



Selling in a Omnichannel World



Innovation in Digital Commerce to Survive and Thrive

Enterprises today must constantly reassess and improve how they engage customers in order to meet and exceed expectations on profitable growth. Of vital importance is the ability to use technology to manage relationships through multiple channels, that is, through different touch points for advertising, educating, selling to and servicing clients.

A succession of innovations in Internet and Web technologies have irrevocably transformed how societies worldwide communicate, interact, entertain, shop and conduct business.

Consequently, exciting new opportunities are blossoming for marketing and selling product portfolios online (including configurable products), on an unprecedented scale. Buying experiences are being transformed to attract and sustain customer and partner loyalty, while automation permits significantly better measurement of activities and performance.

As a result, digital commerce is exerting a transformational impact on business, including business-to-business (B2B), business-to-consumer (B2C) and partner relationships. Success in sales and marketing will depend on crafting omnichannel strategies that exploit technical innovations in e-commerce, Partner Commerce and Mobile Commerce that improve ease of doing business, personalization as well as the management of complex commercial relationships.

This paper examines the key business drivers and differentiating capabilities in digital commerce, as well as the Cloud computing model for accelerating technology adoption. Guidance is also given on launching omnichannel sales initiatives with a focus on the importance of process automation, user adoption and business agility.





A Changed World Drives Business Innovation

Internet and Web technologies have given people worldwide unparalleled access to information, transforming lifestyles, business models and economics in the process. Over 40% of the world's population is online (over 3 billion out of about 7 billion people).ⁱ Every hour, Internet traffic generates enough data to fill 7 billion DVDs. And, the number of devices connected to the Internet is growing, to reach 26 billion by 2020ⁱⁱ according to Gartner, a leading information technology research firm.

In short, an entire generation has emerged that is thoroughly accustomed to socializing, educating itself and purchasing goods and services online, from any device, including smartphones and tablets. For instance, 82% of consumers research a product online at least before buying it.ⁱⁱⁱ

These changes in consumer behaviors are now strongly influencing business practices. For instance, in 2015 "revenue from Internet advertisements in America will surpass the combined value of ads from newspapers, magazines and billboards."^{iv} Even in B2B commerce, "74% of B2B buyers research at least one-half of their work purchases online."^v Moreover, "30% of today's B2B buyers complete at least half of their work purchases online," with that percentage expected to reach "56% by 2017."^{vi}

Hence, considerable business activity is booming across multiple channels, or shifting to digital commerce outright. With digital commerce, technology is intensely used to support business processes online, notably with self-service environments with e-commerce, Partner Commerce and Mobile Commerce. Technology is also employed to coordinate activities and information between the online and off-line worlds (in person interactions, with business conducted face-to-face, or over the phone).

A broad range of sectors is being affected, like manufacturing, life sciences and distribution, in addition to industries long focused on e-commerce, like retail, software and media. For example, a field service subcontractor can now use just a smartphone to quickly find and purchase parts online for oil rig equipment from preferred partners, with all the discounts and approvals automatically executed, and without talking to a single person.

40% of the world's population is online

26 Billion connected devices are expected by 2020

82% of consumers research purchases online first

30% of complete half of their work purchases online

"Considerable business activity is booming across multiple channels, or shifting to digital commerce outright."



Enterprises that can skillfully manage multiple sales channels will dramatically increase their competitiveness, revenues and profits, while those who fail to adopt run a risk of seriously undermining their businesses. Omnichannel strategies are becoming a leading priority for corporate leadership teams as a result of a combination of five trends:

1. Customers can exploit an increasingly diverse number of avenues for acquiring information and actually transacting business.
2. Increasing integration of the world economy is permitting new innovations to appear with sudden speed from unexpected quarters.
3. Barriers to entry are dropping in many sectors, making it possible for an excess number of suppliers to emerge
4. Product differentiation, intellectual property advantages and margins are putting significant pressure on pricing.
5. Market dynamics are unfolding at unprecedented speed.

The 3 A's of Omnichannel Sales Initiatives

Omnichannel selling strategies can become quite complex and require an intensive use of technologies to enable processes and selling/buying experiences. Any successful initiative for deploying and expanding multiple channels needs to account for three major interrelated issues: Automation, Adoption and Agility.

