

# LEVERAGING ON-DEMAND RETAIL SOLUTIONS TO ACHIEVE COMPETITIVE ADVANTAGE

By Jeff Kaplan, THINKstrategies, Inc.



## EXECUTIVE SUMMARY

Retail companies of all sizes are facing escalating business challenges as a result of a series of intensifying market forces. These forces include:

- Ever-heightening customer expectations, set and reset constantly by retail innovations in both physical and online formats
- Increasing competitive pressures, due to Internet-fueled globalization and disintermediated retail formats as manufacturers go direct-to-consumer
- Growing economic, regulatory, and ecological concerns, that constrict growth while raising the stakes on compliance

Even in the face of these pressures, leading retailers are finding opportunities for margin growth, but not through traditional means. Innovators are adapting to the times, investing in eCommerce as a growth channel and building leaner commerce engines and customer relationship management (CRM) systems to ensure customer satisfaction and retention to address these market pressures.

Although most retailers recognize the critical value of strong IT and eCommerce infrastructures to support their strategies, many mistakenly believe that they must design and deploy their own on-premise systems to meet their business needs. In order to get an infrastructure that supported the business in the past, retailers had to build it themselves. However, THINKstrategies, Inc. has found that most retailers who have chosen this approach today have been stymied by the complexities and costs of on-premise systems and have failed to achieve their business objectives.

As a result of these realities, THINKstrategies, Inc. is finding a growing number of retailers of all sizes are turning to On-Demand, Software-as-a-Service (SaaS) alternatives to traditional, on-premise systems to better meet their business needs. Our research has also found that the vast majority of these retail companies are extremely satisfied with the quicker 'time to value' and other business benefits they are gaining from today's On-Demand SaaS solutions.

Some of the benefits derived from an On-Demand approach include:

- Minimized capital expenditures and reduced total cost of ownership
- Accelerated revenue growth through rapid adoption of new best-of-breed commerce applications
- Simplified IT management through standards-based integrations and reduced infrastructure requirements
- Reduced regulatory and performance risk
- Ready access to software innovations without lengthy and expensive upgrade cycles
- Redeployment of IT resources from commodity development to unique value-creating initiatives

Because of the growing track record of success of SaaS solutions, Gartner—a leading market research firm—predicts that 90% of eCommerce sites will rely on at least one SaaS solution by 2013, and 40% of all eCommerce sites will rely entirely on SaaS solutions by that same year.

This whitepaper will describe how SaaS solutions work and how they are being adopted to satisfy retailers' mission-critical business requirements.

## THE MARKET TRENDS IMPACTING THE RETAIL INDUSTRY

The retail industry has always been a tough sector in which to make a buck.

In the face of escalating competition and spiraling fuel costs, it has become even more challenging for retailers. Rising gas prices are not only keeping customers away from ‘brick and mortar’ stores, but substantially increasing the cost of transporting merchandise to the traditional outlets.

This will only accelerate the trends reported by Forrester Research, “online retail sales’ penetration reached approximately 6% in 2007...Furthermore, the compounded annual growth rate (CAGR) of retail sales from 2007 to 2012 is expected to be just 2.6%, while the CAGR of online sales is expected to be 14% for the same time period” (Forrester Research, US eCommerce Forecast: 2008 To 2012, January 18, 2008).

Not only are customers showing a growing preference toward online, eCommerce alternatives to the traditional storefront experience, retailers of all sizes are also facing tighter credit markets due to the subprime mortgage debacle which are making it even more difficult to borrow money to finance large capital expenditures. As a result, the Standard & Poor’s Retail Industry Index has fallen substantially in 2008.

To compensate for the slowdown in storefront sales, many retailers are seeking greater penetration of international markets. JupiterResearch estimates that only 20% of the 1.2 billion Internet users are in North America today, and Asia-Pacific, particularly China, will grow from 38% to 42% of the global online population by 2011. Interestingly, AMR Research found that 73% of retailers surveyed have made international online commerce a priority.

Yet, retailers of all sizes reported in a study released by Retail Systems Research L.L.C. that limitations imposed by existing technology and infrastructure are the top obstacle to upgrading customers’ shopping experience.

Retailers have historically relied on highly customized information systems to manage their operations in order to squeeze every penny of margins from their day-to-day operations. In today’s tough business environment, it has become even more imperative that retailers develop methods to streamline their operations further while more effectively appealing to more customers.

In response, retailers are increasingly coming to the conclusion that there is no sustainable advantage in owning their own eCommerce infrastructure. Instead, they are recognizing that building a sustainable competitive advantage comes from owning a unique brand, merchandising, marketing, and customer experience.

Before implementing Omniture, Alienware, who manufactures high-performance desktop, notebook and media center computer systems, based decisions about online initiatives on guesswork and intuition. “Since 80% of our business is conducted online, not understanding why customers were leaving the site without completing a transaction was becoming a huge missed opportunity,” explains Justin Metzl, associate director of eCommerce. Alienware needed a solution that would allow it to understand visitor behavior, to compete with Sony and Gateway.

