The Value Of Agile Commerce

How Commerce Leaders Use SaaS
To Drive Business Success

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Table Of Contents

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Executive Summary

Global consumer adoption of mobile devices and channels for commerce has increased the expectation for eCommerce leaders to facilitate seamless omnichannel interactions anytime, anywhere, and on any device that the customer chooses.[1] To meet these expectations, many eCommerce leaders have taken on replatforming initiatives to implement more robust commerce solutions. Their current platforms are brittle, do not offer business users the tools they need to deploy desired commerce experiences, and prevent agility with old business processes and complex deployment methodologies.

Cloud-based platforms are a popular choice due to the benefits that they provide by way of scalability, flexibility, customization, testing, and flexible pricing models. However, the road to enabling excellent omnichannel customer experiences includes cultural and procedural changes. Transforming the experience is not as simple as buying the right commerce platform. eCommerce leaders must take a number of different organizational, procedural, and technological best practices into consideration to ensure that their platform implementations are optimizing their success.

> **SaaS solutions provide commerce leaders with more agility and quicker time-to-market — benefits that correlate to higher revenue growth.**

In March 2016, Oracle commissioned Forrester Consulting to evaluate the shift in the marketplace from on-premises commerce infrastructures to modern SaaS solutions. Forrester then explored the range of maturity among enterprises that are making this shift to test the hypothesis that companies that leverage cloud commerce intelligently using best practices experience increased business success.

In conducting an online survey of 250 eCommerce decision-makers at retail and consumer packaged goods (CPG) companies within North America, Latin America, and Europe, Forrester found that software-as-a-service (SaaS) adoption is on the rise due to the many business benefits it offers. Those that optimize their SaaS deployments with the right strategy, technology, and partnerships see further benefits in the form of higher revenue growth and greater market share.

KEY FINDINGS

Forrester's study yielded the following key findings:

› **eCommerce solutions must be fast, reliable, and affordable.** Traditional concerns about SaaS — including security, compliance, and integration — persist among laggards, but on-premises solutions leave eCommerce leaders with platforms that require long, expensive cycles to deploy new functionality. In today's climate of global and mobile consumers, companies need high-performance agile commerce technologies and strategies in order to compete.

› **Agility is key to commerce success.** Commerce leaders require the ability to make quick changes and customizations to their platforms. Additionally, digital business leaders reported that the ability to integrate with other applications and systems is a key success requirement. eCommerce solutions that are part of a digital experience suite or have a rich API-first architecture are better able to meet these requirements.

› **SaaS is the answer — now make the most of it.** Not everybody leverages their cloud platforms intelligently. Those that leverage cloud commerce solutions intelligently (and use best practices) experience benefits in the form of market leadership and increased revenues.
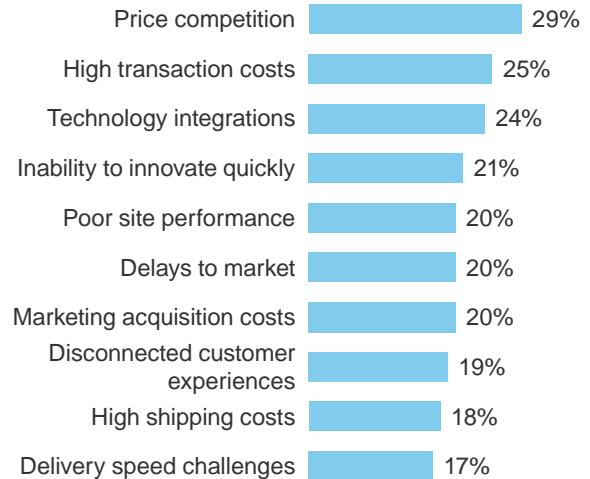
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eCommerce Leaders Need Solutions That Are Fast, Reliable, And Affordable

Despite the rapidly growing demands of consumers, the digital maturity of many enterprises still leaves much to be desired. There are few examples of companies that employ digital specialists, have fully integrated all of the modules of their eCommerce platforms, and are using advanced customer metrics to evaluate their successes.[2] For fear of change, high costs, service disruptions, and lack of resources, too many companies avoid real digital overhauls and instead bolt on technologies to their existing infrastructure in order to compete. This is problematic when these bolt-on tools don't provide the agility and flexibility that retail and consumer product companies require. Our study found that:

› **Companies mandate reliable, profitable eCommerce solutions to compete online.** Digital business leaders told us that the top risks or threats to online success at their organization include price competition, high transaction costs, difficult technology integrations, and poor site performance (see Figure 1). Therefore, they need solutions that are the opposite — affordable, connected, fast, and reliable. Companies that still rely on legacy commerce infrastructure and have not mastered Agile processes will find themselves slipping further away from these ideals as they continue to engage in lengthy, expensive, one-off technology bolt-ons to try to keep up with the market.

