

Building an ROI Model for a Unified Platform

How to evaluate your omnichannel investment

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- a. Reducing the risk and cost of integrations
 - b. Lowering the TCO
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1. Facing the Omnichannel Imperative

Retail industry is under tremendous pressure to offer a modern shopping experience driven by giants such as Amazon and Walmart. The stakes are high as this is a question of life and death for many brands. Some are looking at upgrading their old technology stacks in favor of a unified platform while others are augmenting their capabilities through point solutions.

Every brand that is considering a technology investment must do a complete **analysis of pros and cons** of such investment to make sure that the budget, time and effort support the growth of the business in the long run. It is true for retail startups that are just opening their first store after tremendous growth online, and for retail veterans that have been around for decades and are looking to unify customer experience online and offline.

Often a qualitative rationale for a unified platform falls on deaf ears, and the best way to convince certain stakeholders of the value of the investment in the platform approach is by building an ROI model. A typical ROI model illustrates investment needed, cost savings and incremental revenue increases. They will vary greatly from business to business. However, the core evaluation criteria will be applicable to brands of all sizes and make up the rest of this brief.



2. Cost Saving Opportunities Through a Unified Platform Approach

A platform approach presents a unique opportunity for cost savings and benefits. This section summarizes cost savings we have seen through the unified platform approach.



- a. Reducing the risk and cost of integrations
- b. Lowering the TCO
- c. Simplifying the architecture
- d. Reducing customer support costs

a) Reducing the Risk and Cost of Integrations

By investing in a unified omnichannel platform from day one, a retailer can **take advantage** of the investments made by the technology partner.

Built-in integrations:

In order to go to market in the shortest amount of time, built-in integrations in the unified platform will result in significantly faster implementation and lower project cost. Single tech stack means seamless flow of data across systems and fewer resources to build and maintain it.

One time investment in integrations

A platform provider will maintain all components and innovate without disrupting the omnichannel workflow. With point application providers, there is a risk of a specific vendor updating their solution without realizing that a brand's entire ecosystem is being disrupted by the change.

Access to top expertise

By collaborating with a technology partner, a brand instantly gets access to deep expertise, knowledge and resources. For example, this can include experimentation with emerging touchpoints like AR, VR, AI, IoT, expansion into other geographies or building a promotions engine to support product kits.



b) Lowering Total Cost of Ownership

While it sometimes requires more investment upfront, a unified platform approach is likely to lead to a smaller IT team and lower total cost of ownership in the long run. It supports a brand's maintenance, compliance and innovation costs. Satisfaction from the product increases drastically with all costs in check and minimum disruptions due to failed integrations and lack of visibility to data across channels.

With point applications, the upfront investment may sometimes be smaller, but the costs can add up over time significantly. The biggest expense comes from maintaining integrations and making data flow seamlessly on a stack of disparate technologies built independently of each other.

For example, developing apps...

...for iOS, Android and mobile web is typically done using totally different technologies and requires engineers with different skillsets. These apps cost a lot to maintain and the experience may not be the same across all of them. Platform approach allows a brand to use a single code base for all the different systems and cut back on the costs while offering the same experience across iOS, Android and mobile web.

Assessment of the Total Cost of Ownership (TCO)

1. Investigate your platform costs
 - Subscription
 - Implementation
 - UpgradesCosts included in the platform subscription fee:
 - Maintenance
 - Compliance
 - Security
2. Determine savings, business efficiencies, and increased revenues
3. Map the TCO against the business benefits to determine the ROI
4. Evaluate the three-year ROI results at various levels of growth



