

White Paper

Build vs. Buy Dilemma: Choosing a Digital Commerce Platform



Introduction

Rapid technological advances have caused disruption and changes in not only how we communicate, but also how we do business. Cloud computing has been the leading accelerator of innovation, making it easier and faster to bring new products and services to market, as well as driving a proliferation of new channels to support. Forrester predicts the number of ISVs to leap from 175,000 today to 1 million in 2027.¹ Upwards of 70% of global revenue comes from third-party channels,² and partners are playing an increasingly important role. Subsequently, B2B e-commerce marketplaces are growing rapidly, with Gartner reporting that by 2023, at least 70% of the enterprise marketplaces launched will serve B2B transactions.³

1. go.forrester.com/blogs/the-channel-software-stack-a-comprehensive-and-critical-look-at-the-future-of-the-industry/

2. go.forrester.com/blogs/what-i-see-coming-for-the-channel-in-2020/

3. Gartner, Create Enterprise Marketplaces to Accelerate Digital Business, ID #G00386889, July 2019

Choosing a Digital Commerce Platform

Forrester predicts that 17% of the \$13 trillion in B2B spend will flow to e-commerce marketplaces by 2023. There have been two ways to create a digital commerce platform and/or partner portal: build your own from scratch or purchase an off-the-shelf (OTS) solution. Each approach has its pros and cons. In order to make the best decision for your business, let's first review your requirements for selling.

Common Requirements for Selling

How do you use technology to help you sell technology? Selling technology has become more challenging due to a rapidly changing world. Some of today's common requirements include:

ON-DEMAND BILLING

Accurate and real-time billing is critical for customer loyalty and retention

FLEXIBLE SUBSCRIPTION MANAGEMENT

Different subscription models (e.g., one-time, recurring, on-demand) has become the norm

ROBUST CATALOG AND PRODUCT MANAGEMENT

The ability to quickly add products and bundles to your portfolio, and easily make adjustments is important in an ever-changing landscape

DIGITIZED PROCUREMENT

Simplifying and streamlining operations helps cut costs and reduce errors

EFFICIENT FULFILLMENT AND REPORTING

Centralizing all data and integrating with current systems improves speed and accuracy

ADEPT CHANNEL MANAGEMENT

B2B channels are shifting from a traditional sell/fulfill function to a more diverse ecosystem of direct and indirect partners, advocates, and third-party marketplaces, requiring management of greater complexity and scale

This list of requirements may not be exhaustive, but they represent common processes and features needed to meet the demands of today's e-commerce platforms. We've compiled a series of concepts called "The Three C's to Consider" and "The Three R's to Remember" to guide you down the decision-making path of the build-or-buy platform technology question.

The Three C's to Consider

COSTS

Do you have the budget to build your commerce platform and manage change into the future? The advent of multiple cloud marketplaces comes at an unexpectedly high cost. Typically, businesses have a dedicated team of developers to build their own partner portal and manage the integrations with partners and other marketplaces. ISVs spend more than \$1 million each year to maintain this type of integration.⁵ Development and maintenance costs are just the tip of the iceberg; technical support and customer support add up as the business expands.

CUSTOMIZATION

Is customization absolutely necessary? It can be difficult to find an OTS SaaS solution that integrates with 100% of your business' existing software (e.g., ERP, CRM, marketing automation and more). In this case, building your own solution specific to your business' ecosystem with only the features you will use, may appear to be the ideal option. However, you may have to add features in the future. As mentioned above, unique integrations with each different partner can also hamper time to market. Forrester reports that as much as 40% of all B2B transactions are through digital sales channels. For partner ecosystems to scale effectively, you need to be able to manage their integration and rate cards.

4. go.forrester.com/blogs/what-i-see-coming-for-the-channel-in-2020/

5. www.cloudblue.com/blogs/Cloud-marketplaces-are-proliferating-presenting-both-challenges-and-opportunities-for-ISVs/

CONTROL

Do you need control to be compliant? With a DIY platform, critical business information and customer data remain in-house. It's your responsibility to meet security and compliance regulations as well as ensure that third-party products and services keep the promises you make to your customers. Another control perspective to be aware of is that there is bound to be “scope creep” and growing business needs, which increase the first “C” above, costs. Rather than controlling, you will need to anticipate the accelerated pace of innovation driven by the cloud.

The Three R's to Remember

RESOURCES

Do you have a team of developers, and is building a digital commerce platform their core competency? An OTS solution relieves your development team to do what they were hired to do, without taking time away from their R&D projects or requiring overtime. You also do not need to have team members maintaining the software or making code changes. The B2B SaaS provider is your expert, and likely has the ability to add resources to grow with you as you scale.

RELIABILITY

How important is meeting your desired timeline with thorough testing and Q&A of the platform? Accurate, automated billing is what customers expect today. So rather than depend on your engineers to pick and learn how to develop instant payment processing and various billing models, the reliability of the platform can be dependent on the skills and expertise of the SaaS provider. By purchasing a solution, you eliminate wait time for a build, as well as downtime for updates. Once onboarded and integrated, the software can be launched and implemented pretty much immediately.

REPUTATION

Today's growing, global audience requires you to unify multiple channels and decrease time to market. Your relationships and partnerships are key to success. Forrester predicts global B2B marketing decision makers will rank improving partner experience on par with improving customer experience in 2020, and both will rise to a top priority for more than 50% of those decision makers. You also need to guarantee security and meet recognized IT standards and compliance, such as GDPR and PCI-DSS, to gain and retain customer trust. The Ponemon Institute found that breaches caused abnormal customer turnover of 3.9% and a total average cost of \$3.92 million in 2019.⁶ Furthermore, organizations with customer turnover of 4% or more averaged a total cost of \$5.7 million—45% greater than the total average cost of a data breach. One of the largest fines to date under GDPR is a €50 million penalty against Google for lack of transparency on use of customer data and valid customer consent, rather than a data breach.

