FROM PIPELINE TO PLATFORM:
THE FUTURE OF E-COMMERCE
The future doesn’t necessarily belong to the Amazons and Ubers of the world.

These companies and similar innovators are platforms that combine network effects and interactive technologies to pull buyers into their orbit and encourage them to become producers. They’ve done so well that it’s become fashionable to predict that platforms will overwhelm so-called pipeline businesses that buy, manufacture and sell in a serial fashion.

Well, don’t count out the pipeline companies just yet.

The same technologies that enable platforms are available to legacy pipeline companies. The challenge is adapting them to existing IT infrastructures. That challenge inspired DMI, leaders in mobile development and digital strategy, to develop the Connected Commerce Platform—designed specifically to help legacy companies make the pipeline-to-platform transition.

This e-book explains why platform companies succeed and shows how pipeline companies can deploy platform tools to thrive in the years ahead.
PART 1:
Platform Opportunities vs. Pipeline Limitations

Platform businesses enable interactions between buyers, suppliers and the platform—building value at every stage. For example:

A working mother in a big city leaves the office after a long day and decides to try out the ride-hailing app a friend recommended. The first ride goes so well that she raves about the experience on Facebook and posts a four-star review on the company’s website. She tells her nephew, who’s always short on cash, about the experience and he signs up as a driver.

Meanwhile, millions of riders and drivers produce data revealing what everybody enjoys the most, driving improvements in the user experience and generating demand growth. Network effects transmit the platform’s appeal to an ever-widening audience.

“Every company can participate in a platform economy by exposing capabilities via APIs and by adopting partners’ platforms to accelerate and scale their business. But to build a platform business that makes money, you need to love customers one on one, commercialize your APIs for customers and for suppliers, and build stepwise like a software company.”

Ted Schadler and Nigel Fenwick, Forrester Research

Pipeline vs. Platform

Pipeline companies are:
- Process-centric
- Insular
- Linear/serialized
- Methodical
- Built on monolithic systems

Platform companies are:
- Human-centric
- Collaborative
- Omni-directional
- Fast-moving
- Optimized for agile systems
Pipeline businesses, by contrast, operate in a series from supplier to factory to store to checkout. Moreover, many companies run their e-commerce operations on pipeline-style technologies that reflect the serial model. Typically, they don’t have the infrastructure to engage the growth potential of a platform.

But they’re not locked out of the platform model. Companies can keep their e-commerce technology for back-end production while deploying apps, APIs and microservices to transform themselves into platforms.

“Even if you have a pipeline business, you can extend yourself into the digital-platform ecosystem,” says Michael Deittrick, DMI’s executive vice president for strategy and chief digital officer. “The concept of a platform is that everything is a module,” he adds. Modular construction allows system integrators like DMI to plug in the right tools to create a perpetual cycle of interactions between buyers, sellers and producers.

“You can build a circular, collaborative model allowing you to engage people before they’ve even purchased anything,” Deittrick says. “You can convert a participant into a customer, turn a customer into a repeat customer and turn repeat customers into brand loyalists. That’s what the platform does.”

Evolution is the key for pipeline companies, Deittrick says.

“If you’re already a pipeline business, you can’t abandon the business you operate to just jump into the platform space,” Deittrick says. “It has to be organic.”

DMI recommends building a digital island extending into the marketplace while keeping the pipeline business as the mainland. “Eventually, the digital island will organically overtake the mainland,” Deittrick says, but you need to create flexible, agile systems to streamline the transition.

A platform has an inherently outside-in perspective, pulling people and insights into your business model. “No one can stand alone anymore,” Deittrick says. “The platform business requires you to find innovation outside the four walls of your existing enterprise.”

The value of going from pipeline to platform is straightforward: “Basically, you’re transforming the relationship between producers and consumers from serialization to collaboration,” Deittrick says. Collaboration happens when people get so much value from the platform that they feel compelled to contribute to it—and to encourage everyone in their network to do the same.

That requires an unforgettable customer experience.
PART 2:
How the Connected Commerce Platform Delights Consumers and Generates Demand

Successful platform companies want more than customer satisfaction.

They want delight—a sense of "wow, this is so awesome" that overwhelms the customer’s expectations. Delight triggers an innate desire to use the platform again, encourage others to adopt it and become producers who help drive business growth.

