BUYER CASE STUDY

Elastic Path Helps a Global Software Company Boost Web-Based Revenue

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IDC OPINION

A global software company has seen its revenue per site visitor rise between 15% and 40% (in different regions) since it implemented a new Elastic Path–based digital commerce platform in June 2010. This company, a multibillion-dollar security and storage software company, used Elastic Path’s digital commerce platform to improve both its customers’ experiences with its Web sites and its grasp of those customers’ needs. Elastic Path’s solution helped this software company:

☑ Reduce costs by giving internal resources more control over its digital commerce system.
☑ Ease into a full implementation and analyze the performance of the new system by running the predecessor platform simultaneously and splitting site traffic between the systems.
☑ Achieve a quick ROI by significantly improving per-visit revenue for the company’s consumer-facing Web sites.

IN THIS BUYER CASE STUDY

This IDC Buyer Case Study looks at why this software vendor decided to seek a new digital commerce platform, how and why it chose Elastic Path, how the company implemented the system, and the results of the implementation.

For this Buyer Case Study, IDC interviewed the senior vice president (SVP) of worldwide ecommerce in February 2012.

SITUATION OVERVIEW

Organization Overview

This software company is a Fortune 500 company that has built its reputation on a suite of antivirus and Internet security software for consumers. Offering data protection and computer security for enterprises as well, the company does business in more than 40 countries. The company reported over $6 billion in revenue in 2011 and has more than 17,000 employees.
The software company's move to a new digital platform began in 2009 after a decision, three years in the making, to expand the capabilities of its existing digital commerce platform by replacing it. The original Digital River platform was not providing the company with the granularity of customer analysis and scalability it needed. The software company wanted a new system that would improve its understanding of its customer data and thus improve marketing of its software to its consumer base.

Table 1 provides details of the Elastic Path digital commerce platform.

<table>
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<th>Vendor/Product</th>
<th>Elastic Path/Java eCommerce Platform</th>
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<td>Key tech requirements</td>
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<td>Short list</td>
<td>IBM, ATG (Art Technology Group, now part of Oracle)</td>
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<td>Decision cycle time</td>
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<td>Implementation time</td>
<td>2 years</td>
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Source: IDC, June 2012

Challenges and Solution

This software company had multiple reasons for shifting away from its ecommerce platform beginning in 2009. It needed a better understanding of its online customer base to encourage customers to use its services on a more regular basis, expand Web site visitors' awareness of the company’s many offerings, and ultimately increase revenue per visit. "We saw a tremendous amount of richness in the data of customers using our products and transacting with us," the SVP of ecommerce said. "The only way we could get that close to them is we had to have a lot more control over the ecommerce platform."
The software company processes between 90,000 and 150,000 transactions a day on its Web site. Its site services 10 times that number of visitors with the help of datacenters in Tucson, Arizona, and Dublin, Ireland. Its online store handles 18 languages, 24 currencies, and 12 payment methods.

In addition to handling the significant volume of site visitors and transactions, realizing the software company's desire to create a customized experience for as many of its visitors as possible was a particular challenge. To get there, the company uses a wide range of stock-keeping units (SKUs) so that it can identify where a customer buys a software package and what type of device that person uses. The knowledge can be rewarding, but to get it "requires some significant flexibility around how you handle [different shopping experiences] and how you merchandise to customers," the SVP said.

Another reason for shifting away from its previous ecommerce platform provider was to cut costs. "We had very good terms with Digital River, they were a good partner," the SVP said. But in addition to not getting the quality of information the software company wanted from customer interactions, the company continually needed to rely on Digital River's services for support or to extend features of the platform.

**Selection**

The software company began the process of moving off of Digital River about three years ago, even before it began looking at new vendors. The process of choosing a new partner took considerably less time, between three and four months. But the selection process "was incredibly elaborate," the SVP of ecommerce said, involving extensive demonstrations and reviews.

Finding potential partners that could match or exceed Digital River's capabilities and provide additional customer insights proved to be difficult. The software company considered IBM and ATG (Art Technology Group, which has since been acquired by Oracle), but ultimately chose Elastic Path's Java eCommerce platform. The selection team "was very impressed with the flexibility in the consulting services in Elastic Path more than anything. They felt like the platform, the size of the platform, the size of the consulting team, the flexibility, the fast pace that EP was moving at was much more aligned with the type of solution that we were creating."

The software company purchased a perpetual, enterprise license.

**Implementation**

The software company was unable to leverage or migrate code for business logic and features from the Digital River platform to Elastic Path. "There was very little that we could just pick up from what we had with Digital River and import it over," the SVP said. "So much of the complexity of what we have is due to the foundations of how the company operates with our SKU structures and our merchandizing around SKUs, and all of that had to be custom developed."
The process took two years of development work, with the help of implementation partner HCL Technologies. At the peak of the project, between 50 and 60 HCL employees were involved as well as between 3 and 8 Elastic Path consultants. In total, two-thirds to 75% of the implementation work was conducted by HCL, the SVP estimates. Including the software company's internal resources, the average implementation load was 80–90 people.

During the implementation, the development teams used a sprint-based methodology — six or seven sprints, with each sprint focused on certain levels of specifications. "A lot of the times, the sprints basically look like several different waterfall approaches," the SVP of ecommerce said. The developers have now moved to a more stringent agile sprint development model for the smaller, ongoing development projects.

The initial development phase was focused on providing the same capabilities that the software company had in Digital River without trying to build out new capabilities. "We were trying to make sure that as we transitioned, we were not negatively impacting the business," the SVP said. "Out of all of the capabilities that we had, when we first went live with our system, we probably had about 80% of the capabilities that we had with Digital River. Then over the next six to nine months, we built out probably 90%.

