



Cloud commerce: The future of retail?

Executive summary



he cloud offers huge ability for retailers to enable change within their businesses faster than ever – introducing a flexibility and ability to scale that not only allows them to keep up with competitors but to leapfrog them too.

Many tier one retailers are already realising the value of the cloud and cloud-based platforms to manage their commerce operations but what about their smaller rivals? How best can they keep up with the competition and continue to innovate with a flexible, cloud-based service offering at the core?

In this whitepaper we wanted to understand the importance of cloud/service models to retailers within the next decade; the attractions of cloud commerce and what was holding back retailers' investments and adoption of cloud services.

This was done through an online survey of retailers to understand their views, opinions and current positioning around cloud commerce and enterprise platform adoption, coupled with the views of a number of retailers at various stages of cloud adoption in the case study section of this whitepaper.

We looked at the challenges retailers believe they face in cloud commerce adoption and how much the actions of retailers at the top of their game is driving them to invest.

And finally we looked at what retailers were doing in terms of those retailers that have already adopted cloud-based solutions and what other retailers who were still on the journey to adoption felt about cloud, cloud-based enterprise platforms and their impact on their businesses as they strive to continually innovate.

KEY SURVEY FINDINGS

- 3 in 5 retailers (59%) see cloud or service models as dramatically influencing the future development of their business in the next decade.
- 82% say that scalability is one of the most important attractions of cloud commerce.
- 59% say that lower barriers of entry to an enterprise technology is one of the most important attractions of the cloud.
- Almost a quarter of retailers scored the benefits of flexibility, time to market and financial efficiency as being very persuasive – marking 10 out of 10.
- Half of retailers are concerned about delegating technology infrastructure.
- Three quarters of retailers' development agendas are driven by the activities of tier one retailers such as Amazon, Argos and M&S.

Introduction



Migration to the cloud is a great enabler for smaller retailers to access the same technologies and capabilities of their tier one rivals. It's a market that IBM, the sponsor of this whitepaper, thinks crucial to its future having adapted its enterprise commerce solutions for today's cloud environment, making such functionality more accessible than ever.

If you want agility, speed to market and the flexibility to deal with whatever scalability you need – whether it's to cope with international expansion or peak trading – then this whitepaper, which incorporates both a retailer survey and case study interviews with your peers – is a must read.

ABOUT THE EDITOR

Liz Morrell is an experienced retail and business news and features journalist who has more than 15 years' experience of writing about the retail sector. She is a former features editor of Retail Week where she spent more than 9 years as a full-timer. She loves all things retail but just wishes her "research" (insert shopaholic tendencies here) didn't cost her quite so much.

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To Cloud or not to Cloud?

How the cloud is enabling smaller players to take on the giants of retail

“ Merely aiming to be like the current leaders yields disappointing results ”



With a global growth forecast above 20% year on year, we can all agree that ecommerce is growing fast. Numbers aside, we can also agree on the struggle many online retailers and brands have in staying ahead of customer demands and expectations, necessitating not only agility of business processes, but also back end systems and infrastructure to keep the business running in peak condition and efficiency, as well as maintaining and growing customer acquisition and loyalty.

This pressure is driven by a number of factors: competition, expectations, and the way consumers use digital media to research, engage, and buy.

Digital consumers are ahead of the industry. They demand ever increasing higher standards and levels of service, and instantly benchmark not only prices and features but also companies, reviews and as many factors as they consider necessary to make an educated purchase decision.

Above all, they adopt new technologies faster than companies can adapt to them. The uneven level of adoption of ecommerce amongst companies, verticals and geographies pushes the consumer to skip the “frontier” fear and purchase where the experience is at the desired level regardless of where the offering comes from.

The implication is that in order to succeed in the digital world, retailers need to anticipate consumer expectations and embrace the fact that this target is a daily moving frontier. Merely aiming to be like the current leaders in the industry yields disappointing results since by the time new technology is implemented, the market and expectations have moved on.

So how can retailers and brands succeed? There are three clear considerations. First, retailers and brands need to embrace the Chief Executive Consumer as a strategic corporate influencer and let her/him guide development.

