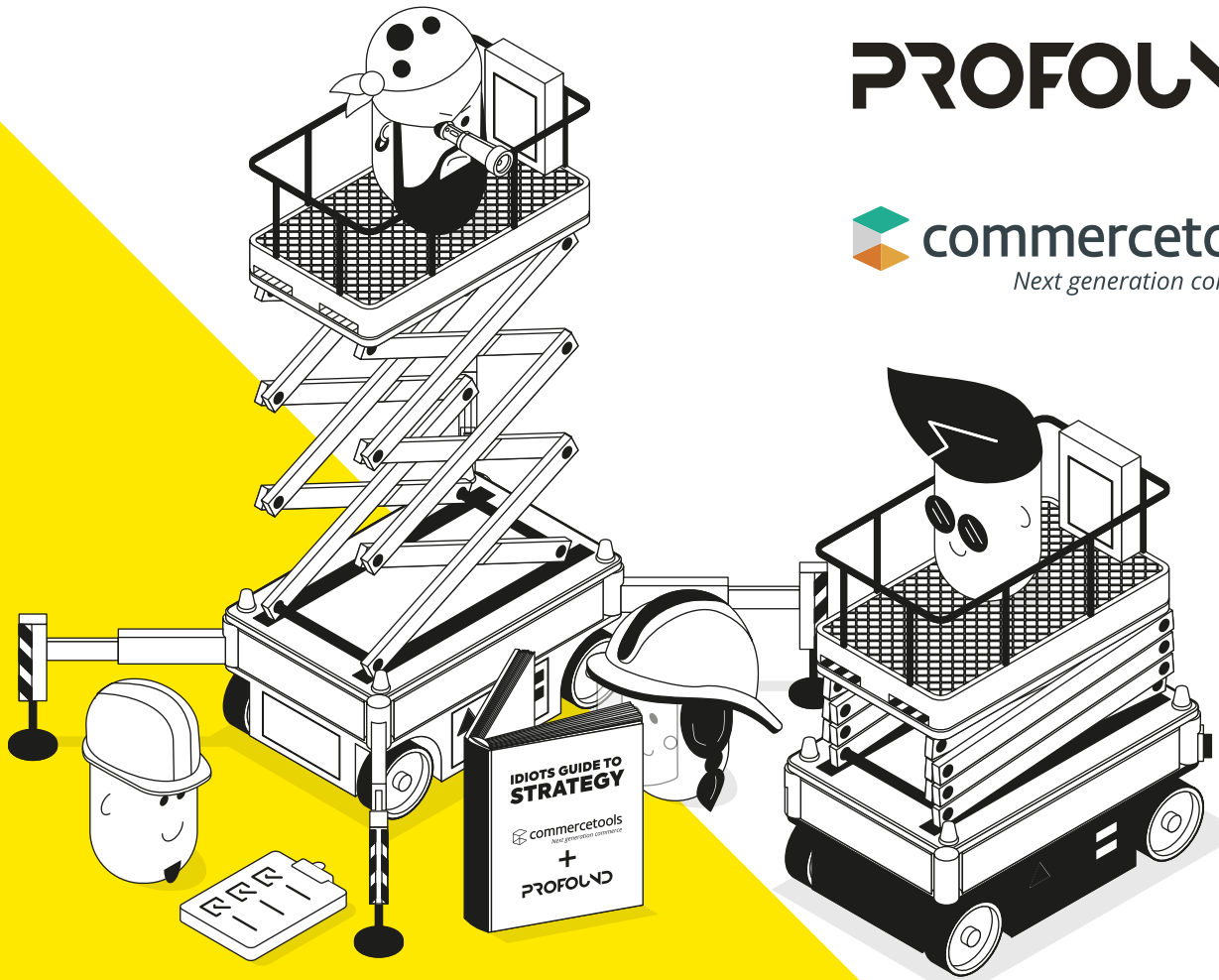PROFOUND

commercetools
Next generation commerce

Replatforming

HOW TO DEVISE AN OPTIMISED AND EFFECTIVE TRANSFORMATION STRATEGY

Replatforming is a major decision for any business requiring careful analysis and consideration. While this initial stage can be challenging, it is worth investing time and effort to create the best strategy for your business.

- Learn how to create a replatforming strategy for your business' needs
- Recognise which stakeholders need a role in your replatforming team
- Discover how to retain support your replatforming project

MODULE LIST

Welcome to the second module in our headless ecommerce programme: Replatforming. So far, we have learnt about the significance of Customer Experience and digital innovation in the modern retail environment.