1. Automation eliminates manual tasks and accelerates execution of processes, while increasing measurability of activities and intelligence on business trends and performance. However, automation can cover a vast array of activities, from distributing marketing content online to supporting self-service environments for submitting orders. End-to-end automation can prove difficult to accomplish without the right portfolio of technologies. Success though can yield considerable advantages, like shifting reordering activity to an online channel, and reducing the cost-to-serve by 80 to 90%.

“End-to-end automation can yield considerable advantages, like reducing cost-to-serve by 80-90%”

2. Adoption means coaxing people to embrace a business approach and system based on high usability and relevance. If a system cannot be mastered as easily as popular Web stores (particularly consumer-oriented ones), then innovative capabilities will likely be neglected. Similarly, functionality must immediately resonate with users, whether aligning with buying preferences, or providing capabilities that help sales and partners do their jobs better. Failure with adoption will hobble any omnichannel

“Failure with adoption will hobble any omnichannel initiative right from the start.”



initiative right from the start. For example, past difficulties in getting dealers and other intermediaries to use partner relationship management software upended many channel management initiatives in the past.

3. Agility entails consistently staying on top of market dynamics, exploiting opportunities quickly, being responsive to clients and outclassing competitors. Forewarned is forearmed. So superior insights into trends, customer behaviors and internal processes enable firms to rapidly change practices around selling, marketing and managing partners, product lifecycles, pricing and capacity. Key to agility is having process automation in place that can be easily reconfigured as businesses evolve or are reinvented. For example, telecoms can now easily adjust pricing, bundles, promotions and agreements in response to market trends (with all billing implications taken care of), to raise average revenue per user (ARPU) and reduce churn.

“The key to agility is having process automation in place that can be easily reconfigured as businesses evolve.”

Other Key Considerations in Planning Omnichannel Sales

To achieve and sustain world-class automation, enterprises require a carefully crafted, comprehensive technology strategy for omnichannel selling and digital commerce. And, enterprises need to prioritize on initiatives and software platforms that rationalize technology assets, ensure consistency across customer touch points, and deliver the necessary flexibility for changing functionality as business strategies and processes change.

Rationalization: An exercise in rationalizing usage of tools is often necessary. Unless a firm is relatively new, investments have already been made in different Internet technologies. Some storefronts may be just past experiments, while tools for sales automation and channel management may have been implemented piecemeal over time.

Supporting disparate point solutions is burdensome, though, and exacts significant costs to support. In order to realistically pursue a omnichannel initiative, enterprises often find the need to consolidate capabilities onto one platform that is intuitive and easy to configure, scale and administer over time.

Consistency: Consistency in omnichannel sales is vital, to harmonize product data, promotions, pricing, product lifecycles, content and experiences across different sales teams, partner sites and storefronts. Significant variances in marketing and selling practices can confuse and alienate prospects, customers and partners. Technology plays a central role in managing communication, programs, processes and resources across channels, and in mitigating appearances of discrepancies and channel conflict.



Technical Flexibility: Technical flexibility allows enterprises to differentiate themselves effectively, combat commoditization and respond to market developments. Flexibility permits new experiences, products and services to be rapidly introduced, nurtured and scaled across channels. Unique product portfolios can be marketed at an acceptable cost, enabling economies of scale and profitable growth. With good process automation and visibility firms can understand what works, what doesn't work, then make timely corrections.

10 Digital Commerce Capabilities That Drive Sales Success

Automation of sales channels requires a combination of ten critical capabilities in order to deliver differentiating buying experiences, business practices and products for self-service models, call centers and face-to-face selling. Initiatives for personalization, pricing excellence, complex CPQ (solution and value selling), multi-tier partner networks, recurring revenue models (subscriptions), single views of customers, and much more, become dramatically easier to pursue.

