



Guide E-Com Success



Every Second an E-Commerce Project Fails due to These 10 Mistakes

The Most Common Mistakes in Digital Projects

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Intro

There are countless consultants, coaches, experts and “wantrepreneurs,” and they all pitch best practices for agility, customer-centricity, process optimization, and design. But which of these are just buzzwords and which have already proven themselves in real digital business? In this guide, we summarize the major misconceptions and findings from the OMR 2019 Masterclass “10 Best Practices on How Not to Build a Commerce Project in 2019” with our Spryker CEO Boris Lokschin.

Mistake #1: “IT is an Important Cost Center.”

New Corporate Values with a Digital Core

IT is more than a cost center. Traditional corporate structures need to be completely rethought for a digital company, with a technical core and preferably a CDO as a technical lead. The CDO has the job of ensuring the growth and efficient survival of a company through a digital transformation. But a new CDO position without clearly defined goals and areas is like a toothless tiger.

What values need to be redefined in the digital mindset?



The lesson

The aspiration to completely transform the corporate structure is radical and unrealistic. But to do retail successfully in a digital environment, you must do more than adjust the management’s mindset. The entire company must be redesigned from the inside out, adding a technical core that guides processes from within.

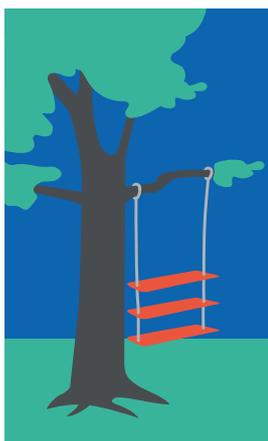
Mistake #2:

“We Should get Started Only After we Have Defined Every Step”

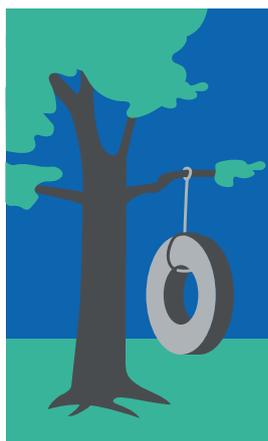
RfP - the Well-Intentioned Project Stopper

An issue that often hinders projects from rapid implementation is RFPs, or Request for Proposals. When selecting software, the RFP is often a huge Excel document with binding information about requirements, specifications and other pre-defined attributes. Digital projects are often refined down to their minutiae, and requirements are defined to the last detail before entering the market. The aim is to ensure everything is perfect for the go live.

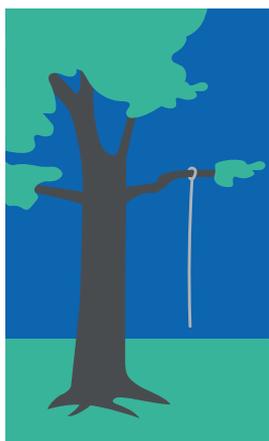
If the RFP document, which may take weeks or even months to complete, is coordinated with every stakeholder, tendered and then rolled out before the launch, it takes an average of 18 to 24 months - which is too long for the digital world.



What the customer initially thought they needed



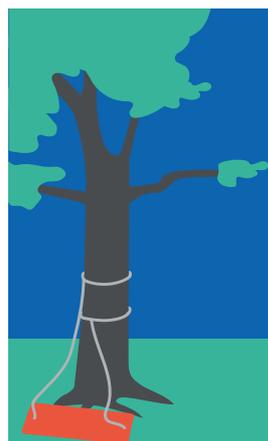
What the customer really needed



How the RFP documented the requirements



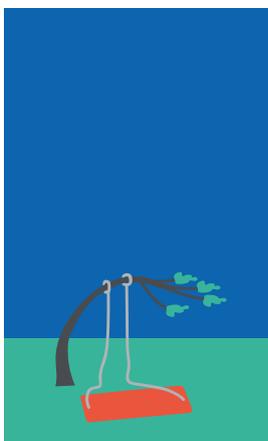
How the sales person sold it



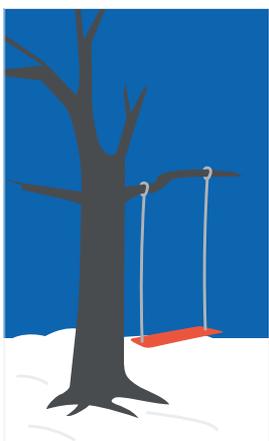
What was actually bought



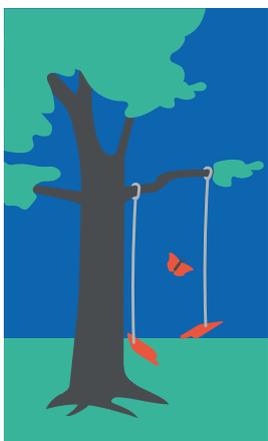
How the implementation consultants configured it