Alienware chose Omniture’s SiteCatalyst®. Implementing Omniture marked Alienware’s decision to embrace strategic eCommerce as a major priority for the company. Alienware began monitoring customer activity, from the initial visit to a purchase or abandonment, and using that information to change and tweak site content to optimize sales.

“One of the great things about Omniture is that you can see—in real time—what your customers are doing and thinking. In the offline world, you have to be a mind reader to understand what drives a customer to make a purchase. With web analytics, you can identify the factors that lead to a purchase decision,” says Metzl.

“The results have been phenomenal,” Metzl says. “Omniture provides incredibly robust tools that have had a profound impact on our business.”

By using SiteCatalyst to monitor and react to visitor behavior during the Black Friday weekend in November, Alienware was able to increase sales by 105% compared to the previous year.

Case Study: Alienware

## WHY CUSTOM ON-PREMISE ECOMMERCE SOLUTIONS FAIL TODAY

For most retailers, highly customized eCommerce systems have failed to achieve their original business objectives. In the early days of eCommerce, retailers had to build these systems—or highly customized immature commercial offerings—to satisfy their specific requirements and gain a competitive advantage.

In so doing, retailers also discovered that building a custom on-premise eCommerce system is an extraordinarily expensive and far less productive solution than expected.

Such solutions require significant upfront capital investments in hardware systems and software licenses. Added to these hardware and software investments are the additional staff, consultants and facilities necessary to deploy and maintain these systems.

Compounding these costs is a slew of unanticipated security risks, compliance requirements, end-user training needs, and continuous updates/upgrades.

According to industry research, 31.1% of software projects are cancelled before they are completed. Of those software projects which have been completed, over half (52.7%) have taken twice as long or have cost twice as much as originally expected.

Case Study: Lucky Vitamin

The vitamin-supplements vertical is price competitive, requires powerful content publishing and achieves “sticky-ness” using loyalty programs and community site experiences. The Lucky Vitamin eCommerce platform required a real-time “holistic view” of all sales channels; catalog, web and retail store all had to share one content database and feature set. ProfitCenter Software was the only enterprise class On-Demand solution that met these requirements “out of the box.”

Lucky’s new eCommerce store provides cross-channel promotion tracking (web/phone/store), advanced site search and auto-reorder functionality while providing a technology driven user friendly experience by using Ajax, Flash and community venues (blog, forum,

health library, RSS and more). Site search at [www.luckyvitamin.com](http://www.luckyvitamin.com) is on steroids - delivering sub-second faceted search results that can be sorted by product rating, price, popularity and more.

To reduce the IT burden of adding unique peripheral solutions, PCS licenses the technology and embeds it into the application and web store(s). Customers like Lucky Vitamin get technology based features to market faster for less cost, while reducing the staff and expenses associated with site maintained systems.

ProfitCenter Software is a wholly owned subsidiary of Systemax, the 22nd largest eCommerce retailer in the US.

Even when on-premise software applications are fully deployed, the maintenance and management costs can be ten times the original license fee, according to AMR Research. AMR has also found that many organizations over-provision their software license in anticipation of future software usage that never materializes.

Ironically, many retailers have over-provisioned their eCommerce systems in anticipation of future growth only to find that their internal users and external customers utilize the systems less than anticipated because the legacy software and centralized systems lack many of the features and functional capabilities which are essential in today’s rapidly changing business environment.

Traditional, legacy eCommerce applications were designed to sit within a highly centralized and relatively static corporate environment. These applications were not conceived to be easily accessed by a highly dispersed and variable workforce.

They also do not support the rapidly growing array of Web 2.0 social networking and other features which increasingly appeal to younger consumers. But, most importantly the highly customized eCommerce applications cannot react to quickly changing market dynamics of the retail industry.

As a result of these factors, most custom on-premise eCommerce systems fail to produce the return on investment (ROI) that retailers expect and require a higher total cost of ownership (TCO) to keep them up and running.

Few retailers can afford this level of inefficiency. They need to reallocate their capital and operating budgets to more productive purposes. They need to reassign their staff to more strategic initiatives. And, they need a more responsive eCommerce solution to respond to changing customer requirements and competitive pressures.

These forces are driving an increasing number of retailers to adopt SaaS eCommerce solutions to achieve their corporate objectives.

