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Regional Grocers Gain a Fast, Differentiating Competitive Edge with SaaS

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Contents

Introduction

Today's digital landscape for grocers is more complex and nuanced than ever before, requiring companies to meticulously track data both internally and externally to fuel their marketing and IT strategies if they want to stand a chance against their often deeper-pocketed competition. Grocer CMOs and CIOs alike need every advantage they can get to maximize their knowledge of target markets while preserving valuable IT resources. An integrated commerce ecosystem is a viable solution that empowers grocers to transition to the digital age and make core differentiating innovation a reality.

Ecommerce has been a staple of the retail industry for years, and businesses across many sectors have already embraced software-as-a-service (SaaS) solutions in a variety of ways. From specialized platforms to entire network infrastructures, enterprises have advocated cloud based IT strategies throughout their marketing, customer service and supply chain resources—all of which have shown powerful outcomes.

The Cloud Market

The financial data speaks for itself—the cloud market is slated to expand from around $10 billion today to $45.6 billion at the end of 2017. This is because SaaS based solutions deliver real-time results by offering minimal time-to-market implementation, as well as invaluable actionable insights that provide a real competitive edge. Getting the edge with SaaS is a critical move for every major player who wants to secure his share of the highly competitive grocery eCommerce market.

$10 BILLION
TODAY

$45.6 BILLION
2017

What CMOs Want

> **"**
>
> **Today we just have to turn on additional licenses. That's a real competitive advantage when we look at going head to head in the marketplace with end customers. It's about speed and ubiquitous access to the tool, plus the cost savings.**
>
> — **C-SUITE EXECUTIVE** **"**

Regardless of industry or sector, chief marketing officers generally desire the same outcomes from their infrastructure: real-time, contextual technology that retains flexibility while delivering consumer insights and functional expertise across all channels of customer loyalty. Furthermore, they want these solutions to be fast, inexpensive and exhibit proven results. This is exactly what the cloud offers with SaaS platforms.

A Harvard Business Review (HBR) study recently polled 1,500 business and technology leaders who embraced the cloud. 64 percent agreed that SaaS let them experiment more easily and at a low cost, 61 percent said it enabled deeper collaboration with business partners and 55 percent claimed it lowered the overall cost of doing business. Clearly, these factors can mean all the difference for businesses looking to make an impact in the world of online grocery retail. This means low cost and flexibility to integrate with existing systems makes SaaS platforms an accessible eCommerce solution.

"Having a scalable infrastructure enables us to go out and acquire a new business more easily," a C-suite executive of a growing midsize medicine staffing services provider told HBR. "Today we just have to turn on additional licenses. That's a real competitive advantage when we look at going head to head in the marketplace with end customers. It's about speed and ubiquitous access to the tool, plus the cost savings."

Retail Intelligence Made Fast and Available

Besides requiring flexible, cost-effective marketing solutions, CMOs and their departments need rapid, on-demand deployment coupled with complete availability in order to succeed in today's eCommerce environment. Time is of the essence for businesses entering this market and SaaS service providers ensure that these needs are met by delivering rapid release cycles, straightforward implementation and applications that are easy to learn and operate dynamically. This means companies can quickly see personalized, innovative customer engagement growth while receiving vital feedback that can help to better define the user experience for both clients and employees.

Retail intelligence will be a key element of any successful grocery eCommerce strategy, as consumers put forth unique demands and form niche markets that businesses must assess and work to satisfy. Respondents in the HBR study agreed that having a quick response time to new challenges and consumer expectations is essential.

Moreover, the cloud allows grocers to break down departmental silos that can prevent marketers from accessing valuable insights and collaborative opportunities with other employees within their own organizations.

44%

RATED INCREASED BUSINESS AGILITY AS THE MOST VALUED BENEFIT OF CLOUD COMPUTING

41%

CITED CAPACITY AS A CRITICAL ADVANTAGE OF THE TECHNOLOGY

36%

CLAIMED THAT FASTER ADOPTION OF NEW SYSTEMS WAS THE MOST SIGNIFICANT MUST-HAVE FEATURE OF SAAS PLATFORMS.