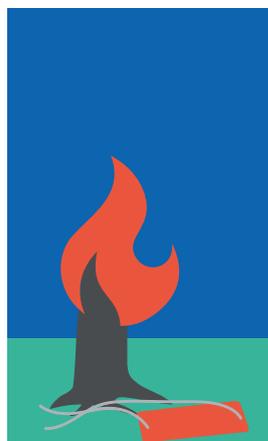
What was delivered on the promised delivery date



When the full system was finally delivered



How it performed in practice



What the users thought of it

The e-commerce market and its players are evolving so fast that the features and requirements from planning for go-live have long since become obsolete.

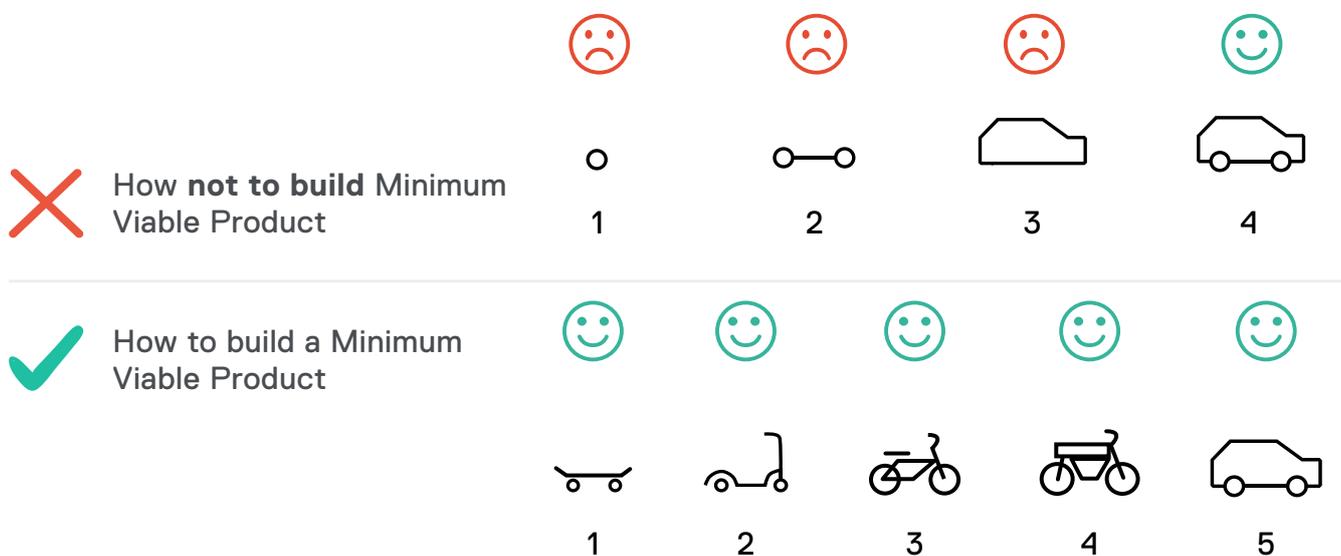
This approach is out of date in today's world because of the increasing complexity and dynamics.



MVP: As Comprehensive as Necessary and as Simple as Possible

The Minimum Viable Product is the preliminary but functional version of a product, which is used to gather feedback and test the demand and suitability of the product either before investing further in product development or the idea - or abandoning it on the basis of the data in order to concentrate on new, more promising ideas. The term refers especially to digital products and services such as online shops, content portals, marketplaces, and mobile apps.

The MVP approach is very different from traditional RFP product development. The RFP process relies on market analysis, incubation phases, long planning, and definitions of requirements. **The primary goal with an MVP is a shorter time-to-market.**



Important:

Four crucial questions need to be answered before rolling out a process:

Who am I trying to convince?

The target group for the project has to be defined clearly, particularly in the B2B environment as a lot of digital cases are focused on internal stakeholders. The aim for the project is to prove digital sales works to management or investors. Though, customers and the market have different needs than internal stakeholders. It is important to focus on the needs of the customers first in order to correctly target your project.

What do I want to prove?

Do I want to prove sales? Do I want to make my customers happier? Do I want my shop to grow? Different questions require different approaches.

What KPIs can be used to measure the project's success?

Define the metrics you will use to prove the success of an MVP project after it is completed.

How can I measure success?

Who or what can help me analyze my KPIs and prove that my MVP project provides a sustainable and scalable positive benefit?

