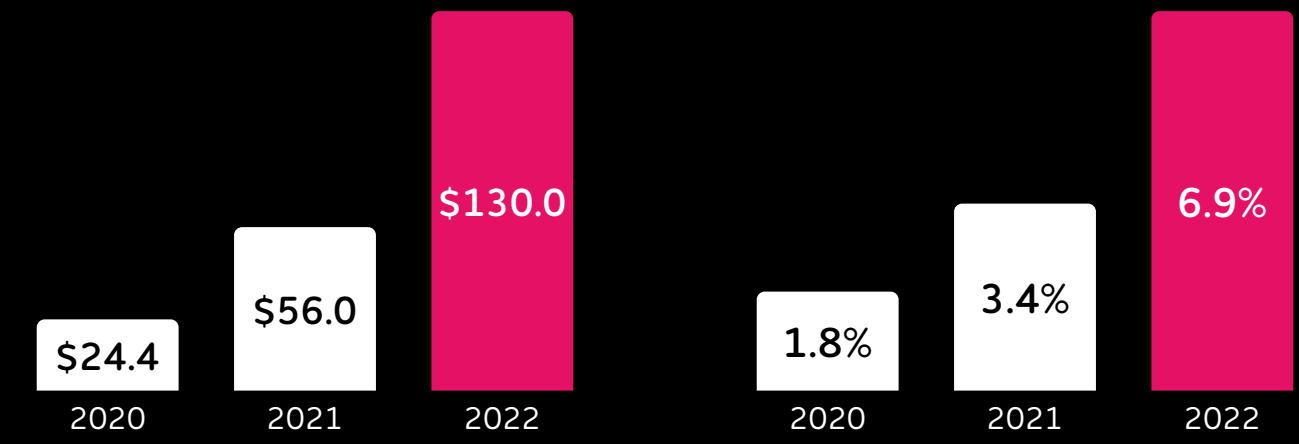
Steady growth in B2B ecommerce

U.S. B2B ecommerce sales



Source: Digital Commerce 360

Marketplaces are the fastest-growing segment of B2B ecommerce



Source: Digital Commerce 360

to solve the vexing problem aviation companies faced when trying to source spare parts.
(See story on page 16.)

Buyers like marketplaces because they offer a broad selection from many sellers and encourage price competition among those sellers, helping buyers save money. Operating a marketplace can not only generate revenue for the site operator, but also provide valuable market intelligence. It can also be a helpful service for customers who may want to sell their own excess inventory on the marketplace.

But marketplaces also pose big challenges, as operators must work with customers, channel partners and even competitors as they seek to ensure buyers get what they want and can access timely service if problems arise.

And marketplaces are not the only big change in how businesses buy and sell. Increasingly, sales channels are being disrupted as manufacturers and distributors bypass channel partners and sell directly to end customers. The rise of subscription models, in which companies pay to access products—anything from machines to truck tires—rather than buying them, is another example of a major shift in the B2B landscape.

All these changes make it clear that it's no longer enough to spin up a website the displays your product catalog and allows buyers to purchase.

Based on their experience with such sophisticated ecommerce players as Amazon Business, business buyers now expect sellers will meet their needs reliably and conveniently. The bar has been raised, and the remainder of this report will look at how companies can raise their game accordingly and compete effectively with their most digitally advanced rivals. ■

Key technology building blocks

Buyers now have many more options. They can still purchase through all the traditional offline channels, but they can also buy on supplier websites, marketplaces, through mobiles apps and even via social networks.

