



# The B2B Digital Commerce Imperative

An exploration of customer expectations  
and business readiness in 2017



What's next for B2B businesses that have already made the move online? As the industry evolves, a gap has emerged between the commerce expectations of B2B buyers and what brands are able to provide. Many struggle to meet the complex needs of their buyers due to a reliance on inflexible, outdated commerce systems. The opportunity for B2B businesses lies with cloud-based commerce systems built with the customer in mind.

## Executive Summary

B2B businesses are in the midst of a digital revolution. More than ever, businesses selling to other businesses are rethinking how they interact with customers and complete sales transactions. As a result, investments in commerce have become a priority for B2B businesses.

However, many B2B companies continue to rely on outdated and predominately manual processes like sales reps, faxes or inflexible, siloed solutions that limit digital's potential to make a notable and lasting impact on revenue. But with B2B commerce expected to grow at an annual rate of nearly **eight percent** over the next three years, companies across industry verticals will need commerce platforms that can meet customer demands quickly and help them maintain a competitive edge.

To better understand the challenges B2B companies face in the current commerce landscape and identify opportunities to drive more digital revenue, CloudCraze surveyed nearly 200 B2B and B2C businesses within the retail, manufacturing, software, healthcare and government industries with an online presence about their pain points, investments, and priorities when it comes to digital commerce. All of the surveyed businesses are conducting at least some of their business online.

The findings indicate that B2B commerce companies feel increased pressure to perform via digital channels, but face a disconnect in investment priorities.

Unfortunately, most still fail to integrate customer data with commerce technology, and experience a gap between what they're able to offer and what today's business buyer demands.

For some industries, these issues are more pronounced. Retailers servicing the B2B industry are ahead of the curve when it comes to mobile and user-friendly offerings, but fail to keep up with more complex capabilities such as guided selling and multiple store orders. Manufacturing respondents, on the other hand, can accommodate B2B complexities more than any other industry, but struggle to keep costs down. Healthcare and software also face unique challenges as a result of the highly complex nature of products and customer relationships.

B2B businesses must adopt an agile, CRM-based solution that puts the customer at the center of the commerce experience. These solutions enable businesses to understand and accommodate the needs of buyers through a holistic view of their CRM data. What's more, today's cloud platforms offer flexibility, cost savings and quick speed to market.

The following study outlines the state of the B2B commerce industry, what the industry's main players are prioritizing for the future, and tools to help B2B professionals justify an investment in agile, customer-centric commerce.



## Key Findings

The study unveiled 8 notable trends for companies with an online presence:

- **B2B businesses use commerce to support, not replace sales teams:** Ninety percent integrate sales with commerce portals.
- **Businesses do not use CRM data to their advantage:** Only 27 percent of B2B businesses currently support integration between CRM and commerce.
- **Some businesses still isolate commerce:** One in five (18 percent) still treat commerce as a separate channel, but market leaders are taking a more integrated approach and seeing gains as a result.
- **B2B businesses rely on outdated commerce systems:** Only 14 percent of businesses surveyed have implemented their commerce systems within the past year. Over 65 percent last updated their systems more than two years ago.
- **Top business buyers' expectations center around convenience:** Respondents reported that most customers demand mobile access to their commerce platform (55 percent), convenient payment processes (52 percent) and advanced payment features (50 percent).
- **B2B businesses struggle with age-old pain points:** B2B businesses reported cost-efficiency (37 percent) and the inability to provide a seamless, omnichannel customer experience (35 percent) as their biggest pain points.
- **Top business customer pain points reflect an inability to accommodate complex needs:** Respondents say that limited payment options is their customers' biggest obstacle (37 percent) followed by a lack of order replenish capabilities at 30 percent.
- **Businesses have missed out on revenue and sales because of commerce system pain points:** Seventy percent have lost a business deal because of an ordering-specific pain point, and 31 percent have missed out on at least \$2M in sales.