The lesson

You can think of the MVP process as a cycle consisting of 4 steps: **Develop, test, learn, optimize**. This approach increases the likelihood that the product will go in the right direction. If the test phases indicate that this isn't the case, there is still a chance to correct the course. Reduce costs and risk by testing and validating multiple small instances or discarding them.

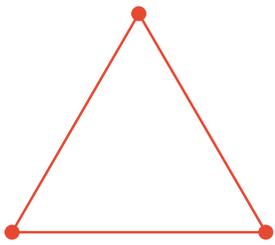


Mistake #3:

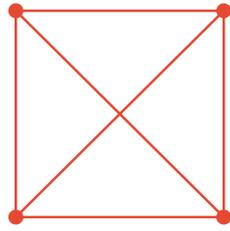
“The More Experts in a Team, the Better!”

Too many cooks spoil the broth.

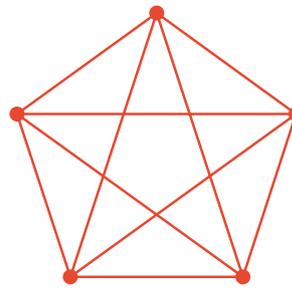
You've set up your organizational chart well and determined your methodical approach - nothing can go wrong, right? Wrong! A lot of companies run into problems when it comes to communication. But why? The answer is simple: The more project managers and the more complicated the team structure, the more difficult communication becomes.



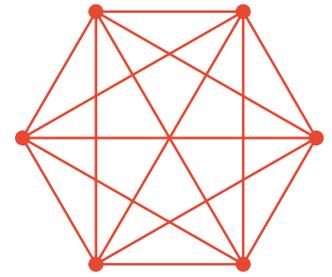
3 people, 3 lines



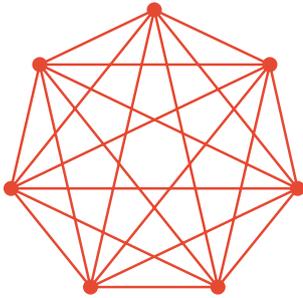
4 people, 6 lines



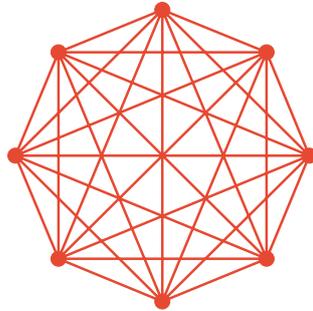
5 people, 10 lines



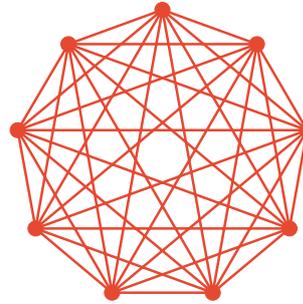
6 people, 15 lines



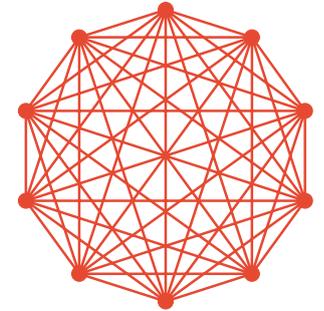
7 people, 21 lines



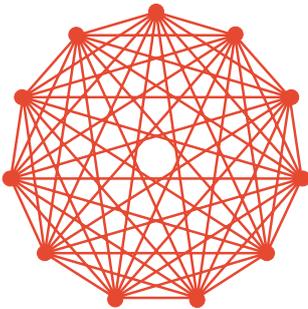
8 people, 28 lines



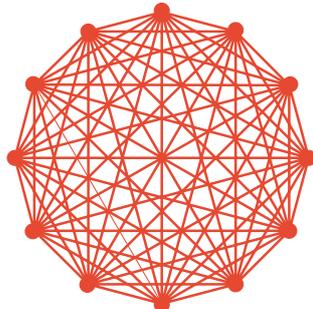
9 people, 36 lines



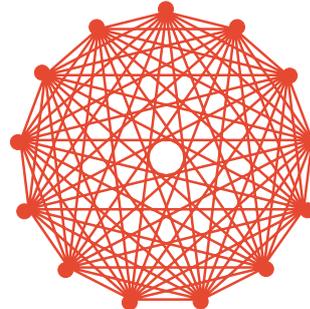
10 people, 45 lines



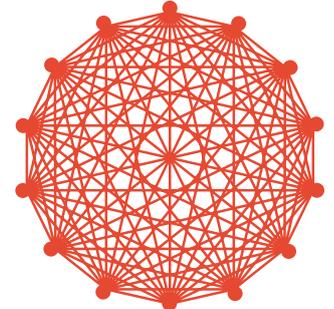
11 people, 55 lines



12 people, 66 lines



13 people, 78 lines



14 people, 91 lines

This organizational chart illustrates the difference very well: A small team of three members, such as a project leader, a technical officer, and a marketing person, has three lines of communication. If just one other person is added to the team, the number of lines of communication that have to be managed increases exponentially to six channels. The chart shows how crucial team building is for smooth and streamlined communication.

