

In collaboration with:  
Liferay

Ignacio Cobisa  
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## Innovation in B2B Digital Commerce: Trends and strategies for success.

### EXECUTIVE SUMMARY

In order to successfully carry out the digitalization process of organizations, it is necessary to implement actions across many dimensions, one of them being digital interactive experiences. E-commerce or digital commerce applications are undoubtedly one of the most impactful facilitators of these user experiences.

It is expected that digital commerce applications will grow in Europe at a Compound Annual Growth Rate (CAGR) of 8% until 2022. Within this market, it is expected that the B2B business will have higher growth levels than B2C until 2022. As a result, digital commerce application providers are under increasing pressure to provide their B2B clients with similar experiences to B2C, but always taking into account the specific requirements of business buyers, such as price and contract-specific discounts, differentiated operations based on user profiles or the integration and management of the product catalog and associated content.

The key points to successfully implement a B2B digital commerce platform can be summarized as follows:

- The Digital Commerce Platform should include a set of integrated layers such as the customer experience layer, the transactional layer, the payment platform or the back-office. These should all be based on a common infrastructure and be seamlessly integrated with peripheral functionalities, such as contract management, invoicing or analytics.
- Today's B2B audience expects a well-designed user interface that takes into consideration their interests to predict and provide products and services based on previous purchase experiences.
- A fundamental feature is the integration with legacy systems in organizations in order to provide frictionless experiences for users. All of this with the required security, which is a necessary and transversal requirement for the whole platform.

*The European digital interactive experience market is due to grow at a CAGR of 18% until 2022*

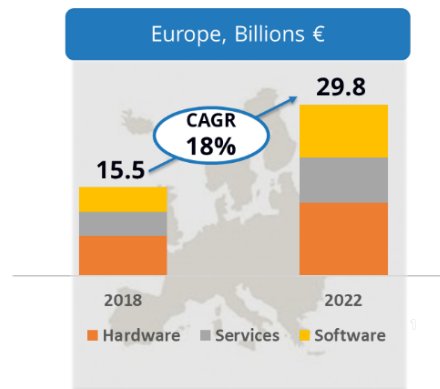
## MARKET CONTEXT OF ECOMMERCE IN EUROPE

We are witnessing fundamental changes in the way that organizations implement disruptive changes to tackle their ongoing digital evolution, by unifying digital and physical components in a seamless manner. This process improves customer experience, operational results and efficiency for all company departments.

In order to successfully complete this digitalization process, it is necessary to carry out actions on many levels, one of which is to optimise the interactive digital experience.

According to IDC estimates, the technology market that facilitates these digital experiences is due to grow at a Compound Annual Growth Rate (CAGR) of 18% in Europe until 2022, reaching a business volume of nearly 30 billion euros, as shown in figure 1. This market includes omnichannel business platforms, contextualized in-store marketing, payments management or customer experience analytics, among others.

FIGURE 1 – Digital Interactive Experiences Technology Market



The focus on digital interactive experiences by organizations is understandable taking into account that, according to IDC forecasts, by late 2019 all digitally transformed organizations will generate at least 45% of their income through futuristic and disruptive business models.

### Digital business platform definition

The development and configuration of a digital business platform will allow organizations to provide a valued and consistent buying experience for its customers, either businesses or end consumers, to capitalize upon any investments and to reduce operational expenses.

Digital business applications can comprise various domains:

- Business to Consumer (B2C)
- Business to Business (B2B)
- Business to Business to Consumer (B2B2C)
- Consumer to Consumer (C2C)

*The European e-commerce applications market has grown 16% in the past 5 years, 10 percentage points above the growth of the entire software market*

An infinite number of combinations are possible based on these basic classifications. However, this report will focus on digital commerce applications or platforms within the Business to Business (B2B) domain.

Digital business applications allow organizations to connect with clients in order to sell products and services through digital channels. The specific functions found in digital commerce applications include catalog and product information management, pricing, marketing, transaction processing, customer lifecycle and order management, among others.

Digital commerce applications can also integrate with points of sale, customer service, order management, sales, marketing and other business application systems to provide a complete omnichannel sales environment, comprising of online as well as the physical store, call centers and other sales channels.