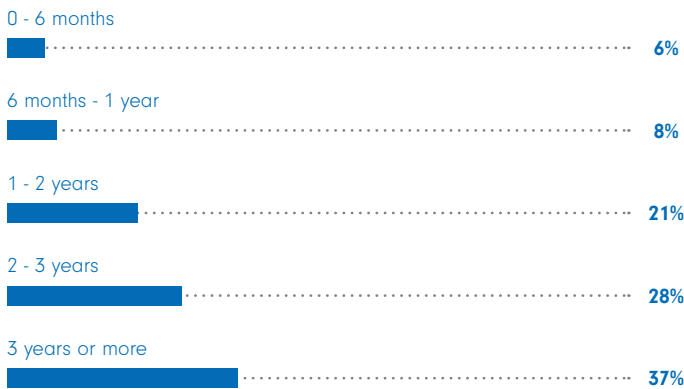


# State of the Industry

B2B businesses that sell online are struggling to drive significant revenue online because commerce needs are highly complex.

B2B businesses with an online presence rely on antiquated commerce systems. Only 14 percent of respondents have implemented their commerce systems within the past year, and 65 percent use systems that are more than two years old.

## How long has your business been using your current digital commerce software?

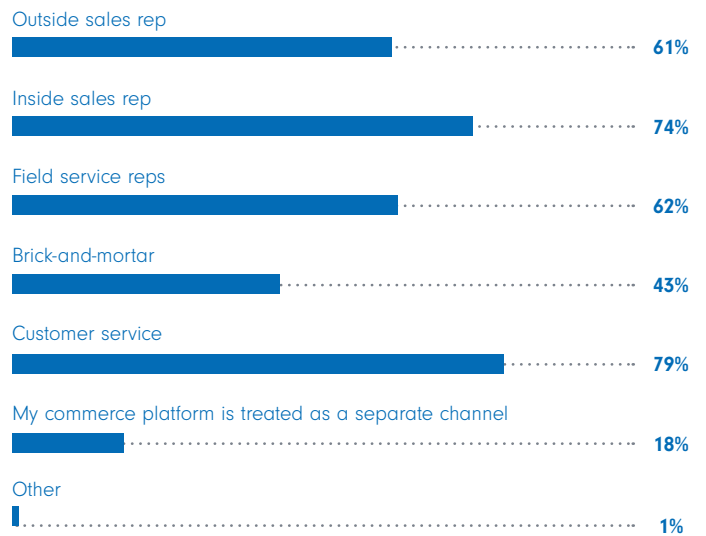


This is shocking considering the transformation commerce technology has undergone in terms of sophistication, adaptiveness, and integration since 2014. Software-as-a-service (SaaS) capabilities have only begun to mature in the last few years and they've since changed the way B2B businesses conduct commerce.

The vast majority of commerce platforms that are more than two years old are legacy on-premise, and lack cloud computing features that enable flexible, personalized and connected commerce experiences.

While most B2B commerce platforms support basic channels like customer service and sales representatives, still nearly one in five (18 percent) treat commerce as a separate channel. Operating in silos remains one of the biggest setbacks for digital B2B businesses today. It is nearly impossible to offer a seamless and consistent buying experience with a commerce system that is not equipped to handle all channels.

## Which of the following channels does your current commerce platform support?



With market and customer demands in a state of near constant change, legacy platforms struggle to keep pace with the needs of today's businesses. While today's B2B businesses that have an online presence can handle the basics needs of a digital commerce experience, there is much to be done before the B2B industry can maximize commerce revenue.



## Buyer Expectations

Current B2B digital commerce offerings do not align with buyer expectations. Buyers need advanced features such as customized pricing and connections to sales reps, but most B2B systems aren't sophisticated enough to handle the complexities of B2B relationships.