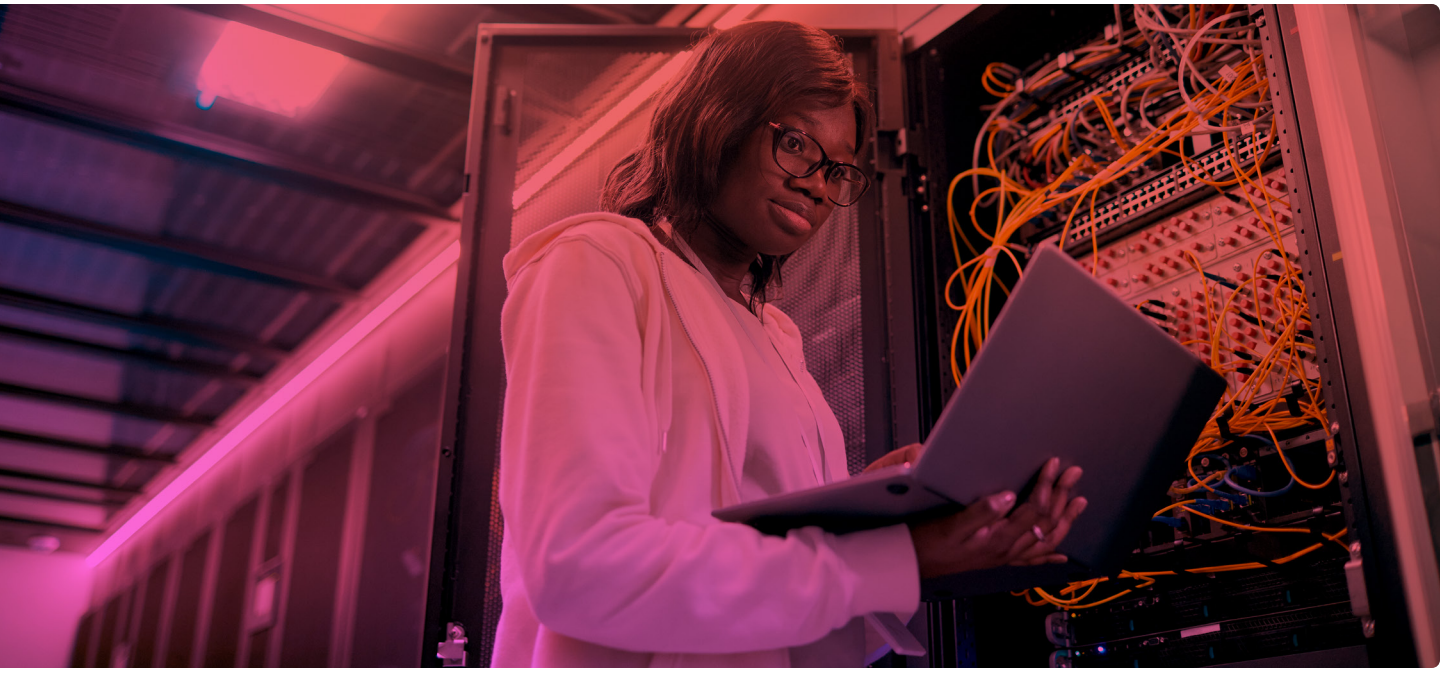
To win customer loyalty, sellers today must start with the needs of their customers and work backwards to develop business processes and deploy technology that meets buyers' needs.

That requires an understanding of the rapid evolution of technology, which is changing how everyone does business. Just as an equipment manufacturer could no longer compete without computer-controlled machines to cut and shape metal, so, too, no manufacturer or distributor will long survive without adopting advanced digital technologies.

There are four digital technologies that play an especially important role today. They are summarized by the acronym MACH, which stands for: microservices, API-driven, cloud and headless. We'll briefly describe these advances, as each plays a role in the strategies we lay out in this paper.

Microservices

Microservices refer to a modular approach that allows a company to build the most robust



application possible to meet key requirements. Take a distributor with millions of SKUs, each with complex characteristics that are crucial for a buyer to understand whether a particular part will meet their needs. The site search and product information systems built into a monolithic ecommerce platform are not likely to provide the most relevant results for each customer, based on that buyer's history, negotiated prices and search terms. Microservices allows for the seller to create or procure more sophisticated and customized applications that can be plugged into other ecommerce components. Those modular components can be modified as needed without touching other elements of an ecommerce platform and adapted to future needs or different regions or markets.

API-driven software

API-driven software enables easy communication between applications. This is crucial today when data is stored in so many systems that track customer behavior, inventory, and supplier lead times. When a major customer places an order for many parts to be delivered at specified intervals over an extended period, properly designed APIs can access information from a variety of data storehouses, feed that disparate data into an AI-driven commerce engine and provide the customer with the optimal offer. And when circumstances change, such as a factory unexpectedly going offline, the APIs provide that information instantly, allowing the seller to quickly recommend the next-best option.

Cloud computing

Cloud computing has exploded over the past decade, and for good reason. Major technology companies now operate massive, cloud-based systems that allow companies to store massive amounts of data securely, and to provide access to that data to users anywhere, anytime. Cloud providers also provide client companies with sophisticated software applications, development and testing environments that they pay for only when they need them, eliminating the need to purchase and maintain this complex system.

Headless commerce

Headless commerce refers to the ability to disconnect the front end of an ecommerce website—what the customer sees—from the back-end systems like inventory, product information, pricing, and fulfillment options. This allows a company with complex products to provide a more flexible, personalized and persona driven customer journey than can be offered in templated ecommerce platforms.

Other technologies are also playing a role in sophisticated commerce deployments. For example, Honeywell is using blockchain technology to perform the vital role of tracking the sales and maintenance history of used airplane parts sold on its marketplace. Japanese manufacturer Toyo Tires has worked with Tata Consultancy Services (TCS) to use Internet-of-Things technology to track truck tire wear to help customers maintain their vehicles more effectively. Artificial intelligence and machine learning increasingly are core components of ecommerce applications.

But the four MACH technologies are crucial elements for many modern commerce environments. They enable the kind of flexibility that's crucial for guaranteeing that a company can serve its business customers well today and into the future. ■

A 7-STEP PATH TO CUSTOMER-FIRST EXCELLENCE

IN THE 1990S AND EARLY 2000s corporate IT projects tended to focus on making employees more efficient. IT executives led the way, deploying technology that automated manual processes and enabled communication between disparate systems and business units.

