IDC ANALYZE THE FUTURE

IDC TECHNOLOGY SPOTLIGHT

Sponsored by: BigCommerce and Acumatica

Legacy commerce and ERP systems were not built for today's digital economy and are no longer adequate to support the pace of modern business. Organizations can unlock greater agility, value, and operational efficiency by combining modern, open SaaS commerce and ERP systems.

Better Together: SaaS Digital Commerce Platforms and ERP Help Organizations Grow Past Legacy Limitations

March 2021

Written by: Mickey North Rizza, Program Vice President, Enterprise Applications and Digital Commerce, and Jordan Jewell, Research Manager, Digital Commerce

Introduction

In today's digital economy, B2B and B2C organizations can no longer settle for customer experience and operational systems that are merely "good enough." Midmarket and enterprise organizations face sky-high customer expectations for commerce experiences that have minimal friction, so systems must make it simple for customers to discover products and services, add them to their carts, check out, and receive their orders in their preferred delivery method. Organizations simultaneously see fierce competition internationally, making it more important than ever to digitally transform their front-office and back-office technologies and processes to outpace the competition. The global COVID-19 crisis heightened the importance of customer experience and operational systems. In 2020, IDC saw a dramatic shift toward digital commerce, as organizations moved business models overnight and accelerated the adoption of digital commerce to levels previously expected for 2024. Organizations of all sizes and in every industry were forced to quickly focus on digital touch points and refocus their operations around those selling channels. In this digital-first environment, where delivering an excellent and frictionless commerce experience is a prerequisite to success, leading organizations are looking at closely integrated software-as-a-service (SaaS) enterprise resource planning (ERP) and digital commerce platforms for their businesses to be successful and resilient.

AT A GLANCE

KEY STATS

According to IDC research:

- 61% of organizations are likely to increase B2B digital commerce purchases in the next three years.
- 49% of organizations are focused on future proofing their business, and 41% are trying to close their digital technology gaps by investing in new systems.

KEY TAKEAWAYS

The global COVID-19 crisis heightened the importance of customer experience and operational systems. In 2020, IDC saw a dramatic shift toward digital commerce, as organizations moved business models overnight and accelerated the adoption of digital commerce by three to five years.

Primed by digital marketplaces, social media, mobile apps, and other digital services, today's B2B and B2C customers have higher expectations than ever. The costs of failing to meet those expectations are long-lasting because a single bad customer interaction — such as incorrect inventory information on a product page — can lose a lifelong revenue source. Meeting customer expectations is a team effort and is dependent on every area of an organization (e.g., commerce, customer service,

HR, financials, supply chain). If a single link in the technology chain — such as the inventory management system — is broken, other areas of the technology stack can't be optimized, and profit margins are impacted.

Thus, as organizations mature and grow into enterprises, they need to ensure that their customer-facing applications are deeply integrated with systems of record so that they are resilient, digitally enabled, and agile enough to tackle future commerce trends. IDC has pinpointed ERP and digital commerce systems as two key integrations to facilitate this agility and maintain resilience. Platforms that are SaaS and have open APIs are most successful in helping organizations achieve these goals.