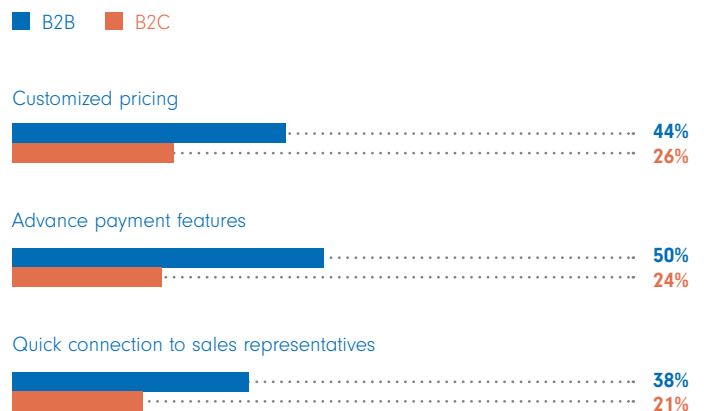
Many businesses rely on systems that are too old to support advanced payment, ordering and other selling features necessary to support the needs of today's B2B commerce buyers.

Today's business buyers expect mobile access to a seller's commerce platform (55 percent) and convenient payment processes (52 percent), according to the businesses surveyed. Additional priorities include:

- Advanced payment features (50 percent)
- Customized pricing (44 percent)
- Seamless omnichannel ordering (43 percent)
- Quick connection to sales rep (38 percent)
- Guided selling (36 percent)

B2B respondents say their buyers prioritize customized pricing, advanced payment features, and connections with sales representatives significantly more so than B2C respondents. For some features, B2B respondents were nearly twice as likely to label them important to customers. This gap makes sense as B2B commerce transactions are much more complicated, a fact that B2B organizations must keep in mind when selecting their solution.

### Priority of Complex Features: B2B vs B2C

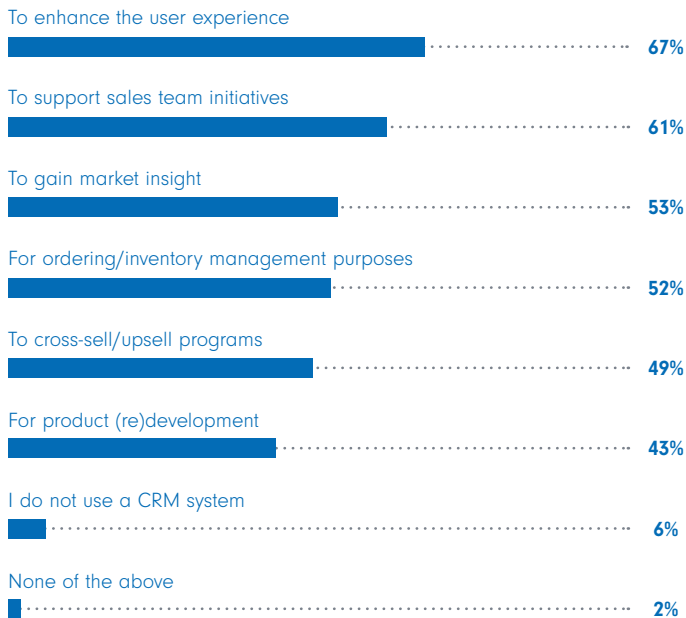


However, it is nearly impossible for businesses to meet these priorities without a flexible SaaS-based platform that offers a holistic customer view.

According to the survey, many of the B2B organizations with an online presence fail to use commerce systems that connect with their CRM (customer relationship management) platform. A third of respondents say their systems are not designed to use CRM data to enhance the user experience. Additionally, many of the B2B organizations that sell online say they do not use CRM data to support sales teams (39 percent) and nearly half don't use data to inform marketing insights (47 percent).



### For which of the following initiatives do you reference CRM data collected from your customers?



When asked which features their commerce systems already support, most B2B businesses cited order documentation (61 percent), invoicing (58 percent) and order approvals (53 percent). Still, only 27 percent currently support integration between CRM and commerce. The failure to prioritize CRM points to the same issue outlined above:

To offer the advanced, personalized features that customers expect, businesses must first integrate their commerce systems with customer data.

The consequences of relying on old, on-premise commerce platforms became clear when B2B businesses were asked to list the advanced ordering features that their current systems support.