Stronger Partnerships and Logistics

Online grocery merchants need every bit of knowledge they can access if they want to craft the ultimate customer experience and rise above the competition in this rapidly evolving complex market. SaaS solutions can enhance internal communications to improve supply chain operations, customer support and administrative processes and create an abstracted layer for management that can drive innovation.

"Cloud gives us the ability to start penetrating silos. It enables collaborative management at multiple levels [by providing] a persistent layered view of critical data," explained one business strategist at a large transportation company, calling the technology "information as a service."

Being able to harvest the information available within an organization and heighten the visibility of business operations across a vast array of marketing, sales and service endeavors gives online grocers the edge where they need it most—SaaS lets them access these details quickly and easily.

By allowing online grocers to embrace the cloud, SaaS service providers can help these businesses overcome their integrated commerce obstacles and become pacesetters in this challenging industry. The IBM Global SaaS Study revealed that companies exhibiting the highest levels of SaaS adoption gained competitive advantages in these fields, revealing that:

68%

LEVERAGED CLOUD SERVICES TO ENHANCE THE CUSTOMER EXPERIENCE

72%

USED SAAS TO LEVERAGE ANALYTICS AND GAIN INSIGHTS FROM THEIR DATA THAT WOULD HAVE OTHERWISE REMAINED UNUTILIZED

What CIOs Want

SIMPLICITY

EFFICIENCY

SECURITY

For today's chief information officer, the three factors that determine the effectiveness of any new platform are simplicity, efficiency and security. Compared to traditional on-premise storage and application solutions, cloud-based services are far superior in all these areas. IT budgets everywhere are already being pushed to their limits when handling routine tasks, leaving little time to gain competitive advantage in areas such as big data, analytics and monitoring, all of which could vastly improve performance.

"Once we get our heads around how to manage cloud as a service-delivery engine, our ability to adapt and change will be as fast as we can write a purchase order for services we don't have today," said the CIO of a $13.4 billion global manufacturing company, according to the HBR study.

Expedited Time-to-Market and Maintenance

For grocers launching eCommerce initiatives, this streamlined model, which reduces time-to-market, will be a crucial advantage in an industry that will change as rapidly as consumer preferences shift over the years. Lagging behind the competition in terms of IT functionality will be a great detriment to any company looking to capture a substantial portion of this market.

In terms of efficiency, there is no question that SaaS makes it easy for IT departments to setup, integrate, support and enhance the technology that will move operations along, freeing up countless hours and resources that would previously have gone toward complex, tedious in-house maintenance processes. IBM's cloud study shows:

74%

REPORTED THAT SAAS HAD AN INCREASED SELF-SERVICE CAPACITY FOR APPLICATIONS

70%

CLAIMED THAT IT OPTIMIZED BUSINESS PROCESSES AND WORKFLOWS - EACH REPRESENTING MAJOR INFORMATION TECHNOLOGY GOALS

66%

SAW IMPROVED APPLICATION AGILITY, MARKED BY THE ABILITY TO FLEXIBLY DEPLOY AND IMPLEMENT SOLUTIONS

Furthermore, those who embrace the cloud have an easier time scaling and configuring services to their specific requirements.

"

Once we get our heads around how to manage cloud as a service-delivery engine, our ability to adapt and change will be as fast as we can write a purchase order for services we don't have today. "

— CIO OF GLOBAL
MANUFACTURING COMPANY

Support for Internal IT Teams

Internal IT services may not always have the financial resources, the time or the trained personnel necessary to develop and deliver new strategic business capabilities, especially regional grocery chains taking their first stab at the eCommerce market.

Using a SaaS platform provider can help merchants new to the Web achieve points of differentiation while minimizing the impact on the IT budget and the investments needed for other areas of their businesses.

In addition, when working with a SaaS platform provider, companies' in-house support staff can benefit by learning about the details of the technology involved in delivering the new solution. This mutually beneficial relationship can grow as the business develops its tech strategies and works with vendors to overcome IT obstacles and stay on top of consumer trends.