Second, successful organisations are not ‘doing digital retailing’ as a bolt on activity, they are retailing in the digital era, and see the digital channel as a key part of their corporate strategy.

Last but not least, retailers and brands need a technology platform that is scalable and flexible and can adapt to constant innovation as well as providing a best in class experience, without the worry of infrastructure procurement, deployment times, and integration – because, let’s face it, the consumer does not care about that struggle.

Nirvana you say? Well, here is where there is now a step change. For forward thinking retailers and brands, having access to that kind of platform on a monthly subscription basis is removing a major barrier to progress.

You might be thinking software as a service (SaaS) options have been in the market for a while, and you’re right. The difference is that previously, the top tier of leading commerce capabilities, typically only found in the enterprise space, is now available to all segments of the industry to consume on the cloud. Technology leaders with a strong foot in the cloud are bringing new offerings to bear and raising the bar of software as a service by providing leading enterprise capability to companies of all sizes.

Allowing David to take on Goliath... and allowing Goliath to think in new ways too.

Martín Coedo Mestre | commerce strategy leader, Europe | IBM Commerce

Cloud commerce explained



he world of ecommerce and the cloud is changing as retailers look to adopt virtual technology solutions to better enable speed to market, scalability and the ability to change and adapt fast.

Where once enterprise software dominated, cloud commerce solutions offer the enterprise functionality retailers are used to but set within a cloud environment. This transforms the previously lengthy process of purchase, deployment and regular upgrades into a highly reactive, easy to manage process where retailers are able to get on with their job of retailing rather than worrying about managing complicated infrastructures and software that, without constant review, can be outdated within months.

The speed to market is one of the biggest advantages of the transition of the enterprise commerce solution to a cloud environment. IBM for example says it can enable a move to cloud commerce within only 90 days, meaning that even those late to the world of ecommerce can now move as swiftly as their peers.

With enterprise software that is now hosted in the cloud there is no longer a need for expensive, managed infrastructure or teams of people whose primary task it is to deploy software updates. Instead in the software as a service model deployment of a commerce solution can be faster and more aggressive since less time needs to be spent planning. Software updates meanwhile take place automatically, on time, and most importantly without work required by the retailer itself.

Financially cloud commerce also makes sense since the cloud is reliant on an Opex model rather than the Capex models of the past. For retailers this can be an attractive model to adopt since it also allows for easier decision making at board level and enables faster sign-off on transformational projects.

The cloud model is also highly suited to retailers on a growth journey, particularly into international markets where an investment in infrastructure may not be viable or desirable.

Cloud commerce allows retailers to move forward. To concentrate not on management of their IT systems but to focus instead on what they do best – looking at what they sell, how they sell and, of course, getting on with selling itself.

Of course it's not without its complexities. Security is key and trust is vital. Retailers are now trusting their IT solution to a third party rather than their own staff and this can be a big wrench for retailers used to control. That means retailers must choose partners that they can be sure not only meet their needs of today but who will be around and top of their game in the future too. They want a strategy and vendor that is future-proofed in a relationship that has moved from supplier to partner.

Cloud commerce enables the normal business of retail without the distractions that retailers have had in the past. It sounds a simple concept but it's one that has sadly been lacking in the market for some time.

Those that haven't yet looked at the cloud need to do so quickly – assessing its benefits against the cost of ownership of maintaining their existing infrastructure.

What exactly is cloud commerce and why should retailers be investing in it?

Survey results

What do retailers really think of the cloud and its role in their business – both now and in the future?



As well as in-depth interviews in our case study section we also wanted to understand more about where retailers were at with both their thinking and adoption of cloud-based platforms and how important cloud and service models were to them not just now but in the future too.

Cloud seen as integral to future business development

Our survey showed that the majority (88%) of retailers see cloud and service models being a key factor in their businesses within the next decade, with nearly 3 in every 5 (59%) saying that it would dramatically influence the future development of their business. 29% saw it as a trend that could influence the future development of their business.

Cloud delivers clear benefits

The cloud is changing how retailers do business and increasingly retailers are understanding exactly how big an impact it can have. The retailers in our survey reported the key benefit of cloud commerce as being the capability of true scalability – something that was ranked as an important attraction of cloud commerce by 82% of respondents.