Here are the top 10 key functional categories in digital commerce that must be considered:

- 1. Catalog Management** – Administer product data and relevant supporting content (like marketing, technical and sales documents) across multiple product catalogs and complex product hierarchies. These capabilities enable content orchestration and change management, including sharing of data and assets across lines of businesses and partner sites, and handling new product introductions and product lifecycles. Product comparisons facilitate purchasing decisions, while visualization allows the rendering of two-dimensional and three-dimensional images and schematics.
- 2. Guided Buying/Selling** – Self-service models are most effective when direction can be given to users on products that match requirements and offer relevant alternatives and add-ons. Through the use of question and answer surveys, partners and customers can be easily walked through product portfolios and appropriate Web pages. Recommendations engines can showcase product substitutions, upgrades, additional options and different product bundles. Constraints and business rules, questionnaires and workflows should be easy to change as product portfolios change. Ideally, machine-driven analytics can be applied to produce recommendations on products based on customer data and activities.
- 3. Product configuration** – Configurators define and manage relationships, rules and constraints that drive unique combinations of components, products, options and services. These tools make differentiation manageable and scalable, by allowing customer facing staff and partners tailor solutions to the different needs of their markets, as well as enabling users in self-service environments personalize their own solutions. The administrative environments should make it easy for business practitioners to define, test/update and deploy configuration models.



4. Pricing – These tools automate processes for price setting, price administration and price execution that defend and bolster firms’ pricing power. Such automation vastly improves efforts to develop, maintain, analyze and update pricing lists, policies and discounts for different channels, regions, partners or even corporate divisions. Innovation in pricing then becomes considerably easier, like with implementing attribute-based pricing, subscription-based pricing and value-based pricing.

5. Promotions and Rebates – Systematic approaches to managing any type of incentives is invaluable to marketing campaigns and channel strategies, for building awareness, demand and loyalty. Functionality should automate tasks for defining, launching and retiring promotions and rebates. Actual sales and orders need to be tracked to determine program effectiveness, while payment processes must be accurate and completely auditable.

6. Contract Management – Critical automation for accurately managing the terms and conditions that define commercial relationships, eliminating bottlenecks with closing sales. Such capabilities also provide the basis for effectively growing subscriptions and recurring revenues, by permitting rapid access to the terms of existing business. Functionality spans authoring, updating and analysis of multiple contract types, redlining and tracking changes, approval workflows, electronic signature and support for third party contracts of counterparties.

7. Ordering and Billing – This ties buying experiences and fulfillment together. Processes for generating orders must be fast, seamless and flawless. All fulfillment details must be correctly captured and conveyed to the right production and/or logistics organizations. With online sales, smooth check out processes are a must with bulletproof payment processes. In B2B commerce, relevant quoting and proposal information should flow into orders and contracts to eliminate duplicate data entry and errors, with all details validated and passed on to bills of materials (BoMs), and billing systems.

8. Renewals – In conjunction with contract management, automated and managed renewals capabilities underpin business models based on subscriptions and recurring revenues. Alerts and notifications provide advanced notice on expirations while asset-based ordering gives visibility into what has been purchased. Upselling, swaps and cross-selling can be supported through recommendations that reference pricing updates, new product introductions, end-of-life schedules and contract pricing.

9. Usability and Mobility – User adoption is critical to any digital business. Ultimately, high quality user experiences based on popular Web design principles and intuitive access to resources will collapse learning curves, ensure the success of a system, and advance the brand of an online presence. Mobility is vital, with responsive designs for user interfaces that ensure features and data are intuitively arranged and presented within the screen real estate of any device, for any user, partner or end customers.



10. Analytics – Understanding in real time trends in buying patterns and incoming business is a significant advantage, such as demand for products, realized prices and discounting activities. Predictive and prescriptive analytics help enterprises identify, assess and take action on key indicators like sales cycle times, conversion rates, win rates, deal slippage, average transaction values and renewals. Drill-down features permit revenue teams to examine issues more closely, by region, company, channel, product, customer segment or any other dimension.

Digital commerce functionality for omnichannel selling should not be deployed piecemeal, but as part of a comprehensive platform strategy. As a best practice, the range of desired capabilities should be consolidated on a proven, enterprise-grade software platform that meets and exceeds standards on system performance, availability, reliability and scalability. The highest security certifications should be satisfied, to assure all stakeholders and users of the integrity of the channel being automated.

