NETSUITE

Connected Commerce:
Speeding the Lifeblood of Business

NETSUITE

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Executive Summary

The warp speed evolution of commerce is challenging both business to business (B2B) and business to consumer (B2C) enterprises to function more intelligently, efficiently and collaboratively across global networks to meet the growing expectations of connected and empowered customers. Bridging the gap between the customer-facing front-end and back-end financials, inventory and CRM systems holds the key to competitive advantage and to sustaining performance and profitability as the new commerce landscape continues to unfold.

The Rise of Connected Commerce

Commerce—the very lifeblood of business—has changed dramatically in a matter of years. Technology has made possible such capabilities as automated online self-service, electronic payments, mobile access, social media and real-time information sharing. Such features are no longer just nice to have—they are core requirements to satisfy both business and consumer buyers.

To remain competitive and relevant, every enterprise must harness today's connected technologies to interact more effectively with prospects, partners and customers. Commerce has to involve far more automated, real-time interactions than seemed possible just a few years ago. The most eye-catching changes are happening at the frontline with customers, such as sales people using iPads to demonstrate product features face-to-face with customers, or to collect payments on the spot using card reader attachments.

Equally fundamental changes are taking place in the supply chain, with suppliers able to access and update purchase orders in real time, in some cases arranging maintenance or replenishing stock in response to automated alerts from their customers' equipment. These changes place new demands on the financial and accounting systems that lie in between, requiring rapid updating and reporting of transactions so that information analysis and decision-making is accurate and timely.

Enterprises are adapting to these new modes of commerce across both online properties and physical outlets, on mobile devices or through connected ecosystems of partners, in traditional product sales and in newly evolving subscription relationships. So far, this revolution in how interactions take place has touched only early adopters, and their experiences are reflected in this document. It will go on touch every enterprise, from the most innovative online consumer brands to the most staid of traditional B2B companies.

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>
> —Stephen Baumer
> CTO, GoPro

GoPro Case Study

Changes in consumer behavior and expectations have put consumer brands at the leading edge of connected commerce. Whereas interactions used to take place at arm's length, over the phone or through a retail distribution network, today's consumers carry their own powerful digital devices to plug into a global network of market intelligence. They can look up product information, read reviews posted by their fellow consumers, instantly seek advice and exchange opinions and, when they're ready to buy, easily search for the best prices and local availability.

With all this computing power and distributed information at their fingertips, it should be no surprise that consumers expect similar responsiveness from a manufacturer's own enterprise systems. Consumer brand manufacturers have no choice but to become connected enterprises. They must acquire the real-time communications capability to operate global supply and distribution channels at the same time as managing direct multi-channel relationships with digitally astute customers.

Activity video camera maker GoPro is an excellent example of this connected breed of consumer brand manufacturer. Its meteoric growth has been driven largely by word-of-mouth recommendations among a passionate, highly connected customer base. *"We haven't been in a position where we've had to market heavily. A lot of it's been 'viral'—word-of-mouth and click referral traffic,"* explains CTO Stephen Baumer.

"Our biggest challenge has been our supply chain—being able to make these cameras fast enough," he says. The company has met the challenge by rapidly implementing efficient, end-to-end processes that maximize the use of automation and real-time information exchange. *"We've built a very internationally reaching business from a sole headquarters here in California. I think what made a lot of that work was our ability to push out real-time information to our distributors and to customers that were in different time zones,"* says Baumer.

Over the past two years, GoPro has put in place a broad spectrum of connections to suppliers, partners and customers, helping to accelerate its responsiveness and maximize productivity.

- **EDI connectivity.** GoPro has connected its ERP system into value-added networks (VANs) and Internet-based AS2 connections to link up with traditional EDI-based purchasing systems of large retailers including Best Buy, REI, Target and Walmart. Between a quarter and a third of its sales transactions now come through these automated EDI connections.

- **Inventory visibility.** Complex inventory movements across virtual locations at its warehousing and logistics partner are managed and mapped using XML connections into its system, giving GoPro a direct view of the supply of stock to retailers and end customers.

- **Custom portals.** Custom portals allow smaller distributors, brand representatives and specialty retailers to access real-time information about inventory availability and order status directly from the ERP system. Partners across more than 75 countries use the portals to drill down into available-to-promise dates, place orders, check balances and track progress of international letters of credit relating to shipments.

- **Mobility.** GoPro is porting its web-based product information and online training to mobile apps for use in stores by brand representatives and retailers. Tablet and smartphone users will be able to place orders from directly within the training environment. For example, brand representatives will use an iPad to brief store owners on new products and, without leaving the app, take an order there and then.