The survey also proved that retailers believe that the cloud enables them to play on a more level playing field with their peers, offering them lower barriers of entry to an enterprise technology according to almost 3 out of 5 (59%) of respondents.

For retailers who are trying to focus on everyday business whilst also moving forward at the fastest pace of change the market has ever seen then the deployment patterns of the past now hinder rather than enhance a business's ability to move quickly. 47% of respondents ranked ease of deployment as one of the most important attractions of cloud commerce.

Another important feature of the cloud or service model for retailers is the move from a Capex to an Opex financial model which for many retailers can be hugely attractive. In our survey 41% rated the fact that it was a cash flow friendly solution as being one of the most important attractions of cloud commerce for them.

Retailers rate the advantages of cloud

As we heard earlier the benefits of cloud and service models are clear – allowing for a faster time to market, flexibility and financial efficiency. This makes the technology hard to ignore in theory for retailers that want to be as reactive as their competitors.

Our survey backs up the theory, with nearly a quarter (24%) of retailers asked to rate how persuasive such benefits were giving a score of 10 out of 10 where 10 was the most persuasive. 12% ranked the benefits as 9 out of 10, 6% rated them as 8 out of 10 and just over a third (35%) rated the benefits as 7 out of 10.

And yet concerns remain

The rate of adoption for cloud varies amongst retailers largely because concerns remain. Whilst many have realised its benefits and adopted cloud services even

they appreciate there can be challenges of a cloud model that need to be understood and overcome before adoption.

The biggest concern seems to come from retailers' trust – at a top level at least – about not having complete control anymore with half of respondents saying that internal corporate concerns about delegating technology infrastructure was holding them back.

Retailers it seems can also still face a big challenge in getting the benefits of cloud a fair hearing in the boardroom. "It's not very well understood in the boardroom which makes this kind of thing a challenge," said one respondent to the survey.

Indeed the respondent suggested a more back to basics approach could help to win hearts and minds at the top level for those who were still struggling to communicate its benefits. "The industry needs to get more basic and call it services via online or something until we have a next generation board," said the respondent.

Meanwhile the survey also showed that 42% were concerned about security and the same amount had concerns about managing a long term relationship with a sole provider, suggesting that retailers are looking for a partner they can trust when looking at adopting cloud services.

Retailers were also asked what they felt would be the biggest implementation challenge for them if they were to adopt an integrated enterprise cloud service. The results showed that half of respondents said it would be about fitting with the timing of business schedules. 42% of respondents meanwhile said that they were concerned about the challenging of winding down their current infrastructure and processes before adopting new.

Of course moving to the cloud is as much about organisational change as business change. Retailers were asked what they felt the biggest organisational responses were. Half of those surveyed said it would be about the challenge of reengineering the size and capabilities for the current technology team whilst the other half said the biggest challenge would be gaining board approval for the shift in operations from a Capex to an Opex model.

Keeping up with the Joneses

Retailers are having to develop and move more quickly than ever before. This is driven largely by the activities of tier one retailers such as Amazon, Tesco and Argos our survey found, with three quarters of those surveyed saying that the action of such retailers drove their development agenda by either a large or moderate amount.

Retailers coped in a number of different ways in order to compete with those that are leading the field. A third said they would look to specialise where their competitors didn't. Another third said that would not look to compete but would integrate them into their strategy.

However, it seems retailers identify the benefits that cloud commerce as a service and cloud services in general can bring for the smaller retailer. "For a small business it is the only viable way to afford enterprise class capabilities and create infinite scalability," said one respondent in our survey.

“Almost half of retailers say ease of deployment is one of the most important attractions of cloud commerce”

What do retailers think about cloud services?



88%

SEE THE CLOUD MODEL BEING A
KEY FACTOR IN THEIR BUSINESSES
WITHIN THE NEXT DECADE

59%

BELIEVE IT WOULD
DRAMATICALLY INFLUENCE THE
DEVELOPMENT OF THEIR BUSINESS

75%

SAY THEIR MAIN DEVELOPMENT AIM
IS TO KEEP UP WITH THE LIKES OF
AMAZON

59%

THINK THE CLOUD LEVELS THE FIELD
BETWEEN ECOMMERCE TITANS AND
EVERYONE ELSE



WHAT ARE THE KEY BENEFITS OF THE CLOUD?