If 14 people are on one team, this means any group communication will become off-topic or miss out on an opportunity to contribute productively leading the progress of implementing the original idea generic and weak. Leaving the lowest common denominator and often that no longer has any business value.

Don't make the mistake of weighing your project down with unrealistic expectations from the beginning when forming teams. Only invite as many people onto the team as needed, because several smaller teams are more efficient.



The lesson

The fewer the communication lines, the better the results of the communication will be.

- Decisions can be made faster.
- The teams are much clearer about their own relevance.
- The sense of responsibility among team members increases if, for example, they are not just “cc” number 20 in an update email.

Why is the type of communication so crucial to the success of a project?

The most important KPI in the digital world is time.

There is nothing that will be cheaper or easier for digital businesses tomorrow than it is today:

- Online marketing will not get easier.
- Software will not get cheaper.
- Salaries of digital experts and developers will not decline.
- Technological expertise will not get cheaper.

There is no reason to wait. „**Time is the most important KPI!**”

Mistake #4:

“We want to innovate in every area!”

Don't build your business on change but on the constants.

You don't have to be a technology expert to see everything has changed in the last few decades, and the changes are far from over. Change has affected everything from new technologies, new touchpoints, new devices, new competitors, and new customer expectations are constantly evolving. How can you keep up today and in the future as a digital business?

Identify the components in your business that will not change. In every business model, there are constants on which the business is based.

Example: For caterers, the constant that customers will always expect is freshness; for B2B retailers, it can be a convenience, and for fashion retailers, it is the range of choices.

For example, these are the constants at Amazon:

- Cheapest product price for the customer
- Endless product selection
- Fast delivery

” ... It’s impossible to imagine a future ... where a customer comes up and says, ‘Jeff I love Amazon; I just wish the prices were a little higher,’ [or] ‘I love Amazon; I just wish you’d deliver a little more slowly.’”

- Jeff Bezos, Amazon CEO

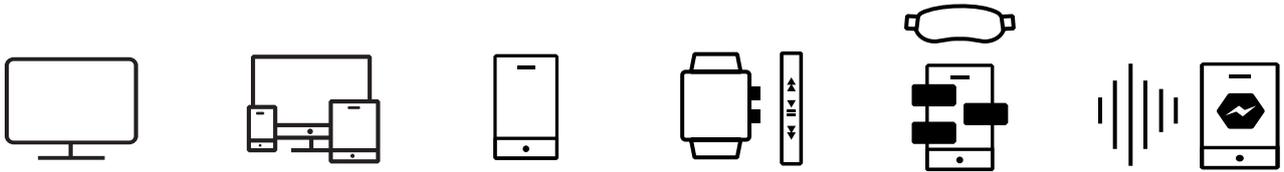
The lesson

The constants, i.e., the WHAT, remain (for example, customer expectations) while the HOW (for example the type of delivery) can be changed and innovated.

Mistake #5: “Being Responsive is Enough!”

The Platform Evolution

There is e-commerce before the smartphone and e-commerce after the smartphone, and today, there is even e-commerce without a display. The first iPhone came on the market ten years ago. As an e-commerce retailer at the time, you didn’t have to worry about how your shop looked on different monitor sizes. Though, the spread of smartphones has established a new standard ‘Mobile First,’ and the responsive optimization wave is still in full swing with Google Home and Amazon Alexa. These devices are designed without a screen and are expected to quickly become the standard touchpoint of the future. How should you plan for something like this in advance?



1995 - 2007

1995 - 2007

1995 - 2007

1995 - 2007

1995 - 2007

1995 - 2007

It's not just the new variety of devices - many other aspects have a lasting impact on the view of e-commerce systems. In the early years of online trading, web shops were a kind of extension of the ERP (enterprise resource planning) system.

The customer journey and requirements have changed. Technologies continue to evolve, with customers using new interfaces. Yesterday's pioneers, who have worked hard to develop their skills, have to rethink things.

An example of this is SEO and SEA capability: This was a very relevant and crucial issue in desktop-based e-commerce. But with voice-based commerce or small displays like smartwatches, these capabilities are completely irrelevant.

The lesson

The evolution of devices is both a risk and an opportunity. It's an opportunity for companies who have not been successful or who have missed out on jumping into the digital world. For retailers who want to launch a digital business today, there is no longer a bar to them dominating the market. The rules of the game that apply now are different than they were 10 years ago.