- **ERP/CRM integration.**
  An integrated ERP and CRM
  system supports direct sales
  by the internal sales team into
  smaller, specialty retailers.
  Having all the information in
  a single system makes it easy
  to track products through the
  full manufacturing, sales and
  returns cycle to provide seamless
  support and warranty service.
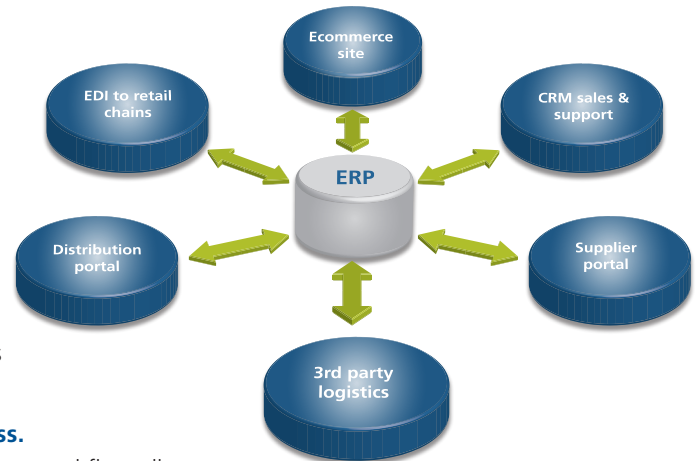
- **Contract manufacturer access.**
  A web portal with built-in custom workflow allows
  overseas contract manufacturers to track purchase orders, manage changes to bills of materials
  and minimize invoice discrepancies.

- **Analytics.** Data from the core ERP system is analyzed alongside web analytics data and retailer
  sell-through data to monitor and improve key performance metrics as diverse as customer
  support wait times, iPhone app usage and retail sales trends.

By extending its core systems into portals and connections that process orders, manage stock
and deliver up-to-date information to suppliers and distribution partners, GoPro has been able to
expand into new distribution partnerships to maintain its growth. That it has been able to build
this infrastructure in the space of just two years is a testament to the flexibility of the integrated,
cloud-based NetSuite ERP system it chose as its business platform. During that time the company has
posted annual revenue growth of 380 percent and seen its product become the top-selling
video camera in the U.S., according to market research by IDC.

Commerce for the 21st Century

Several trends have combined to produce the revolution we are now seeing in commerce.
Let's look at how enterprises must adapt to each of them to keep pace with the changing
demands of today's markets.

Connected Smart Platforms

Automation capabilities that used to be affordable only to the largest enterprises are now
commonplace. Smartphones and tablets pack more compute power than the supercomputers of
just a few years ago—and with their broadband connectivity; users are able to connect to cloud
resources on demand. Deploying sophisticated self-service software to these connected smart
platforms is a simple matter of downloading an app.

This means that enterprises no longer have to provision their own technology infrastructure to
remote locations. Instead, they can take advantage of the shared global Internet and their customers'
and partners' own connected devices. The web portals and downloaded apps they access become
an extension of the enterprise computing infrastructure, enabling rich, on-demand interactions.
The practical outcomes are visible across the distribution chain.

- **Self-service commerce websites.** As we saw in the case of GoPro, even a web-based portal can offer significant productivity gains for interactions with customers and every other participant in distribution and supply chains. The two ingredients are a direct connection to the underlying ERP system, so that the information and responses provided are fresh and accurate, along with a flexible platform that's customizable to specific business processes while offering consumer-friendly ease-of-use.

- **Deploying tablets at point of sale.** The convenience, informality and visual fidelity of tablets make them perfect in one-to-one sales roles. Many retailers are turning to tablets as a replacement for traditional point-of-sale (POS) systems, enabling sales assistants to serve customers anywhere in the store and, where available, connect to a customer's stored preferences to improve the shopping experience. As the case of GoPro shows, a well-designed tablet app also brings compelling immediacy and convenience to B2B sales appointments.

- **Mobile and social interactions.** Many consumers are accustomed to browsing commerce sites on mobile devices while using social interactions to help make their purchase decisions. The same habits are carrying across into B2B purchasing. Commerce platforms must keep pace with these trends by supporting mobile interfaces and connections to social media.

Connected Smart Data

The connected resources available to consumers through mobile and web-based applications and services have raised customer expectations. When they can look up information on demand from an almost unlimited variety of sources online, it's natural to demand similar information access and speed of response from the enterprises they interact with.

Enterprises must respond by intelligently connecting all the data they can bring together on each of their customers so that any request or issue can be answered with full knowledge of the customer's situation. This has often been known as the "360-degree view" of the customer, the integration of sales, service and support software with transactional data in back-end systems. In today's connected world, the need goes even further, adding in information gleaned from external sources such as third-party databases and social media. The commerce platform must bring together all this data, analyze it purposefully and deliver pertinent information where it's needed.