c) Simplifying Your Architecture

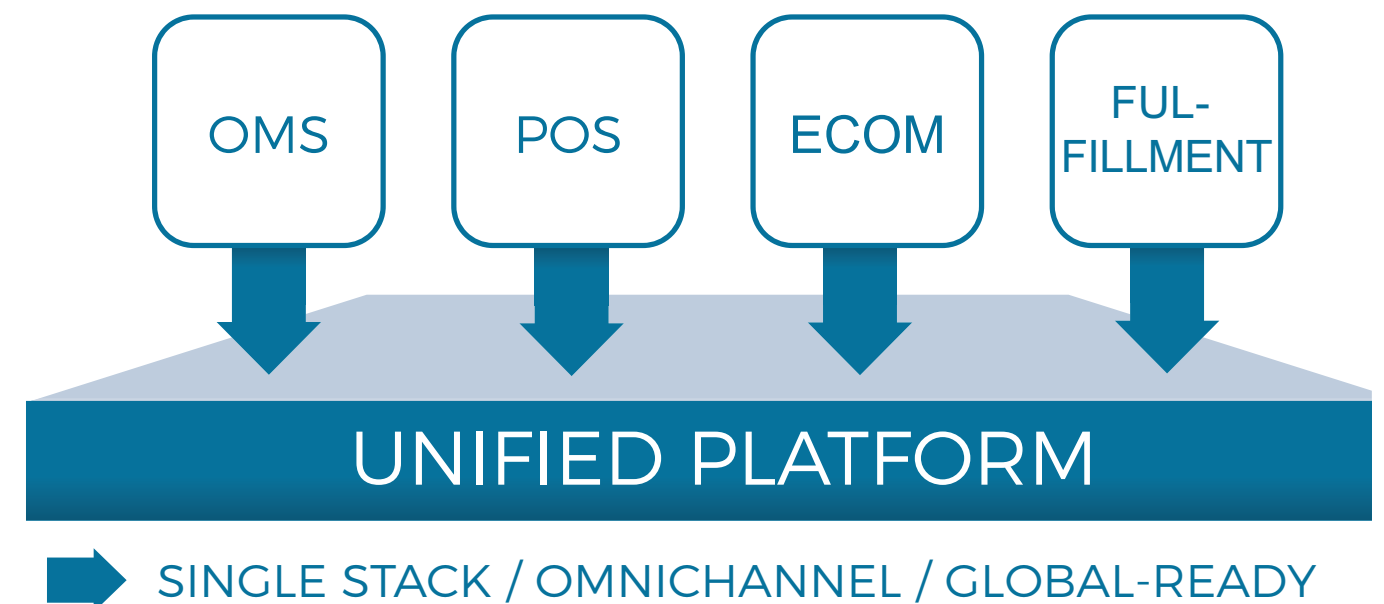
Introducing a unified platform can lead to sunsetting a variety of systems in your legacy architecture. While they perform the function they were built for, they tend to keep an organization back by being dedicated to a specific channel rather than spanning the entire organization.

Breaking the silos and unifying the architecture cannot be underestimated as it brings agility to the organization:

- ✓ Access to data across channels
- ✓ Faster response to changing market trends
- ✓ Ability to innovate and stay ahead of the competition

For example, traditional POS...

... can be replaced by a modern mobile-first in-store solution that consists of apps for in-store payment, endless aisle, clienteling, fulfillment, promotions, order management, and analytics. These capabilities are available through a smartphone in the palm of the associate's hand.



d) Reducing Customer Support Costs

An omnichannel platform that connects an associate with the consumer who is seeking information can have a significant impact on customer support costs.

For example, a customer...

...Could be *chatting* with an associate through the clienteling app about products and get their questions answered by an associate instead of customer support

...Is able to cancel the order or make exchanges *via the app* without having to call customer support

... Can *track* the delivery status of the order with rich push notifications

... Is able to *return orders in-store* instead of calling customer support for a return label



3. Revenue Gain Opportunities Using a Unified Platform Approach

There are numerous ways to achieve incremental revenue gains by investing in a unified platform. This section summarizes the sources of incremental revenue gains that are only possible through a platform approach.

a) Growing Market Share through Data Sharing

The best run retailers find that a business powered by a modern turnkey platform can be essential to growing their market share. This share gain comes at the expense of less sophisticated competitors who are unable to match the customer experience enabled by data sharing. Real time access to data enables a 360 degree view of the customer, inventory, and orders to inform decision making otherwise made using gut feeling. Data sharing is especially meaningful to two key stakeholders in the retail transaction - store associate and customer.

For a consumer, access to data means knowing where the nearest store is for picking up an online order or returning it, reviewing loyalty status, making in app purchases using their size and fit information made during the last in-store visit, etc.

For associates, a 360 degree view of the customer is invaluable in making sure the customer gets personalized offers not only in-store, but also through chat long after the customer left the store.

Enable agility

Data sharing enables agility that is essential to growing market share.

- Running smarter promotions, upsell and cross sell offers
- Making product recommendations based on the prior purchase history and history of other shoppers who made the same purchase
- Addressing abandoned shopping carts
- Offering in-store returns
- Personalizing the offers, etc.

For example, the ability to return in-store for online purchases...

... is a great opportunity to offer the customer another chance to shop and experience the brand. Rather than returning the product to the post office, the consumer has a reason to visit the store and interact with a store associate.

Equipped with the consumer's shopping history and preferences through the clienteling app, the associate is able to suggest just the right item. The consumer walks away excited about their new purchase.

b) Increasing Average Order Value through Customer Satisfaction

Happy customers are big spenders.