Case Study: American Bridal

A San Francisco-based wedding favors retailer must make it easy for Web site customers to quickly find the products they seek. American Bridal was using the default search product packaged with its eCommerce platform. This search solution was not providing the relevant search results that Web site users expect. American Bridal decided to do a free trial of SLI Systems' Learning Search solution, which continually "learns" from past site search activity in order to deliver more relevant results to site visitors. CEO of American Bridal, Shirley Tan stated "since Learning

Search and Site Champion are fully managed and hosted, we don't have to worry about maintaining the solution." And whenever we've had a question or needed to further tailor the product, SLI Systems has been extremely responsive. We don't have to think about search – we can just go about serving our customers." In addition, American Bridal tested SLI Systems' Site Champion solution for automated search engine optimization (SEO). After the free trial, the company implemented the two products as its chosen search solutions in mid-2006.

## DEFINING ON-DEMAND SERVICES

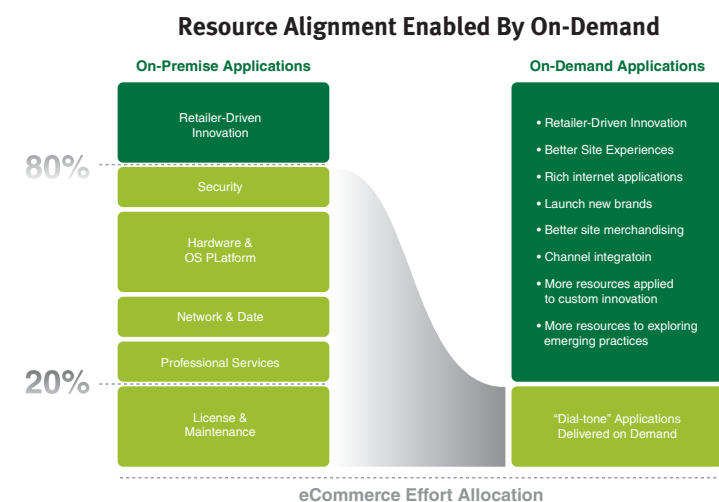
On-Demand, Software-as-a-Service (SaaS) is a software deployment and subscription pricing model in which an enterprise application is delivered and managed as a service by a software vendor to meet the needs of multiple customers simultaneously.

A widely recognized example of a SaaS solution is the service model used by ADP to provide payroll and other business services to multiple organizations to meet their common needs; Google On-Demand search services, and On-Demand customer relationship management (CRM), and call center automation services offered by RightNow are also good examples of SaaS.

On-Demand services are delivered via a network, most often the Web. They are priced on a subscription service basis, often based on the number of users or transactions.

The On-Demand eCommerce services model transfers the burden of implementing and keeping the application up and running from the customer to the vendor. This approach also eliminates the added costs and complexities of installing and integrating additional hardware to support the software and hiring additional staff to support the on-premise application on an ongoing basis.

Most importantly, On-Demand services permit users to leverage the software functionality without having to deal with the hassles and risks of deploying and managing the software and systems themselves.



Industry research reports that retailers can spend as much as 80% of budget maintaining in-house applications. On-Demand solutions help retailers realign those resources to advantage by delivering applications as a service. As a result, retailers can redeploy resources from commoditized development to proprietary advantage.

Case Study: Austad's Golf

Founded in 1963, America's first golf catalog, Austad's Golf proved there was a demand for good quality equipment at fair prices. Today the company sells successfully across multiple channels - catalog, 11 retail stores, and a busy Website - [www.austads.com](http://www.austads.com)

Before becoming a MyBuys client, Austad's Web recommendations were hard-coded -a tedious process that consumed at least 12 hours a week of extra programming time. The recommendations were not personalized nor producing the results the company wanted, so they sought an On-Demand solution.

The company became a MyBuys client in 2007. "There was very little to do on our end," says Joel Harrington, Internet Operations and Marketing Director of Austad's

America's Gardening Resource (AGR) is a multi-channel retailer with two online storefronts [www.gardenerssupply.com](http://www.gardenerssupply.com) and [www.dutchgardens.com](http://www.dutchgardens.com), built on the Demandware eCommerce Platform.

AGR selected Demandware in part because of the financial and technological benefits of its On-Demand model. Demandware provides world-class infrastructure, so AGR does not worry about site uptime and security and can focus on strategic initiatives for growing its online revenue. Unlike the licensed or professional services model, AGR has a much more collaborative relationship with Demandware as they look forward to new functionality made available

through seamless, continuous upgrades. New innovative online selling features combined with the benefits of the On-Demand model have resulted in an ROI greater than 153%.

Demandware also provides full control over the site and the online shopping experience. "I think a common misconception of the SaaS model is that it's rigid and hard to customize. There's nothing prohibitive about the Demandware Platform ... It puts a lot of power in the control of the merchants and that's what my staff is, we're a group of online merchants," said Max Harris, Director of eCommerce for AGR.

The On-Demand services also accelerate the deployment process and accelerate the 'time to value' of the solution by enabling users to immediately benefit from the software vendor's latest technological features without the disruptions and costs typically associated with software updates and upgrades.