82%

SAY THAT SCALABILITY
IS AN IMPORTANT
ATTRACTION

41%

SAY THAT SAAS IS
CASH-FLOW
FRIENDLY

50%

POINT TO CONCERNS ABOUT
DELEGATING TECHNOLOGY

50%

THINK THAT BUSINESS
SCHEDULES POSE THE
BIGGEST CHALLENGE TO
IMPLEMENTATION

47%

RANK EASE OF
DEPLOYMENT AS AN
IMPORTANT
ATTRACTION

77%

GIVE THE CASE FOR
CLOUD DEPLOYMENT
7 OR HIGHER OUT OF 10
FOR PERSUASIVENESS

42%

BELIEVE THAT WINDING
DOWN CURRENT TECH
WOULD BE A CHALLENGE

50%

SAY THEIR BOARDS ARE
RELUCTANT TO APPROVE
THE SHIFT FROM CAPEX
TO OPEX

SHOP DIRECT

What do retailers really think of the cloud and its role in their business – both now and in the future?

Shop Direct's move to the cloud has accompanied its transformation from a catalogue retailer into a digital specialist enabling it to react more agilely than ever.

Shop Direct's reinvention as a digital retailer has seen it move from the constraints of a business tied to outdated catalogues and stores to a digital, reactive business that is now the leader in its field. In this the adoption of cloud has been crucial, according to Andy Wolfe, chief information officer at Shop Direct. "We have leveraged cloud in several areas of our business from our ecommerce sites right down to our email and collaboration tools," he says.

For his business the ability to react as appropriate has been key – especially around peak periods such as Black Friday. "Principally the driver has been about flexibility to scale up and scale back capacity in our ecommerce sites as demand dictates," he says.

And the flexibility means a far more reactive, test driven business. "The biggest benefits quite simply are about us being able to move quickly, for example being able to spin up development and test environments as needed," says Wolfe.

With a customer that is constantly changing cloud adoption is enabling Shop Direct to say one step ahead, according to Wolfe. "It enables us to better respond to changing consumer habits

and trends – for example driving mobile adoption where we have seen significant growth and been able to support it using technology such as the cloud," he says.

It also enables the business to focus more on innovation than ever. "It enables us to be more innovative and to try things before spending huge amounts of money and effort seeing if they work or not," says Wolfe.

Of course cloud adoption has not been without its challenges. "As with any technology there are always challenges and pitfalls. Our biggest challenge to date has been engineering some of the applications which were not designed specifically for cloud to work in the cloud," he says.

As the technology continues to develop Wolfe says that cloud technology has a "critical" role in the Shop Direct business and, he believes, in the market as a whole. "As more and more cloud providers emerge in the marketplace and as the technology matures it will ultimately be good for consumers of cloud services, cheaper prices, faster technology innovation and evolution – meaning we can offer better experiences for our customers," he says.

Andy Wolfe, chief information officer, Shop Direct



SCHUH

How Schuh is taking a more cautious approach to the cloud

Kenneth Ball, IT director, Schuh



At footwear retailer Schuh the company so far remains to be convinced on the value of cloud and its importance in the future. "It's too early to say," says the company's IT director Kenneth Ball.

The retailer has taken a limited approach to operating in the cloud, due in part to getting its fingers burnt with a previous move of functionality to hosting in the cloud. "The move seemed like a safe bet since it was with one of the big players in this market and hosted by a company that was recommended to us," says Ball. However, the project failed. "It proved to be a major headache with lost functionality and degraded quality," he says. As a result, the company is moving that functionality back off the cloud however the transition back isn't so easy. "It's a painfully slow process," he says.

Other functionalities have migrated more smoothly. The retailer has moved its email archiving to the cloud through Mimecast and is also making more efficient use of collaborative working and data storage with Google Docs. However, Ball points out that is as an addition to Microsoft Office rather than a replacement.

And Schuh is also making use of Amazon's Web Services. The Amazon functionality is used for some in-house apps as well as to enable increased capacity of the website at relatively short notice when required.