Grocers looking to enter the online arena may be eager to take the first step toward the cloud but still have reservations based on certain perceived obstacles. Queries regarding security, data control, integration problems and unexpected costs may compel business leaders to resist switching to cloud based solutions.

Key Considerations with Cloud Based Strategies

Legitimate concerns regarding SaaS solutions point towards some primary considerations surrounding cloud strategies and how they can be minimized or eliminated.

Network Security and Data Protection Concerns

Of the CIOs surveyed in the HBR study, 60 percent noted that data protection was their greatest perceived barrier with respect to cloud-based solutions. As sensitive information continually circulates through business networks, grocers want to ensure their data is always protected. SaaS service providers leverage the industry tools from providers to ensure security, data protection, and the well-being of all vital information within the IT infrastructure.

Infrastructure and Network Control Worries

While only 26 percent of the HBR survey respondents cited lack of data control as their number one cloud concern, it is only a perceived issue in the technology. Off-premise tech solutions may represent a loss of network command for many cloud skeptics, but platforms can be configured to give businesses data visibility across departments that may not have been accessible with internal setups, allowing marketing departments to gain unparalleled control over the operation of the platform.

Integration Complexity and Multiple Service Providers

Grocers want to maintain a flexible online presence that can quickly adapt to shifts in customer trends. However, some business leaders are apprehensive about leveraging a SaaS solution which they feel might commit them to a subscription that can't be adjusted or layered with other services. However, many SaaS based platforms were specifically designed to take the complexity out of integration and manage multiple service providers. A full eCommerce integration hub supports a variety of batch and real-time integration methods for internal systems, as well as external service providers. This allows grocers to change their IT configurations on the fly without fretting about issues with compatibility or integration hitches.

Issues with Cost Variability and Unbudgeted Expenditures

Despite common perceptions, cloud solutions offer much greater pricing transparency than internal systems. Unexpected fees and variable costs often result from development, quality assurance and proof-of-concepts running beyond contracted limits. As developers and maintainers, platform service providers will often cover these expenses.

When stacked up against traditional in-house IT strategies, SaaS represents the superior choice for emerging online grocers in every possible way. From the speed and ease of its implementation to the cost effectiveness of its subscription models and interdepartmental integration conducive to collaboration and innovation, the cloud offers business leaders a successful transition into grocery eCommerce. The right service provider can help firms strategize and integrate the perfect cloud setup in any circumstances, allowing them to execute their missions and grow their businesses to new heights.

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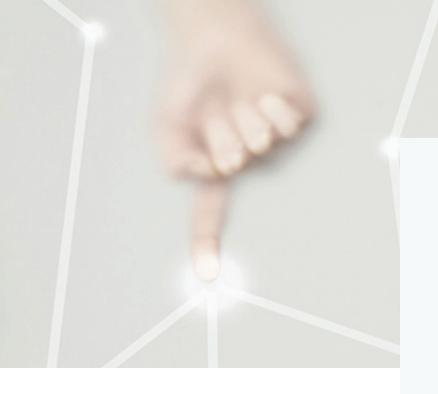
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How the Cloud Looks from the Top: Achieving Competitive Advantage in the Age of Cloud Computing

Mercatus
Integrated
Commerce®

The service and data integration capabilities built into the Mercatus Integrated Commerce® Platform make the transition to a SaaS-based solution easy. This time to market advantage enables CMOs to focus on their strategic initiatives and plan for accelerated future customer innovation.

With its cloud platform partners, Mercatus works with IT departments to integrate an infrastructure that is ready for action yet easily tailored to their specifications. The Mercatus Integrated Platform supports several leading industry tool providers such as Verizon Terremark, Akamai and Imperva, ensuring that integration of the existing infrastructure is scaled and configured to their requirements.

With SaaS solutions from Mercatus, all fundamental technical requirements are taken care of with a monthly subscription, allowing CIOs to focus on what will drive their businesses forward. Mercatus takes on variable costs and fees so businesses leveraging our services understand all the cost components of the service upfront.

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