### Which of the following features does your current commerce system support?

Order documentation	61%
Invoicing	58%
Order approvals	53%
B2B contract pricing	47%
Multi-account ordering	40%
User specific viewing capabilities based on industry	37%
Walleting (e.g. savable & customizable payment options)	35%
Subscription management	34%
Ability for Sales Rep to push a suggested cart to his customer	28%
Integration between Commerce and CRM platforms	27%
Ordering via Interactive Parts diagram	24%
Order-on-behalf capabilities	8%

More than half aren't providing the following complex ordering options that are critical to B2B: contract pricing, multi-account ordering, walleting, subscription management, and the ability for a sales representative to push a suggested cart to a customer.

This illustrates a gap between customer expectations and current business offerings. Business buyers need more advanced and personalized ordering, pricing and payment features, but today's businesses are unable to meet these expectations due to a failure to integrate their systems with customer data and a reliance on outdated, on-premise platforms. So just how much is this gap costing today's B2B companies?



## Pain Points

Commerce pain points and obstacles lead to missed revenue opportunities for today's B2B companies.

The biggest pain points plaguing B2B businesses that sell online today include cost efficiency (37 percent) and the inability to provide a seamless, omni-channel customer experience (35 percent). Other obstacles reported include:

- Gaining a holistic view of the customer (31 percent)
- Effectively using commerce data (30 percent)
- Employee IT knowledge for platform management (28 percent)

As a result of these pain points, nearly a third (31 percent) of B2B respondents say they've missed out on at least \$2M in sales.

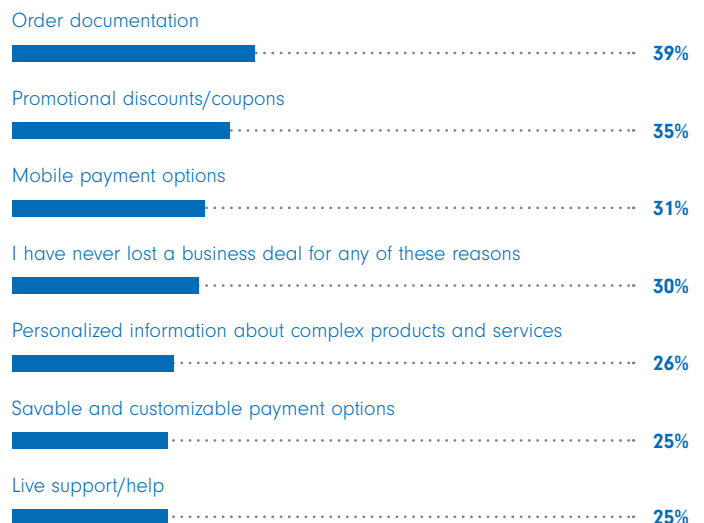
When it comes to customer pain points, respondents say that limited payment options is their customers' biggest obstacle (37 percent) followed by a lack of order replenish capabilities at 30 percent. Other customer obstacles reported by B2B businesses include:

- Lack of visibility into inventory (30 percent)
- Too many steps in the ordering process (26 percent)
- Lack of omnichannel access to platform (25 percent)

In addition to missing revenue opportunities due to internal commerce system pain points, businesses say that customer-related pain points are also costly.

Seventy percent say they have lost a business deal because of an ordering-specific pain point, with 39 percent citing their platforms lack of order documentation, and 35 percent blamed their site's inability to support promotional discounts or promotions.

### Have you ever lost a business deal because your commerce platform doesn't support one or more of the following capabilities?





When asked what would solve their customers' pain points, payment management was the first priority, with 26 percent ranking it highest on their list, followed by omnichannel account engagement at 24 percent and storefront management at 23 percent.

However, most businesses say that their biggest obstacle in solving both customer and internal pain points is the cost of new technology (54 percent) along with a lack of desire and willingness within the organization to innovate (44 percent). Additional roadblocks were reported.

### Obstacles in Solving Customer Pain Points

Cost of new technology implementation	54%
Desire/willingness of organization to innovate with new approaches to commerce (e.g. agile vs. waterfall project management approach, on-premise vs. cloud-based systems)	44%
Integrating data across systems (e.g. commerce, CRM, ERP)	39%
Internal approval process holdups or corporate bottlenecks	36%
Meeting the expectations of the shifting marketplace	26%
Speed to market of new technology implementation	25%
Other	1%

B2B businesses with an online presence know they are missing out on sales due to internal and customer pain points caused by outdated commerce systems. However, many cite high costs or an inability to change the status quo as reasons for failing to upgrade systems.