But in the past decade, customers have moved to center stage. Armed with easy-to-use web and mobile devices they can research products, read buyer reviews and purchase from many suppliers, anywhere and anytime.

Customer experience is now the key to business success, and that's increasingly putting business managers in charge of transformation projects. Technology becomes an enabler, not the driver.

The aim today is to understand the customer journey from the three key stages in a marketing funnel—awareness, discovery, and consideration—to purchase and then post-purchase support. To succeed in the experience-first world of today companies need to focus not on the products they offer but on the needs of their customers.

In other words, you've got to start by adopting the customer's point of view. How does a business buyer look at you? Are you meeting their needs? Where are you creating obstacles to them working with you, or making them doubt your competence or price competitiveness? That kind of analysis can identify the pain points that must be addressed.

It's easier said than done. And for any midsized or larger company it's going to be a journey, not a short-term project. But it's important to get started, because chances are your competitors already have set out on their own journeys.

Tata Consultancy Services has extensive experience in helping organizations around the world better serve their customers through a unified digital experience. Based on that experience, TCS has developed a seven-step process that can help your company achieve similar success. TCS' Design-led, Experience First Commerce provides a comprehensive and flexible platform to make every moment personal and every experience shoppable. It offers organizations the opportunity to build deeper relationships with all stakeholders and not just drive transactions through optimized customer journeys driven by customer insights. Here is a concise summary. ■

STEP 1

Serve customers better with unified content

As companies began operating digitally, they typically identified a problem and created a system to solve it. Need to market through digital channels? They created a digital marketing platform. Need to sell online? They implemented an ecommerce platform. And they took the same approach to building systems to manage digital content, product information or for their call centers.

But those point-to-point systems often don't communicate with each other, and they may not provide consistent information. Thus, a customer may get different information from an email than from a website or a call center agent.

One of the first steps for many companies is to create a unified content layer that all systems can access. That way a customer gets the same information whether they walk into a dealer's physical location, visit the website, or call the contact center.

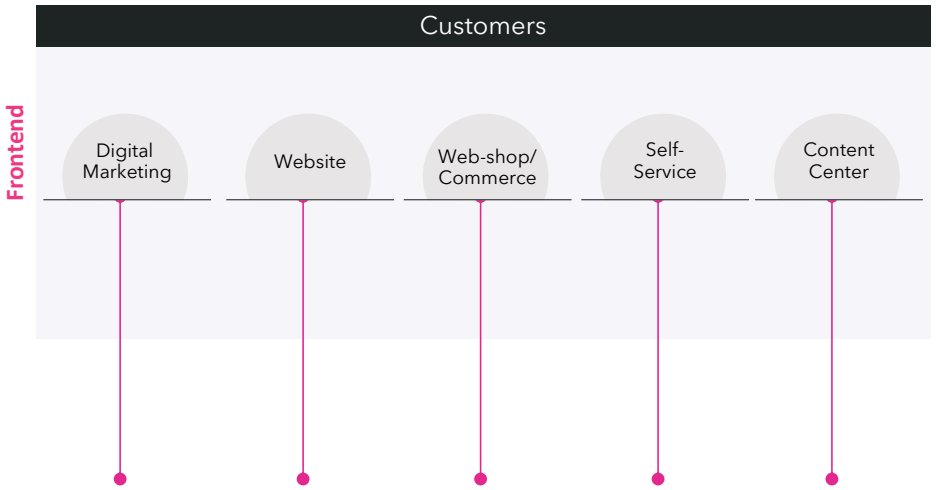
That content layer will be connected to back-office systems, such as an ERP, through a services layer. Built using a microservices approach each component is designed to be reusable as new requirements develop. That may be a company making an acquisition, introducing a new product line, or beginning to sell in a new region.

Some companies may want the services layer to communicate with a single, unified back-end system. For other companies that operate in many areas of the world, it may be preferable for the services to access regional databases. The intermediate layer can be configured loosely to offer a variety of options.

This approach is modular and flexible, making it easier to make changes in response to market conditions and cutting costs through economies of scale.