In this module, professionals are introduced to replatforming. It introduces platforms as a concept, outlines the factors that need to be reviewed when devising a replatforming strategy and provides decision-makers with clear guidelines of how to approach what might seem like a daunting task. Its overall aim is to make you consider how you would draw up an initial replatforming strategy.

Which team members would you select to form part of a replatforming committee? What type of architecture do you think best suits your business?

After reading this module, return to these questions and assess whether your answers have changed...

Key learning outcomes for this module:

- Learn how to create an effective transformation strategy

- Recognise which stakeholders need to be included in your dedicated replatforming team

- Learn how to retain your team's support for you replatforming strategy

- Understand how to select an architecture that best futureproofs your business

- Gain an initial understanding of migration approaches

CONTENTS

IS YOUR BUSINESS MODEL COSTING YOU CUSTOMERS AND REVENUE?

The retail market has never been more competitive. Having an online shop to match your bricks and mortar is no longer enough. COVID-19 and lockdown restrictions have served to intensify ecommerce competition, as more businesses have now been forced to take digital seriously. So much so that ecommerce is now experiencing a Darwinian consolidation. The winners will be those that adopt innovative and agile digital business models to keep pace, drive custom, and stand out from the crowd. However, replatforming is only the starting point. From there, you need to continuously improve and iterate to support your business' objectives.

What is a platform?

According to Gartner, a platform is *'a product that serves or enables other products or services'*. Furthermore, for the purposes of our headless ecommerce programme, when we use the term 'platform' we are referring to a software solution. We must also recognise that as part of a growing trend over the last decade, platforms typically offer their products 'as a service'.

Replatforming, then, is the process of changing one of your business' specific software solutions.

> **REPLATFORMING IS NOT ONLY A SOLUTION BUT AN ESSENTIAL PRACTICE FOR ANY BUSINESS OPERATING DIGITALLY.**
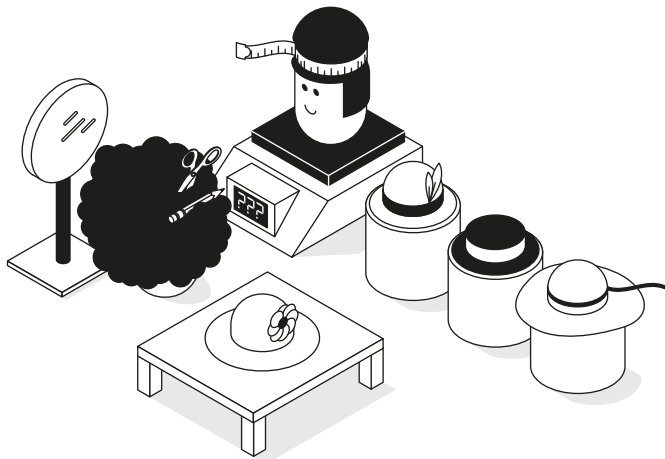
WHAT MAKES REPLATFORMING AN ESSENTIAL PRACTICE?

As the digital landscape continues to evolve, replatforming provides businesses with more futureproof solutions to their digital pain points. The specific issues addressed through replatforming should be unique to each business and may be encountered by various stakeholders within the organisation. However, most action taken is usually driven by industry and market changes, such as:

- **Customer demands:** Customers increasingly expect a smoother User Experience, a more consistent Customer Experience, a more expansive product offering, and for companies to be more accessible, often via new means of technology.

- **Competition:** As new competitors and disruptors enter the market, an agile business model may be necessary to ensure your service offering keeps pace with, or continues to exceed, the market norm.

- **Internal business decisions:** Your company may see value in adapting to market trends by using customer data to promote personalised products or services, or to expand its service offering into new channels and markets.

> **WHATEVER YOUR REASONS, THEY SHOULD UNDERPIN THE GOALS THAT YOU SET OUT TO ACHIEVE BY REPLATFORMING.**

What makes replatforming an essential practice? (cont.)

Alternatively, your organisation might decide that your digital estate isn't operating as efficiently as it could be, and that replatforming is necessary to reduce the total cost of ownership (TCO). Whatever your reasons, ensure they underpin the goals that you set out to achieve by replatforming, and use them as your north star as you undertake this transformative process. These goals must be clearly defined, as they will continue to inform decisions throughout the process and ultimately help you determine whether the project has succeeded in its objectives.