Overview of the Current ERP and Digital Commerce Landscape

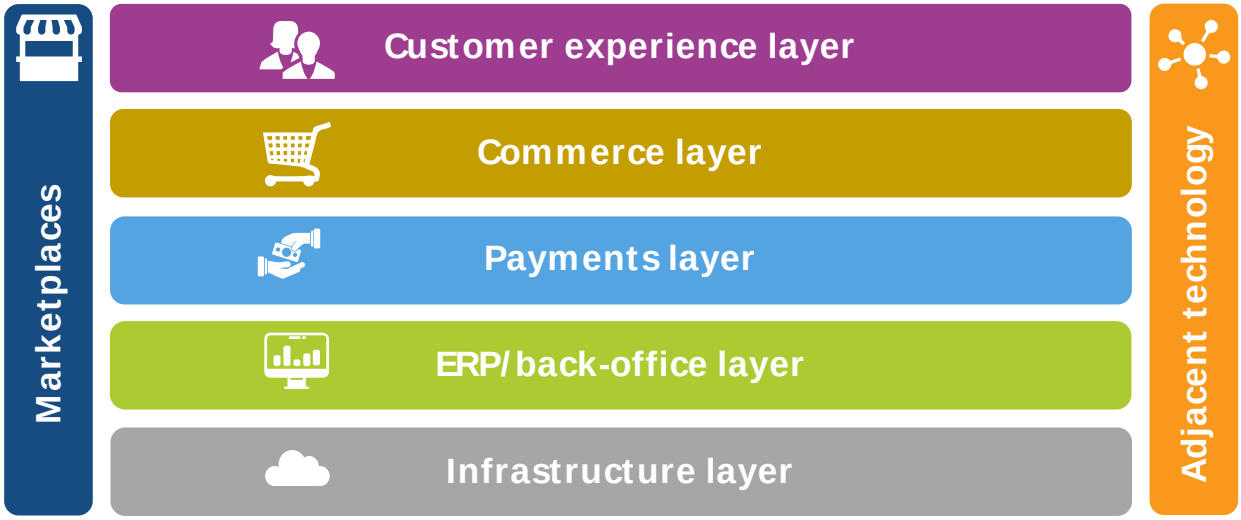
The recent acceleration in adoption of digital commerce has made it more important than ever for organizations of all sizes and in every industry to digitally transform their businesses. This includes the transformation of front-office and back-office technologies and processes to adapt and evolve their business models. The following data points indicate long-term shifts in how business and commerce will take place:

- **B2C commerce.** The U.S. retail ecommerce market saw its greatest one-year growth in history. Specifically, the U.S. Census Bureau reported that the share of all retail jumped about 5% in 2Q20 and 3% in 3Q20 (Census.gov, 2020). IDC estimates this was a shift of about $200 billion to ecommerce in the United States for the full year.
- **B2B commerce.** B2B buyers have also shown that they want to buy online. IDC's 2020 *IT Buyer Experience Survey* found that 61% of all respondents are likely or very likely to increase digital commerce purchases in the next three years. The survey also found that millennials are more than twice as likely as baby boomers to buy more over digital commerce channels, which indicates that online buying trends will only increase in the future.
- **ERP systems.** IDC's October 2020 *COVID-19 Impact on IT Spending Survey* found that 49% of organizations are focused on future proofing their business and 41% are trying to close their digital technology gaps by investing in new systems. IDC's ERP market data shows that at of the end of 2019, 74% of the market still consisted of legacy ERP systems; such systems leave little doubt that a suboptimal digital experience will result due to a lack of real-time data; organizations are also investing too much money to maintain serial legacy workflows.
- **SaaS deployment.** According to IDC's 2020 *SaaSPath Survey,* 68% of businesses currently use or plan to use SaaS for virtually every functional market, including ERP and digital commerce. Thirty-five percent of SaaS applications are deployed on public cloud infrastructure, while private cloud accounts for about 38% of SaaS deployments. Buyers choose SaaS for the efficiency, ease, and speed of deployment and to access innovative cloud-only features powered by innovation accelerators such as artificial intelligence (AI), Internet of Things (IoT), and advanced analytics.

These shifts in buyer behaviors mean that organizations of all sizes and in every industry need to adapt their technology, people, and processes to sell and operate digitally. However, ERP and digital commerce systems have traditionally been relegated to opposite sides of the business. ERP systems manage functions such as finance, purchasing, inventory, and asset management information so the business can wrap its arms around finances and operations. Sound business operations are essential for B2B and B2C sellers to quickly and efficiently bring their products and services to market. Meanwhile, digital commerce platforms enable organizations to stand up a digital storefront, maintain relationships with customers, and create compelling commerce experiences that drive revenue. Profitable and purposeful businesses understand the importance of both systems and the combined value they bring.

A comprehensive digital business platform unifies commerce and operations by making sure data is bidirectional from front-end systems to the back-end systems of record and planning. Figure 1 depicts IDC's vision of a complete digital business platform, which unifies front-office and back-office functions.