Moreover, a platform should provide solid support for integration with downstream and payment systems to reduce implementation costs. To reduce total cost of ownership, point and click administration is invaluable, to eliminate requirements for customization, and to easily accommodate different B2B, B2C, partnering and mobile commerce business models. Meanwhile platform support for multiple languages and currencies considerably eases efforts to service overseas markets.

The Cloud Computing Revolution

A sea change in corporate sourcing practices has unfolded in deploying technology, with enterprises turning to Cloud computing delivery models to accelerate business adoption of innovation. Enterprises now often contract access to applications, platforms and tools from external third parties via subscription-based relationships (known as software-as-a-service or SaaS), and forgo owning and implementing all the hardware and software themselves.

With Cloud computing architectures based on multitenancy, SaaS vendors can acquire efficiencies from sharing computing resources across client bases, optimizing infrastructure and focusing on core competencies in software and infrastructure. And, Cloud platform providers like Salesforce1 have established a track record of high security, scalability and system availability that has won the confidence of the international business world.

50% of total CRM software revenue will be delivered as SaaS. That number is expected to climb to **80%** by 2020

\$191 Billion is the estimated value of the cloud market in 2020 with cloud apps generating **\$133 Billion**

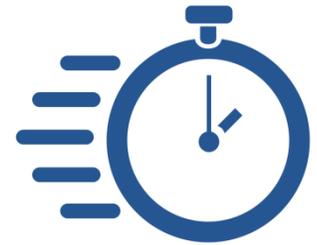


These developments have allowed bellwether software markets like Customer Relationship Management (CRM) and Quote-to-Cash applications to dramatically expand. For example, Gartner predicts that “During 2016, over 50% of total CRM software revenue will be delivered as SaaS.”^{vii} This percentage of deployments will likely rise to 80% by 2020.

The digital commerce market is following suit, in experiencing burgeoning uptake of Cloud computing and SaaS models. Not surprising since Forrester Research projects that the Cloud market “will reach \$191 billion by 2020, from 2013s total of \$58 billion,” with “Cloud applications, at \$133 billion in 2020, leading this growth.”^{viii}

There are five compelling business reasons for pursuing initiatives in omnichannel and digital commerce on multitenant Cloud computing and SaaS platforms:

1. Speed of deployment – Infrastructure in the way of hardware, system software, security, etc., is already in place to support a project, managed by vendors specializing in Cloud computing; while advances in the Cloud based on open standards, declarative modeling and point and click administration enable faster set up of desired functionality and automation of process flows



2. Efficiencies from specialization – Budgets and expertise can be focused on process automation, analytics, rules and configuring differentiating functionality that generate competitive advantages and value; while work on upgrades, maintenance, security, managing infrastructure and other systems management responsibilities are outsourced to specialists



3. Distributed user populations – Cloud platforms are perfect for supporting activities in regional markets and partner channels, when a worldwide network of data centers and infrastructure is in place, with all requirements for handling multiple languages and currencies supported; and when partners can easily access all needed resources over the Web without having to implement software



4. Consolidation – enterprises find it much easier to migrate systems for engaging customers and partners to the Cloud, by leveraging robust infrastructure that is already in place, versus undergoing re-implementations of conventional enterprise software on-premise, while initiatives can be accounted for as operational expenses instead of as large capital projects





5. Innovation – Enterprises benefit from efficient upgrades from centralized infrastructure in the hands of specialist; and more importantly, gain access to a stream of new functionality that is typically introduced in SaaS models, driven by a Cloud platform community (for example, the latest in responsive UI designs for mobility)



Moving Your Business Forward

Any serious effort to implement and improve omnichannel selling and digital commerce capabilities will not get done in one big bang project, or at one fell swoop. Instead, enterprises should set the expectation for a series of initiatives that are sequenced and phased in over time, across organizations, regions and partner networks.