PREPARATORY ESSENTIALS

1.1 Establishing a project team

The execution of a successful replatforming strategy requires expert input from a range of departments and backgrounds. It should not, as many think, be solely consigned to IT and finance. Furthermore, this process often requires external input to ensure the process runs smoothly and without bias. This necessitates a clearly coordinated multidisciplinary approach and constant communication between departments, particularly within enterprise organisations.
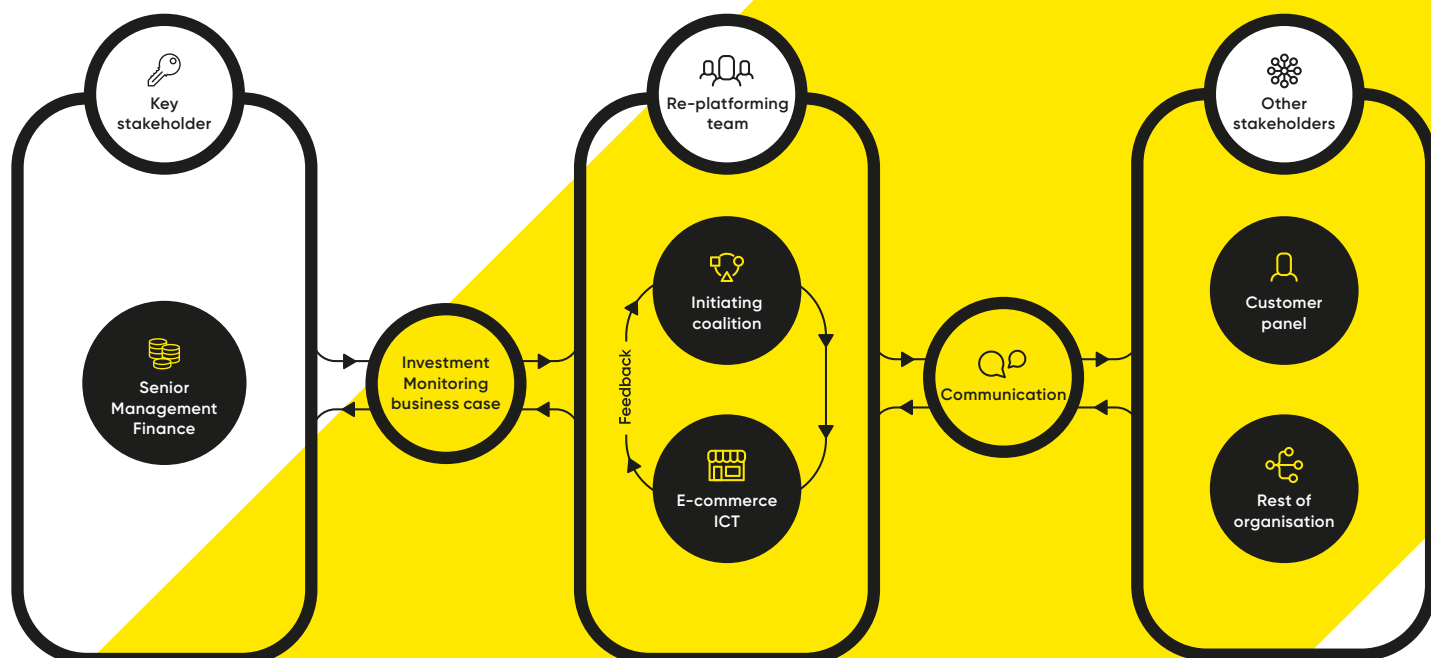
When choosing your dedicated replatforming team, ensure you consider the following:

- Select team members representing the full range of relevant departments and assign strict roles and responsibilities
- Assign sponsorship and ownership to managers
- Identify internal and external stakeholders based on their roles
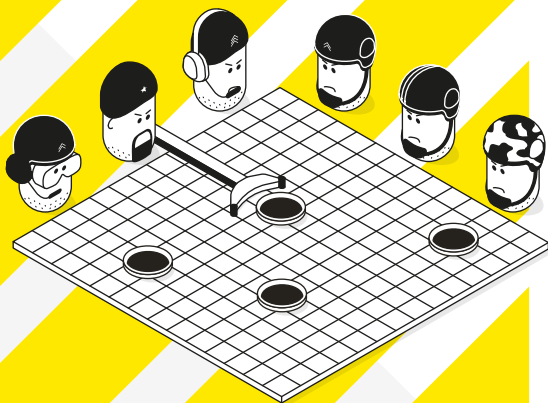
When choosing your dedicated replatforming team, ensure you consider the following (cont.)

Your team should typically consist of three components. At the top will be the decision-making stakeholders, made up of senior management and finance executives. They will be responsible for monitoring and supplying investment to the replatforming team, who will be responsible for implementing the strategy. The replatforming team will also communicate with other stakeholders within the organisation, including those on the customer panel, whose feedback will prove crucial to ensuring that the project goals are met. It will help you further down the line if you draw up a stakeholder analysis based on this structure.