Leading retailers are also learning that they can configure, customize, and extend their On-Demand eCommerce solutions to meet their needs more easily than they could previously customize on-premise applications. These retailers have come to realize that for significant portions of the business they have common business requirements that can be satisfied by today's On-Demand eCommerce services without the endless efforts of in-house staff and outside consultants. And what is truly unique to the brand can be added to On-Demand solutions with focused in-house development.

THINKstrategies, Inc.'s research and consulting work has found that over 90% of SaaS customers have been satisfied with their SaaS solutions and have renewed and/or expanded their service agreements and are willing to serve as reference accounts. These figures far exceed satisfaction, renewal, and referral rates for traditional, on-premise software products.

## ON-DEMAND SAAS ADOPTION SPREADING ACROSS EVERY INDUSTRY

THINKstrategies, Inc.'s research has found interest and adoption of SaaS solutions growing in every major industry, including retail.

A THINKstrategies, Inc. survey of over 100 companies conducted in November 2007, in conjunction with Cutter Consortium, found nearly a third (32%) of the companies had adopted an On-Demand, SaaS solution. Over 90% of these companies said they were pleased with the business benefits they gained from their On-Demand solutions, planned to renew and expand their use of these solutions, and would recommend On-Demand solutions to others. An additional 36% said they were considering SaaS solutions, 80% of whom expected to adopt an On-Demand solution in 2008. (See Figure 1.)

Golf. "The whole implementation process was virtually painless, and when the program went live, it worked nearly 100 percent the way we wanted it to from day one."

The MyBuys SaaS, which serves personalized product recommendations in the form of cross-sells and up-sells directly on Austad's Website and in Email Alerts immediately increased overall sales 10%, boosted the email conversion rate from 2% to 4.6%, and pushed the average order value up 20%. Time staff members previously spent on programming is now spent on growing the business.

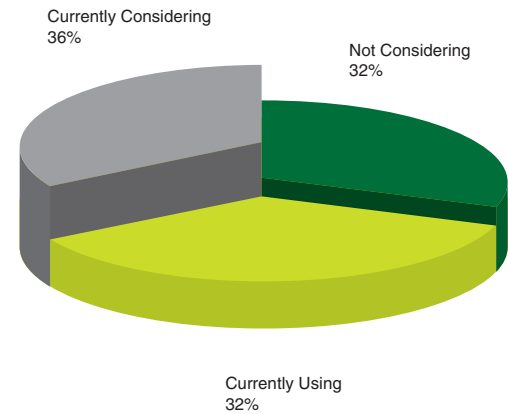


Fig. 1  
Percent of Companies Using or Considering SaaS

Source: THINKstrategies, Inc./Cutter Consortium 2007.

Another indication of the growing interest and acceptance of SaaS is the rapid growth in the number of SaaS solution providers targeting nearly every aspect of an enterprise’s operational needs. THINKstrategies, Inc.’s SaaS Showplace ([www.saas-showplace.com](http://www.saas-showplace.com)), an online directory of On-Demand solutions and best practices, now includes over 90 SaaS companies offering On-Demand retail solutions.

The AMR Research study found that 12% of the retailers surveyed have third-party services, including SaaS solutions, to support their eCommerce requirements.

### THE KEY BUSINESS BENEFITS OF ON-DEMAND ECOMMERCE SOLUTIONS

The key benefits of On-Demand solutions are:

- Accelerated software deployment and application upgrading with less risk
- Lower upfront costs
- Simplified application integration through open standards
- Continuous enhancements via ongoing updates and upgrades
- No additional hardware and lower internal staffing requirements
- Greater reliability, security, and privacy
- Higher productivity/ROI, at a lower total cost of ownership (TCO)

Great customer care is a critical business requirement in the competitive world of online retailing. After its initial growth, Overstock realized that it was unable to quickly and accurately respond to customer’s questions. Additionally, a variety of desktop applications hampered contact center staff and prevented productivity gains to support growth.

That’s why online retail leader Overstock.com selected RightNow as its strategic customer care solution. With RightNow, they can respond to customers quickly, effectively, and efficiently whether those interactions take place on the phone, through email, or via the web.

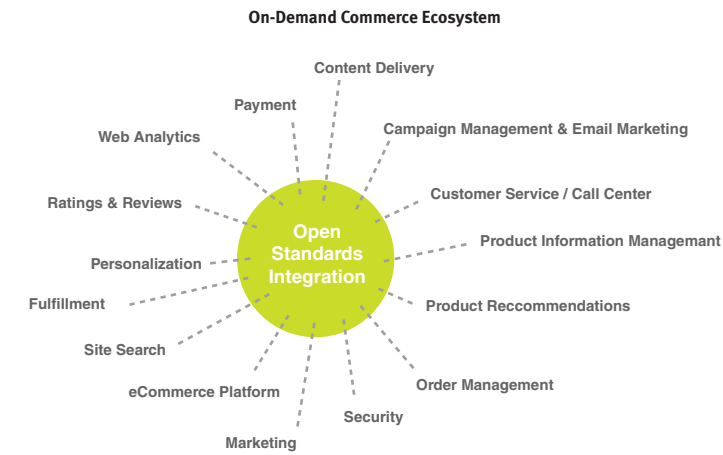
With RightNow’s On-Demand delivery model, Overstock.com leverages the high-performance infrastructure that RightNow maintains at its own state-of-the-art hosting facilities. This significantly accelerated Overstock.com’s time-to-benefit, while

also greatly reducing its ongoing cost of technology ownership. The On-Demand model has also made it easy for Overstock.com to pilot different applications from RightNow, since it does not require major investments in infrastructure and installation to run those pilots.

