Supplier Selection Guide: Choosing an IT System for Multichannel Retail
It’s a Business Decision

Your core retail system is an integral part of your business. No decision to change it should ever be taken lightly - the choice you make will have a major impact on your company.

Research suggests that most companies consider changing different elements of their systems at different rates. Because eCommerce is still developing, companies consider changing this every 3-5 years, the back office systems tend to be every 7-10 years.

Similarly, it’s not just about choosing the right technology: it’s about finding a provider you feel you can develop a close working relationship with for years to come.

Why Change?

Growth is the most common reason for a systems change. Either you’ve outgrown your current system, in terms of transaction volumes, number of users and number of sites, or your system can’t handle new directions you want to take your business in. In a modern retail business, that’s most likely to mean introducing new channels to market.

Some retailers already have the channels, but lack the flexibility to exploit those channels to the fullest. For example, it may be difficult to develop new brands, support new customer service initiatives, or expand internationally.

Multichannel: It’s What Customers Want

Multichannel capability is another common driver for a system change today. Historically, retailers managed their sales channels in isolation, with each having its own dedicated IT system. This is no longer sufficient in an increasingly competitive retail market, because multichannel is what customers expect.

Customer buying behaviour is ever more sophisticated. People expect to be able to research something online, buy it over the phone, and reserve it for collection. They expect to be able to go online to track the delivery of a product ordered through a call centre – and the call centre to know about the product they ordered online.

This level of integration used to be the preserve of large companies, but now all retailers can achieve this level of multichannel service. The goal is to offer a consistently excellent customer experience across every channel, in order to differentiate your business, provide the convenience customers want, make it easy to buy, and to increase new and repeat business.
The Decision-Making Process

It's important to have a clear process when choosing a new multichannel solution. While there will always be variations in the process, according to the unique structure and needs of your business, this is a guide to a typical approach.

1. Evaluate Your Needs

Your IT system is an integral part of your business, so your project team needs to represent every significant part of your organisation – store sales, marketing, warehousing, finance, customer service, and so on. It's vital to get buy-in from each part of the business that'll benefit from or be affected by the new system.

Every channel of the business should be represented, you might be looking to change the back office system but that will impact eCommerce, stores, mCommerce etc.

Aligned with this, you must also consider not just where your business is now, but where you want it to be in the medium and long term. Take a step back, and discuss these issues with every stakeholder, to define the scope of the system you need.

2. Should you Create an RFI?

You may want to consider creating an RFI. Collect detailed requirements from the departments involved, and distil these into a summary of what you need. This is the basis of your RFI. We recommend that you send your RFI to no more than five or six suppliers. You should choose a range of potential suppliers, but it is better to approach companies that really understand your market.

Evaluate the responses to your RFI and reduce the number of potential suppliers to three or four. Meet with those companies to see a brief overview of their product, assess their experience in your market and to judge if their culture is aligned with yours. The key thing to remember is that you're choosing a business partner you may be working with for the next decade: how you feel about them is just as important as what their product can do.

4. The Shortlist

Following these meetings, establish a shortlist of two suppliers. Arrange more detailed software demonstrations to explore how their solution satisfies the key areas you agreed at the start of the process. This will allow you to evaluate their offering against your requirements, and identify any shortcomings where additional work may be required or where, in the end, there just isn't a suitable fit.

5. Choose a Preferred Supplier

Choose a preferred supplier, and start contract negotiations. This phase should involve visiting reference sites.

Each of these steps is explored in more detail in the following pages. At the end of the process you'll be in a position to prepare your implementation project plan, which guides the implementation itself. The plan is outside the scope of this guide, but we've provided some basic guidance at the end of this document.
This is also an opportunity to look at the business now and consider where you want it to go in the future. By considering your immediate needs and your plans for the future, you can ensure you choose a system that will suit your company in the short and long term.

This is also the time to think about whether you want a system that can handle all of your requirements, or whether you want separate ‘best of breed’ systems.

There are arguments in favour of both approaches. A single system has the advantage of being totally integrated, which should make implementation easier, be more cost-effective and make it simpler to manage your business from a single point of control.

The downside can be compromising on the depth of functionality. Conversely, a ‘best of breed’ approach ensures you get the functionality you need, but the trade-off is increased complexity and cost of integration.

An integrated solution, or best-of-breed?

The ease of implementing an integrated multichannel business model will vary from company to company. There are two basic approaches: either implementing a single multichannel system, or customising and integrating components so they can communicate with each other in a meaningful way.

Using disparate systems to create a coherent multichannel solution can be very time consuming and costly, especially if you have to re-use older legacy systems - the architecture of one can be completely alien to another. For some companies, however, this is the only solution. For example, a large store-based retailer will typically have investments in sophisticated EPOS and merchandising systems that simply cannot be replaced. They tend to look for ‘point’ solutions to manage their home shopping channels. If you have no option but to integrate disparate systems, it’s vital that you choose point solutions built on a technology platform that minimises the time and cost involved.
And has the capability to expand into a complete solution over time. Many small and medium size companies, particularly those coming from a mail order background, have the flexibility to implement a truly integrated multichannel system. This can give them a real competitive advantage over some of their larger competitors. However, sourcing an integrated multichannel system is harder than you might think. Many suppliers claim to have an integrated system, but few can offer the level of sophistication required, particularly for those companies looking to trade in both B2B and B2C environments.

2. Create an RFI

The RFI is created by capturing detailed requirements from each department represented on the project team, and distilling these into a shorter requirements summary. An RFI should not be a long and complex document. Typically they use tick boxes for major areas of functionality required, with space at the side of each for a short explanation if needed. Detailed requirements can be discussed and signed off at a later stage.