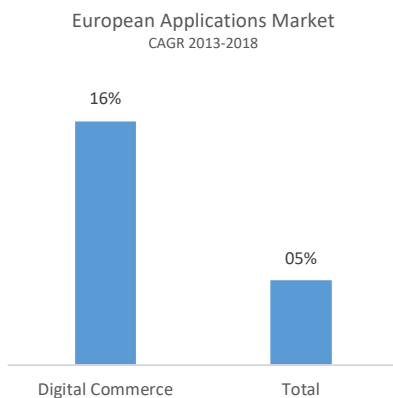
**Evolution and forecasts for the European digital business application market**

The digital commerce market has experienced significant changes in the past few years due to the appearance of new business models based on digital platforms that have captured growth opportunities, innovative subscription business models and a continued reduction in delivery periods.

Similarly, the digital commerce applications market has grown at a high rate, overtaking the majority of business application markets such as finance or procurement management.

Specifically, the European online business applications market has grown at a CAGR close to 16% in the past 5 years, 10 percentage points above the average for the rest of the application market, as can be seen in figure 2. This growth is mainly due to Germany and the United Kingdom, which account for 50% of the European market and have grown 16% and 20% respectively.

**FIGURE 2 – Evolution of the European digital business applications market**



*The B2B digital commerce applications market is expected to exhibit growth rates above the B2C market until 2022*

*E-commerce application suppliers are under increasing pressure to provide their B2B clients with experiences similar to B2C*

In terms of market growth estimations, digital commerce applications are expected to grow in Europe at an average rate of 8% until 2022, which is one percentage point above the entire software market average.

IDC estimates that at present about 70% of the digital commerce applications market is attributable to B2C business applications. However, this difference is expected to diminish in the near future.

Accordingly, it is foreseen that the B2B digital commerce applications market will grow at a higher CAGR until 2022 when compared to the B2C digital commerce. The B2B market is not yet as mature as B2C and therefore has greater room for expansion.

IDC estimates that the transformation taking place in B2B digital business is developing as fast, if not faster, than the previous growth levels experienced in the B2C environment. We expect this trend to accelerate in the next 5 years. In this regard, digital commerce application suppliers are under increasing pressure to provide B2B clients with similar experiences to those of the B2C environment. This means that they will no longer settle for a “sufficiently good enough” digital commerce platform, but are expected to offer an excellent user experience that brings together the user friendliness provided by B2C applications and the specific characteristics required of a B2B service.

Digital business applications are enabling organizations to interact with their customers in a completely different manner. These new experiences have to be individualized and cover a large range of contact points in both an agile and dynamic environment.

### **Main trends in B2B online business**

B2B digital commerce platforms should be able to manage a greater level of data complexity than B2C platforms. For instance, the B2B environment involves specific requirements regarding who in an organization can access product catalogs, buy products or services and process payments. In other words, a B2B digital commerce platform has to be built taking into account these crucial points, and should be based on each individual use case.

Whereas B2C digital business applications are designed to accept transactions between a company and an individual (consumer), B2B digital commerce applications must support transactions between two companies that generally have contracts in force that establish the requirements for transaction fulfillment. Despite a significant overlap between the requirements for B2C and B2B applications, B2B implementations must take into account and fulfil these key organizational requirements.

*IDC estimates that in 2021 the enterprises that provide frictionless experiences across their ecosystem will experience a 20% decrease in customer attrition*

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### Relevance of integrated experiences

As discussed above, improved user experience is a point of focus for B2B application suppliers. It is particularly important in this context that these experiences take place in an integrated and frictionless client environment. IDC forecasts that by 2021 the enterprises that provide seamless experiences throughout their ecosystem will benefit from a 20% reduction in customer attrition.

Technology suppliers must give the highest priority to user-friendly buying experiences, including key Customer Journey stages, such as:

- Customer attraction towards the brand
- Information for potential customers
- The sales process
- The Delivery of goods or provision of services
- Loyalty and retention

An additional trend is the growing importance of customer consent throughout all Customer Journey stages.

IDC estimates that in 2020 about half of global companies will progressively integrate customer consent in all customer journey stages. In this context, enterprise customers are even more demanding than consumers and keeping the customer continuously informed and obtaining their consent is therefore crucial.