› **Companies require solutions that enable both agility and customization.** Eighty-one percent of eCommerce decision-makers reported that their current eCommerce platform is deployed with some form of customization rather than used out of the box (see Figure 2). As enterprises' digital businesses expand to new countries, channels, and devices, these organizations expect that eCommerce platforms will be able to support new customizations as required. Furthermore, these customizations must be able to endure future platform updates and upgrades without requiring additional development. Part of the trend toward customization is driven by the increasing adoption of Agile development strategies, which allow for quicker rollout, course correction, and responsiveness to customer inputs.[3] eCommerce leaders, therefore, require platforms that not only allow for Agile deployment but also offer analytics and testing tools that provide rapid feedback.

FIGURE 1
Top Roadblocks To Online Success

"What are the top three risks or threats to online success at your organization?"
(Percentage ranked in top three)

Price competition	29%
High transaction costs	25%
Technology integrations	24%
Inability to innovate quickly	21%
Poor site performance	20%
Delays to market	20%
Marketing acquisition costs	20%
Disconnected customer experiences	19%
High shipping costs	18%
Delivery speed challenges	17%

Base: 250 eCommerce decision-makers at retail and CPG companies within North America, LATAM, and EMEA

Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, February 2016

FIGURE 2
eCommerce Deployments Require Customizations

"How customized is your eCommerce deployment?"
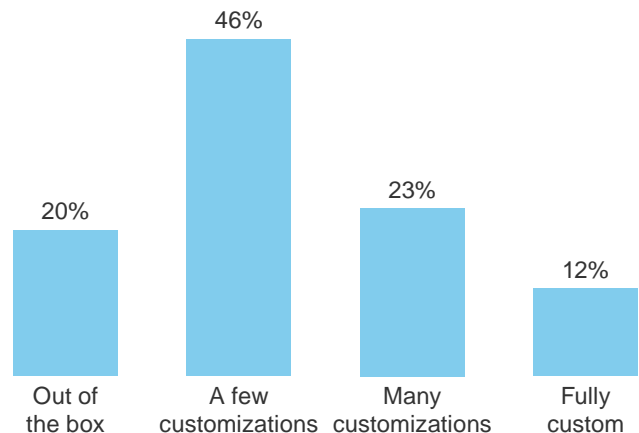
Out of the box	A few customizations	Many customizations	Fully custom
20%	46%	23%	12%

Base: 250 eCommerce decision-makers at retail and CPG companies within North America, LATAM, and EMEA

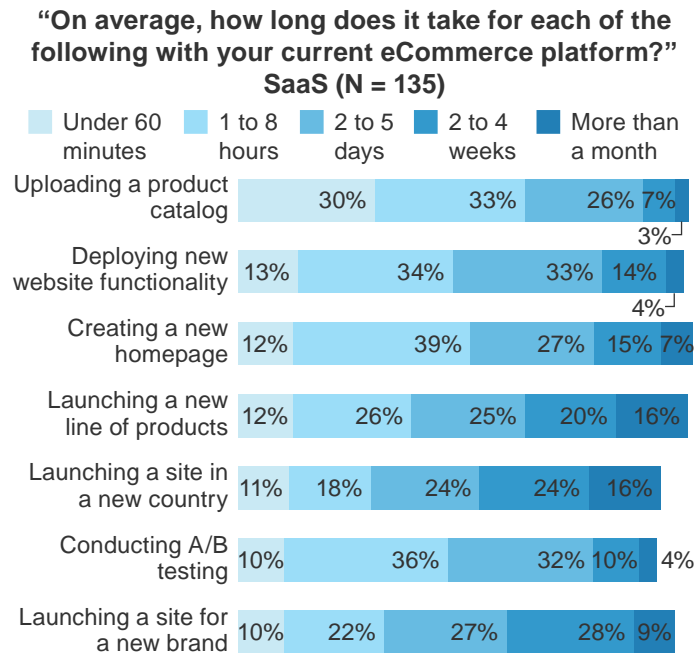(percentages may not total 100 because of rounding)

Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, February 2016

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SaaS eCommerce Creates Agility

Leaders are quickly learning that SaaS solutions provide them with the agility, speed, scalability, and pricing models that they require to compete. SaaS commerce migrations are on the rise because:

› **SaaS platforms facilitate rapid change.** When we isolated SaaS users from the remaining respondents in our study, we found that only 9% of SaaS platforms require more than a month to launch a site for a new brand; this is significantly less than the 21% of on-premises platforms that require the same. Users of SaaS solutions also address daily updates in functionality at a faster rate: 47% are able to deploy new website functionality in 8 hours or less, while only 28% of other respondents can complete deployments in this time (see Figure 3). Unsurprisingly, SaaS adopters reported higher satisfaction with the amount of time it took to implement changes across the board.

› **SaaS eCommerce drives business benefits**. Why the pervasive interest in SaaS? The migration to SaaS solutions offers businesses a litany of benefits that outweigh the features of alternative models. Forrester has found that the primary motivators to move to SaaS are the beliefs that businesses will gain improved business agility, faster implementation and deployment of existing and new functionality, and the ability to reallocate internal resources to other projects.[4] Our survey confirmed that businesses are achieving each of these benefits. Lower implementation costs, improved business agility, and faster time-to-market have had the largest impact on the business of SaaS commerce adopters (see Figure 4).

FIGURE 3
Launching A New Line Of Products Or A New Site Takes Longer With On-Premises Platforms

"On average, how long does it take for each of the following with your current eCommerce platform?" SaaS (N = 135)

Legend: Under 60 minutes | 1 to 8 hours | 2 to 5 days | 2 to 4 weeks | More than a month

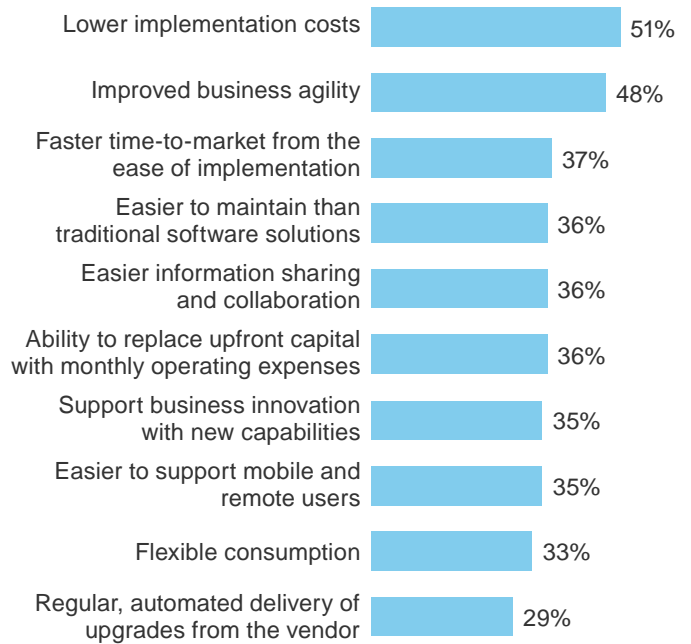|					
Uploading a product catalog	30%	33%	26%	7%	3%
Deploying new website functionality	13%	34%	33%	14%	4%
Creating a new homepage	12%	39%	27%	15%	7%
Launching a new line of products	12%	26%	25%	20%	16%
Launching a site in a new country	11%	18%	24%	24%	16%
Conducting A/B testing	10%	36%	32%	10%	4%
Launching a site for a new brand	10%	22%	27%	28%	9%

Base: 135 eCommerce decision-makers at retail and CPG companies within North America, LATAM, and EMEA that use SaaS eCommerce

("don't know/NA" responses not shown)

Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, February 2016

FIGURE 4
Lower Costs, Improved Agility, And Faster-Time-To Market Are Top Drivers For SaaS eCommerce

"What benefits of a SaaS eCommerce platform have had the largest impact on your business?"
(Please rank up to five)
(Percentage ranked in top three)

Lower implementation costs	51%
Improved business agility	48%
Faster time-to-market from the ease of implementation	37%
Easier to maintain than traditional software solutions	36%
Easier information sharing and collaboration	36%
Ability to replace upfront capital with monthly operating expenses	36%
Support business innovation with new capabilities	35%
Easier to support mobile and remote users	35%
Flexible consumption	33%
Regular, automated delivery of upgrades from the vendor	29%