The bottom line is unless you are confident that you have the time, budget, team and expertise for creating a custom platform in-house and maintaining this platform to consistently meet evolving technical, customer and channel needs, the odds of successfully building, launching and managing your own marketplace are low. Research conducted on more than 5,400 IT projects by McKinsey and the BT Centre for Major Programme Management at the University of Oxford found that one in six of the projects was a “black swan,” that is, a project with an average cost overrun of 200% and a schedule overrun of almost 70%.⁷ Seventeen percent of large-scale IT projects can put the entire organization in jeopardy, threatening the existence of the company.⁸

6. The 2019 Cost of a Data Breach Report, Ponemon Institute and sponsored by IBM Security, databreachcalculator.mybluemix.net/

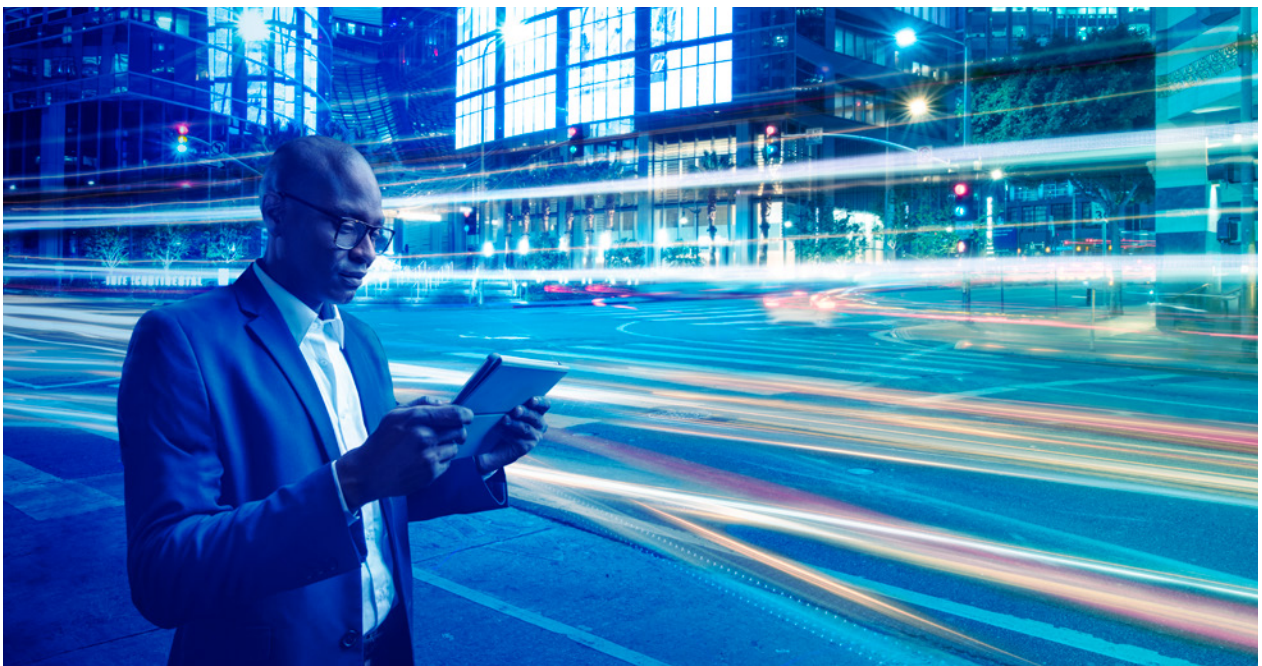
7. hbr.org/2011/09/why-your-it-project-may-be-riskier-than-you-think

8. www.mckinsey.com/business-functions/mckinsey-digital/our-insights/delivering-large-scale-it-projects-on-time-on-budget-and-on-value

The Best of Both Worlds

But what if you could build your own commerce system while leveraging a SaaS solution to manage contracts and vendor relationships, onboard and manage any type of product (including your own IP and third-party vendors) and distribute those products to your commerce marketplace and beyond? And what if you could manage all of your channel partnerships, standardize integrations, and automate time-intensive distribution tasks such as maintaining product information, onboarding new solutions, easily creating bundles of multiple products and product types, fulfillment, subscription services, and billing insights through a single system?

CloudBlue offers a hybrid solution that combines the best of both DIY and OTS approaches. The CloudBlue Connect platform provides a catalog and channel management solution that can integrate with your other systems, while supporting omni-product distribution, enabling any channel and plugging into any back-office system with a simple API integration. We take care of the heavy lifting, and give you flexibility and adaptability to future-proof your business.



Conclusion

The proliferation era has brought tremendous challenges in terms of scale, volume and evolving customer behaviors. To stay on top of these changes, you can't afford downtime, excessively long and complicated transitions, and loss of efficiency. You need to keep performing even while transforming.

When considering your options, keep in mind your ultimate end goals, including:

- getting to market faster
- easily managing increasing numbers of products and services, as well as updates
- using reliable, stable software and trusted provider's in-house expertise for implementation, maintenance, and additional services for technical and business growth
- providing a consistent, positive customer experience; customers expect no less in today's SaaS-enabled economy.

As the largest and one of the oldest technology distributors in the world, no one knows or understands your digital commerce and ecosystem challenges better than CloudBlue. You can trust us to help you serve your customers.

About CloudBlue

CloudBlue delivers a hyperscale platform with hypergrowth products and services and access to a hyperconnected ecosystem of 200+ top-selling vendors, 200+ leading brands and over 80,000 partners globally.

80,000 active resell partners
30 million cloud subscriptions
2 billion potential end customers

120 pre-integrated products including



200 leading-brand customers including