Key stakeholder

Senior Management Finance

Investment Monitoring business case

Re-platforming team

Initiating coalition

Feedback

E-commerce ICT

Communication

Other stakeholders

Customer panel

Rest of organisation

An example of how a replatforming team structure would look

1.2 Defining your team structure and direction

Agreeing your structure

A good replatforming strategy is wasted if it isn't implemented correctly. As such, the importance of the team responsible for actioning the strategy cannot be overstated. The composition of this team and the involvement of external parties will vary between organisations. However, there are certain ground rules that all teams are advised to abide by:

- Ensuring business ownership is only held by individuals within the company

- Senior management maintains responsibility for monitoring investment made in replatforming

- Empowering project managers or product owners in the replatforming team to make interim decisions

- Development, marketing and sales and architecture should typically form the core of this team

Determining your approach

The optimum approach for your organisation depends on a number of factors, the most significant of which is the relative importance of IT, ecommerce and digital to your core business. If these departments are essential components of your service offering, the chances are your business will favour an agile approach to implementation. Otherwise, your organisation may be better suited to a waterfall-style project approach.

Agile Approach

An agile approach to implementation involves the consistent exchange of feedback, resulting in learning opportunities that create further improvements. As such, the agile approach presents a degree of flexibility that isn't generally available when adopting the waterfall-style approach. This also delivers value more quickly, with visible results at frequent intervals which demonstrates real progress to stakeholders and avoids "implementation fatigue".

Waterfall-style approach

The waterfall-style approach places less importance on the transfer of knowledge, but does require substantial investment in up-front scoping and specification. A business adopting this approach will probably enlist a third party to carry out the process in its entirety. However, while the transfer of knowledge is not as important, the internal group must still play a crucial role steering the direction of the third party.

1.3 Securing support within your organisation

Your replatforming strategy needs the full support of all involved to achieve its purpose. However, gathering support throughout your organisation may not always be straightforward, with many staff likely to hold reservations about a project of this scope and significance.

The more research and preparation that goes into your replatforming strategy early on, the easier it will be to generate support. At the forefront of many employees' minds will be the sums and effort required, rather than the potential value created. It is your job to convince your employees that the long-term benefits outweigh the immediate costs. This involves alerting colleagues to commercial and practical benefits that they may not consider otherwise, such as time-savings and reduced administration.

Unfortunately, project setbacks and disruption to established protocol are almost inevitable. Naturally, any setbacks may provide an obstacle to the sustained support of your replatforming strategy throughout the organisation, as staff begin to ponder the possibility of project delays and failures, and the resulting impact on both the business and their specific role.

While it is important to be open and honest about any setbacks, it also pays to keep colleagues informed of progress and individual successes achieved along the way. Maintaining a helicopter view of the process can help curb any concerns resulting from problems encountered while maintaining a sense of mutual engagement, subsequently helping to sustain a healthy relationship with the various parties involved.

Minimising disruption and maintaining a degree of flexibility are also important to retaining support. Your replatforming process should be structured so that it ensures a smooth transition from established operations to new protocol and functionality. It should also facilitate the possibility for modifications, should stakeholders propose ideas for further innovations.

“

THE MORE RESEARCH AND PREPARATION THAT GOES INTO YOUR REPLATFORMING STRATEGY EARLY ON, THE EASIER IT WILL BE TO GENERATE SUPPORT

”

MATCHING TECHNICAL PREPARATIONS WITH BUSINESS NEEDS

2.1 Architecture

A platform's architecture is the map of all its components and systems and the ways in which they are all connected. In addition, this linkage specifies the information flows between components and points at which data is stored. Selecting an architecture, then, is like choosing a template.

In addition to customer touchpoints - such as websites, kiosks, apps and wearables - architectural components include under-the-hood systems that are necessary for a business to maintain a functioning digital presence. This includes systems used to manage information, such as content management systems (CMS) and product information management (PIM), and systems used for internal processes only, such as enterprise resource planning (ERP) and order management systems (OMS). Your platform's architecture may also involve external systems such as those hosted by payment providers, while highlighting the integrations between the various components.