Benefits include:

- A 7x improvement in their NetPromoter score
- Customer satisfaction scores have jumped 10 percent
- Email volume is down 72 percent
- First call resolution rates have improved 10 percent
- Call handle times have been reduced by 25 percent

Case Study: Overstock.com



On-Demand services exist for nearly every commerce discipline. And because these services adhere to open integration standards, they are far easier to couple into integrated enterprise infrastructures that meet the particular needs of the retailer.

- Greater agility to scale software to meet changing business requirements
- Quicker ‘time to value’

As a result of these benefits, Gartner predicts the On-Demand SaaS market will grow at a compound annual growth rate (CAGR) of 22.1% through 2011, twice the rate of the overall enterprise software market.<sup>1</sup>

### HOW ON-DEMAND ECOMMERCE CAN ASSURE GREATER RELIABILITY, SECURITY, AND PERFORMANCE

The On-Demand model places the onus of success on SaaS vendors to deliver reliable and secure services which meet the needs of their customers, unlike the traditional, on-premise software business which puts the burden of success on the customer.

With the subscription ‘pay-as-you-go’ pricing model of On-Demand services, these vendors must deliver reliable and secure services which safeguard their customers’ valuable data in order to succeed. As a result, leading On-Demand eCommerce vendors are highly motivated to invest in the latest software innovations, service delivery systems, security technologies, and certifications programs to ensure the quality of their services.

The certification programs include SAS 70, ISO standards, and Payment Card Identification (PCI) which require the On-Demand providers to implement strict, well-documented security practices that govern and test their operations on a regular basis. The result has been no documented cases of data encroachment within an On-Demand eCommerce environment even as the number of reported identity theft and other security infraction cases within traditional on-premise systems continues to skyrocket.

While many businesses were apprehensive about the off-site hosting of their data by On-Demand eCommerce vendors in the past, today they increasingly view this as an added disaster recovery/business continuity benefit.

In early 2008, Borders.com launched its own eCommerce site using a team of innovative, On-Demand, best of breed vendors. The goal was to build the kind of interactive, customer-serving site that brings the bookstore experience to life online. Borders selected ChoiceStream to deliver personalized product recommendations to shoppers, providing compelling cross-sells and upsells in the shopping cart. ChoiceStream’s RealRelevance Anywhere software as a service was chosen by Borders because of its superior ability to automatically target relevant products to consumers based on their needs and interests

while maintaining a low total cost of ownership. “Our commitment to helping customers easily find the products they’re searching for, as well as discover new items within the vast inventory of Borders, led us to ChoiceStream. ChoiceStream’s easy-to-integrate, software as a service model provides Borders with an innovative and affordable approach to presenting shoppers with the most relevant merchandise and building rich customer relationships,” said Kevin Ertell, senior vice president of e-business at Borders Group, Inc.

Case Study: Borders

<sup>1</sup> Gartner/Dataquest Insight: “SaaS Demand Set to Outpace Enterprise Application Software Market Growth,” 08/03/07.

## SUMMARY AND CONCLUSIONS

A combination of market forces are combining to create an increasingly acute set of business challenges for retail companies of all sizes. These forces are making it essential that retailers deploy and leverage effective eCommerce program.

Traditional, highly customized, on-premise eCommerce systems have proven to be ineffective in meeting today's retail needs. These systems cost too much and take too long to deploy, and are too difficult to maintain and inflexible to keep pace with the rapidly changing demands of the retail marketplace.

On-Demand, SaaS alternatives are gaining widespread retail industry acceptance and adoption because they overcome the most important shortcomings of traditional, on-premise applications and systems.

SaaS accelerates the deployment process and eliminates many of the upfront costs and risks. SaaS shifts the burden of ongoing management from the customer to the vendor. It eliminates the need for additional hardware and staff. It also increases user productivity by providing a more user-friendly and intuitive interface, while increasing application reliability and security.

Although adopting SaaS solutions may mean that some retailers may have to curtail the level of customization they can demand, THINKstrategies, Inc. has found that the vast majority of companies have gained significant business benefits which far out-weigh this limitation. These benefits include:

- Quicker 'time to value'
- Lower cost of ownership
- Higher return on investment
- Greater scalability, security, and agility

At a time when competitive, customer and compliance demands are escalating, a growing number of retailers are recognizing that On-Demand SaaS solutions are a more economical and effective way to leverage eCommerce to achieve their corporate objectives.