Base: 135 eCommerce decision-makers at retail and CPG companies within North America, LATAM, and EMEA that use SaaS eCommerce

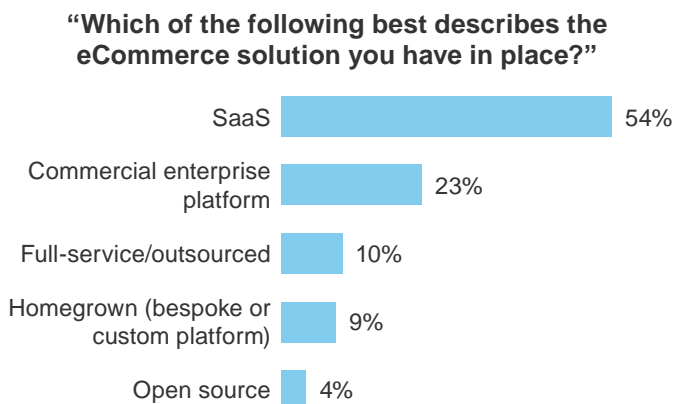Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, February 2016

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Business Benefits Drive SaaS Adoption

Companies that weren't born digital require a radical overhaul to get their people, processes, and technologies up to speed with the market — which is moving quickly, particularly within industries like retail and consumer products. eBusiness leaders are increasingly gaining buy-in to invest in modern commerce solutions that will enable them to take control of their growing digital touchpoints and provide a consistent customer experience. Our study found that:

› **Over half of companies currently leverage a SaaS eCommerce solution.** SaaS adoption is increasing across the enterprise application portfolio, so it comes as no surprise that companies are increasingly turning to SaaS when selecting an eCommerce solution. Of the eCommerce decision-makers we surveyed, 54% currently use a SaaS eCommerce solution (see Figure 5). And as companies consider replacements for their existing eCommerce applications, SaaS remains the frontrunner. Forty-six percent of migrating companies are likely to implement SaaS as their next eCommerce solution, outpacing commercial enterprise platforms (28%), outsourced solutions (12%), homegrown platforms (9%), and open source (5%).

> **FIGURE 5**
> **Current Rate Of SaaS eCommerce Adoption**

"Which of the following best describes the eCommerce solution you have in place?"

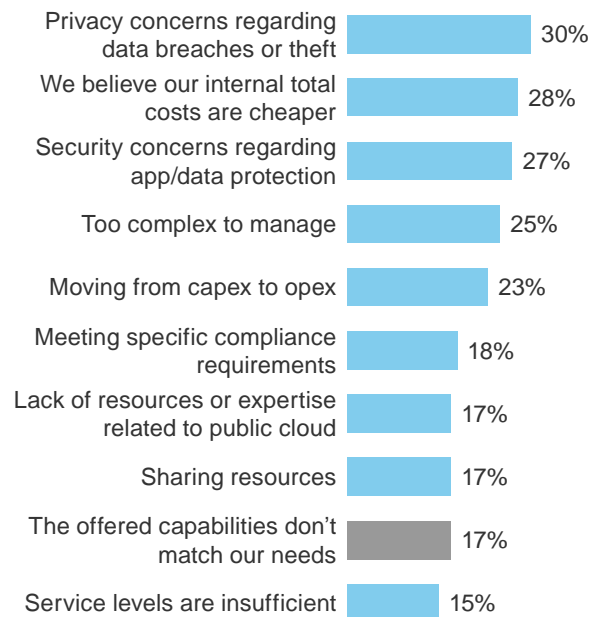|	
SaaS	54%
Commercial enterprise platform	23%
Full-service/outsourced	10%
Homegrown (bespoke or custom platform)	9%
Open source	4%

Base: 250 eCommerce decision-makers at retail and CPG companies within North America, LATAM, and EMEA

Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, February 2016

› **Security and data privacy are still top barriers to SaaS adoption.** SaaS concerns persist among eCommerce decision-makers (see Figure 6). Sixty-six percent of total respondents cited security as the top consideration when selecting an eCommerce platform, despite overwhelming evidence that state-of-the-art SaaS solutions are just as capable of protecting customer information, corporate intellectual property, and other business secrets as traditional hosted solutions.[5] And when asked to cite the reasons that prevent a SaaS migration, 30% of non-SaaS users reported privacy concerns around data breaches or theft, followed by cost concerns (28%) and security concerns regarding data and application protection (27%). Cost concerns can be addressed by performing a total cost of ownership (TCO) analysis of platform alternatives. TCO will vary based on the specific size of the deployment, pricing, and resource requirements. Even when SaaS and on-premises platform costs are equal, many organizations find value in the lower upfront investments and efficiency gains associated with SaaS solutions.