FIGURE 1: ***IDC's Vision of a Complete Digital Business Platform***



Source: IDC, 2021

Many organizations tell IDC they have invested in technology to bolster their business performance, but these investments tend to be made on an as-needed basis. The most successful digital businesses are those that have an overarching digital transformation strategy and select ERP and digital commerce systems that are tightly integrated or coupled. Importantly, a future-proof digital business platform leverages modern SaaS systems built for the cloud. For instance, IDC's April 2020 *SaaSPath Survey* found that the top drivers for adopting investments in SaaS applications include guaranteed service levels, ease and speed of deployment, and improved features among SaaS applications. Individual applications that make up digital business platforms leverage APIs for integration and shared intelligent services.

Challenges Achieving Operational and Commerce Efficiency

ERP and digital commerce systems can no longer be siloed applications or "just good enough" for businesses, especially in the hyper-competitive world of omni-channel commerce. IDC has identified the following key areas where organizations struggle as a result of legacy systems and lackluster integrations between them:

- **Siloed teams = siloed experiences.** When silos exist between departments — such as marketing, sales, finance, and IT — miscommunications and broken customer experiences often arise. Because the teams and technology linking ERP and digital commerce tend to be minimal, there is a lag in the reporting and timing of inventory, orders, and revenue between commerce and ERP.
- **Not true cloud.** Many providers of ERP and digital commerce platforms describe their offerings as being "in the cloud," but they are actually on-premises applications that have been lifted and shifted to a cloud platform. These systems rarely provide businesses with the full set of benefits that multitenant SaaS applications do, such as ease of implementation, streamlined upgrades, rapid innovation updates, and faster time to value.

- **Monoliths.** Most ERP and digital commerce platforms on the market are monolithic, with deep functionality that can be overly complex for the average organization and adds headaches in testing and use when it comes time to implement or install updates.
- **Lack of integration.** There are few vendors that support front-office and back-office applications with a unified strategy and very few deep partnerships between these applications.

To overcome these challenges, B2B and B2C organizations should look for the following characteristics in their technology when selecting and assembling their ERP and digital commerce systems:

- **Deep native integrations** that allow companies to manage their business by exception and reallocate resources toward revenue-generating activities
- **Open APIs** to help improve integrations, eliminate barriers for developers, and promote innovation in the developer ecosystem
- **Scalability** so that the systems can grow with the business
- **Modern architectures** that are cloud-native SaaS, with microservices-based architectures for technology agility
- **Ease of use** to ensure that users intuitively understand how to use the systems (A developer shouldn't be needed to make changes, affording business users more agility.)
- **Partner focused** to maintain a steady stream of innovation in adjacent areas

IDC is witnessing an increased focus on enterprise application partnerships and ecosystems to support the needs of today's organizations. This trend will continue as the rise of the ecosystem delivers more capabilities to organizations than any single enterprise application can on its own.

Benefits of Integrated SaaS ERP and Digital Commerce Systems

Modern SaaS ERP and digital commerce applications unlock more growth opportunities for B2B and B2C organizations. IDC has pinpointed the following specific benefits for organizations that implement and tightly integrate these systems to build a complete digital platform:

Modern SaaS ERP and digital commerce applications unlock more growth opportunities for B2B and B2C organizations.

- **Faster time to market.** Legacy front-office and back-office systems regularly take as much as a year or more to implement, hampering organizations' ability to adapt to market changes. SaaS ERP and digital commerce applications can be implemented and modified more quickly, resulting in a higher return on investment (ROI) right off the bat.
- **Easier integration.** Based on IDC's conversations with countless organizations of varying sizes, SaaS applications that offer open APIs are much easier to integrate than legacy systems. There is nothing worse than duplicating efforts in multiple systems. If the manual effort by itself isn't negatively impacting the bottom line, the errors that come from manual efforts definitely are. Tight integrations are the foundation of a future-proof platform.

- **Agility.** SaaS ERP and digital commerce systems are typically built with ease of use as a top priority, making it easier for organizations to change their business models and conduct rapid product testing.
- **Modularity.** Instead of relying on a single vendor to meet all of the requirements for both ERP and digital commerce, organizations can have a more modular approach, without sacrificing speed and scale, getting best-of-breed digital commerce and ERP.
- **Business intelligence.** Online sellers can remove the guesswork around demand planning to ensure inventory is on hand for peak seasons and cash is not wrongfully tied up in inventory during off-peak times.
- **End-to-end visibility.** With tightly integrated front-office and back-office systems, merchants benefit from having access to the entire enterprise perspective, from revenue to profit margins to balance sheet.

