

## E-commerce needs ERP

PayPal and Ipsos expect that South Africans will spend over R50bn on online shopping this year. E-commerce is growing rapidly and many will increase their online spend to get better deals, for its convenience and savings on shipping.



Bernard Ford, CEO of One Channel

These are all reasons why customers are clicking instead of pushing trolleys. It's not solely online companies winning: traditional retailers are also extending their reach to the online world and as a result improving their brick-and-mortar prospects as extensions of the culture.

There is no question that this is a new frontline in fighting for the consumer's attention - and the best weapon is the ERP. Although they are not distantly related business areas, the effective combination ERP and e-commerce provides the edge in today's commercial landscape.

ERPs need little introduction: they are often the atlas holding up the roof of business functions. But business has changed a lot, particularly as it starts using more data to make decisions, and the ERP has had to keep up. This is why many companies don't have the right ERP for the job when it comes to e-commerce.

Bernard Ford, CEO of One Channel, says the problem is that ERP was invented before e-commerce. "When e-commerce arrived, the requirement was there for tight integration, but the systems couldn't match that."

## **The age of rich data**

Integration between the ERP and e-commerce system is critical in this age of rich data. Post-modern ERPs come with a lot of data pooling, aggregating and analysing abilities. They are essentially customer-centric and those insights are incredibly useful when engaging with the customer.

“For example, recommending additional products based on a customer’s choice, derived from their shopping history as well as others, is a common use of this kind of intelligence,” he adds.

Many established companies would want to engage with e-commerce markets, so they might think they can simply add an e-commerce module to their current ERP.

## **E-commerce is a specialised component**

Ford warns that this is not how things have shaped up. “You need both: e-commerce is a specialised component and based on popular platforms. Ten years ago ERP vendors tried to develop their own e-commerce platforms, which failed.”

“There are large platforms such as Wordpress, Shopify and Magento out there that have become mainstream eCommerce solutions. The cost of deploying those are far less,” he explains.

The distinction is around handling the back office functions, such as processing payments through the business systems and managing stock. ERPs that have not been honed through modern software ideas are not suited for this heavy level of systems cooperation.

He says it is a lot faster and more cost-effective to bring a post-modern ERP to the party and truly get the most out of the e-commerce platform.

## **Eventually your business needs an ERP**

The same rationale applies to growing e-commerce companies. Every expanding company eventually needs an ERP. While e-commerce platforms are great at interacting with customers, they are not good at managing stock, business processes and the supply chain.

Shopping is becoming more and more customer-centric: to be able to provide the features they want, such as intelligent marketing, chatbots and customising orders, they need a post-modern ERP capable of such feats.

The combination of the two platforms even lets companies think out of the box. For example, ordering online, but paying or collecting at a physical store, or being able to return products bought online to a store for exchange.

When paired and integrated, the ERP can extend the eCommerce functionality across all the business’ touch points. The focus becomes the customer, no matter where they are or how they want to interact with the business.

Ford says this combination is also easier to deploy with post-modern, cloud-aligned ERPs. “It used to be that the ERP vendor sent in the techies to do all the integration. But web services have evolved and become far better and easier for less technical people to work with. It’s much more of a partnership these days, everyone working together.”

## **The move towards self-service**

“The shift is moving towards self-service, tools like Swagger, using the latest web services tech and making it far easier to integrate. That really has changed the landscape,” he adds.

All technology pitches try to recast the rules of business by talking about customer centricity. But the dynamic duo of ERP

and e-commerce is a clear example of how data and integration can serve customers much more effectively, respond to their desires and smartly prompt them into more making more purchases.

“It’s like that super salesperson on the floor and perfect deal all rolled into one, delivered wherever the customer is,” he concludes.

For more, visit: <https://www.bizcommunity.com>