In reality, cloud-based, SaaS solutions are less expensive and easier to implement than on-premise overhauls. These solutions work with customer data to power the complex ordering, pricing and access to sales representatives that today's buyers demand.

More importantly, SaaS commerce systems can help B2B businesses meet their customer needs and ultimately drive more revenue for a fraction of the cost. B2B businesses today have a significant opportunity to benefit from this.



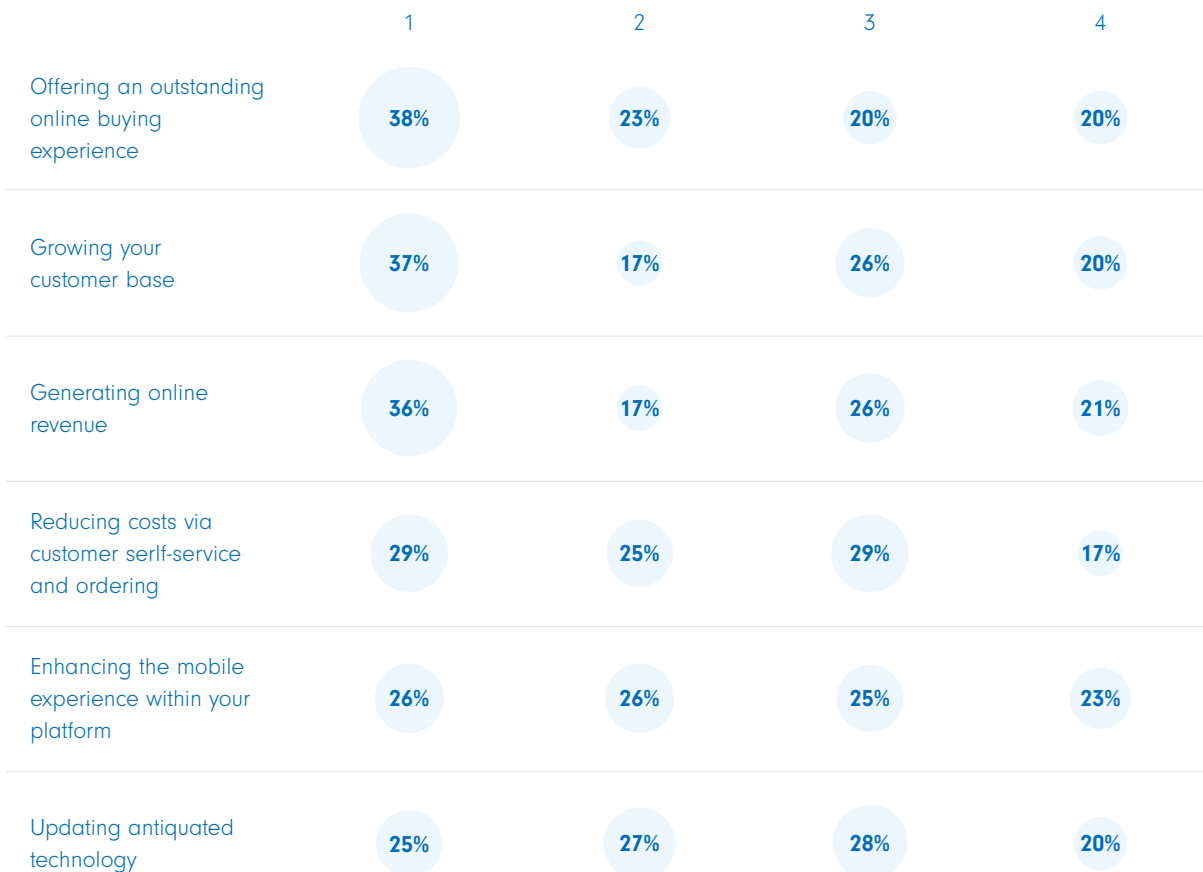


## Priorities

Given the pain points and challenges outlined above, it's clear B2B brands know what it takes to improve their online presence, yet most are still struggling to prioritize investments in the adequate technology.

