



RESEARCH NOTE

October 10, 1999

Research Note #99-41

Next-Generation eCommerce Evolving Beyond Online Order Management

By Dave MacSwain, President & CEO, SpaceWorks

Keywords: Customer Service, Solutions, Online Billing, Fulfillment, Metrics

CommerceNet thanks the author for permission to republish this article for our members. This is a note from one CEO to other CEOs out there who are trying to prepare their companies for eCommerce.

A look at eCommerce's short history reveals that as a business platform, this outlet is evolving at a breakneck pace. Merely enabling online transactions will soon be insufficient to satisfy customers—a competitive e-business model will include customer service, marketing and fulfillment capabilities.

Web-faced order-entry will be but one small part of the total package as eCommerce systems feature functionalities that supplant human intervention. Organizations will rely on an eCommerce infrastructure to provide a seamlessly integrated link for customers to access a company's back-office and front-office applications, turning business processes such as collaboration, marketing, order processing, order tracking, fulfillment, billing and customer service into personalized, customer facing operations over the Internet.

However, piecemeal add-ons do not a business strategy make. All of these tools must converge into a seamless whole—a complete eCommerce solution. OrderManager, an award-winning product from SpaceWorks, a leading business-to-business Web commerce vendor, offers all of the capabilities a next-generation eCommerce site requires in one package—nothing left out, nothing to integrate. Ushering in a new era of customer-focus in eCommerce, SpaceWorks (a CommerceNet member) is incorporating the following features into its eCommerce product.

Anticipating Customer Need

Planning is critical to meeting a customer's product and services needs. Typically, supply chain planning and management solutions allow organizations to anticipate and prepare for customer demand. However, this planning is only effective if it does not take place in a vacuum.



COMMERCE NET
10050 N. WOLFE RD., SW2-255
CUPERTINO, CA 95014

PHONE: 408-446-1260
FAX: 408-446-1268
URL: www.commerce.net



COMMERCE NET
10050 N. WOLFE RD., SW 2-255
CUPERTINO, CA 95014

PHONE: 408-446-1260
FAX: 408-446-1268
URL: www.commerce.net

Collaborative, joint planning will be key to remaining competitive as we move into the next decade. A worthy eCommerce solution will offer its users the ability to collaborate *via* the Internet with customers and the field force on:

- New product design and development
- Sales plans and forecasts
- Replenishment plans and schedules
- Product correlation and market data

Enhanced Customer Service Keeps Them Coming Back

When ordering *via* the telephone, a customer enjoys the benefit of a human's helping hand—questions are answered, fears are allayed, concerns are addressed. In order to keep customers satisfied with the electronic channel, it must be on par with that of a 24- hour *live* customer service representative. The frustration of being kept waiting, or clicking through a maze of screens to no avail, is a sure-fire way to lose customers.

Whether through real-time email, chat functionality or voice over Internet, customers must have access to help when they need it.

Marketing Maven Out of the Box

Innovative companies are leveraging the Web as a total customer channel. Beyond simple sales capabilities, the Web can function as a powerful marketing tool. Successful personalized marketing is underpinned by an in-depth understanding of the customer – their needs and buying habits. A next-generation eCommerce solution must allow a company to capture customer activity and build profiles. With these profiles, a company can tailor marketing efforts to individual visitors. For example:

- Present on-screen promotions and offers to the customer.
- Target e-mail promotions and offers to the customer.
- Allow the selling organization to capture, analyze and leverage buying information to drive future promotions and events.
- Automatically recommend product upgrades or enhancements specific to the customer.
- Automatically recommend complimentary products and services specific to the customer.
- Target storefront that features commonly ordered items.

The Virtual Sales Associate

Depending on which survey you read, it is projected that up to 60-to-70 percent of transactions on the Web are abandoned without completion. Many times this is because the buyer is really not certain what it is they need to order. A customer may know what problems they need to solve, or what their needs are at very high level. However, they might not know enough about your products to effectively select the correct one.