Trends in Commerce and Operations

The entire enterprise application space is moving extremely fast, with evolving customer needs, technologies, and competitive dynamics. IDC has observed the following trends that will unfold over the coming years:

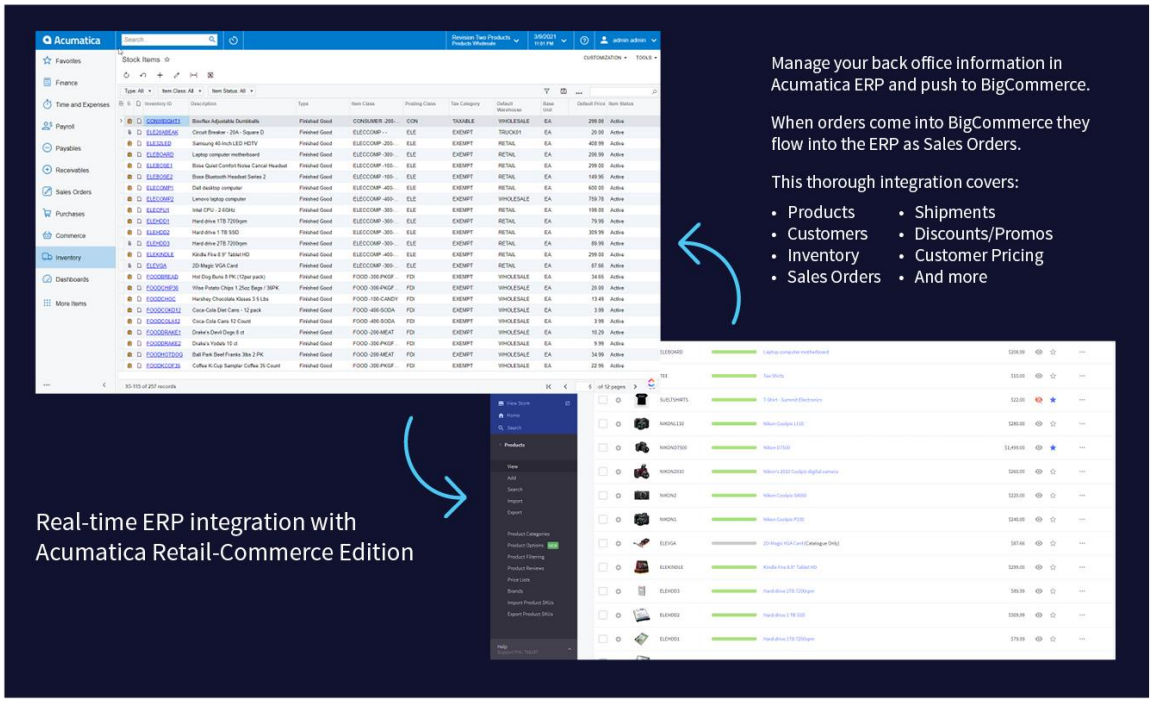
- **Intelligent applications.** Machine learning algorithms and vast data sets will enable organizations to make more informed decisions about product merchandizing, automation of tasks, and proactive business planning. IDC believes that the future of ERP and digital commerce will be built upon intelligent systems that eventually evolve to autonomous systems.
- **SaaS and cloud.** In nearly all the markets that IDC tracks, SaaS is gaining momentum, as larger and more complex organizations invest in applications in the cloud. While single-tenant and hybrid cloud deployments are still popular in the digital commerce and ERP markets, IDC research shows that true multitenant SaaS is where buyers are ultimately moving to benefit from ease of implementation, seamless upgrades, and anywhere/anytime access, among many other benefits.
- **Headless commerce.** Headless commerce is a modern way to offer digital commerce platforms where all commerce capabilities are decoupled from the storefront and are exposed as APIs. Headless commerce has garnered significant attention in recent years, particularly in the enterprise. Headless commerce makes the most sense with organizations that currently have a content management system (CMS) in place or want to deliver very engaging experiences to their customers across numerous channels.
- **Microservices architectures.** A microservices-based architecture is a technology stack consisting of loosely coupled services that are independently deployable and organized around business capabilities. Advanced organizations are able to construct highly agile business tools and offerings with microservices-based architectures.
- **Digital platform.** Investments in digital IT platforms remain a driving force for enterprises and services providers. In addition to the agility and flexibility of digital platforms, customer engagements leveraging cloud, mobile, and omni-channel digital platforms are one of the fastest-growing IT segments.