Offering an outstanding buyer experience is the highest ranking priority among survey respondents (38 percent ranked it as their top priority) followed by growing their customer base at 37 percent. One in four report that updating antiquated technology is a priority for their business.

**Which of the following features are a high priority for your business, with 1 being a top priority and 4 being a low priority.**





In other words, B2B organizations want to grow sales and generate more revenue, yet three in four are not making technology updates a top priority. More than 65 percent of these companies are running on platforms that are two or more years old that are often inflexible and unable to support the evolving needs of today's buyers. Unless they update technology, they aren't likely to meet their business goals.

Despite failing to prioritize updating technology systems, B2B companies report that additional self-service support will be their top investment in the year ahead (39 percent), followed by advanced pricing features (31 percent). Brands realize how much money they can save with self-service capabilities and buyers want the freedom to order when and where is convenient for them.

This is another place where flexible, SaaS-based platforms can make a real difference. Buyers (particularly smaller boutiques or mom and pop shops buying from a B2B organizations' wholesale channels) need the

ability to self-serve to make more efficient and educated purchase decisions. They need to place orders on their own time based on previous order information and inventory data, which can be a major cost saver for B2B sellers. The best way for this to happen is with a tailored, mobile-first solution built on customer data.

B2B businesses know that investing in the technology that allows for self-service and more complex payment and ordering features should be a priority. So how much are they investing to address this? About a quarter (27 percent) plan to spend more than \$2M in the next fiscal year on commerce systems.

B2B brands want to drive more sales and grow their customer bases, but are still failing to prioritize investing in flexible, consumer-data driven systems. Brands today have the right goals in mind, but their path to get there is still indirect. B2B businesses will be smart to invest in SaaS platforms that provide the agility required to adapt to changing customer demands.



## Industry Insights

To better understand how B2B buying needs vary across industries, CloudCraze analyzed the complexities and opportunities for growth unique to manufacturing, healthcare and life sciences, software and media technology, and B2B in retail.

The survey found that these industries have varying degrees of digital commerce maturity and they each face a unique set of challenges based on the needs of their target buyers. But one theme remains consistent with each industry: a digital commerce experience that is centered around the customer is both the greatest obstacle and biggest opportunity for growth for B2B companies today.

### Manufacturing

Overall, manufacturers are the most advanced when it comes to accounting for the complexities of the B2B industry, but struggle to keep costs down due to high demands from low-volume customers.

Manufacturers have a need for visibility into diverse sales channels - more so than any other industry. While some of this industry's customers are serviced with traditional sales representatives, others go through non-direct channels such as distributors or third-party sales agents. With inflexible, on-premise systems, manufacturers struggle to operate efficiently across all channels.

In a similar vein, the inability to service low-volume customers effectively is also a challenge. Individually, these customers do not drive significant revenue,

but collectively they generate nearly a third of a manufacturer's sales. It is in a manufacturer's best interest to provide excellent customer service for these businesses, but traditional phone or paper and pen methods are highly inefficient and drain resources.

Due to the struggles outlined above, it's no surprise that manufacturers are more likely to find cost efficiency a pain point compared to the other industries surveyed (45 percent versus 37 percent). Additionally, they're by far the most likely to say they have lost a business deal due to customer pain points (80 percent compared to 37 percent on average).

As a result, many are turning to SaaS solutions that allow them to meet the needs of high-volume distributors while also giving low-volume customers the power to self-serve.

The study found that manufacturers are by far the most likely to support nearly every complex ordering and payment feature, such as invoicing (68 percent), multi-account ordering (43 percent), user-specific viewing capabilities (41 percent) and walleting (36 percent).

They're also significantly more likely than average to accommodate complex pricing agreements (specifically periodic payment terms and global price waterfall). Finally, manufacturers are also more likely to say that their customers find the online experience very satisfactory (54 percent versus a 44 percent average across industries). While this number is higher than average, it is important to recognize that half do not consider the process as satisfactory as possible.