The real risk is with (former) major players who are world champions in search-engine optimization and think they are safe. Though, these players are beginning to lose their connection.

Anyone starting a new project should think a few steps ahead as the retail and transactional business no longer takes place exclusively in a shop system, but over a wide variety of touchpoints. The software has to be so flexible that the shop can change with the market requirements.

Mistake #6:

“Two Releases a Year are Enough.”

Scrum is not efficient.

You have a good team, created a scope, and now want to launch your project. The question of how to do this in technical terms is crucial.

	Traditional	“New”	2016+
Methodology	Waterfal	Scrum	“Hyper Agility”
Teams	Project team	Horizontal	Vertical
Releases	Quarterly	Bi-weekly	1-10x a day

Most digital competitors today are organized into small vertical teams without complicated communication and end-to-end responsibility. These teams focus on requirements management through development, all the way to the release of individual features or attributes. This team structure can lead to several releases a day, but it doesn't always have to be a ,big bang' release. It could also mean a lot of A/B testing, and this is precisely what provides information about new requirements in the market.

Why is this type of organization more efficient than scrum with weekly sprints? You put yourself in a position to identify and fix bugs and improve the customer journey.

The lesson

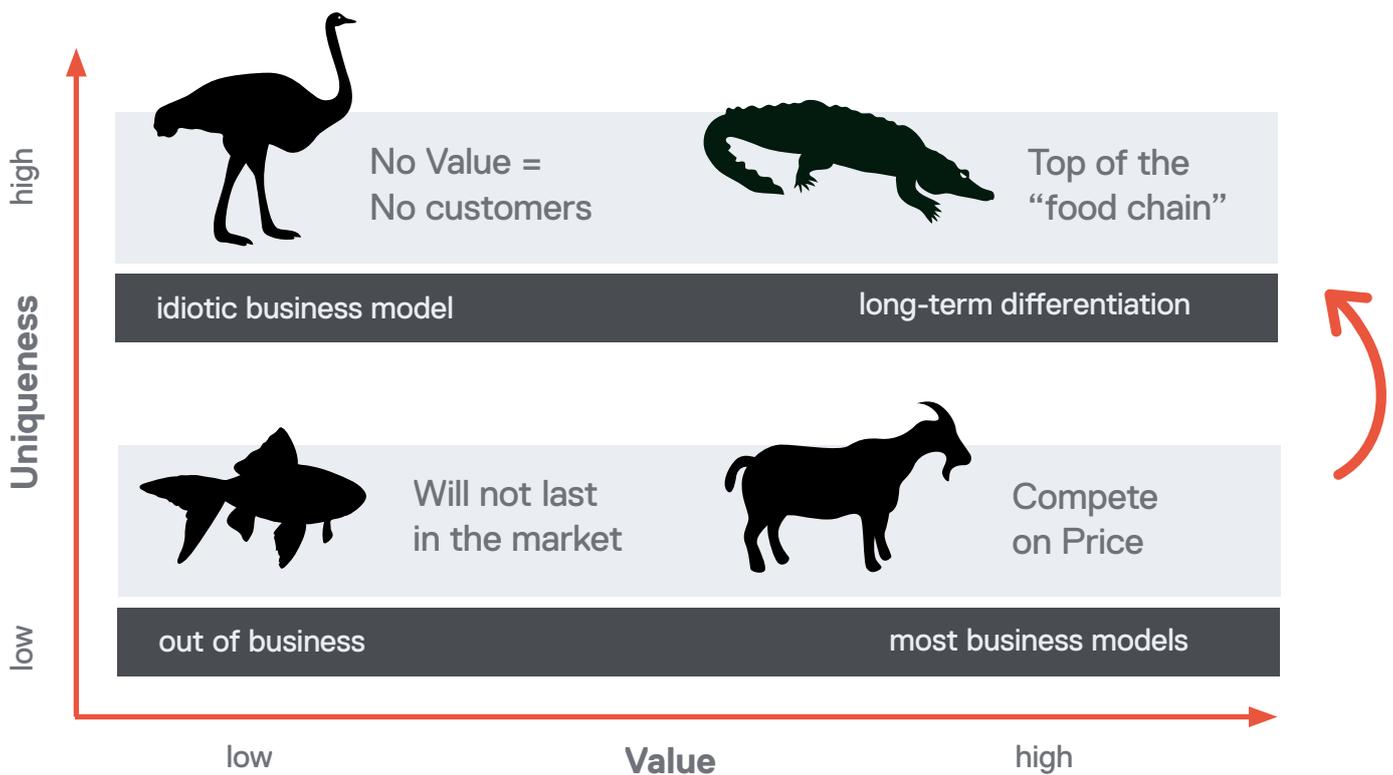
Rather than chasing after long-outdated standards, focus on your competitors who truly drive innovation rather than chasing after long-outdated standards. You can't measure by thinking, “My three main competitors are also slow!” Seize the opportunity to overtake your competitors. This means having the right team, the right technology, and an agile organization.