In this regard, IDC has identified the 4C's of consent: compliance, confidentiality, context and cyber security. Only securing data is not enough: emphasis must be placed on ensuring the whole Customer Journey guarantees compliance and confidentiality based on user consent. In addition, it is necessary to redefine the way in which data is measured and analyzed or through the application of Machine Learning techniques.

### Data as differentiator

Current digital commerce platforms aggregate and process large amounts of external data to improve approaches to reach clients through the appropriate channel, to dynamically assessing products and services, optimizing revenues or designing customized offers. In many cases, suppliers that do not provide integrated Big Data capabilities are frequently associated with data-as-a-service (DaaS) suppliers that specialize in this area.

### Intelligent commerce

Some suppliers are utilizing automatic learning algorithms in their digital business applications to enable intelligent business functionalities, such as intelligent recommendations based on previous behavior, intelligent search, dynamic pricing and fraud prevention. IDC believes that intelligent e-commerce is rapidly becoming a market differentiator through the personalization of products or services, thus improving the quality perceived by customers.

*Intelligent commerce is quickly becoming a differentiating element in the market*

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Microservices

In some cases, the digital commerce applications market offers business functionalities through microservices. This type of software architecture enables the design of an application as a set of microservices executed within their own process and communicating with a standard HTTP resources. Each service can be deployed independently, programmed in different languages and use different data storage technologies. This is a differential approach for digital commerce applications because the front-end and back-end need not be administered through the same technological platform, thus increasing solution flexibility for clients.

The importance of mobility

Consumers are increasingly using mobile devices to search, compare and purchase products and services, both in the B2C and B2B configurations. The widespread use of smart phones and tablets, to which we must add the technological improvements associated to mobility such as improved access to data or increased transmission speeds, is driving the growth of mobile digital e-commerce. In fact, over 30% of B2C digital business is transacted through mobile devices in the United States. This percentage has grown over 10% in the past 3 years.

This trend is also extending to the B2B environment, in which organizations are also demanding the ability to purchase products and services through mobile devices.

Key issues in the design of a B2B business platform

When considering the implementation of a B2B business platform, organizations frequently take into account several strategic decisions. These include the decision to market their products or services through a marketplace, an existing platform or to develop their own. These decisions will depend on the particular circumstances of each organization as well as the expected benefits resulting from each development. If the decision is taken to implement a B2B business platform, a number of fundamental questions must be raised:

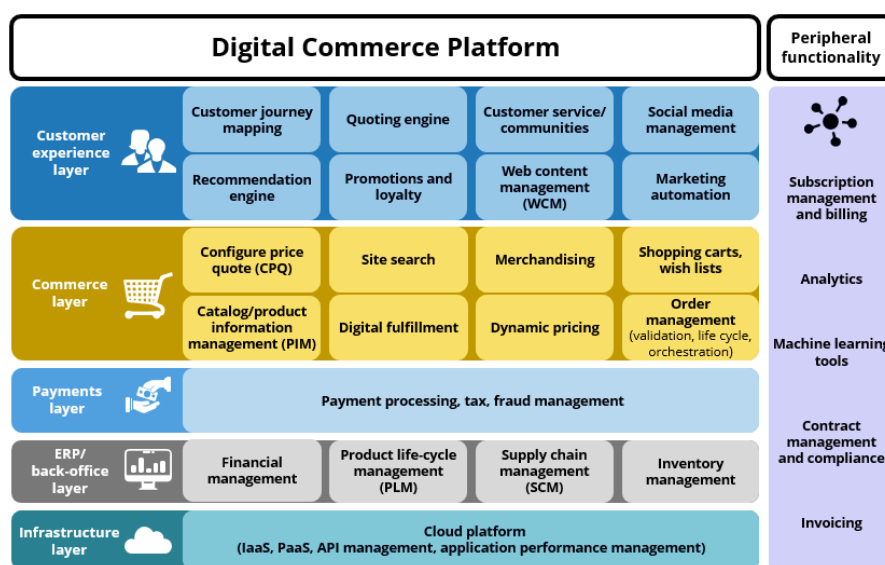
Is the supplier aware of the specific complexities of a B2B digital business model for my company?
If necessary, will the supplier also provide B2C and/or B2B2C models?
What type of digital commerce architecture is best adapted to my business?
Does the supplier provide business microservices or a mainly monolithic platform? Do I have the in-house IT resources to support a microservices-based approach?
Does the supplier provide web content and/or customer experience administration modules to manage my commerce, or will I need an external supplier?
What are the current and future plans of the supplier for Cloud implementation types?
Does the supplier understand the regulations impacting my industry?