Businesses are not blessed with a one-size-fits-all architecture. In reality, the best architecture for your business depends on your organisation's unique proposition. This includes specific factors such as the size of your business, the number of channels it requires, and your company's preferred market approach.
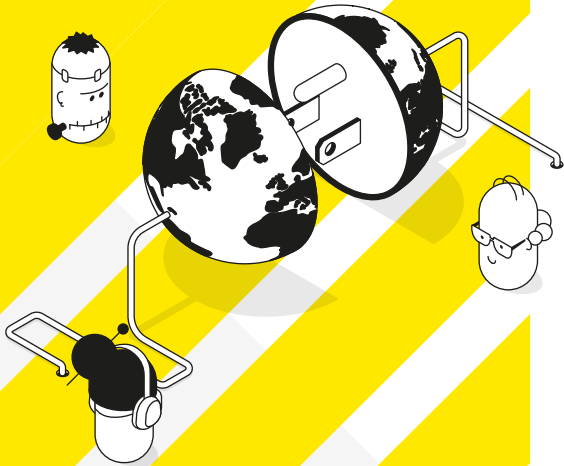
Generally, though, organisations choose between three types of architecture:
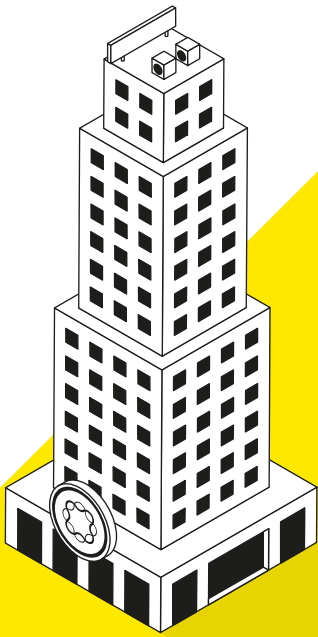
Monolithic

All functionalities typically combined in a single package.

Ensures that all functionalities are standardised and aligned.

Difficult to tailor functionalities to specific wants and requirements.
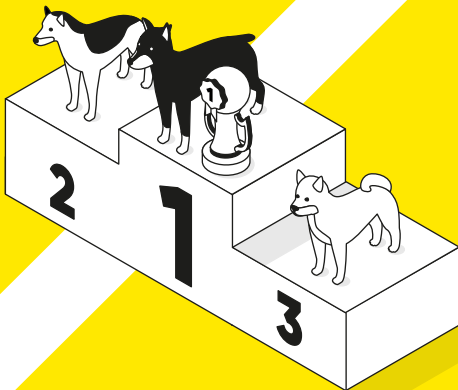
Best-of-breed

A small number of interlinked solutions.

Enables organisations to pick solutions that closely match their specific requirements.

Linking systems can initially be a time-consuming process.
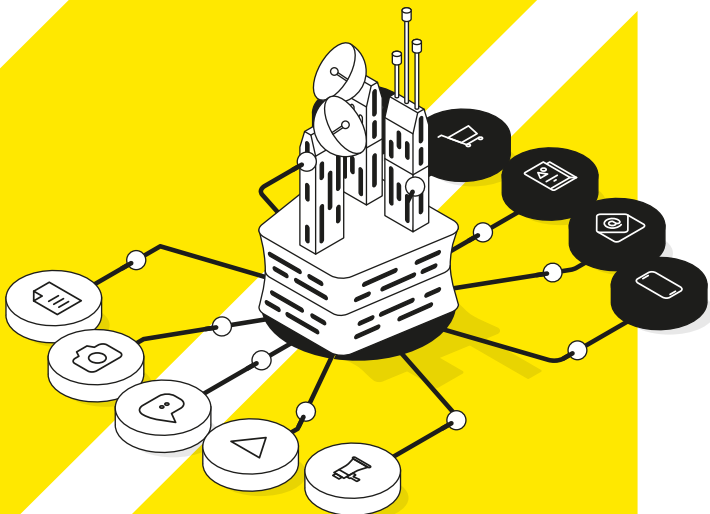
Microservices

A combination of several smaller solutions and systems linked via Application Programme Interfaces (APIs).

Flexible architecture where solutions can be added or replaced with ease.

Requires a significant amount of knowledge and experience to design and manage.

> **YOU SHOULD FULLY ASSESS THE PROS AND CONS OF EACH OPTION BEFORE MAKING A FINAL DECISION**

2.2 Ecommerce systems

Much like architecture, different types of ecommerce solutions have their own strengths and weaknesses.

When you select an architecture, though, a certain ecommerce solution might immediately stand out as a good fit. If this is the case, be careful. You should fully assess the pros and cons of each option before making a final decision - ecommerce solutions are generally treated as multi-year investments and switching solutions shortly after implementation will prove a costly and technically difficult process.

There are four categories of ecommerce solutions:

Open source systems

Open source products are free-of-charge and are maintained by a community of developers.

A cheap option, due to the fact that the use of these platforms isn't subject to licensing fees.