Although he may be a little more reserved about the value of the cloud Ball says that he does see a number of benefits from the technology including cost and resilience (under normal operating circumstances).

And the use of cloud is also enabling Schuh to focus on other areas of its business for a retailer that is constantly trying to innovate and improve the customer experience. "It releases internal resources for more specialised projects," says Ball.

Schuh's latest brand campaign



SHOES OF PREY

Shoes Of Prey has never operated anywhere other than in a cloud environment – enabling its rapid expansion over the last six years

Mike Knapp, CTO, Shoes of Prey



Design your own footwear retailer Shoes Of Prey was launched as an ecommerce business in Australia back in 2009. As a start-up business it was a natural choice to look at the cloud according to the company's CTO Mike Knapp. "We actually run everything in the cloud – our email, our accounting software, our website, our backend management systems – everything," he says. "We did this from the very first day of the business because we could see the very clear benefits of running in the cloud," he says.

The business has grown rapidly and the adoption of cloud has helped enable that rapid growth, says Knapp. "It's cost effective. As you scale it scales too however when you are small you don't have to shell out for expensive networking and server technology," he says.

And the lower ongoing costs has also helped the retailer to grow, allowing the business to focus on expansion rather than

Shoes of Prey's design your own shoes technology is adored by shoe lovers



infrastructure, he says. "There is no need to buy and maintain any physical hardware ourselves and no need to upgrade software or worry about security risks," says Knapp.

Partnering with well-known, large players has also given extra confidence in security according to Knapp. "Google for example manages all our emails using world class datacentres, on-call engineers and intrusion detection algorithms that are being constantly and seamlessly upgraded," he says.

The cloud also offers the ability to access from anywhere. "All you need is a browser and an internet connection," he says. For sharing data across the business the cloud has been vital. "The cloud makes it fast, easy and fun for our people to collaborate with each other. No longer is data siloed across various departments or in legacy systems," he says.

But he also admits that data concerns remain the biggest challenge of operating in the cloud. "One major challenge is ensuring our data remains safe," he says.

For a business that launched and has grown on the cloud then it's pretty obvious that it will remain a central part of strategy in the future. "I can't imagine using anything but the cloud," says Knapp.

CLIK EMPIRE

How the cloud is helping a one-man band retailer operate from anywhere

Andrew Grant, managing director, Clik Empire

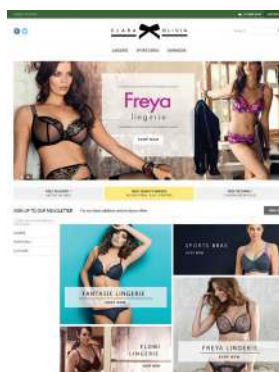


Andrew Grant, owner and managing director of Clik Empire, which includes lingerie business Clara Olivia.com, has a clear goal for his business. "The whole vision is to be able to run this from the beach," he says. And he is heading towards a point where cloud capability will fully enable a work from anywhere capability for his business, he says.

He has owned the business since buying it in April last year – doubling its turnover since purchase. He says cloud capability allows him to effectively work as a one-man band – outsourcing functions as and when needed. "I've used the cloud from the beginning at a basic level with all my files on the cloud via Google Drive," says Grant.

More recently he has implemented a new integration platform that pulls in his order and inventory. "That in essence is also a cloud-based platform," he says.

As well as his work from anywhere ambition the cloud also



enables Grant to access capabilities beyond his one-man band status.

"The advantage of sitting on the cloud is that you can access it for a subscription fee so you can get access to some very sophisticated capabilities for only a few hundred pounds.

You don't have to worry about upgrades and it doesn't go out of date and is being constantly looked after," he says.

And it also allows him to be more reactive. "The cloud sits with where I see the vision of my business anyway but I still think I would be supportive of the cloud as a way from getting away from investing in software and infrastructure – it makes you more flexible as a business," he says.

He says working with a single supplier can be an issue however. "It's a risk because you channel everything through a single point and if there is a bottleneck that's a big challenge," he says. However traditional solutions also have their own risks, he points out.