Case Study: National Direct Marketer

One of the nation's oldest direct marketers recently selected Riversand's Product Information Management (PIM) Solution to:

- 1) Eliminate data and process inefficiencies throughout its supply chain
- 2) Provide a single "source of truth" for product data across its enterprise
- 3) Ensure accurate, timely product data to web and print customer touch points

Riversand delivered a best-of-breed solution leveraging its experience meeting the unique requirements of today's Retailers.

Key benefits of Riversand's PIM Solution for this Retailer include:

- Timely Data Delivery leading to higher profits and improved customer loyalty
- Flexibility to quickly respond to market trends
- Consistency of data across channels

- Easy to integrate and implement On-Demand service architecture
- Lowest Total Cost of Ownership to mitigate risk and maximize ROI
- Improved Productivity via an easy to use interface and integrated workflow
- Complex Product Relationships including: product bundling, kits, cross-sells, clearance, themes, etc.
- Data Cleansing, Validation, and Enhancement to ensure accuracy and increase sales
- Scalability to millions of products, attributes, and relationships

As proof of our value, Riversand was selected as a "Visionary" in Gartner Group's most recent PIM Magic Quadrant Report. To learn more about Riversand's industry leading PIM Solutions for Retailers, please visit our website at <http://www.riversand.com>.

## DIRECTORY OF MEMBER COMPANIES

Akamai® provides market-leading managed services for powering rich media, dynamic transactions, and enterprise applications online. Having pioneered the content delivery market one decade ago, Akamai's services have been adopted by the world's most recognized brands across diverse industries. The alternative to centralized Web infrastructure, Akamai's global network of tens of thousands of distributed servers provides the scale, reliability, insight, and performance for businesses to succeed online. An S&P 500 and NASDAQ 100 company, Akamai has transformed the Internet into a more viable place to inform, entertain, interact, and collaborate. To experience The Akamai Difference, visit [www.akamai.com](http://www.akamai.com).



Certona is the creator of Resonance®, a real-time optimization and personalization platform, which automates the delivery of a highly individualized and targeted customer experience for multi-channel retailers. Providing a highly customized interaction drives each online visitor to a sales or marketing action. The "self-optimizing" service is powered by a neural network engine that delivers real-time product, content, and promotional offers through multiple channels – web, email, call center, point-of-sale, social networks, RSS, and mobile. Clients are up and running in less than a month and include some of the most recognized multi-channel retail brands across all popular verticals. For more information, visit [www.certona.com](http://www.certona.com).



ChoiceStream is the premier personalization service provider for the world's largest e-retail, entertainment, TV, and mobile brands, including Comcast, Borders, AT&T, DirecTV, Blockbuster, Yahoo!, and Overstock.com. Recently named the company with the "deepest experience" and the "largest and longest-standing of the 'pure-play' personalization engines" by a leading independent research firm, ChoiceStream enables customers to put the right content and products in front of the right people at the right time to maximize the value of every interaction with consumers. And ChoiceStream delivers this innovation through a fully-hosted service, providing everything customers need to dramatically increase revenue and consumer satisfaction without a costly IT investment. For more information, visit [www.choicestream.com](http://www.choicestream.com).



CyberSource provides electronic payment, risk and security management solutions to organizations that process orders for goods and services over the Internet. CyberSource partners with and connects to a network of payment processors and other payment service providers to offer merchants a single source solution that simplifies ePayment Management. CyberSource allows merchants to accept a range of online payment options, from credit cards and electronic checks, to global payment options and emerging payment types, while providing risk management solutions to address complexities, such as credit card fraud, online tax requirements and export controls. Approximately 228,000 businesses use CyberSource solutions. Visit [www.cybersource.com](http://www.cybersource.com) for more information.



Demandware provides the only enterprise-class, On-Demand eCommerce Platform, optimized for high-growth brands that want to accelerate their online revenue. With Demandware, retailers have the merchandising control, flexibility, functionality and interoperability of a full eCommerce application suite, without the technical burden and risk of managing the hardware, database, network, and maintenance required to run a best-in-class eCommerce application. Demandware enables the rapid rollout of new sites, provides ubiquitous access to business and technical users, and is backed by a patented grid computing architecture that delivers capacity as needed for performance and reliability that exceeds industry standards. Leading brands such as Barneys New York, House of Fraser, Playmobil, Sally Beauty, and Timberland leverage Demandware's enterprise-class functionality and automatic upgrades to help achieve higher conversion rates, increase average order size, and improve customer retention. For more information, visit [www.demandware.com](http://www.demandware.com).