An RFI will normally include the following:

- Background information on your organisation
- Hardware requirements

Summary of application requirements:
- Range of application models required
- Key application requirements

Scalability (current requirements and expected growth in the future)
- Transaction volumes
- Number of users (don't forget temporary users in peak periods)

Scope
- International requirements
- Countries, languages etc

Project timescales & selected milestones
- Budget outline

Most business applications can be adapted to meet most functional requirements. However, there are some elements that may not be as flexible and these need to be drawn out in the document. These can include:

- Fully integrated e-commerce capability
- Ability to manage multiple brands
- Ability to handle both B2B and B2C transaction

Choose a broad selection of suppliers at this stage, but you should make sure they have clear experience in your market ideally via case studies – otherwise you may waste a lot of time teaching them about the intricacies of your business.

You need to give vendors enough time to provide a considered response to your RFI. Three to four weeks is considered normal.
3. Multichannel is technology and strategy.

Technology is only part of the answer in building a successful multichannel business. An overall strategy is required to deliver a compelling customer experience and deliver customer value across all channels. Channels must share creative values, product ranges and pricing promotion rules. Success requires a well thought out strategy, anchored by the effective use of technology.

Just as important is the need to continue looking forward and remain highly adaptable, because things will undoubtedly change. It's important to ensure that your technology platform can change quickly too, to help you make the most of future opportunities.

4. Evaluate Vendors

After evaluating the responses to your RFI it should be relatively straightforward to choose three or four vendors (at most) for closer examination.

The initial meeting helps the vendor get a greater understanding of the operational and functional requirements of your organisation.

At each demonstration, the vendor should explain how it is responding to your RFI, how it plans to meet your key requirements and what experience they have with businesses like yours. It's often helpful for these meetings to take place at the vendor's offices.

It’s a good opportunity to get a feel for their organisation and to meet its senior managers.

5. The Shortlist

Following these demonstrations it should be possible to reduce the number of vendors to a shortlist of two, which you will then scrutinise in more detail. While it's important that you go to the offices of the vendor, it's equally important to invite the vendors to visit you so they can meet key executives. This should be an opportunity for more detailed demonstrations - this time with teams from each of your key departments.

At this stage, it's also important to follow up on customer references presented by each vendor. Normally this takes place by phone. References should be from similar companies to yourself, in terms of market, the functionality they're using and size (number of transactions and users) - but be prepared for direct competitors to refuse to talk to you.

This phase can often take a few months, simply because of the logistics of getting availability of key people for meetings – so make sure you plan these demonstrations well in advance to avoid slippage in the timetable.
6. Choose a Preferred Supplier

Choosing a preferred supplier isn’t a contractual commitment, because at this stage the contract and the final costing haven’t been fully negotiated. It is a statement of intent that can reassure every party involved, and support closer cooperation as you move towards a formal contractual agreement. Once you’ve chosen a preferred supplier, the other company on your shortlist should be notified that a preferred supplier has been selected, and that their solution is on hold.

Then you can start moving the process towards the final contract by going into real detail about the preferred supplier’s solution.

Reference Visits

This is the right time to go on one or two customer reference site visits. Reference visits are an opportunity to see the software in action and to discuss a customer’s experience of the implementation process, any subsequent upgrades, and ongoing support.

Final Assessment

It should now be clear if this is the right solution and the right supplier for you and your business. Often it’s a balancing act between ensuring the product will help you to achieve your goals, if the supplier has the right experience in your market and if you feel there is a good synergy between your companies. This would then lead to the final contract negotiations and the Scope & Analysis Phase which is in effect the start of the project.

Scope & Analysis

It’s important to load your own data into the test system – this will make it easier for your staff to test and judge the results and will also identify any problems with data conversion. You will then have access to the system, with your project team, to really test the system in detail. There will inevitably be areas where the specific requirements have been misinterpreted, and the vendor will have to make changes. This phase also often identifies areas that weren’t considered in the initial requirements document, which will result in additional work from the vendor.

Next steps: The implementation Plan

The purpose of this document isn’t to cover the implementation plan, but we would suggest that you focus on making the timescales as realistic as possible (setting expectations and enabling your business to prepare for the implementation), and that you fully document all additional requirements identified in the latter stages of the process, along with the proposed solutions.
ABOUT US

Founded in 1972, Maginus has built a solid reputation as a trusted partner for leading wholesale and distribution, ecommerce and multichannel retail businesses. We have a solid track record of delivering innovative technology solutions and customer service.

WHY MAGINUS?

We believe that Maginus is the only UK organisation able to deliver Enterprise-Level Multichannel Solutions from a single team of people.

Built up over 40 years, our skills and capabilities stretch from eCommerce, Order Management, Back Office, Call Centre, POS, Hosting to Digital Marketing Services.

Each and every Maginus colleague is actively encouraged to promote our company values in all their interactions with our customers, partners and with each other.

These include: Innovation, Integrity and Long Term Thinking.

WE DELIVER THREE CORE SOLUTIONS:

Maginus OMS (Order Management Software) for organisations in Wholesale and Distribution or those dependant upon Direct Commerce techniques (Call Centre, Catalogue, Email and Online).

EPiServer Ecommerce for online mid-market enterprises seeking a solution for Content Led Commerce or as an integrated component to a Maginus OMS or a Microsoft Dynamics AX implementation.

Microsoft Dynamics AX is our solution for Premium Brand Retailers with multiple sales channels and logistic operations.

WE COMPLEMENT OUR CORE SOLUTIONS WITH:

Digital Marketing Expertise and Creative Services from Maginus Digital.

Maginus Managed Services to provide business continuity for all our implementations including hosted, SaaS and on-premise models.