"My business wouldn't be possible without the cloud. It's a massively enabling technology and it's just getting better. People are doing new and innovative things that are all based around the cloud. If you resist it you are holding your business back," he says.

DECKERS

How a cloud-based platform has bought agility and speed to Deckers

At portfolio brand business Deckers the company has been on the cloud for the last four or five years, using Demandware as its main web platform and most of its solutions are moving into the cloud, according to David Williams, director of online for Deckers EMEA.

As well as allowing for scalability and flexibility he says the cloud also frees up the IT team. "It takes away the need to rely on IT as much as you do," he says. "Instead you rely on the vendors. It allows us to build a culture of iterative development and we've become much more agile because it's so easy to do now," he says.

And it's also meant retailers no longer being at the mercy of the release schedules of vendors, he says. "The old way with enterprise software meant that you were reliant on their product release schedule. Now with the cloud you are constantly having upgrades and can do app integrations through an API which makes it much simpler," he says.

Greater integration is also enabled now thanks to B2B businesses working better together, he says. "It allows you to integrate a lot more easily with other solutions and makes it easier to plug and play. Previously you would spend ages trying to work out the IT requirements and project management and about 20% thinking about the business – now you can move faster," he says.

A cloud-based platform also offers huge benefits for internationalisation too, says Williams who is based in the UK for the US based company. "The scalability to do things globally is very important since it allows us to have a regional team without having to have an IT team here to manage it," he says.

There are challenges he admits. "It's contrary to what IT are used to and there is a fear that you are losing control from a more traditional point of view. There are also risks because you are trusting the security and scalability to third parties to keep it going so you have to have a fail plan," he says.

But for Deckers it has also allowed it to change how it does business. "It's the ability to update itself and being able to cherry pick improvements. It makes it much easier to move with the times. I've got a multilingual complicated business to manage and I can roll out a website in four or five weeks," he says.

David Williams, director of online, Deckers



Ugg is one of the brands in the Deckers stable



WALLS AND FLOORS

Why as an early adopter Walls and Floors would never go back to life before cloud

Tiles and flooring retailer Walls and Floors started using cloud computing four years ago. "We updated our accounting software and took the opportunity to review all our computing strategy," says John Steel, operations director at the company.

He says it offers a number of benefits for the business – from security to scalability. "Using the cloud gives us mirrored off-site security at two separate sites," he says. "The platform is scalable which is perfect for a growing business like ours and additional capability can be added very quickly with no disruption," he says. It has also allowed a multiple site business to work more effectively, simplifying file sharing.

Having made the move four years ago Steel admits the early days were challenging but accepts it was early days for

John Steel, operations director, Walls and Floors



cloud computing back then. "If we were doing it today there would be less unknowns," he says.

He says the partnership relationship with the company's cloud providers have also developed to be more important than ever. "Our relationship with our service provider has had to develop and it is much stronger today than it was previously. We have had to understand each other more and have regular review meetings where we share developments and plan ahead together," he says.

The retailer uses order processing in the cloud for orders placed by telephone and those placed through its ecommerce sites where it uses automatic integration software. "This allows us to process orders in the cloud with little or no intervention," he says. Walls and Floors is also currently expanding its integration routines to include phone orders.

For Walls and Floors cloud is now integral to the business and will continue to be so, says Steel. "Every time we look at new software or upgrades the first question is always 'does it work in the cloud'," he says.

And Steel is a strong advocate of cloud today. "Would I turn back? No chance," he says.



Click and collect has been a huge success for The Works

THE WORKS

How investing in cloud commerce allowed The Works to not only catch up with the market but leapfrog many of its competitors – becoming the first discount retailer to launch a click and collect service



As a sector that has traditionally avoided ecommerce, since the discount market is a hard place to make money online, discount retailer The Works had, until 2012, largely ignored the opportunities of ecommerce.

However in late 2012 with the implementation of IBM's Cloud Commerce solution that all changed. The company introduced an initial online catalogue of 70,000 products and earlier this year became the first discount retailer to launch a click and collect service.