What supports levels are available and are they geographically within the reach of my business?
Does the supplier have a robust partner ecosystem supporting global business?
Can the supplier provide financial backing for the development of future B2B business requirements, and are they considering new innovations?
Is the supplier able to integrate with other IT systems of my company (CRM, ERP, etc.) and those of my partners?
What is the guaranteed activity time of the digital business commerce platform in the vendor 's SLA?
Are the B2B business platform updates efficient and what is the update frequency?

## KEYS FOR A SUCCESSFUL TRANSITION TO A B2B E-COMMERCE PLATFORM

IDC believes that a B2B digital commerce platform must comprise a number of characteristics and functionalities to satisfy the increasing demands of business customers. Figure 3 shows the layers configuring a platform, including customer experience, commerce, and payments or back-office, all of which are based on an infrastructure and a series of peripheral functionalities such as contract management, invoicing or the analytics layer, which is increasingly linked to Machine Learning technologies.

FIGURE 3 – Characteristics and functionalities of a Digital Commerce Platform



The success or failure of a B2B e-commerce platform will largely be determined by the adequate implementation of these functionalities, as detailed below.

### Global Customer Experience System

Integrated and frictionless experiences are crucial for an improved customer experience. In this regard, it is desirable for B2B customers to be able to, among other things:

- Create numerous users in a single account and allocate specific rules for each buyer account.
- Have the ability to send orders quickly by entering a product number or uploading a CSV or Excel file. Ordering simplicity improves customer experience.
- B2B buyers must be able to send a request for a quote without having to, for example, create a login to the e-commerce website.

*A B2B e-commerce platform must comprise of different layers including customer experience, commerce, and payments or back-office, all of which are based on an infrastructure and a series of peripheral functionalities such as contract management, invoicing or the analytics layer, which is increasingly linked to Machine Learning technologies*



- The B2B digital commerce system must be able to generate a quote automatically for subsequent conversion to an order directly linked to the right customer.

### **Catalog integration**

While in most cases a B2C website displays a full catalog for consumers, a business customer is frequently interested in only a predefined segment of the catalog according to the needs of its organization, i.e., based on industry or size. In addition, organizations acting as buyers must have control of the catalog version to be shown to each specific user.

A B2B digital commerce application must also provide integration with procurement systems. These applications must communicate directly with the system so that, when placing an order, a pending purchase order is created without having to reintroduce the product information into the system.

### **Content manager**

Business customers utilize a B2B digital e-commerce website to meet the needs of their companies. This means that, for purchasing products, instead of searching per category or visually for a product, users must have the ability to search by product name, part number, brand, generic attribute or product specifications. Therefore, a B2B application must be compatible with these search options and assist buyers in the optimization of their purchase experience.

### **Multiple Delivery Addresses**

Frequently, business buyers purchase products or services for multiple units or locations. Therefore, the platform must manage split deliveries between multiple addresses to ensure operational efficiency.

Similarly, B2B organizations must have the ability to centrally administer multiple websites and subsidiaries, including the administration of specific websites in different countries and languages as well as differentiated brands. Each of these sites could have its own product catalog or URL. Finally, a very important feature from the logistic viewpoint is that B2B digital e-commerce applications must allow enterprises to configure the catalog through its distributors.

### **Efficient payment management**

B2B payments are much more varied and complex than consumer payments. A B2B digital application must enable payments on account, electronic fund transfers and other established payment procedures for specific markets.

In addition, B2B clients must have access to the prices applied to their contract. Accordingly, e-commerce systems must include multiple price lists per customer segment and discounts for large orders. A dynamic pricing engine could further optimize pricing by using seasonality, weather, the customer's profile, and the proximity of the delivery location to a given warehouse.

### **The importance of self-service**

Business order approval workflows are far from standardization because each organization has its own order approval process. A B2B e-commerce application must allow administrators to configure the rules and intuitive processes involved in the approval procedures, authorization limits and amounts that have to be managed in workflows.