The BigCommerce and Acumatica Partnership Provides Businesses with New Opportunities for Growth

BigCommerce and Acumatica have joined forces to help midmarket and enterprise organizations optimize their businesses for the digital economy. BigCommerce's SaaS digital commerce platform gives B2B and B2C merchants the tools to quickly build an online presence, engage with their customers, and scale up during peak traffic. Acumatica's SaaS ERP system helps fast-growth organizations streamline their operations and make better decisions through real-time data insights. Joint customers of BigCommerce and Acumatica have an integrated front-to-back system for improving business performance and gleaning actionable insights to their customers' needs.

With a native connector, BigCommerce and Acumatica can be seen as a single package solution. The connector is a native interface that integrates BigCommerce web stores with financials, inventory, operations, and reports running on Acumatica. To further support the partnership, Acumatica Commerce Edition enables merchants to manage products, orders, customers, inventory, shipping, suppliers, and accounting in a single place. Figure 2 depicts the connector between BigCommerce and Acumatica.

FIGURE 2: ***Breaking Down Silos with BigCommerce and Acumatica's Native Connector***



Source: BigCommerce and Acumatica, 2021

IDC has identified several key advantages experienced by organizations that leverage BigCommerce and Acumatica's natively integrated SaaS solutions. For starters, investing in these two cloud-native companies ensures that sellers benefit from the full power of the cloud, with faster time to market and the ability to scale as needed. The companies both have a partner-first approach, and by exposing open APIs, they enable businesses to take the core platform and adapt it in

whatever direction needed. With the partnership, BigCommerce and Acumatica have established a joint ecosystem and aligned road map. Most important, they also share a culture of customer dedication and product ease of use, significant aftersales benefits that surfaced in our interviews of customers.

This partnership between BigCommerce's digital commerce platform and Acumatica's ERP system can benefit organizations from a wide range of industries, sizes, and digital maturity. Direct-to-consumer brands, wholesale distributors, manufacturers, and digitally native brands all stand to benefit from these digital commerce and ERP systems and the ability to build a complete digital business platform.

Saddleback Leather Reimagines Its Business with BigCommerce and Acumatica

The Saddleback Leather Company is a United States–based manufacturer of leather products that specializes in bags, backpacks, briefcases, luggage, and accessories. Founded in 2003, the company sells its products primarily through a direct-to-consumer model on its brand website.

In the past, Saddleback Leather used a variety of ERP and digital commerce applications in both public and private clouds. While these systems promised rich functionality, they had legacy code bases built for a previous era of commerce. Saddleback Leather struggled with slow ecommerce website load speeds, proprietary ERP tools that were difficult to change, and overall difficulty integrating the systems, even with developers devoted to the task. These challenges made it particularly difficult for the company to meet customer expectations for a responsive website and effective inventory management and burdened the company with slow upgrades and limited access to innovation.

Prioritizing ease of use, flexibility, and deep integrations, Saddleback Leather replaced its ERP system with Acumatica and then replaced its digital commerce platform with BigCommerce. Because the systems have a native connector, Saddleback Leather's leadership team believed the combined solutions would help the company overcome its challenges. With Acumatica, Saddleback Leather was able to reduce its technology costs while achieving more accurate inventory and establish a unified dashboard to monitor and evaluate the health of the business. With BigCommerce, Saddlebag Leather was able to improve its site speed, reduce the time needed to spin up new pages, and leverage a wide range of adjacent applications in BigCommerce's app store. In summary, Saddlebag Leather has grown its business with unified front-office and back-office systems in the cloud.