## Healthcare and Life Sciences

B2B healthcare and life sciences organizations such as biotechnology and pharmaceutical organizations and energy companies are late digital commerce adopters due to the highly complex nature of products and customer relationships. Cloud-based solutions provide the holistic, customer-centric view that the industry needs.

The healthcare and life sciences commerce industry is in its infancy. The goal for many healthcare businesses moving online is to provide different groups of people (from patients to providers) access to centralized digital information.

The survey suggests that this industry isn't under the same pressure to move their customers online as others. Respondents were least likely to say buyers require mobile access, quick access to sales reps advanced pricing or customized pricing than any other industry.

According to the survey, the healthcare and life sciences industry is most likely to experience pain points when it comes to speed to market for platform updates,

which is often exacerbated by the stiff regulatory standards common in this industry. Pharmaceuticals, chemical and other technologies that impact health and the environment tend to be slow to evolve the use of technologies in their businesses, but cloud-based commerce solutions can be a huge asset to supporting sales teams working with complex customer needs.

## Software and Media Technology

The unique business model required by software and media technologies companies make digital communication both a major challenge and vital necessity for the industry. SaaS solutions enable the flexibility and advanced payment options buyers in this industry demand.

B2B software and media businesses face a greater need to drive recurring, subscription-based revenue. The only way to do this at scale is to use a flexible digital commerce system alongside traditional channels, particularly for businesses selling software. A SaaS platform can make it easier for customers to evaluate



options and complete complex ordering and payment processes.

The survey found that B2B software and media businesses with an online presence are average or above average in most categories when it comes to the needs of their buyers, yet they are also the least likely to accommodate complex pricing and ordering requirements. What's more, software businesses are the most likely to report that their customers face obstacles with limited payment options.

Given that subscription revenue models are evolving substantially and can mix pre-paid, usage-based, one time and recurring revenue models, companies in this vertical need to invest in commerce systems sophisticated enough to handle the diverse revenue models, and can support flexible marketing, promotions and ongoing change to those underlying models.

## B2B in Retail

Overall, retailers in B2B (those servicing businesses, such as Staples or Grainger) are most likely to be prioritizing mobile and intuitive payment options. Their biggest struggles involve inventory management and omnichannel access to the platform.

Retailers in B2B face unique challenges. These businesses are mostly B2C stores that allocate a majority of their resources to consumer-facing commerce platforms. As a result, their platforms often don't support the complex needs of B2B transactions.

These companies are turning to SaaS solutions to increase the flexibility of their B2B commerce offerings. With SaaS platforms, retailers in B2B can offer their customers the ability to complete orders with more accuracy and efficiency.

According to the study, retailers in B2B are more likely to have updated their commerce platform more recently. Only 29 percent are using a system that is more than 3 years old compared to 37 percent average across industries. They're also most likely to offer order for multiple stores within a single order, order on behalf of all department stores and order for a future date – this finding makes sense given that most of these transactions take place between stores and parent companies.

Retailers in B2B say their buyers prioritize mobile (61 percent) and intuitive payment options (56 percent) more so than the other industries studied.

However, they are also more likely than any other industry to struggle providing a seamless, omnichannel customer experience (44 percent) and are most likely to report their customers struggle with order replenishment capabilities (39 percent).



## Conclusion

B2B businesses are at a digital roadblock. Those that are currently offering basic digital commerce channels are unable to move on with more complex features due to outdated, product-focused systems.

Businesses know that their current commerce platforms are leading to missed sales and revenue, but most are still failing to prioritize implementing SaaS systems that offer the flexibility needed to implement with more advanced features.

Companies that aren't yet online or are thinking of re-platforming can learn from the mistakes of early adopters and implement a flexible, customer-centric, cloud-based solution. In contrast to the on-premise, ERP systems used by most B2B businesses today, cloud-based systems are quick to market, and allow for agile enhancements. This means that they can truly grow along with the customer.