Even though it might not be feasible for all B2B organizations, an automated product and service configuration engine would allow the application to individualize requests for products and services and provide a customized quote. Configuration options reach a broader range of customers and enable innovation, by developing more intelligent and intuitive workflows.

### **Application security**

Security is a necessary transversal condition for any IT project. However, it is even more important for B2B e-commerce platforms. According to IDC surveys, operational security is defined as one of the most important characteristics for B2B Digital Commerce platforms users. Obviously, transaction security must go hand-in-hand with the comprehensive security of the data managed by the platform.

### **Integration with analytics and legacy systems**

Undoubtedly, this is one of the most important factors to be taken into account by organizations when selecting a digital commerce solution. A solution that simply and efficiently integrates with the organisation's existing business management or analytics systems without consuming an excessive amount of resources, becomes a differentiating factor for a potential supplier.

## THE LIFERAY VALUE PROPOSITION

In order to place clients at the core of the enterprise strategy it is necessary to increase the efficiency of processes, overcome silos within the organization and to centralize information, creating personalized and relevant experiences for end users.

At present, many managers are becoming aware of the importance of optimizing the experience for existing and potential customers, throughout their lifecycle. Companies know that they must work on the relationship with their users at all levels in order to obtain new customers, ensure the loyalty of existing ones and to persuade them to consume again and again.

The best customer experience strategies provide a frictionless environment where users can quickly and easily meet their needs. Whereas B2B audiences exhibit less propensity to abandon purchase processes or choose a different supplier, the positive impact of a good experience in a B2B environment should not be underestimated.

Despite the differences between the audiences and the objectives of B2B and B2C enterprises, current clients do not necessarily differentiate between either. B2B clients interact daily with B2C experiences, for example during their personal online purchases. The B2C sector is continuously innovating with digital experiences to attract qualified traffic, convert prospects and retain customers. The result is a continuous increase in B2C digital experience expectations, which tend to migrate to the B2B environment.

At present, B2B audiences expect a well-designed user interface that remembers their interests, supplies products and services on the basis of predictions and previous purchases, together with advanced functionalities that provide easy and quick browsing.

When a B2B business aims at improving customer experience they should focus on developing intuitive and efficient interactions that minimize the time spent by customers carrying out these activities.

One of the most frequent challenges is related to the utilization of stored content in an existing Content Management System. Combining product offerings, content and customer data in a single platform for re-utilization at any stage in the customer lifecycle increases flexibility and multiplies the value of product-related content.

For companies that plan to increase their B2B digital commerce business in 2019, finding a platform that supports an integrated customer experience will be a key factor, together with the ability to compete in international markets and to innovate from the digital viewpoint.

Liferay is a global leader in digital experience platforms. Liferay's main value proposition is its ability to adapt to customer requirements and its focus on developing solutions that assist in their digital evolution. This involves helping them connect

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with customers through a seamless user experience and providing sufficient flexibility to quickly address current and future business challenges.

Liferay's e-commerce solution is designed to help companies simplify the technological stack, providing a single point to learn about products, manage accounts and carry out purchases simply. The main benefits of this platform are:

1. The possibility to unify all e-commerce processes and provide content through a single platform and integral sales process.
2. The ability to improve customer retention, by reducing the time and effort required to implement new digital experiences.
3. A platform developed specifically for B2B e-commerce, offering state-of-the-art digital experiences.

Liferay Commerce has been developed from scratch to operate with Liferay DXP, a leading digital experience platform comprising of a complete set of enterprise digital experience administration tools designed to be secure, scalable and ready to use.

Liferay has a broad network of global partners and an extensive list of local partners in 40 countries that ensure the success of each Liferay implementation, reducing general lifecycle costs, by leveraging past experience and platform certification requirements.

*Liferay's e-commerce solution is designed to help companies to simplify the technological stack, providing at the same time a single point to learn more about products, administer their accounts and carry out purchases in a simple manner*

## IDC SPAIN

Serrano, 41, 3<sup>a</sup>  
28001 Madrid  
+34 91 787 21 50  
Twitter: @IDCSpain  
www.idcspain.com

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