ExactTarget, Inc. is a leading provider of On-Demand email marketing software solutions. The company's suite of On-Demand one-to-one marketing applications enables clients to send business-critical and event triggered communications to increase sales, optimize marketing investments and strengthen customer relationships. ExactTarget offers four editions of its On-Demand software application along with integrated solutions such as ExactTarget for AppExchange and ExactTarget for Microsoft Dynamics CRM. ExactTarget offers a range of optimization services including support, implementation and training, integration, deliverability, account management, design, and deployment and strategic consulting. For more information, please visit [www.exacttarget.com](http://www.exacttarget.com) or call 1-866-EMAILET.



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Mercent helps brand-savvy retailers drive revenues and profits through more than 50 eCommerce channels. Through the On-Demand marketing platform, Mercent Retail™, retailers can ensure their products are visible and competitive on leading marketing channels, including transactional marketplaces, comparison shopping engines, paid inclusion programs, and affiliate networks. Mercent Retail gives retailers the tools and analytic insight needed to manage key aspects of their online merchandising, including automatically optimizing for profitability, inventory, and other business goals, with substantially less time and effort. Mercent Retail may be purchased as a stand-alone solution or as part of Mercent's full-service account management offering, Mercent Performance™. For more information, visit [www.mercent.com](http://www.mercent.com).



MyBuys is the leading provider of personalized product recommendations for online retailers. The company builds deep profiles based on each individual shopper's behavior, then uses a patented portfolio of algorithms and real-time optimization to deliver the most relevant recommendations on the Web and in email alerts. Easy to implement, MyBuys is an On-Demand service with a pay-for-performance model. MyBuys' clients are increasing average order value by 45 percent, improving conversion rates by 90 percent, growing overall site revenue 5 - 20 percent, and multiplying the lifetime value of every customer. Premier retailers - including Lancôme, SKECHERS, Golf Galaxy, and Karmaloop - partner with MyBuys to offer intelligent, personalized recommendations to their shoppers. For more information, visit [www.mybuys.com](http://www.mybuys.com).



Omniture, Inc. is a leading provider of online business optimization software, enabling customers to manage and enhance online, offline and multi-channel business initiatives. Omniture's software, which it hosts and delivers to its customers as an On-Demand subscription service and on-premise solution, enables customers to capture, store and analyze information generated by their Web sites and other sources and to gain critical business insights into the performance and efficiency of marketing and sales initiatives and other business processes. Omniture's nearly 4,700 customers include eBay, AOL, Wal-Mart, Gannett, Microsoft, Neiman Marcus, Oracle, General Motors, Sony and HP. For more information, visit [www.omniture.com](http://www.omniture.com).



PowerReviews is an enterprise solutions company that provides customer reviews and social merchandising solutions to multi-channel retailers and their shoppers. Our technology platform for collecting, organizing, structuring and moderating relevance-based reviews helps online retailers significantly boost their sales. PowerReviews' user-generated content and community drives the highest sales uplift in the industry, and in addition to working with more than 260 online retailers, including Staples, Toys "R" Us, REI, Drugstore.com, Gardener's Supply, Walgreen's, Diapers.com, Jockey, and The Sports Authority, we have also launched our own shopping portal, Buzzillions ([www.buzzillions.com](http://www.buzzillions.com)). The company is based in San Francisco. For more information, visit [www.powerreviews.com](http://www.powerreviews.com).



ProfitCenter Software Inc. (PCS) is the only enterprise class provider of both eCommerce and Order Management software as a single solution. As a wholly owned subsidiary of the 22nd largest eCommerce retailer in the US (Systemax), the Profitability Software Suite™ is built on the most secure and trusted technologies in the industry, then hosted at AT&T's premier facilities. After implementing Systemax's first two brands, and seeing the impact it has on their success, ProfitCenter Software was born as a commercial system for companies doing \$10 million to \$1 billion in eCommerce and Catalog sales. For more information, please visit [www.ProfitCenter.com](http://www.ProfitCenter.com), or call 888-446-6240.



PFSweb is a full service eCommerce solution provider specializing in high-touch brands. We custom tailor solutions around unique client needs, from interactive marketing and demand generation to eCommerce technology and back-end operations. Our clients leverage our global footprint of world-class technology, fulfillment and customer care capability to deploy cohesive, brand-focused solutions across geographies, ensuring consistent online customer experiences. To learn more about our solutions and client experience, and how we can help catapult your online initiative to the next level, please visit [www.pfsweb.com](http://www.pfsweb.com).



richrelevance is the exclusive provider of next generation personalized recommendations for eCommerce sites, and was founded by the former head of Amazon's Personalization R&D team, David Selinger. The company's richrecs (on site) and richmail (in email) products increase revenues and customer loyalty by providing a personalized shopping experience through targeted merchandising based on individual as well as collective shopping behaviors. Based on a new approach called "Ensemble Learning" their product outperforms the now decade-old approach to recommendations, "collaborative filtering," by 10-15%. Delivered via SaaS, their product is live on a dozen retail sites including Sears.com. For more information, visit [www.richrelevance.com](http://www.richrelevance.com).