> **FIGURE 6**
> **Concerns About Saas Persist**

"What concerns, if any, do you have that may prevent you from moving to a SaaS eCommerce platform?"

Privacy concerns regarding data breaches or theft	30%
We believe our internal total costs are cheaper	28%
Security concerns regarding app/data protection	27%
Too complex to manage	25%
Moving from capex to opex	23%
Meeting specific compliance requirements	18%
Lack of resources or expertise related to public cloud	17%
Sharing resources	17%
The offered capabilities don't match our needs	17%
Service levels are insufficient	15%

Base: 115 eCommerce decision-makers at retail and CPG companies within North America, LATAM, and EMEA that *do not* use SaaS eCommerce

Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, February 2016

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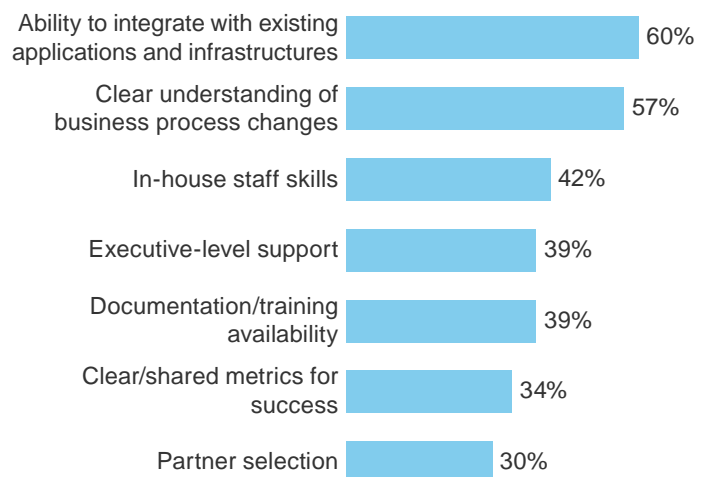# Follow The Leader — Optimize Using Market-Leading Best Practices

Not all SaaS deployments are created equal. To get the most out of their eCommerce platforms, leaders must put the right people, processes, and technologies in place. Companies have a range of vendors and solutions to choose from, and they need to ensure that they're evaluating alternative options on the criteria most likely to drive business success. Using indicators such as revenue growth rates and market share, we found that more successful companies optimize their SaaS deployments differently. Our study uncovered the following best practices:

› **Leaders prioritize integration and business process change.** Developing a world-class digital experience — just like implementing any other large process or technology change — begins by formulating a robust plan that accounts for people, objectives, strategies, and technologies.[6] Figure 6 shows that many leaders are hesitant to move forward with SaaS because they are worried about various integration or management complexities. Not surprisingly, when we asked respondents what factors they consider to be the most critical to a successful SaaS implementation, the top two factors were the "ability to integrate with existing applications and infrastructures" and a "clear understanding of business process changes" (see Figure 7). eCommerce leaders must work with other business leaders to define key goals and priorities and choose the SaaS tools and processes that are most appropriate for their particular growth strategy. Then, they must work with SaaS vendors that understand their business and can help to ensure effective integration. Some vendors offer "digital experience platforms" that come prebuilt with integrations between commerce, marketing, service, and other types of digital engagement. These platforms reduce the burden of integration and provide tools that allow brands to win, serve, and retain customers across the whole buyer journey.[7]

› **Market leaders use Agile development technology.** Part of facilitating integration is building in APIs that allow for Agile development. Our study found that "more agility and faster time-to-market for new initiatives" was a top consideration for choosing eCommerce platforms among respondents that have exceeded their revenue growth plans by at least 10% (see Figure 8). Additionally, we found that when leaders are considering an eCommerce

platform investment, "prioritization of modern development technologies" — such as APIs and HTML5 — is correlated with both higher revenue growth and higher market share among respondents that have adopted SaaS eCommerce solutions. APIs are among the most powerful tools in the eBusiness professional's toolkit, enabling accelerated innovation, new revenue streams, and robust, digitally powered, multi-touchpoint customer experiences.[8] They are fundamental building blocks of a true digital business, and when embraced, they are a central part of customer value creation. Building APIs into your digital business is more than just a technology initiative. In addition to investing in the right technologies to support APIs, eBusiness leaders must work closely with application development, enterprise architecture, and customer experience colleagues to design their API strategy as part of their broader business strategy.