"There are certain bells and whistles that you have, and there is the question as to whether or not it is worth building it and whether it really makes the business happen, and that probably was the most difficult time in the project because a lot of people in our organization felt like if you didn't have these bells and whistles, you were going to negatively impact the business. So they were fighting like crazy to get new features built and, at the end of the day, it was the toughest thing to decide: does it really make a difference or not?"

"We never really had 100% of the capabilities [of the old platform]. We probably have today 90–95% of that, and that last 5% was just brutal."

The software company took a conservative approach to the transition from the Digital River platform to Elastic Path. Regional deployments began in October 2009 starting with Australia. Over a nine-month period, other markets came online with the new platform on a country-by-country basis. During this testing phase, for each region, the company sent half of its site traffic through the Digital River platform and the other half through the Elastic Path platform. The company continually looked at which was getting better results. That analysis helped the software company team determine whether incremental development work was worth the effort.

At the same time, the developers began working on improving search and usability features on the company’s Web site to improve the overall customer experience. By the middle of June 2010, after extensive QA testing, the company had completely transitioned off of the old platform.

Of the total expenditure for the project, an estimated 80% went to people and services with about 20% attributable to software licensing.
Results

Without achieving the full functionality of its previous platform, the software company improved its revenue per visitor, particularly outside the United States, since shifting to the Elastic Path digital commerce platform. All regions have seen at least a 15% uptick in revenue per visitor, and others have seen improvements of up to 40%.

By splitting site traffic between the old and new platforms during the initial implementation phase, over a nine-month period, the software company was able to analyze the value of its decision to change systems. That approach also gave the company the opportunity to decide if it needed to develop additional capabilities and whether such work would yield a substantial ROI.

The software company was focused on having a plan that would stay on budget and not negatively impact its business. It wanted the transition to appear seamless to customers. Internally, however, the SVP's team faced pressure to have the same capabilities as the Digital River system, even though the SVP didn't feel they were all necessary. Adding all of the advanced features wanted by the business side would have dragged the project off course and off budget. Now, the new Elastic Path is delivering better results even though it may only be delivering 95% of the capabilities of the old platform.

The software company uses Interwoven's Teamsite content management system and third-party analytical tools, including Adobe's Omniture, Adobe Test & Target, and Tealeaf to provide history and analyze customer behavior. "Most of those tools provide a lot of insight into understanding the customer, and that is what feeds the Elastic Path engine to determine which merchandise it is going to serve up," the SVP said.

Future Plans

The software company has two priorities for the near future. One is to continue to focus on improving its understanding of customers, to give them a more personalized experience and better targeted offerings. "The more we know about our customers makes a big difference," the SVP said. For instance, the software company will use Elastic Path to track and analyze the myriad devices its customers use to access the site — PCs, tablets, and smartphones. "At some point, we have to have an inventory of who you are and what you have," the SVP says. "As we have a deeper relationship to share more of that information, then it will help us be more intelligent about how to communicate with you."

Believing there’s room for improvement, the software company recently started looking at business intelligence providers that may help it improve how it makes real-time offerings to customers based on their backgrounds, geographies, and demographics. It also plans to use Elastic Path to expand marketing to small and medium-sized businesses.
ESSENTIAL GUIDANCE

For Buyers

The software company’s Elastic Path digital commerce experience illustrates several important points. For customers, the trade-offs involved in features and functionality versus their cost are not always clear. In this case, the company found that it could boost revenue with a platform that didn’t immediately deliver all of the features and functions that were part of the old platform.

Another key point is the customer’s need for information about its customers. The SVP of ecommerce is looking for a real-time decision feature that would enable the software company to quickly set up offerings for certain types of customers without the company having to set up such parameters manually. Such rules — which can vary among people’s behaviors and geographies — have multiplied and can be challenging to manage. The SVP has found only smaller companies currently provide this type of service.

The software company elected a vendor that it saw as flexible and responsive, choosing a platform that was adaptable with internal resources. Elastic Path provides a platform specifically for digital goods that also conformed to the company’s business model.

For Vendors

Elastic Path’s flexibility was a key selection factor for the software company. “They were very good at listening and very good at adjusting their development plans to align with what we needed for the core product,” the SVP said. The vendor’s relationship with the customer can be a critical factor in a competitive selection process. Vendors need to emphasize the importance of this relationship to salespeople — the importance of listening to the customer and understanding the customer’s business and the particular problems the customer is trying to solve.

Customer analytics capabilities are key. Digital commerce software provides customer analysis in different ways. It may generate the analysis internally or take the information from third-party systems or tools. In the software company’s case, the granularity of the information and the rules for marketing and the complexity of its SKU-based marketing were key factors in selection and proved to be a significant challenge.

Vendors need to review their customer analytics capabilities and tools — business intelligence, recommendation engines, real-time monitoring, CRM integration — and begin significant integration of these information elements to help rationalize the customer information rather than forcing their customers to deal with multiple internal and external analytical tools. Those that can evolve their products by acquiring or partnering to provide strong, unified customer analysis tools may have a significant advantage in future competitive selection processes.
LEARN MORE

Related Research

☑ Commerce in the Intelligent Economy—Focusing on Customer Experience (IDC #DR2012_T7_GG, March 2012)

☑ Worldwide Software Business Solutions 2012 Top 10 Predictions (IDC #233104, February 2012)

☑ IDC’s Social Business Taxonomy, 2011 (IDC #230541, October 2011)

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