Suppose a customer is in search of a solution to seamlessly integrate with products they have already purchased but they don't know if the product you offer will do this. In this case, an eCommerce solution should provide an interactive, guided selling experience that will lead the buyer from the initial needs assessment stage through product validation and finally to placement of the transaction.



COMMERCE^{NET}
10050 N. WOLFE RD., SW2-255
CUPERTINO, CA 95014

PHONE: 408-446-1260
FAX: 408-446-1268
URL: www.commerce.net

Breaking Down the Barriers to Complex Commerce

The complex nature of some products creates a barrier that prevents many companies from making the Web a selling channel. Many companies who want to leverage the commercial power of the Internet sell products that are comprised of many components. These components can change based on the customer's requirements. This type of product sale usually requires the acumen of a trained, experienced sales person (or engineer).

Traditionally, salespeople have had software tools at their disposal for developing these complex product configurations, and sales cycles for these items are long and intricate. The goal of eCommerce is to empower the customer to create his or her own customized product. Therefore, an online tool is required to allow the online customer to accurately and efficiently design the complex products.

Better Billing

The two predominate methods used today to invoice customers, public mail and EDI, are both costly and time-consuming. What businesses need is a quick, inexpensive electronic method for invoicing customers. The Internet is the right platform for supporting this new method. Next-generation eCommerce will allow users to invoice their customers *via* the Internet. Features such as electronic access to purchase history and invoices, invoice to order reconciliation and online payment are just some of the features that a comprehensive eCommerce solution will support.

Fulfillment

Once a customer has selected a product, arguably the most critical part of the transaction is still to come—fulfilling the order. Many of today's systems still require customer service staff to print out the Web order form and input the data to the supply chain system. The customer must then play a waiting game. With no access to delivery information, he or she must trust in the vendor to produce a satisfactory product within a reasonable time.

Through seamless, real-time integration to the back-end system, next-generation eCommerce can facilitate product tracking and delivery. The same Web-front that the customer used to order a product will provide a choice of multiple shipping and delivery options with a forum for price comparison. Once an order is placed, the information is sent directly to the fulfillment system, and the customer receives electronic notification of order shipment. Then system provides details on the carrier and a window into the carrier to track the shipment through every stage until it arrives.



COMMERCENET
10050 N. WOLFE RD., SW2-255
CUPERTINO, CA 95014

PHONE: 408-446-1260
FAX: 408-446-1268
URL: www.commerce.net

Continuing Customer Care Beyond Commerce

As most of us know, the sale doesn't end with the shipment of the product to the customer. In today's business world, service and support has in many cases supplanted price and quality as the important criteria in the buying decision. For these reasons, providing this service and support can be critical to closing the sale. To facilitate this, the eCommerce solution must have the ability to effectively and efficiently service your customers by offering the following features:

- Product registration
- Problem resolution
- Handling of product returns and replacements
- Warranty information and claims processes
- Routine product maintenance notifications
- Product recall notifications
- Customer satisfaction surveys
- Customer communities via chat rooms, bulletin boards and discussion groups

Means for Measuring Channel Effectiveness

As a full-functioning channel, eCommerce should be capable of withstanding rigorous measurement. What good is the investment in an eCommerce infrastructure if it goes unused?

Next-generation eCommerce will incorporate the ability to capture and analyze metrics and statistics related to the technical performance of the site. Some examples of these metrics are usage, average access time, load on the system and the length of time to access catalog items and place orders.

A second set of metrics and statistics will relate to the business effectiveness of the site. These include metrics such as percentage of return buyers, average order size, cost of orders, buyers versus browsers, and many other metrics, all measured against other customer channels.

Sell-side business-to-business eCommerce software is transforming the Web into a complete self-service customer service channel. With OrderManager, SpaceWorks enables companies to evolve beyond order management to total e-business with one seamlessly integrated solution.

About the Author:

David MacSwain, SpaceWorks has more than 25 years of experience in high-technology leadership and has served as SpaceWorks president and chief executive officer since June, 1996. Before coming to SpaceWorks, MacSwain served in senior management roles at both Software AG and Digital Equipment Corporation. He is a frequent author and speaker.