FIGURE 7

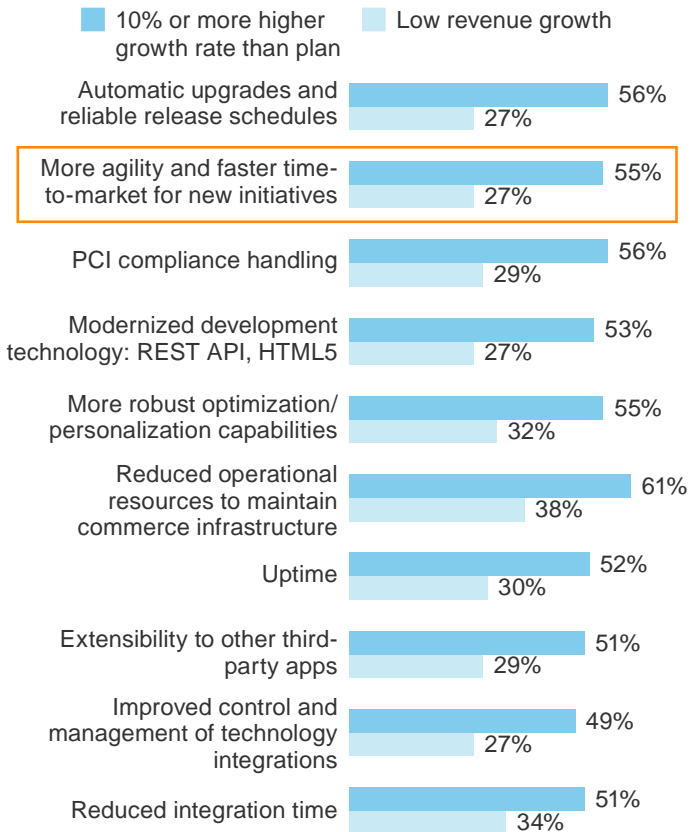**Integration And Understanding Of Process Changes Are Paramount**

"Which factors do you consider to be the most critical to a successful SaaS implementation?"
(Percentage ranked in top three)

Factor	Percentage
Ability to integrate with existing applications and infrastructures	60%
Clear understanding of business process changes	57%
In-house staff skills	42%
Executive-level support	39%
Documentation/training availability	39%
Clear/shared metrics for success	34%
Partner selection	30%

Base: 135 eCommerce decision-makers at retail and CPG companies within North America, LATAM, and EMEA that use SaaS eCommerce

Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, February 2016

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FIGURE 8
Higher-Revenue Performers Prioritize Agility

"How important are/were the following factors when choosing an eCommerce platform?"

■ 10% or more higher growth rate than plan   ■ Low revenue growth

Factor	10% or more higher growth	Low revenue growth
Automatic upgrades and reliable release schedules	56%	27%
More agility and faster time-to-market for new initiatives	55%	27%
PCI compliance handling	56%	29%
Modernized development technology: REST API, HTML5	53%	27%
More robust optimization/personalization capabilities	55%	32%
Reduced operational resources to maintain commerce infrastructure	61%	38%
Uptime	52%	30%
Extensibility to other third-party apps	51%	29%
Improved control and management of technology integrations	49%	27%
Reduced integration time	51%	34%

Base: 131 eCommerce decision-makers at retail and CPG companies within North America, LATAM, and EMEA

(percentages represent ratings of "very important")

(response list does not show all variable options)

Source: A commissioned study conducted by Forrester Consulting on behalf of Oracle, February 2016

› **Leaders highly value strong partnerships.** A whopping 94% of the market-leading SaaS adopters that we surveyed said that "partnering with a reputable technology company that prioritizes my business success" is an important or very important factor when choosing an eCommerce platform, versus only 57% of their SaaS-using peers that are not currently in a market-leading position. Partnerships with reputable companies are correlated with higher revenue growth rates over the past year as well. eCommerce pros already work with partners and third-party vendors to support a wide range of functions. Most organizations have developed a basic list of criteria to look for in SaaS vendors, especially fundamentals such as uptime, performance, and vendor viability metrics. Forrester believes that the most successful partnerships take this to the next level, tying vendor relationships to business success.[9] Your company should look to partners that can prove their contribution to successful deployments and business outcomes. This includes proof points such as uptake of the solution features among their clients, upgrade frequency, customer retention, and time-to-value. Partners should also have a robust customer success program with dedicated resources that help maximize your business success.