Not being a paid service, open source products are typically lacking in terms of support offered, while the volunteers responsible for the software are under no obligation to update and upgrade systems.
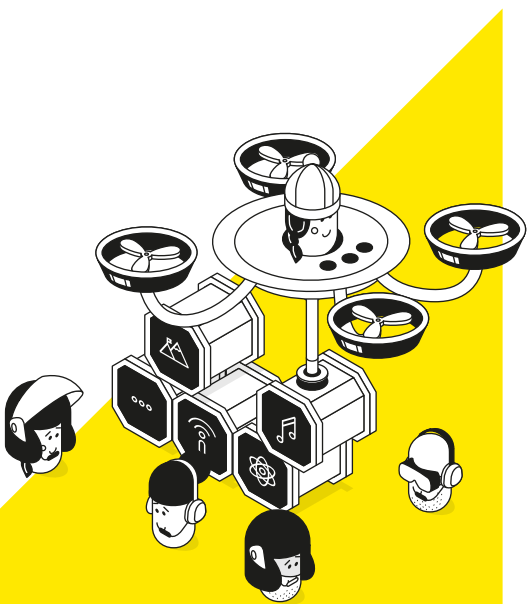
Enterprise systems

These software systems are designed to serve the complex requirements of a large organisation.
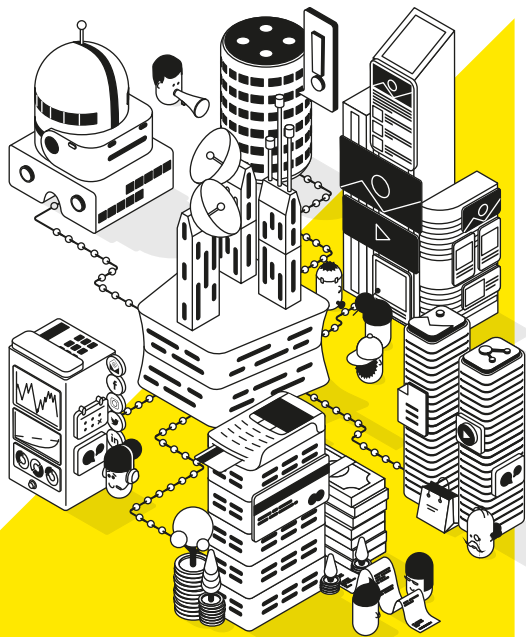
A wide range of out-of-the-box features that provides easy access to support.

There is the risk that the customer becomes dependent on the provider due to the cost and inconvenience that changing providers would incur. Customers may also find numerous features provided to be redundant.
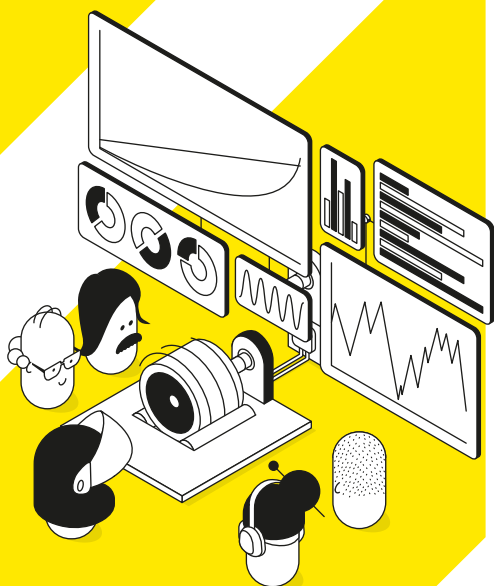
Microservices/API-based platforms

Loosely coupled services that connect through API gateways to create an effective and flexible ecommerce system.

Customers decide the platform features that they want to use, and those that they wish to build themselves. These platforms are also headless, allowing businesses to create more innovative and personalised front-end experiences without back-end interference.

Examples of headless platforms include: commercetools, Contentful and Bynder.

Headless platforms require customers to incorporate their own CMS or build their own presentation layer
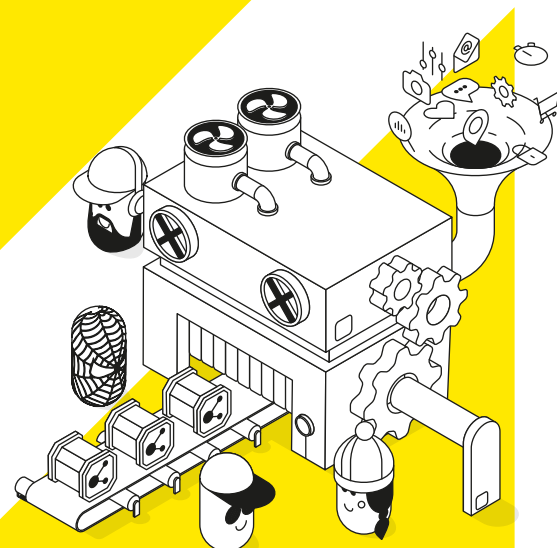
Custom-made platforms

These platforms are often used by organisations with a unique product, and are based on customer-specific, tailor-made functionalities.