The Works' multichannel director Simon Joseph says the choice of partner was key. "We are working with the Rolls Royce of partners. If you go to a lot of businesses of our retail value size they would think that IBM would be at the high end but for us they are a great fit and give us scalability," he says. "It's very much hand in glove with IBM and that is integral since our AOVs and volumes are such we have to get the model right to allow this to be sustainable," says Joseph.

The advantages of the subscription model of the cloud also helped to secure the investment in the project in the boardroom, according to Joseph. "The model of a monthly payment is absolutely what drove getting this over the line because spending £1-2 million wouldn't have been authorised in a business like this," he says.

Joseph says the cloud commerce model has also allowed the retailer to easily integrate or introduce new services or ideas. "It enables us to test and try things. So much of the functionality we get is directly out of the box or very close to being out of the box so we don't have to keep going off to other suppliers. That's really good for a business like ours. At a strategic level just having the brand of IBM behind it gives

that extra credibility in the boardroom too," he says. It has also allowed the business, to focus on what it does best. "For us it's about doing what we do which is retail sales rather than having to worry about the platform," says Joseph.

Most strategically the investment in the cloud commerce platform has meant the ability for The Works to introduce its click and collect functionality, driving sales across both the internet and its stores.

In February of this year, only a few weeks after its launch, the company's CEO Kevin Keaney said that the click and collect service had already proved itself as a key part of the company's multichannel strategy. "We have been delighted with the performance of our e-store and the launch of click and collect has certainly boosted online sales," he said at the time.

The company won't give exact figures but Joseph admits to having "a really big grin on my face" that shows how well click and collect, and multichannel as a whole, is doing for The Works. "It's my most important KPI now," he says.

Importantly adoption of a cloud commerce solution has also enabled The Works to race ahead of its peers. "Given we came to market late as we did if we hadn't gone with a cloud solution it would have taken another two to three years which could have meant we would only be launching now," he says.

Like many in our survey and other case studies, Joseph says the choice of partner was key. "For me the real mitigating factor was that we wouldn't be going into the cloud with a new player," he says. "If there were any issues I would have a sufficiently high enough level of trust for them to fix it," he says.

LINDT

A cloud-based platform has allowed for increased personalisation of product offering and promotions at Lindt

Swiss based chocolatier Lindt has had an ecommerce website since 2002 but when it wanted to improve its online offer through increased personalisation and better targeted promotional activity it needed a platform that could grow with it. “We sought a solution that would make it very easy for us to manage promotions, scale capacity and personalise interactions,” says Thomas Linemayr, president and CEO at Lindt & Sprüngli.

Its desire to offer a more personalised experience was key to growing sales and loyalty via its ecommerce store and saw the company partner with IBM and IBM Premier Business Partner CrossView to introduce a new cloud-based web store with a solution that enabled cloud commerce capability.

The new webstore was designed as a premium storefront through which customers could experience all things chocolate – including a portfolio of up to 600 SKUs.

Now the retailer can not only offer personalised promotions but can also offer shoppers the ability to create their own individual range of products, mixing and matching ranges to build personalised gifts with the customer choosing everything from quantity, type of chocolate to packaging and messaging.

We all know that customers react positively to personalisation and the results show it’s true at Lindt too with a more than doubling of conversion rates and a tripling of revenue on mobile devices.

The ability to react and produce highly personalised, seasonal promotions has also been key with the new platform enabling the chocolate retailer to build targeted promotions and campaigns around holidays for which chocolate is the obvious gift – such as Valentine’s Day. “We move very quickly between holidays so we must respond with seasonal promotions just as rapidly – and deliver a premium experience,” says Linemayr.

The scalability of the platform was quickly evidenced by the success in 2013 after the move to cloud commerce saw the site’s conversion rate soar 200% on Black Friday and saw Cyber Monday sales at more than twice that of any other single day of online sales.

The company has said such results are thanks to the flexibility and scalability of its web platform. “We performed beyond our expectations and attribute this to our web solution and our ability to showcase products online that resonate with customers. The site allows us to engage with customers in meaningful, thoughtful ways and to understand their behaviour,” says Linemayr. “We are a thoughtful brand. It’s about the experience we create and the loyalty we build – not just sales,” he says.