Mistake #7:

“The Focus has to be on Sales Products.”

E-commerce as a Product

This is especially difficult for manufacturers and retailers to see. After all, they produce or buy products to trade with. That’s what it’s all about, right? No. The product is an exchangeable asset in the digital world. It’s not about what you are selling; it’s about how best to sell it.



The two components that are crucial in the race for e-commerce customers are demand and exclusivity. If you offer a product that is exclusive and in demand, you are at the forefront of the competition (alligator). However, most business models are based on the demand for certain products, and they set themselves apart by the lowest price compared to competitors (goat).

How do you get from the bottom right to the top right if the price is the only differentiating feature? You do it by not rethinking WHAT you are selling, but HOW you are selling it. You can produce the best screw, the best bike or the best shoe - but if you don’t master digital customer acquisition, you won’t be successful even with this exclusivity.

The lesson

E-commerce is the PRODUCT, not the PROJECT.

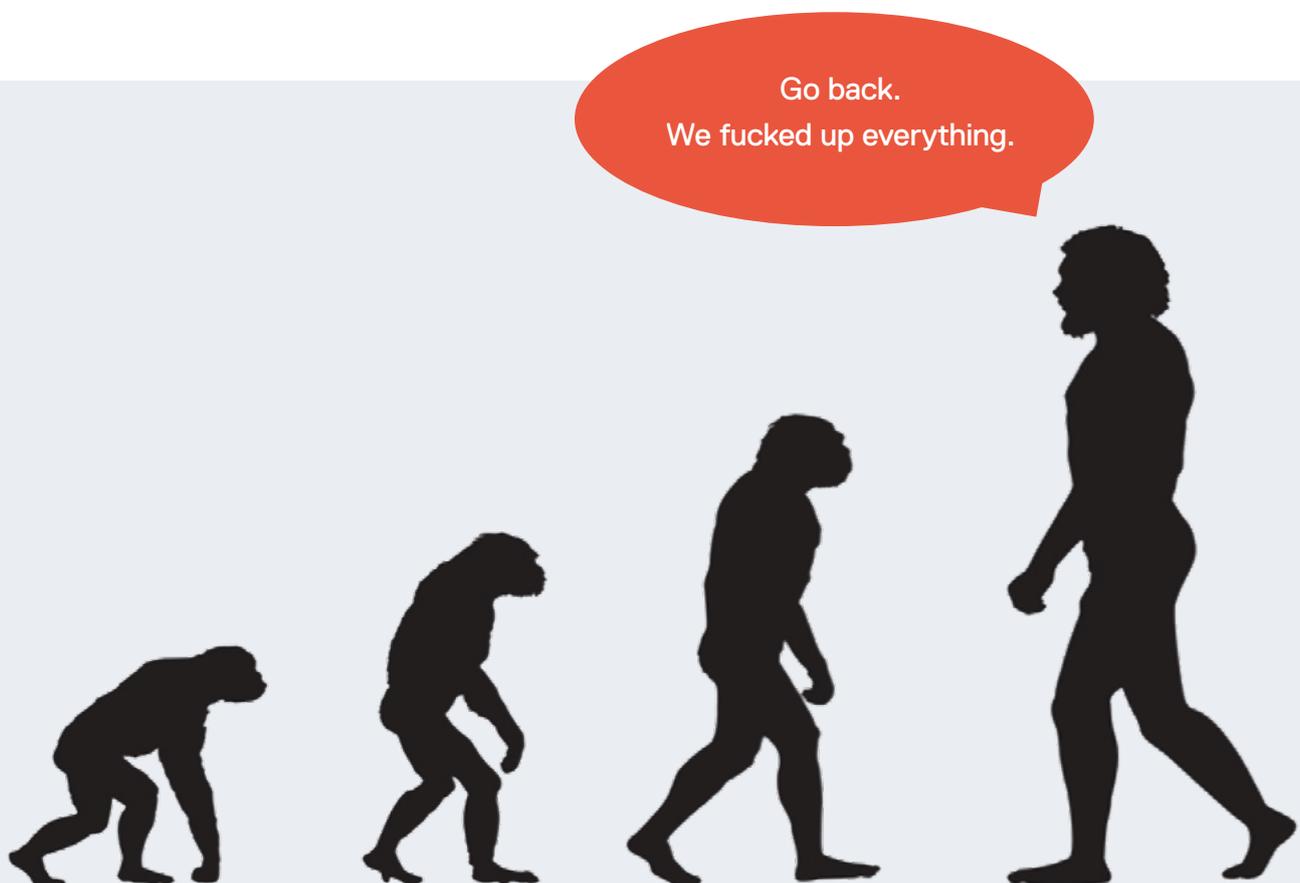
Mistake #8:

“We Want to do Everything Correctly right away.”