With planning on digital commerce and omnichannel sales, decision-makers should consider the following recommendations for projects over the next 6 to 18 months:

- Immediately reassess current online investments, notably legacy storefronts and Websites, for orchestrating pricing, promotions, product launches and marketing campaigns across channels
- Draft a digital commerce plan on what a desired future state for managing multiple channels should realistically look like, for all stakeholders, in a two to three year period of time
- Establish or refine strategies for improving the ease-of-doing business with your organization, as well as operational capabilities in orchestrating activities across multiple channels
- Investigate Cloud platforms, especially for innovating and scaling Partner Commerce requirements and orchestrating relationships across partners and end-customers
- For rich, differentiated buying experiences as well as for selling higher value products and services, evaluate online configuration, recommendation engines based on machine learning and guided buying/selling solutions (that drive cross-selling/upselling based on promotions and purchasing histories)
- Cultivating long-term relationships across channels will be critical, so explore enabling technologies like contract management, renewals and subscription management
- Invest in analytics to gain comprehensive visibility into channel-specific activity, performance and contributions to profitable growth; and craft an analytics roadmap that accounts for the latest advances in predictive and prescriptive analytics that improve responsiveness (that turn insight into action)



Conclusion: Omnichannel Selling *Is* a Game Changer

It is not a question of “if” but “when” omnichannel selling becomes an essential core competency for most industries, both B2B as well as B2C, in raising the competitiveness of enterprises, and boosting growth rates of revenues and profits. The skill, agility and precision that prospects, customers and partners are engaged with across different touch points will be a major differentiating factor that separates market leaders from other businesses. Omnichannel selling practices and associated digital commerce technologies will transform markets, in opening up opportunities for new business models to emerge, as well as in driving consolidation of firms that fail to adopt.

More intensive investment in digital commerce technologies will become a necessity, in modernizing e-commerce, Partner Commerce and Mobile Commerce capabilities and in delivering the right buying and sales experiences across channels. Success in digital commerce will be contingent on superior end-to-end automation of business practices, high quality user experiences that drive adoption of new ways of doing business, and agility in responding to increasingly volatile market dynamics. And, sourcing strategies will increasingly have to turn to Cloud platforms to efficiently acquire the innovation needed to stand out in both the online and off-line worlds.

Leadership teams should commence planning now on the near term vision for omnichannel strategies to correct potential vulnerabilities and target the most fruitful opportunities. Similarly, cross-functional teams should be formed to assess the latest digital commerce technologies that will exert the highest impact on their business.

About Apttus

Apttus, the category-defining Quote-to-Cash software company, drives the vital business process between the buyer's interest in a purchase and the realization of revenue. Apttus is delivered on the Salesforce1 Platform, the world's most trusted and comprehensive cloud delivery infrastructure. Applications include Configure-Price-Quote (CPQ), Renewals, Contract Management and Revenue Management. Additionally, Apttus' patent pending X-Author technology enables Microsoft Office to be a user-interface with full interaction and control between Salesforce and Microsoft Office. Apttus is based in San Mateo, California, with additional offices in London, UK, Bozeman, Montana and Ahmedabad, India. For more information visit: apttus.com.



Notes

- ⁱ Internet World Stats "WORLD INTERNET USAGE AND POPULATION STATISTICS JUNE 30, 2014 - Mid-Year Update" <http://www.internetworldstats.com/stats.htm>
- ⁱⁱ "Gartner Says the Internet of Things Installed Base Will Grow to 26 Billion Units By 2020" <http://www.gartner.com/newsroom/id/2636073>
- ⁱⁱⁱ "The Role Of Digital In The Path To Purchase" Forrester Research, Inc. 27 August 2012
- ^{iv} "The World In Transition" The Economist, from "The World in 2015" print edition <http://www.economist.com/news/21632193-whistlestop-tour-year-eye-catching-statistical-landmarks-world-transition>
- ^v "US B2B eCommerce Forecast: 2015 To 2020" Forrester Research, Inc. 2 April 2015
- ^{vi} "US B2B eCommerce Forecast: 2015 To 2020" Forrester Research, Inc. 2 April 2015
- ^{vii} "Predicts 2013: CRM Goes More Cloud, Becomes an App, Has a New Leader and Changes Name" Gartner, Inc., 4 December 2012
- ^{viii} "The Public Cloud Market Is Now In Hypergrowth, Sizing The Public Cloud Market, 2014 To 2020" Forrester Research, Inc. 24 April 2014