Letting them shop on their own terms anywhere and anytime allows brands to show faster ROI in a platform. They are able to browse and purchase 24/7/365 from virtually anywhere they choose, and even chat with their favorite associate.

The power of mobile can be harnessed to elevate customer satisfaction and lead to significantly increased average order value.

For example, a consumer uses a mobile app to purchase...

...a pair of running shoes on her way to work. The associate fulfilling her order starts a chat and lets the consumer know she can get a 30% off on a pair of running shorts since she is spending over \$100 on the shoes.

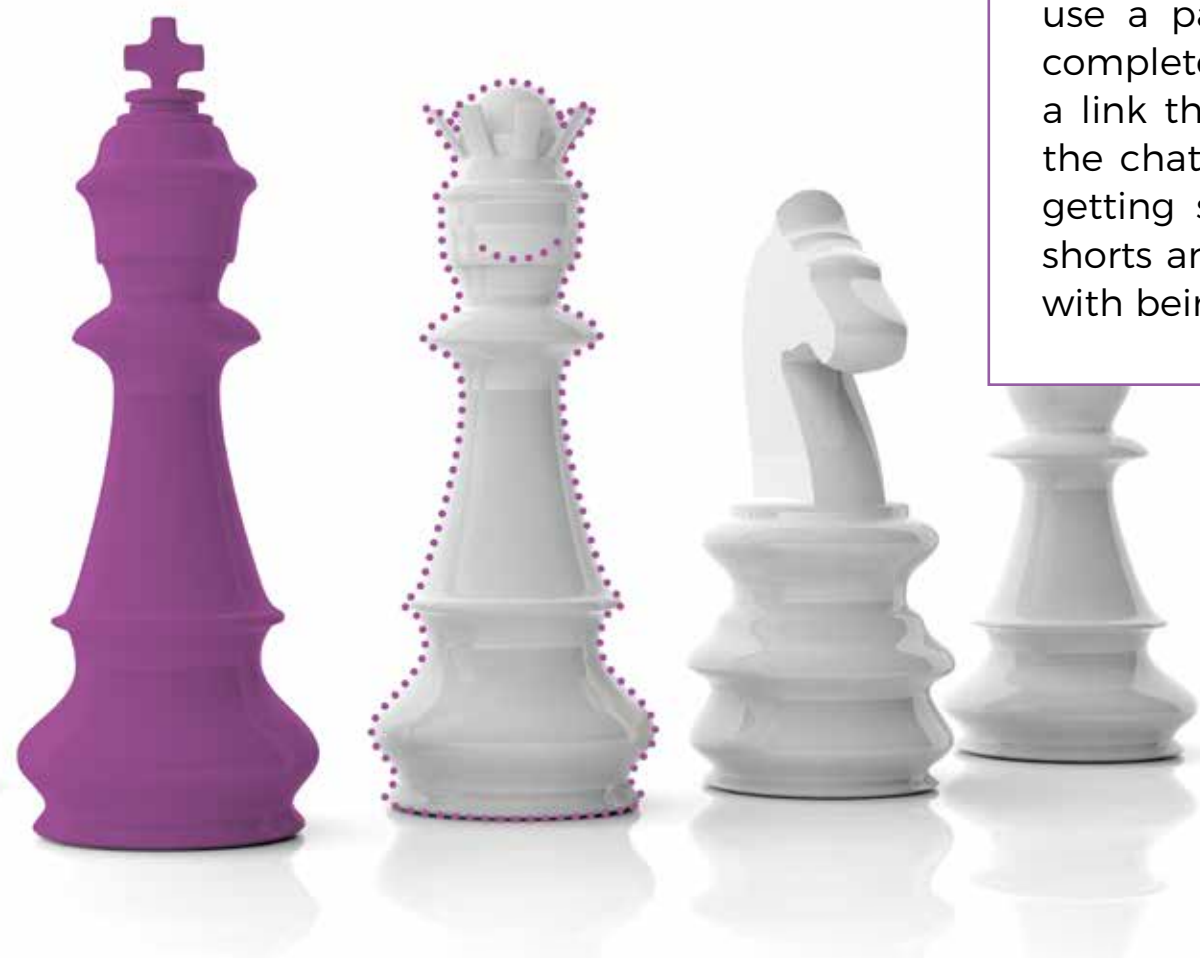
The customer feels she can always use a pair of running shorts and completes the purchase through a link that associate sends her via the chat window. She is happy by getting such a good deal on her shorts and the associate is pleased with being able to assist her.

Robust Order Management is Critical

Customer satisfaction can be achieved through operational agility powered by the platform with robust order management capabilities.

For example, the customer can...