Trial and Error Means Making Mistakes.

Here's what we already know: The larger the company, the greater the risk of losing time due to excessive discussions and safeguards surrounding strategy. It makes a quick entry into the market impossible. There is also a high risk of not recognizing unfulfilled customer demand or changing needs in your target group until the product is already on the market. As project lengths without test runs increase, the probability of not getting a positive return on investment (ROI) increases.

The challenge lies in translating the digital project idea into a concept which can be implemented and tested in a short time and executing it in a quick, data-driven functional way.



The lesson

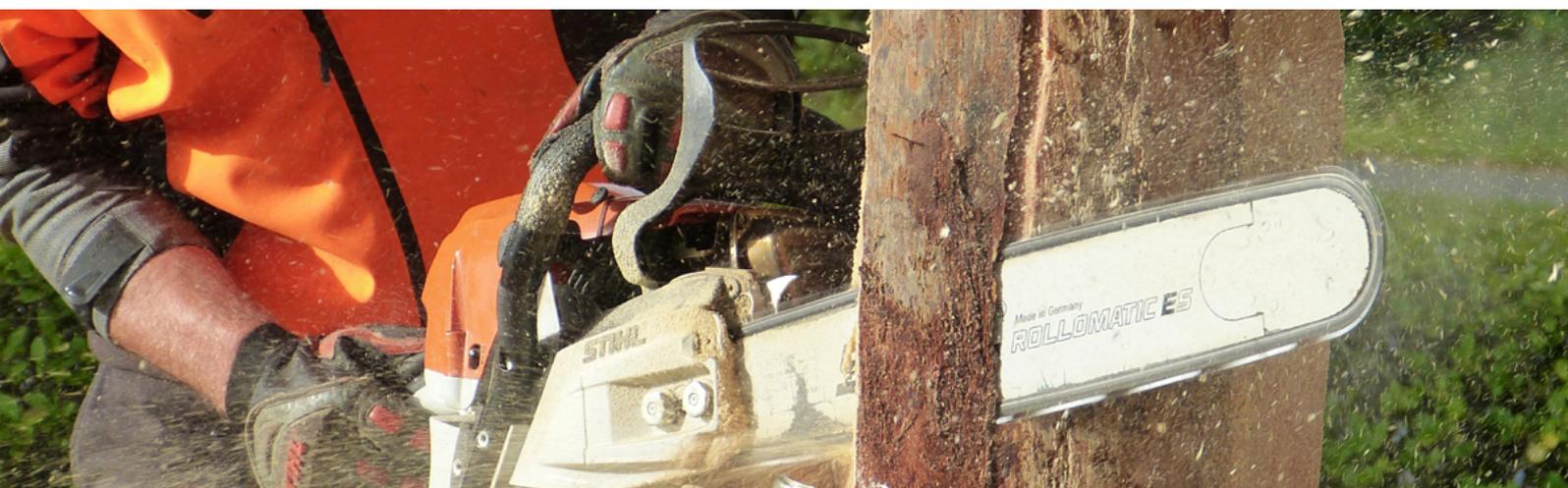
Trial and error means: 6 out of ten things you do won't work. That is a good thing. Mistakes show which areas no longer need to be invested in and identifies the areas that really drive your business. These mistakes minimize the risk that you will end up with a product that doesn't work or nobody needs.

Mistake #9:

“Technology is the Means to an end!”

Use the Right Tools.

Every tool has a different purpose to which it is best suited, but is useless for other purposes. Have you ever tried to saw something with a hammer? Spoiler: It doesn't work.



Let's look at the evolution of commerce tools; each product is a reflection of its time. In the early years of online retail, web shops were a kind of extension of the ERP (enterprise resource planning) system. Shop logic formed the first pillar, and the display level formed the second. Competition was structured in a simple way back then: The companies with the best shops were rewarded by the market, and the companies that neglected the topic lost their foothold.

Today, the requirements for an online retailer have been redefined. Functions can't just be static; they also have to evolve in order to make new functions and devices easier to implement. The ERP in its original form only retains a merchandise-management function today.

This question is and remains important: Which tool makes sense for my company?