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Key Recommendations

Customer obsession has never been a higher imperative than right now, particularly among retail and consumer product organizations. SaaS solutions provide the scalability and agility that companies need, but they must be deployed intelligently, using best practices that account for all of the people, processes, and technologies involved. Forrester's in-depth surveys with eCommerce decision-makers yielded several important observations and recommendations:

› **Perform a total cost of ownership analysis.** The pricing models of SaaS solutions are typically much different than those of on-premises eCommerce software. The total financial impact may not be clear to organizations that have not fully assessed the total cost of ownership of SaaS versus on-premises software. In order to reconcile the different pricing models of eCommerce software delivery, eBusiness leaders must normalize the expense and perform a total cost of ownership analysis for both cloud-based and on-premises solutions. Along with satisfying the needs of executives and board members, the total cost of ownership exercise will allow eBusiness leaders to monitor and maintain costs associated with operating a SaaS eCommerce platform.

› **Determine if your organization is ready for SaaS.** When moving to a SaaS commerce solution, organizations have an opportunity to pivot technology resources from maintaining servers to driving business performance. Organizations moving to a SaaS eCommerce platform must ensure that existing technology resources shift from maintaining legacy systems to driving business outcomes and customer value.

› **Infuse agility into eCommerce development and operations. . . .** Moving to a SaaS-based commerce application does not guarantee success. Retail and consumer product organizations must transform how they operate their commerce business in order to unlock the most value from their SaaS deployment. These teams must incorporate design thinking into refining their eCommerce processes with the customer at the center, and they must favor platforms that support Agile customizations to optimize their success with Agile initiatives.

› **. . . and measure success in new ways.** Rapid prototyping and deployment of commerce capabilities can yield improvements to the online customer experience. However, as the pace of development and deployment speeds up, organizations are more likely to miss a key requirement or introduce a bug in the code. To mitigate these risks, organizations that do rapid development must measure the performance of these new capabilities in near real time in order to identify and fix wonky experiences or flag and amplify capabilities that have significantly improved results.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 250 retail and CPG organizations in the US, the UK, France, Germany, Mexico, and Brazil to evaluate their eCommerce trends and perceptions. Survey participants included a mix of business-to-business (B2B) and business-to-consumer (B2C) companies. Respondents included manager-level and above decision-makers with responsibility for eCommerce infrastructure and strategy. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began and was completed in February 2016.

Appendix B: Supplemental Material

RELATED FORRESTER RESEARCH

"Application Adoption Trends 2016: SaaS Expands Across The Enterprise And Across The Globe," Forrester Research, Inc., March 30, 2016

"Brief: Oracle Commerce Gets The Cloud Treatment," Forrester Research, Inc., July 6, 2015

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Appendix C: Endnotes

[1] Source: "The Forrester Wave: Mobile Commerce And Engagement Platforms, Q1 2016," Forrester Research, Inc., January 14, 2016.

[2] Source: "Evaluate Your B2B eCommerce Maturity," Forrester Research, Inc., November 2, 2015.

[3] Source: "Next-Generation Business Apps Require Agile Implementation Approaches," Forrester Research, Inc., November 11, 2015.

[4] Source: "Application Adoption Trends 2015: The SaaS Boom Continues As Businesses Demand Agility," Forrester Research, Inc., April 24, 2015.

[5] Source: "Software-As-A-Service In Banking," Forrester Research, Inc., July 13, 2015.

[6] Source: "It Takes A Village To Deliver World-Class B2B eCommerce," Forrester Research, Inc., January 7, 2016.

[7] Source: "The Forrester Wave™: Digital Experience Platforms, Q4 2015," Forrester Research, Inc., October 22, 2015.

[8] Source: "Brief: Four Ways APIs Are Changing Your Business," Forrester Research, Inc., June 17, 2015.

[9] Source: "SaaS Vendor Evaluation: Criteria To Track For Business Outcomes," Forrester Research, Inc., January 6, 2015.