These platforms are uniquely customised to an organisation's products and services, therefore providing a bespoke commerce solution for that business.

This level of customisation initially requires high levels of technical input. There is also a significant risk that this platform may become outdated or redundant if the business pivots its proposition.

The selection phase

You should begin your selection process by listing your organisation's requirements, with particular attention focused on the products or services being sold. If your organisation offers customer-specific pricing or other notable discounts and promotions, for example, you must make these factors a significant part of your decision-making process because they can only be delivered by certain platforms. Below are various other factors to consider when selecting an ecommerce platform:

- Your platform's technical requirements with regards to hosting, security, access and performance

- The Customer Experience insight you have to inform your customer-oriented digital architecture

- Which platforms provide the specific functionalities required by your organisation

- To what extent a prospective platform accommodates integrations such as CRM and ERP

- The digital touchpoints supported by the prospective solutions

- How the solution affects User Experience

- Your organisation's marketing and branding requirements

MIGRATING TO NEW SOLUTIONS

The final stage of replatforming concerns your migration strategy. Although the migration process might appear straightforward, there are many different approaches to choose from, and only one of which can be best suited to your business.

There are three main approaches. Each approach has a number of different adaptations:

- **Big bang:** The new platform is built in its entirety, before the business can migrate from its old solutions to new in a single instance. Often, this is the only approach available for monolithic platforms, where all or most functionalities are combined. This is both time and cost intensive.

- **Per channel:** The platform is developed and implemented for one specific channel at a time. For example, once the team is satisfied that the platform's mobile implementation meets all requirements, it will begin work on the next channel. This is cost-effective but time intensive.

- **Gradual:** New functionalities gradually replace those of the old system, with the platform's front-end temporarily combining both old and new elements. This means that certain User Experiences may be temporarily inconsistent with others until all the necessary updates have been carried out. This is cost-effective, delivering returns-on-investment while allowing your business to prioritise the build of the most important functions.

Your transition to a new platform must be smooth or else you risk losing internal support for the replatforming initiative. Ultimately, you have to decide which migration strategy offers the most simplicity and causes the least disruption - a decision that hinges largely on your selected architecture and ecommerce solution.

KEY CONSIDERATIONS

To ensure your project achieves its intended goals, there are other considerations that you must review when setting out your replatforming strategy.

Set realistic expectations

Considering the pace that the digital landscape is evolving at, it is important to manage your expectations and acknowledge that digital optimisation is a recurring task for most organisations. This consideration applies to replatforming too. Forward-thinking organisations address their current and future needs but understand that further changes may be required a few years down the line. Replatforming futureproofs your business, but you should not think that the process won't require work at a later stage.

However, you must not underestimate the amount of work that replatforming entails either. You might set out with the intention of implementing a simple, adaptable platform, but you could discover that your existing systems are more complicated than first realised. This is likely to be the case for businesses that are replatforming for the first time and hadn't previously given a great deal of consideration to the structure of their digital estate

Keep it simple

Although the agile approach accommodates adaptation, don't go overboard by committing to too many unplanned changes. If your project escalates, it could cause significant disruption within your organisation, and you could lose sight of the project's objectives. Similarly, proposing lots of additional changes that were not agreed from the outset risks causing friction and losing your colleagues' support.