1. Generation ERP-zentriert



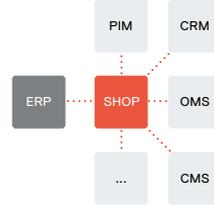
1995

2. Generation Shop-zentriert



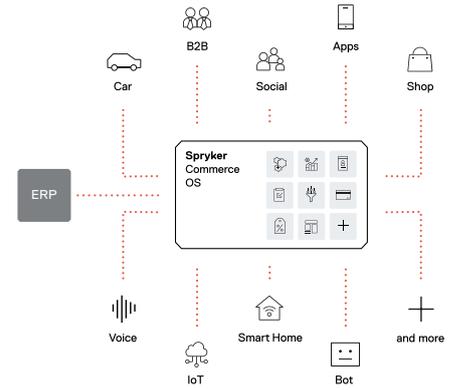
2003

3. Generation Service-zentriert



2012

4. Generation API-first und headless



2017



The lesson

Innovation doesn't happen through configuration. You need to plan and implement features yourself that set your business apart from the competition and make it unique. A standard system is only enough for the standards.

Mistake #10:

“Everyone is Talking about it. Then we'll do it too.”

Don't blindly follow trends.

Anyone working in digital business knows the wealth of terms insiders especially enjoy using when it comes to implementing a project. But these methods are seldom used effectively.

There are a lot of buzzwords that are repeatedly thrown around especially in the tech environment. AI and machine learning are a few of these buzzwords that exert implementation pressure on companies.



The lesson

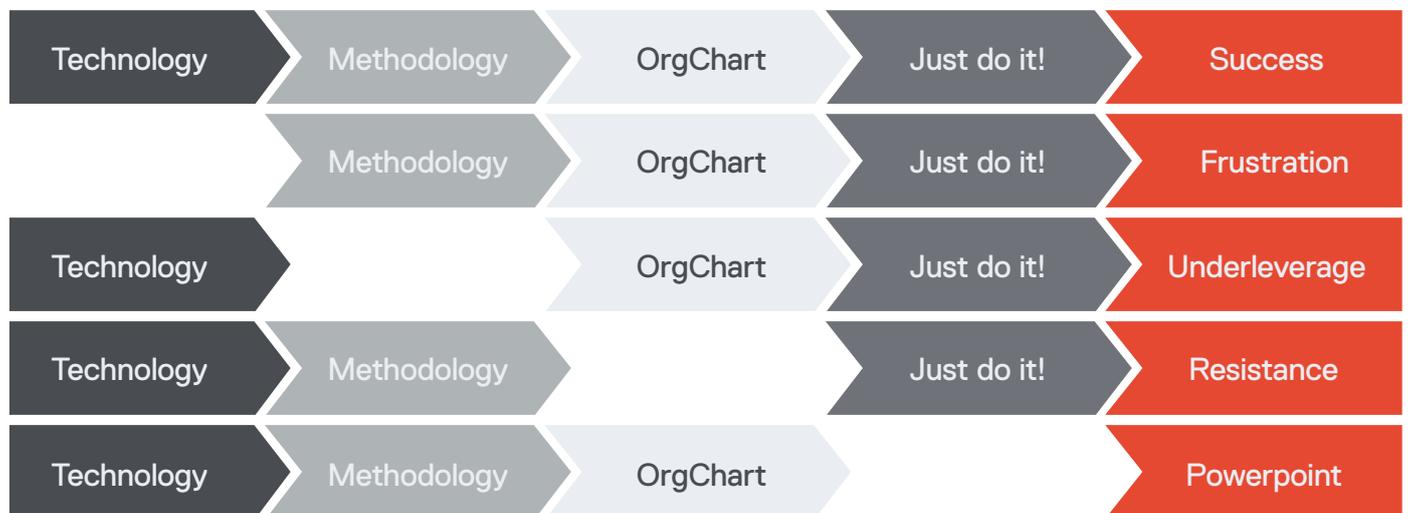
You don't need to follow every trend! And if you do want to integrate AI functions into your system, you first need to question the need for it and define the right context. Trends don't always make sense for your product. So, evaluate them thoroughly and avoid unnecessary or even business-damaging investments.

Success in E-commerce is Based on These Four Components

What Really Matters

When implementing a digital project, there are four important components:

1. The right technology
2. The methodology
3. The corporate structure
4. The mindset



If any of the components are missing, the whole thing won't work. The best technology with the most innovative tools can only be as good as the team that implements it. Efficient methodology requires flexible technology. Motivated teams are supported by the right structure. Whichever way you look at or implement these components, they have to work together to be successful.

You need our advice, to master your digital project? We will be happy to advise you!



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Do you have further tips or feedback for us?
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