Move from fragmented, regional Digital Customer Experience to global, harmonized modular and flexible Customer Experience Platforms

From regional, siloed architecture with multiple front-end …



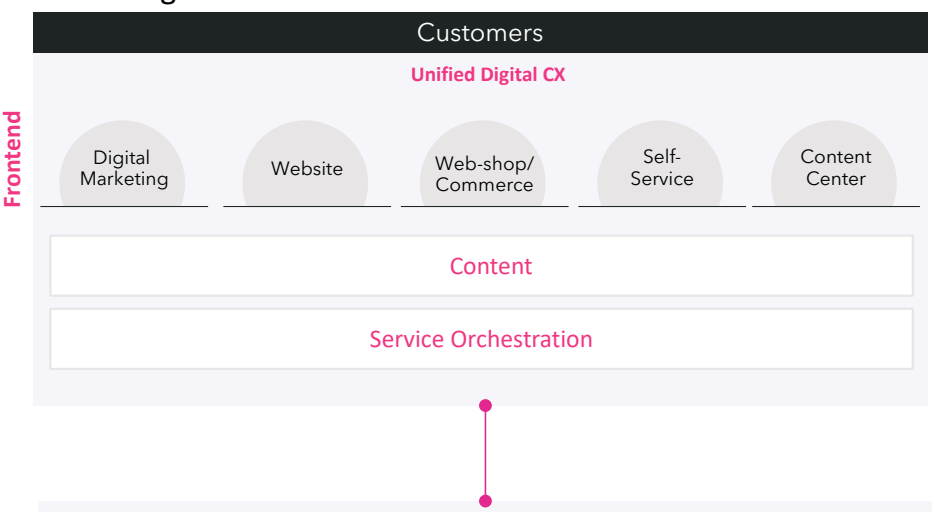
Backend

Core Systems

Old standard practice to offer **front-end** and **back-end** in regional, integrated, **monolithic systems**

Point-to-point integration limits potential to create **seamless journeys** across multiple touch points

… to pre-configured, pre-integrated global platform with one unified digital CX



Backend

Core Systems

New paradigm: Build unified digital CX leveraging one global platform with single access points per channel.

Enhance digital CX through delivering more advanced solutions, realize **business benefits** and **organization** (e.g., Faster to Market) and **IT cost savings** (e.g., economics of scale)

CASE STUDY

Unlocking information is the key to more personalized service

Two years ago, Banner Solutions was beginning to see substantial results from its new business development and digital commerce strategies. And it wanted to see how much more it could engage customers and grow sales digitally.

The wholesale-distributor of commercial and residential door hardware, electronic access-control and automotive key systems had grown rapidly through acquisitions of other distributors and was navigating the challenges of integrating multiple brands and systems. In 2019, it launched the new unified Banner Solutions corporate brand and a home-grown B2B ecommerce platform to replace outdated digital technology. Its new ecommerce site, BannerSolutions.com, soon grew online transactions to 30% of total customer orders, up from less than 10% when the site launched.

But once the growing company realized the power of its renewed online channel, it wanted push it further. “We said, ‘Hey, let’s explore what this can become if we really supercharge ecommerce for Banner Solutions,’” says Ben Smith, chief digital officer.

To take Banner’s ecommerce operation to a higher level, Smith and his team began working with Tata Consultancy Services. At first, Banner and TCS took the initial steps of identifying gaps in the distributor’s ecommerce operation, what it could improve “right off the bat, and what the next iteration of BannerSolutions.com could look like.”

One the first things TCS and Banner addressed: understanding and enhancing how the ecommerce platform integrates with Banner’s enterprise resource planning software and marketing channels to provide, for example, accurate and consistent information on inventory and order status. For a company offering some 130,000 SKUs through its ecommerce site — including 70,000 kept in stock, the remainder through drop-shipping — that presented a challenge for managing data across multiple channels.

“In terms of customer experience, not just on the website but overall, we want to harmonize the

experience," Smith says. "If someone calls in to place an order, places an order online, or emails an order, we want to unify the feeling. There should be a consistency in experience."

Banner is also working to improve how it targets several primary customer groups, including locksmiths, building material suppliers, and contract hardware distributors, three of its main markets.

Each of these customer segments has its own product researching and purchasing needs, Smith notes.

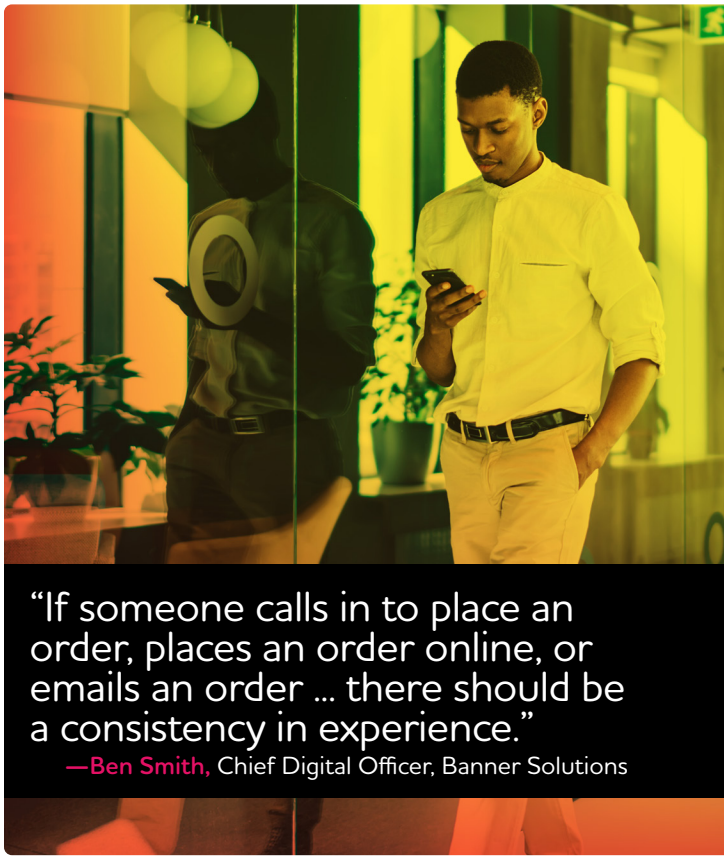
For example:

- **Locksmiths** know the problem they need to solve but don't typically understand the options Banner offers them.
- **Building materials suppliers** know what they need to purchase from a small selection of SKUs but are often unaware of other items they could use from Banner's inventory.
- **Contract hardware distributors** "know exactly what they're looking for, so it's all about availability, speed and price," Smith says.

"Each one of those customer segments come to us with a different understanding of their products, a little different expectation in service, and different expectation for interactions with us," he adds.

With its new ecommerce platform developed with TCS, Banner is now able to build out "persona-driven experiences" that will make Banner stand out among its competitors, Smith says. "So, the locksmith will come to BannerSolutions.com and experience a slightly different version of the site than that of the building materials supplier."

That's only possible now because Banner's information systems communicate effectively. ■



STEP 2

Integrate digital platforms to enhance the customer experience

The kind of integrated system discussed in Step 1 enables companies to provide a much more nuanced and personalized customer experience, as the Banner Solutions example illustrates. And that kind of integration is crucial in many common B2B scenarios.

For example, once marketing and ecommerce systems are connected, a company can be aware of a website visitor who puts several items into a shopping cart but leaves without purchasing. An integrated system would allow the commerce system to pass that information on to marketing, which can in an automated way send that customer an email within 30 minutes with a link to that shopping cart that allows the buyer to purchase immediately.

The layer that connects disparate systems often relies on APIs to access data and communicate with customers and internal employees in real time. Besides enabling immediate response to a customer's behavior, this approach also promises easier maintenance, faster development times, easier testing, and lower costs. ■

STEP 3

Think broadly about business objectives

Setting goals is part of any digital commerce project. But for a company seeking to truly transform how it functions it's best to think beyond such narrow objectives as increasing revenue or reducing customer churn.

Step back and consider where your company wants to be in three years, in five years. And, instead of thinking about selling more products, focus on how your company can act on behalf of the buyer.

The best solution for the buyer may be not buying your product. Instead, the customer may prefer to rent time on a machine rather than purchasing it. For example, a utility company that may hesitate to spend an extra $2,000 to get traction control for each new van it buys may be willing to pay $20 monthly during the winter to get that safety feature when it's needed.

That kind of "as-a-service" model can be extended to industrial machinery and many other products, offering the customer access to up-to-date equipment without the expense of buying the machine and the related costs of maintaining it. Such customer-first thinking will create greater loyalty and lead to higher customer lifetime value.

CASE STUDY

A startup mindset helps meet the needs of a very specific set of buyers

Thousands of decommissioned airplanes sit in what are known as "boneyards" around the world. Many of their parts are in good shape and can be used on other aircraft, and sales of used aircraft parts generate multi-billion dollars in annual sales.

Only a very small percentage of those sales were occurring online a few years ago, in part because buyers often required detailed information about where a part came from and how it's been maintained. Transactions often occurred on the phone as sellers answered questions and negotiated prices.

The Honeywell Aerospace unit of multinational conglomerate Honeywell International Inc. set out to provide a better solution for aviation buyers with the launch in December 2018 of GoDirect Trade, an online marketplace that allows sellers from around the world to offer spare parts. A key issue for potential buyers was knowing the history of each part so that they could be confident it could be safely used on their aircraft.

To address this issue, Honeywell Aviation deployed blockchain technology, a new method of securely storing and sharing information about each part, including images, specifications, product descriptions, certifications and needed paperwork. Besides providing buyers with the information they need; it allows sellers to quickly list products for sale. And that enabled GoDirect Trade to offer for sale about tens of thousands of parts with values in the billions.

By replacing outdated methods for maintaining detailed information about each part, blockchain technology helped GoDirect generate millions of dollars in online sales in a very short period of time. "To accomplish a rapid time to market, they (Honeywell) put together a start-up mindset to solve some problems within their industry," says Philip Jacus, TCS digital commerce senior consultant, manufacturing growth and transformation. "Honeywell was very successful in setting this up quickly."