Monitor your performance

Identifying key performance indicators (KPIs) before undertaking the project will help you determine whether certain measures taken have been as impactful as expected or if certain elements of your strategy need to be reconsidered. These KPIs should be reviewed alongside realistic timelines to provide clear visibility across the project.
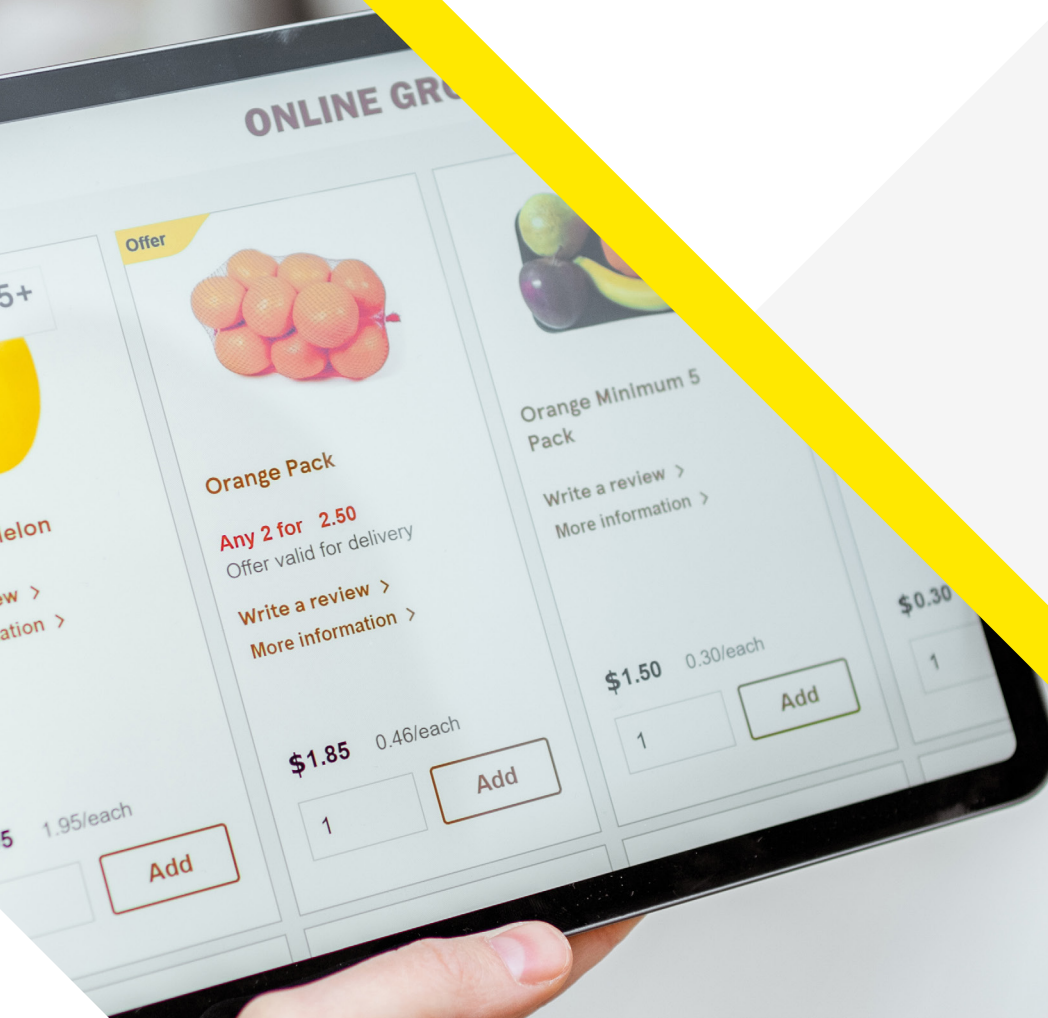
CONCLUSION

To emerge from lockdown ahead of competitors and disruptors, organisations need an optimised strategy to transform their businesses digitally and to keep their platforms up-to-date and relevant.

This process takes time, effort, and commitment.

To maximise the chances of successful implementation, make sure your replatforming strategy ticks the following boxes:

- Generate support for, and engagement with, the project throughout your organisation.

- Ensure employees involved in the project amass the required technical knowledge and experience. If this isn't possible, complement your team with external experts, and request they share the knowledge with your team.

- Maintain close contact between stakeholders and ensure that any measures introduced have been approved by the relevant decision-makers.

- Select an architecture that not only meets your current requirements, but readily accommodates future optimisations.
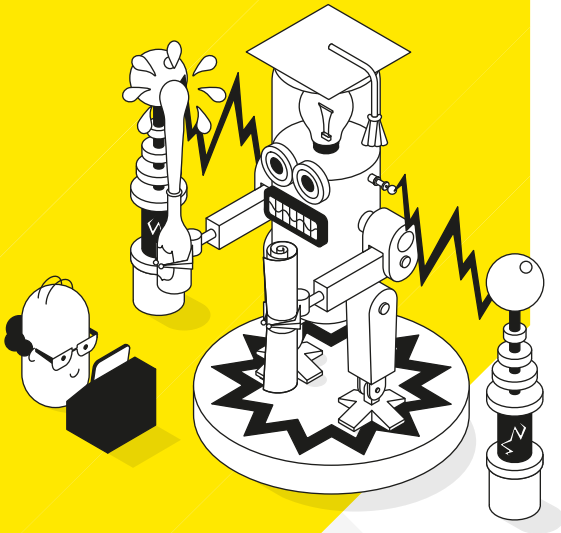
3 **In our next module, Platform Migration, we'll explore the implementation phase in more detail.**

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MODULE LIST

1 Reimagining Retail Commerce

2 Replatforming

3 Platform Migration

4 Monolithic to Microservices

5 What is Headless?

6 APIs Enable Headless

7 The Fusion of Content and Commerce

8 Masterclass Preparation

+ Put your newly learned knowledge to the test at our headless ecommerce masterclass event in London in October. Naturally, the latest social distancing measures will be enforced to ensure your safety.