- ✎ Pick up her online order in a store
- ✎ Return her online order in a store
- ✎ Reserve a product to try out in-store
- ✎ Ship purchase to home after shopping in the store
- ✎ Shop in-store and complete her purchase later via an app
- ✎ Swap (before the order is shipped) and exchange (after it was shipped)



c) Capitalizing on Speed-to-Market

While cost-savings and incremental revenues are important, it is just as important to consider speed-to-market and speed-to-innovation as a multiplier of the ROI in the platform. The sooner a company can start saving money and earning incremental revenues, the quicker it will be able to pay back the investment made in the platform.

Supporting different channels with a single technology stack means fewer integrations, less risk of the project delays, minimizing data silos, and achieving business agility. SaaS model delivers instant innovations with minimal disruption to the business, which means that new and exciting customer experiences can be delivered faster fueling the growth.

For example, adidas launched...

their new soccer boot Glitch by disrupting how they have been launching new products for years. They skipped the hurdles of a large organization by utilizing NewStore's turnkey omnichannel platform and launched the custom mobile app selling Glitch in six months instead of the traditional implementation project that would have taken twice as long. The rollout started in the UK and continued to Germany and France within few months of each other.



d) Adopting Best-In-Class Practices

When a brand invests in a modern platform, they are automatically forced to regroup and rethink their processes and follow best-in-class practices used by leaders in their industry.

For example, capabilities that drive revenue growth but are not widely available include:

- ✦ Inventory tracking by scanning products drastically improves inventory accuracy
- ✦ Track same-day delivery driver in real-time is expected by the consumer in a hurry
- ✦ Processes for swaps, exchanges, pre-orders, back orders are essential for omnichannel success

Platform approach breaks down organizational silos and brings together the entire company. Commerce, retail, operations and IT teams work on a unified platform to serve the ever-changing needs of a modern consumer regardless of the channel. They all have a single view of the customer, inventory and orders across the channels and are able to work as one.

e) Attracting Top Talent

In today's hyper competitive job market, digital leaders and tech talent are hard to come by and requires incentives that go beyond salary. Modern technology platform that is state-of-the-art, reliable, and really liked by developers can be a catalyst to attracting top talent not only in IT, but also at the executive level. It conveys

a brand's commitment to innovation, growth and success achieved through satisfied shoppers. This makes a working environment attractive to talented and ambitious players that want to work with the leading edge technology.



4. Key Attributes of the Modern Unified Platform

When you are comparing modern omnichannel platform vs point solutions, consider these attributes in your decision making:

Unified approach to retail

Seamless integration between physical and digital stores, e.g. OMS, POS, fulfillment, clienteling, endless aisle, native apps, web store all working within one platform

Omnichannel fulfillment

Support key fulfillment scenarios - BORIS, BOPIS, fulfill from store, on-demand delivery, etc.

Internationalization

Provide multilingual and multicurrency capabilities to support brand's global expansion

Promotions

Ensure that online and offline promotions work seamlessly together

Data hub

A single view of the customer, inventory and orders

Scalability

Easy to expand to support retailer's growth in different markets and geographies

Flexibility

State-of-the art SDK to build innovative custom experiences to differentiate from other brands

Mobile-first

Built for the small screen to empower key stakeholders in retail: associate and consumer

5. Making the Decision

Investing in future growth is never an easy decision and requires careful planning and evaluation. In addition to the core criteria, it is important to assess unique aspects of retailer's business to uncover as many cost saving and revenue gain opportunities as possible.

This attention to detail will be necessary in getting the buy-in from all business stakeholders and help secure support. The decision to go with a unified platform will make a major impact on the entire organization and it is a matter of "when" rather than "if" in today's hyper competitive business environment.

*Calculate
Your ROI
today!*

Email us sales@newstore.com for a copy of the ROI spreadsheet.

Get your ROI spreadsheet



NewStore provides the only omnichannel solution that spans OMS, clienteling, mPOS, mobile web, native apps, and modern fulfillment. The NewStore Mobile Retail Platform humanizes the digital shopping experience by connecting consumers to associates directly, and integrates with existing ecommerce platforms such as Salesforce Commerce Cloud, SAP Hybris, Oracle ATG, and Magento. Unlike point solutions that create complexity and friction, NewStore delivers an end-to-end customizable platform built from the small screen up. NewStore was founded by Stephan Schambach, creator of Demandware (now Salesforce Commerce Cloud) and author of [Makeover: How Mobile Flipped the Shopping Cart](#). The company is headquartered in Boston, with offices in New York and Berlin. Learn more at www.newstore.com. For data on how retail is performing when it comes to omnichannel, explore www.newstore.com/retail-academy.