The functionality of the cloud also meant that IBM was



able to deliver within its 90 days timeframe. “Both the products and the partners were right,” says Linemayr. “This was one of the quickest projects we have led,” he says.

The platform also enables continued innovation for the brand – such as new social initiatives, product and category innovations to maintain and stimulate customer interest. “We have a very strong pipeline of innovation coming every year and this platform is great because it will enable us to move quickly to introduce new offerings,” says Linemayr.

Top Ten

As we conclude this whitepaper what are the main lessons we

The survey and case study interviews show that cloud is most definitely here to stay. Though some retailers are cautious with its adoption most see the benefits it can bring and the ability to get tier one capabilities that they didn't have access to before. Here we summarise the top 10 learnings from the whitepaper.

1

**CLOUD COMMERCE'S
ABILITY TO OFFER SPEED,
AGILITY AND SCALABILITY
IS Hugely ATTRACTIVE**

Retailers have to react faster than ever in today's environment and are increasingly realising the ability of the cloud to enable that. The environment offers particular advantages for helping retailers both manage expansion and manage peak trading, as evidenced by a number of the retailers interviewed in our case studies.

2

**THE MOVE FROM A CAPEX
TO AN OPEX ENVIRONMENT
ALSO PROVES ATTRACTIVE
FOR RETAILERS**

IT departments are changing and the finance departments are following suit. Though some retailers admitted a challenge in making the shift from Capex to Opex in the boardroom they appreciate that the model offers advantages of a buy as you go service that allows retailers financial efficiency, flexibility and much greater speed to market.

3

**CHALLENGES REMAIN
AROUND PERCEPTION
BUT THEY ARE
BREAKING DOWN**

The study also showed that concerns remain about the move to a cloud commerce environment. For some this is to do with a failure to understand cloud's benefits at boardroom levels. For others it is perceived risks of not owning the infrastructure on which your business operates.

4

**SUPPLIER
RELATIONSHIPS
ARE CHANGING**

The shift to the cloud is changing the relationship that retailers have with their suppliers and means the market is moving from a supplier to partner based relationship. Although this initially takes some getting used to the changing relationship instils greater trust, understanding and sharing in the ultimate journey of the retailer.

5

TRUST IS VITAL

As our case studies have shown trust is vital in the move to cloud – especially for businesses where the advantages of cloud aren't necessarily so well understood throughout the business. For most of the retailers we interviewed the move to the cloud had gone smoothly but our research also heard from a major high street retailer whose move to the cloud for one of its functions didn't go so well – with its appetite for cloud adoption now affected as a result.

Learnings

have learned about retailers' views and use of the cloud today?

6

**PICKING THE RIGHT
PARTNER IS KEY**

The change from supplier to partner means that retailers have to pick the right partner for their business – ensuring they have the longevity such a partnership approach requires as well as having full fail-safe plans should anything go wrong. The fact that half of those surveyed said they were concerned about delegating technology infrastructure proves that they must pick a partner they know they can rely on.

7

**RETAILERS WANT TO
EMULATE THE SUCCESS OF
THEIR TIER ONE RIVALS**

The study also showed that retailers wanted to enable the same benefits to their business as those enjoyed by their tier one rivals with the actions of the likes of Amazon, Argos and M&S driving their development agenda for three quarters of those surveyed.

8

**CLOUD COMMERCE
ENABLES RETAILERS
TO LEAPFROG THEIR
COMPETITION**

As our survey and interviews showed the move to the cloud allows for speed and agility which means that retailers that may have been slow to adopt even ecommerce for example can not only now do so quickly but without the huge deployment and investment programmes needed previously.

9

**THE CLOUD OFFERS THE
CHANCE TO COMPETE WITH
BIGGER RIVALS**

One of the most important facts we have learnt from this report is not just the benefits of the cloud for simplifying and improving efficiency but also the ability for small scale retailers to harness the same commerce capability as their rivals – allowing them to compete on a more level playing field with their bigger rivals .

10

**CLOUD
COMMERCE IS
THE FUTURE**

This new way of working, of cloud commerce and service models, is here to stay since most said that they wouldn't go back to how they worked previously and the majority felt it would dramatically influence the future development of their business over the next 10 years. If you want to be agile then get in the cloud.



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