To meet the complex needs of today's business buyer, B2B brands should:

**Streamline ordering:** Clunky, on-premise systems can require customers to complete up to 13 steps before completing an order. Look for a flexible, SaaS solution that adapts easily and quickly to changing ordering needs, from multi-account ordering to walleting.

**Improve order accuracy:** This is particularly true for tier-two and three businesses that primarily self serve. By connecting commerce to your CRM with a native solution, you can automatically integrate order history, current

inventory and budget information, which arms your sales reps with more information and helps buyers make more informed purchase decisions.

**Consolidate data:** When using a platform that integrates customer data with commerce functionalities (rather than siloed), businesses can offer personalized promotions and customized pricing features based on each business's basic demographics (size or location) and its order and browsing history.

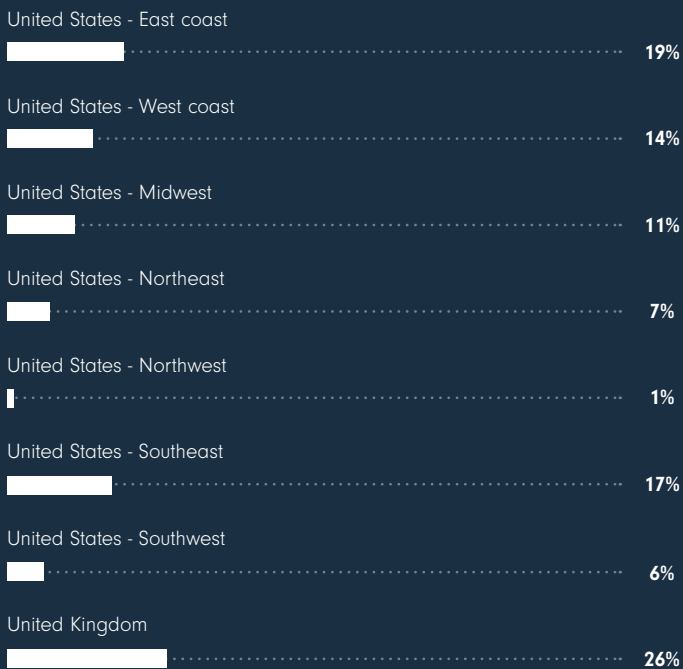
**Cut costs:** Cloud-based commerce systems carry a lower total cost of ownership and require less technical labor and maintenance to implement and operate. Investing in these systems also enhances the sales process while reducing costs. When customers can self-serve, access the information they need digitally and receive personalized pricing and promotions, the transaction requires less human interaction (which means you spend less money while enhancing customer engagement and reducing errors).



# Methodology

CloudCraze surveyed 197 B2B and B2C businesses in September 2016. The demographic breakdown of these businesses is as follows:

## In which of the following regions are you based?



## What is your company's approximate annual revenue?





### Which of the following most closely represents your industry?



### Which of the following most closely represents your title?

President	5%
Chief Digital Officer (CDO)	4%
Chief Information Officer (CIO)	17%
Chief Experience Officer (CEO)	11%
Chief Technology Officer (CTO)	10%
Head of Sales	5%
VP of Innovation or Business Development	6%
VP of Commerce	2%
Director of Commerce	5%
IT Director	19%
Director of Sales	3%
Other	13%





## About CloudCraze

CloudCraze delivers robust B2B commerce native on Salesforce that allows businesses to generate online revenue fast and easily scale for growth. CloudCraze delivers seamless interactions across Commerce, Sales, Marketing and Service Clouds for a 360-degree view of data that's 100% connected to the customer. With its trusted Salesforce infrastructure and core capabilities, the powerful CloudCraze platform provides infinite flexibility to extend functionality, add products and channels, and conduct billions of dollars in transactions anywhere. CloudCraze powers eCommerce for Coca-Cola, Avid, AB InBev, Barry-Callebaut, Ecolab, GE, L'Oreal, Kellogg's, WABCO and more.

CloudCraze was one of 8 firms recognized in The Forrester Wave™: B2B Commerce Suites, Q2 2015 and as a Visionary in the March 2016 Gartner Magic Quadrant for Digital Commerce. CloudCraze is a Platinum Salesforce ISV Partner.