GoDirect Trade is a good example of a digital solution that solves buyers' problems through a customer focus and an effective strategy for working with channel partners, in this case sellers of aircraft parts. "One of the important things is failing fast is a successful strategy," says Satish Nittor Sripadu, TCS managing partner, customer experience, manufacturing growth and transformation. "To enable the end user experience, a company first has to improve the channel experience." ■

STEP 4

Improve every stage of the customer journey

Business buyers often purchase complex products and commit large sums of money. It's not unusual for them to need a great deal of information, not just about the product itself but also about inventory in-stock, manufacturing lead times, regions where they may not be authorized to sell a product, pricing tiers, regulatory compliance, and more.

B2B purchasing as a result is often a multi-step process that may involve several people on the buyer side and take a considerable amount of time. Inevitably, buyers will drop off at several steps along the path to purchase.

It's crucial to measure the attrition rate at each stage of the buyer journey. That will enable a company to identify where it is not providing customers with what they need. Those areas become focal points for improvement.

In some cases, the falloff may result from inadequacies on the part of channel partners or a failure to provide adequate information to customers researching through external sources, such as trade associations or marketplaces. Remedying those external shortcomings may be crucial for improving results.

Companies can address such issues by ensuring that information flows easily between channel partners. For example, many buyers research on a manufacturer's site, providing that company with important information about what the buyer is looking for, alternatives they considered and questions they may have asked. When that buyer is ready to purchase, the manufacturer can pass on to the local dealer not only the sales lead but what is known about the customer.

Such collaboration can enable the dealer to provide that customer with the best possible service and prevent a lost sale because of a dealer's lack of information about the customer's needs and preferences. ■

STEP 5

Move to an advanced technical architecture

Once a B2B company understands its customer needs it can build an appropriate digital commerce architecture. For many companies, components will include systems for managing content and digital assets, for tracking customer behavior and personalizing the customer experience and for keeping product information consistent and current.

A 2016 analysis by consulting firm Gartner identified four broad categories of ecommerce systems.

The most basic ecommerce architecture allows customers to find products and pay for them, while collecting the information needed for order fulfillment. Companies at this level typically use the out-of-the-box templates that come with monolithic ecommerce platforms.

More sophisticated systems in the second tier add a digital experience platform that provides content based on what is known about the customer.

The next level is to add API-driven flexibility that connects the customer-facing commerce platform to real-time data and external sources. Suppliers, for example, can feed into a distributor's website updated inventory availability data and new product images and descriptions. A new weather forecast about an impending storm in the Upper Midwest can prompt the website to display a different array of products to a visitor from Minnesota than one from Florida.

At an even more advanced level, data from partners throughout a company's ecosystem feed into a unified customer experience platform. APIs are central to communicating with internal and external systems via a hybrid integration platform.

The third and fourth variants make use of MACH technology to leverage data from many sources and to communicate it consistently to customers via all touchpoints.

One example would be a large home improvement retailer offering a mobile app that allows a contractor in a brick-and-mortar location to not only see where an item is in the store but also how many pieces of the product are in the bin. That requires accessing the planogram of the store and in-store inventory and funneling it to the customer's mobile phone.

Manufacturers and distributors often have complex and far-flung operations. It's only by connecting all information sources and providing immediate access to relevant data that they can mask that complexity and make purchasing easy for customers.