RightNow Technologies: Major retailers and e-tailers world-wide - attract, retain and expand relationships with their customers on their terms with RightNow Technologies - all while reducing operating costs. RightNow delivers On-Demand, modular CRM solutions enabling memorable customer experiences across all frontline touch-points in marketing, sales and service. Deployed via web & voice self-service, field staff and contact centers, RightNow powered organizations serve more customers with lower cost and higher satisfaction. The RightNow knowledge infused modules also include: brand-able voice, web, FAQ, email, co-browse, chat, surveys and offer management. Delivered in 30 languages to 1,900 corporations and organizations worldwide, RightNow is headquartered in Bozeman, MT, USA. NASDAQ: RNOW [www.rightnow.com](http://www.rightnow.com).



Riversand Technologies Inc. is a leading provider of PIM and MDM software Solutions. Riversand's MDM solution enables enterprises to manage their master data across different entities such as Product, Customer, and Vendor. Riversand's PIM solution handles all product related workflows and data management needs across an enterprise: from Vendors on the supply side to Customers on the demand side. Industry leaders such as Fingerhut, ConocoPhillips, Ingersoll Rand, and ExxonMobil leverage Riversand's PIM and MDM Solutions to create accurate, timely, and up-to-date product information and catalogs across all corporate internal systems, customers, vendors and channel partners; and accelerate time-to-market, maintain cross-channel synchronicity, increase sales, improve order accuracy, reduce costs, and enhance customer service. Headquartered in Houston, TX, it has 4 offices and over 100 employees' worldwide. For more information please contact Riversand at (713) 934-8899 or visit [www.riversand.com](http://www.riversand.com).



Sitebrand.com Inc. (TSX-V: SIB) provides online marketing solutions to major retailers across North America and Europe. Based on its proprietary On-Demand software, Sitebrand’s Segment&Serve™ personalization solution delivers personalized online marketing campaigns for websites, email, search engine marketing, blogs, banners, point of sale, or any other web medium. Using Sitebrand, online retailers are able to develop customized marketing campaigns that leverage anonymous web analytics and visitor behavior, providing each visitor with a personalized experience in real-time—generating more customers, more profit per customer, more customer loyalty, and more conversions. Sitebrand was founded in 2000 and is headquartered in Gatineau, Quebec. For more information, visit [www.sitebrand.com](http://www.sitebrand.com).



SLI Systems provides site search, site navigation ,and automated SEO services for online retail and content-rich websites. These solutions are built with patented Learning Search technology – an intelligent search system that learns from customer behavior to increase sales and conversions. Learning Search enhances the user experience while delivering valuable insights on visitor activity and provides eCommerce sites with advanced merchandising capabilities and intuitive navigation. SLI’s Site Champion service creates optimised pages to increase a retailer’s visibility in natural search engine listings and increase site traffic. For more information, visit [www.sli-systems.com](http://www.sli-systems.com).



Vcommerce is the market leader in end-to-end eCommerce On-Demand platform solutions. The company provides the most comprehensive suite of best-in-class capabilities, which include order capture (“Storefront”), order management, order fulfillment, supplier integration, and customer service. This is all delivered using a high performance SaaS (Software as a Service) platform that processes billions of dollars of revenue for its clients annually. Vcommerce customers span across all retail industry segments and include major brands such as Target, Overstock, Callaway, BJ’s Wholesale Club, and eToys. Located in Scottsdale, Arizona, the company is privately held. For more information, please visit [www.vcommerce.com](http://www.vcommerce.com), or call 480.922.9922.



## ABOUT THE CONSORTIUM

The On-Demand Commerce Consortium is an association of Independent Software Vendors (ISVs) dedicated to the advancement of On-Demand, Software-as-a-Service solutions for retail organizations. The group invests in market education, practical research and, standards advancement that encourage the adoption of its software delivery model.



## THINKstrategies

## ABOUT THINKSTRATEGIES, INC.

THINKstrategies, Inc. is a strategic consulting services company formed specifically to address the unprecedented business challenges facing IT managers, solutions providers, and investors today as the technology industry shifts toward a services orientation. The company's mission is to help our clients re-THINK their corporate strategies, and refocus their limited resources to achieve their business objectives. THINKstrategies, Inc. has also founded the Software-as-a-Service Showplace ([www.saas-showplace.com](http://www.saas-showplace.com)), an easy-to-use, online directory and resource center of SaaS solutions organized into over 80 Application, Industry and, Enabling Technology categories. The Showplace also includes information and insights regarding industry best practices. For more information regarding our unique services, visit [www.THINKstrategies.com](http://www.THINKstrategies.com), or contact us at [info@THINKstrategies.com](mailto:info@THINKstrategies.com).