Challenges

SaaS ERP and digital commerce platform providers, such as BigCommerce and Acumatica, often face the following challenges in the enterprise software market:

- **Suite offerings.** Large enterprise application vendors, which have a broad set of functional applications, have been successful at selling application suites that span front-office and back-office applications. These offerings appeal especially to enterprises, which often perceive the need for fewer integrations while having "one throat to choke" as a benefit. To overcome this challenge, BigCommerce and Acumatica will need to remind organizations that the prebuilt connector between their applications reduces the time and effort required to integrate.

- **Organizational silos.** Often the finance department is in charge of selecting the new ERP system while sales or marketing selects the digital commerce platform. This lack of communication leads many merchants to buy disparate systems that are not designed to work together. What's more, the technology decisions for these two application areas are rarely made at the same time, meaning that merchants are less likely to look for ERP and digital commerce applications that are pre-integrated.
- **SaaS hesitation.** While IDC data shows that organizations are adopting SaaS faster than any other deployment model, a considerable portion of the market is still hesitant to adopt SaaS. This is especially true for ERP because the ERP system acts as the backbone for the entire business.

Conclusion

Already at an all-time high, the rate of change in the global economy is expected to continue accelerating over the next decade. To adapt to this change and remain competitive, B2B and B2C merchants need modern front-office and back-office applications that are tightly integrated. Such tightly integrated applications provide resiliency so that merchants can adapt to hurdles with agility instead of waiting for their systems to catch up.

Savvy organizations understand that their customers dictate business needs going forward. IDC recommends that they select SaaS-based ERP and digital commerce platforms with native integrations, such as those offered by BigCommerce and Acumatica.

About the Analysts



Mickey North Rizza, *Program Vice President, Enterprise Applications and Digital Commerce*

Mickey North Rizza leads a team of analysts responsible for IDC's coverage of the next generation of enterprise applications including ERP, financial applications, procurement, supply chain automation project and portfolio management, enterprise asset management, services resource planning (SRP) and related project-based solutions software, and the digital commerce business network.



Jordan Jewell, *Research Manager, Digital Commerce*

Jordan Jewell is a Research Manager for IDC's Enterprise Applications and Digital Commerce team and leads IDC's Digital Commerce research practice. In this role, he leads research initiatives addressing both B2B and B2C digital commerce platforms, digital marketplaces, and adjacent technologies that facilitate online commerce. Jordan conducts quantitative and qualitative research in these areas and acts as a thought leader on the future of commerce.

MESSAGE FROM THE SPONSOR

BigCommerce (Nasdaq: BIGC) is a leading software-as-a-service (SaaS) ecommerce platform that empowers merchants of all sizes to build, innovate and grow their businesses online. As a leading open SaaS solution, BigCommerce provides merchants sophisticated enterprise-grade functionality, customization and performance with simplicity and ease-of-use. Tens of thousands of B2B and B2C companies across 150 countries and numerous industries use BigCommerce to create beautiful, engaging online stores, including Ben & Jerry's, Molton Brown, S.C. Johnson, Skullcandy, Sony, Vodafone and Woolrich. Headquartered in Austin, BigCommerce has offices in San Francisco, Sydney and London. For more information, please visit ***www.bigcommerce.com*** or follow us on Twitter, LinkedIn, Instagram and Facebook.

Acumatica Cloud ERP provides the best business management solution for transforming your company to thrive in the new digital economy. Built on a future-proof platform with open architecture for rapid integrations, scalability, and ease of use, Acumatica delivers unparalleled value to small and midmarket organizations. Connected Business. Delivered.

Learn how Acumatica can work for your business by visiting us online at **pcbennett.com** or by calling **425-831-7924**.

PCBENNETT

IDC Custom Solutions

The content in this paper was adapted from existing IDC research published on www.idc.com.

IDC Research, Inc.
140 Kendrick Street
Building B
Needham, MA 02494
T 508.872.8200
F 508.935.4015
Twitter @IDC
idc-insights-community.com
www.idc.com

This publication was produced by IDC Custom Solutions. The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis independently conducted and published by IDC, unless specific vendor sponsorship is noted. IDC Custom Solutions makes IDC content available in a wide range of formats for distribution by various companies. A license to distribute IDC content does not imply endorsement of or opinion about the licensee.

External Publication of IDC Information and Data — Any IDC information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Vice President or Country Manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason.

Copyright 2021 IDC. Reproduction without written permission is completely forbidden.