Moving from Product Centric Architecture to Customer Centric

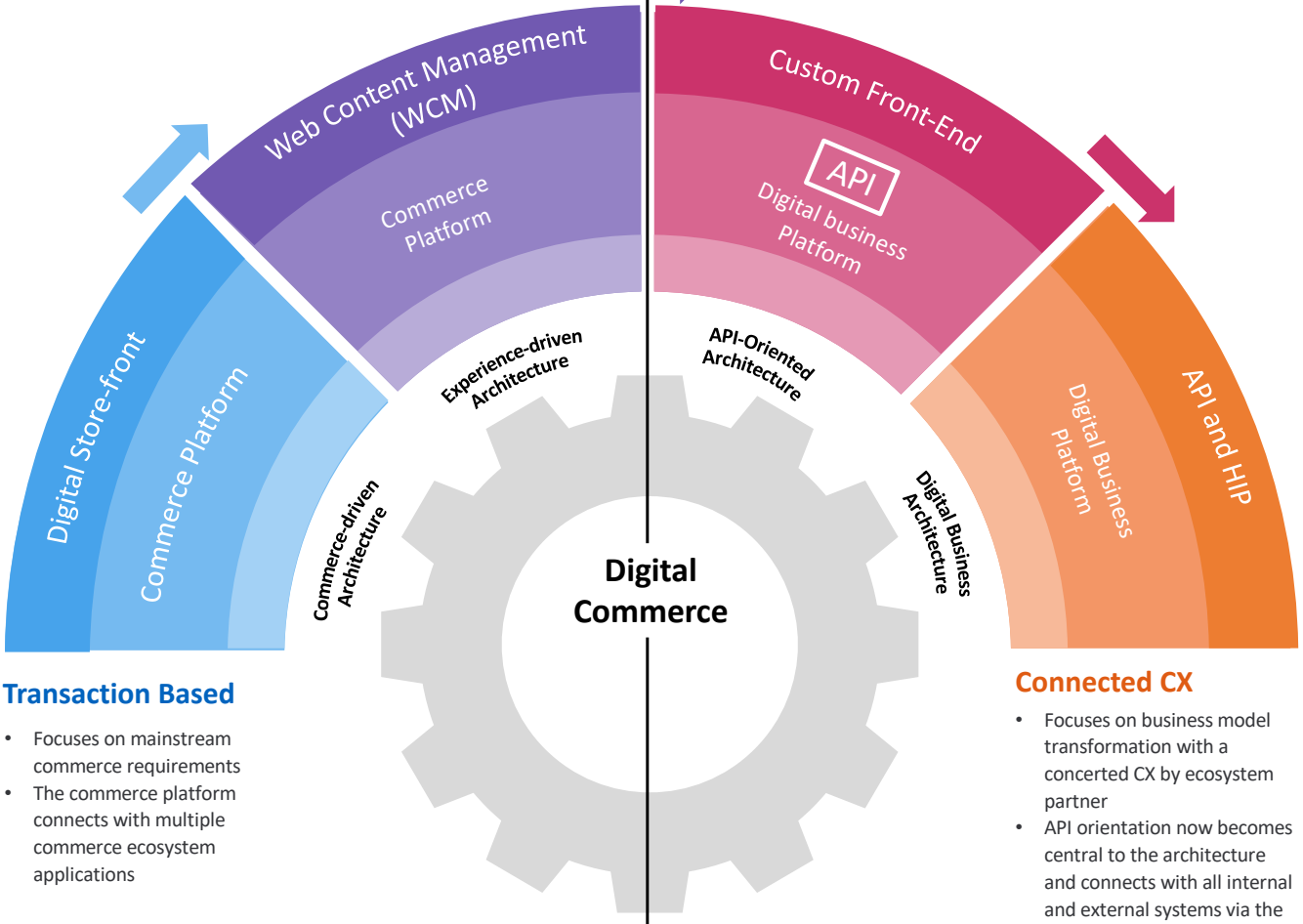
MACH Architecture principles

CX Optimization

- Focuses on optimizing CX by leveraging Web Content Management (WCM) platform as customer facing (Front-End) layer
- The headless commerce platform and ecosystem sits behind the WCM to process transactions and enhance commerce-related functions.

CX Innovation

- Focuses on CX agility and flexibility, as well as interoperability with the wider digital business ecosystem
- It exposes commerce functionality via APIs, which can integrate into any front end
- Allows external partners to connect to and transact via the platform
- The commerce platform becomes part of the digital business ecosystem and API management becomes key in integrating future Marketplace Partner ecosystem



Transaction Based

- Focuses on mainstream commerce requirements
- The commerce platform connects with multiple commerce ecosystem applications

Connected CX

- Focuses on business model transformation with a concerted CX by ecosystem partner
- API orientation now becomes central to the architecture and connects with all internal and external systems via the hybrid integration platform (HIP).
- The digital commerce platform becomes one component in the DBP

CASE STUDY

On the road to an enhanced customer experience

A leading global materials science and manufacturing company has been engaged in B2B ecommerce for about 15 years. About a third of its packaging label products and materials customers use its online channel, accounting for 30%-40% of sales and orders.

But the company has set out on a course to improve its digital customer experience, says Bogdan Onaca, Digital Customer Experience Manager for the company's Labels and Packaging Materials business for Europe, the Middle East, and North Africa.

Until recently, our digital experience covered the basic chores of "searching for products and price and placing orders — and nothing else," Onaca says. So, for customers, we had offered "no help at the beginning of the journey when they're selecting the product for their application, and no help digitally at the end of the journey when they request support."

But now, he adds, "the vision is that we would connect journeys that have been fragmented" and provide a more holistic end-to-end customer experience, both online and offline. The company is working with Tata Consultancy Services to upgrade the overall customer experience.

One early example is the new Product Finder feature on our website, where customers can enter a product specification or keyword to call up product listings and details on label products, including such specifications as the preferred print method, adhesive and finish, and whether the order is for a full master roll of label material or a sample sheet. The Product Finder is available to anyone who visits the website; to view product pricing and place an order, customers need to first log into their account.

"The vision for the future that we're building towards now is to modernize and unify our customer experience end to end, from search to getting a price, to getting a sample, ordering, and then to getting customer support," Onaca says.

A critical part of the ongoing digital technology-driven customer experience project, he adds, will be integrating data from multiple systems, including the enterprise resource planning, customer relationship management and customer service systems. Using such data as available inventory, customer account-based product pricing, and customer behavior records eventually will help our sales reps and customer service agents as well as customers, whether the latter are connecting with personnel or engaging with self-service ecommerce.