- **Customer-aware interactions.** Having customer information available at the point of contact is becoming the base-level expectation in today's connected world, whether it's information about delivery status of an order, a reminder to book a service call or a personalized menu of frequently ordered items. The commerce platform should make this information available not only for employees receiving an incoming call or meeting the customer, but also within self-service portals or mobile apps.

- **Background context.** Information from external sources, including news feeds, demographic data, social media such as professional networks, Twitter streams and elsewhere, all provide valuable additional context, especially when evaluating prospect readiness and customer sentiment.

- **Data analytics.** Consumers and many B2B buyers are already used to online retailers analyzing their past purchases and suggesting items "you might also like." Data analytics is increasingly becoming a standard function in commerce.

Connected Ecosystems

The spread of powerful business automation capabilities coupled with widespread connectivity is enabling a transformation in the day-to-day conduct of commercial relationships. Instead of slow, paper-based processes between separate islands of operation, more pervasive integration across global supply and distribution chains has enabled real-time connections and information sharing.

Enterprises that are able to bring end-to-end automation to their connected ecosystem benefit from better coordination, increased responsiveness and shortened time to market. Increased use of automation is changing the nature of supply and distribution contracts, enabling more dynamic, as-a-service supply arrangements that can adapt on the fly to changing conditions based on pre-agreed parameters.

- **Collaborative commerce.** Partners in an ecosystem are able to use connected automation to collaboratively sell to and service customers, ensuring a consistent experience across the entire distribution channel.

- **As-a-service contracts.** Many industries are replacing the old model of sporadic one-off product sales with continuous service contracts that supplement the product with maintenance, renewals and support to ensure optimum performance throughout its lifetime.

- **Machine-to-machine ordering.** Today's smart devices are able to report their status, opening up new opportunities for automated replenishment or servicing as part of an ongoing contract.

ESET Customer Success

ESET is a computer security threat protection software vendor that manages a mix of online, retail and reseller sales using an integrated NetSuite ERP and ecommerce platform. Most of its B2B revenues come through a partner channel of around 1,100 resellers in more than 180 countries.

Resellers place and pay for orders using an automated, self-service portal where they can also track renewals and trials. Licenses are delivered electronically direct to customers and are tracked on the core ERP system for renewal and support purposes. *"I have a complete 360-degree view of my customer because it's all on one system,"* says John Tannone, ESET VP of business systems.

Connected Enterprise Systems

Commerce cannot happen in isolation at the periphery, disconnected from the enterprise core. Plugging into today's smart devices, enabling a fully contextualized view of the customer and automating collaboration across the partner ecosystem produce the most value when connected in real time to master records of customers, products and transactions.

Enterprises must invest in integration of flexible, innovative commerce platforms into their core ERP systems to enable real-time information flows and globally effective interactions. This can be costly, complex and time-consuming when existing ERP systems have not been designed with such connectivity in mind. Many enterprises have found a much faster, more economic route to connected commerce in adopting an integrated, cloud-based system that combines flexible external connectivity and functionality with a robust transactional core. If needed, such a system can integrate back to the core financials in a two-tier arrangement, acting as a bridge between the two worlds.

Magellan Customer Success

Portable navigation device maker Magellan GPS implemented an integrated commerce and ERP system from NetSuite to bring more agility and oversight to its commerce operations, linking back to a core Oracle ERP system. Each website in 20 countries of operation displays products according to regional availability, local language, currency and tax. Magellan also runs a mobile version of its ecommerce site.

Partner portals manage relationships with reseller brands such as AAA, Penske Racing and Micron. *"It gives us real-time order processing unavailable with our outdated legacy system,"* says Renato Siljeg, head of information technology. *"We have tripled our productivity, enhanced our risk management and reduced our overall ecommerce IT expenditures."*

Preparing for a Connected Future

In both B2B and B2C sectors, the world of commerce is changing fast. The rapid proliferation of smart devices, the widespread availability of new platforms for business automation and global access to real-time connectivity have opened up completely new ways of doing business. Pioneers such as Amazon and Apple are the most visible role models for these new styles of commerce, but many others—both newcomers and established names—are testing and refining new business models and practices enabled by the convergence of these trends.

Enterprises must give themselves the flexibility to rapidly take advantage of emerging opportunities or risk being left behind. The ability to interact with customers and partners over websites, mobile devices, tablets, phones and other emerging channels is the outward-facing part of the story. Equally important is connecting those interactions into the organisation's internal operational systems.

Those that achieve both the external flexibility to operate across multiple channels and the internal connectivity to provide real-time, end-to-end information and transactions will be best positioned to meet the challenges and seize the opportunities that lie ahead.