Such data integration would provide the kind of personalized customer experience across whichever channel customers want to interact with the company. “That’s our vision,” Onaca says.

To realize those goals, we will work with modern technology tools like APIs that enable data-sharing among disparate software applications. It may also migrate to a headless commerce environment, where it could use APIs to customize the customer-facing online interface without having to also alter the ecommerce engine.

One notable challenge going forward, he adds, will be dealing with a shortage of digital technology experts, who are in great demand as more companies expand digital commerce technology and operations.

“There is a talent war out there,” he says. “It can be difficult for traditional companies to attract” digital technology experts. “We’re counting partners like TCS to help us out with that.” To maintain the right level of digital technology development to match our growth, he adds that the company expects TCS to “help us scale up and down, depending on our needs.” ■

STEP 6

Design for speed

Today's optimal architecture strategy breaks down development work into discrete pieces, enabling rapid deployment, testing and modification. Cross-functional teams of business and IT personnel work together to build and evaluate each component, breaking down the information siloes that hold many companies back.

The aim is to develop high-quality software, test frequently and to minimize the time required from idea to implementation. However, accomplishing that in a world where data may be stored in multiple clouds—one in the cloud infrastructure of a marketing vendor, another in a cloud controlled by the product information management vendor, and so on.

Effective collaboration requires governance policies that consider the requirements of each participant in this connected ecosystem. For example, if a company knows that the vendor managing its customer relationship management system requires a day to validate content before pushing it into production mode, the project timeline will need to take that into account to ensure that the new web page drawing on that CRM data functions properly as soon as it's released. ■

STEP 7

Develop and deploy continuously

The ever-changing demands on businesses demand that they continuously get better at serving their customers. Looking at your business from the customer's point of view, connecting disparate systems and employing MACH technologies are all part of the plan.

That approach allows a company to unify all its information and customer touchpoints to provide optimal service. But that means its digital architecture is touching many systems, not only customer touchpoints but back-end data warehouses and ERP software.

To ensure quality and promote innovation, companies should prioritize creating a Digital Center of Excellence, a veritable digital factory that is always improving the customer experience while also providing needed governance. Organizations that operate globally may want to assign development and implementation tasks to regional organizations, but they should all operate within a unified set of policies developed and enforced by a central body.

Here are some elements of successful digital excellence centers:

- A centralized governance model based on industry best practices
- A governance control board that approves, prioritizes, monitors, and measures performance on digital initiatives
- An operations control committee that oversees implementation and day-to-day operation of those initiatives

- A process for soliciting and nurturing new ideas that fosters collaboration across all lines of business and keeps an organization on the leading edge of new technology developments
- A well-defined support and maintenance model and processes for all applications
- A decision framework in the form of documents and tools to facilitate complex decisions relating to application architecture selection, technology stack elements selection, user experience authoring, and centralized skills resources management

With that kind of leadership and organization, companies can keep moving quickly while also ensuring that quality is maintained. ■

CONCLUSION

A new way of thinking about digital investment

Companies have tended to view big ecommerce platform projects as one-time investments. You select a platform, take many months to deploy it and hope that it serves your needs for several years.

But no monolithic system will serve a company's needs for very long, not today. That's why it's necessary to rethink the architecture of digital commerce systems, and the model for funding them.

The architecture based suited for today's B2B environment is modular, which means pieces can be designed to meet the exact needs of specific customer segments and reused across different geographic regions and in different settings. It also means they can be swapped out quickly if needed.

Failing fast allows an organization to test new ideas and discard those that don't work. But you can't easily discard a multimillion-dollar ecommerce platform that took years to deploy. That's why a modular approach is crucial today.

Equally crucial is embracing communication via APIs with a wide variety of internal and external data sources, enabling every system to have access to the latest data. That's the best way to provide the richest customer experience at every touchpoint.

For many companies, a headless commerce approach will enhance the customer experience. Building out exactly the kind of website that users need—and separating that development from the back-end components of commerce—will be especially useful for companies offering products and services that are complex and that must meet demanding regulatory requirements.

This strategy of building modular, flexible systems and continuously improving them also has implications for digital commerce investments. It no longer makes sense to think about the total cost of ownership of an ecommerce operation based on amortizing the cost of a major platform upgrade over several years.

Instead, the relevant consideration is how much revenue a company generates from digital commerce each year versus the cost of maintaining that operation. If a commerce operation regularly generates more revenue than its costs, then the total cost of ownership becomes irrelevant.

Building flexible, modular systems, with strong oversight based on industry best practices, is the way forward for digital commerce success today. ■

About Tata Consultancy Services

TCS Interactive is the digital services business of Tata Consultancy Services. TCSI combines technology and human ingenuity to help customers create purpose-driven and immersive solutions that unlock future potential, drive growth, and build market share. We leverage our unique insights, unrivaled contextual knowledge, global scale, and partner ecosystem to craft, reimagine, design, and deliver transformative digital experiences.