Thus, delight drives demand.

DMI developed our Connected Commerce Platform to give pipeline companies the opportunity to create consumer delight. Our system helps clients embrace platform capabilities without having to do a rip-and-replace of their IT infrastructure.

“Platform business models will ultimately define the strategy and economics of every industry. To lead their industries, digital business leaders must find and develop a platform business model that makes sense for their customers.”

Ted Schadler and Nigel Fenwick, Forrester Research

Pipeline vs. Platform

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<th>Platform companies are:</th>
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“Delight means giving your customers the right product at the right time,” says Elisabeth Bradley, vice president for business development at DMI. “Connected-commerce experiences bring together past shopping behaviors with the current product catalog and the last five clicks the shopper made on any given site to create a holistic, unified customer profile that lets shoppers find what they’re really shopping for.”

Making this happen requires a deft combination of connected-commerce technologies. Retailers’ smartphone apps must be useful enough to encourage adoption. APIs, microservices and other technologies need to remove friction and streamline transactions.

Machine learning has to create intimacy with the consumer without straying into the creep-out zone where people feel they’re being watched too closely. CRM and social media data should feed through a single backend system that every department of the company can access. The presentation layer must be intuitive and user-focused.

Of course, the Connected Commerce Platform isn’t limited to consumer retail.

“Branded manufacturers are selling direct to consumers and to their B2B buyers,” Bradley says. “They’re starting to demand the same kind of experience that the consumer gets on a shopping site.”

DMI helps a global retailer deploy machine learning to optimize the conversational commerce experience on their website. “They leverage the machine learning and artificial intelligence on the back end to make product recommendations based on past browsing behavior,” Bradley says. “Their marketing campaigns and CRM data are all tied into the back-end technology systems, so their marketing team, e-commerce and customer service teams all have access to that unified customer profile.”

Every company in the pipeline-to-platform transition has to make tough decisions about the technologies that dovetail with their goals and IT infrastructure. Getting it right requires a well-thought-out strategy.

The Connected Commerce Platform can identify the commercial consumer who also is a B2B buyer. “We can tie those two profiles together to take all of that data into consideration when delivering a product recommendation and positioning display ads,” Bradley says.

Here’s an example of the Connected Commerce Platform in action:

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PART 3: Digital Strategy for Implementing the Connected Commerce Platform

Remember: Your pipeline-to-platform strategy requires an outside-in perspective. That means enabling people outside your business to become partners—just as the Apple and Android app ecosystems enrich those platforms.

“We can both benefit from that partnership in a platform,” DMI’s Michael Deittrick says. “That would never be possible in a traditional pipeline model.”

You also need to recognize how consumers have changed. They expect instant gratification and feel empowered to provide direct feedback to brands and retailers. They can shift to other brands in a heartbeat and optimize their decision-making like never before.

“With a digital connection to customers and suppliers, you will aggregate reams of data that hold powerful signals of success and failure. Armed with this data, you can learn and rapidly adapt to your customers’ needs.”

Ted Schadler and Nigel Fenwick, Forrester Research
These forces create a powerful incentive to deliver on consumers’ specific desires. “That’s where the agility piece of the platform comes into play,” DMI’s Michael Deittrick says. “The ability to shift your strategy on a dime—regardless of company size—is critical. Being able to do that either in macro or micro ways can create massive shifts in your overall value in the market.”

The headless commerce strategy, using APIs and microservices to weave an agile commerce platform together, seems complex at first glance. But a skilled integrator like DMI can reduce complexity with a deft deployment of microservices that use targeted business logic. Often, you’re better off deploying a microservice that does a few tasks really well than running a monolithic application that has a lot of unused capacity.

“Let’s say I have 35 services,” Deittrick says. “In the old days, I’d have to make all 35 of those services compliant with each other so that they wouldn’t break each other.” Today, headless commerce lets you combine business logic and consumer queries to deploy only the services users need. “I might only need 12 services to do a key transaction and others only if certain things occur,” Deittrick says.

Thus, APIs and microservices enable you to plug in specific functionality that personalizes the user experience and optimizes the buying process.

That, in effect, simplifies things for the end user and the retailer. Moreover, machine learning and AI can help developers automate the management of microservices and make it easier to sort out all the details of keeping microservices secure and up-to-date.

The ultimate goal of your digital strategy is to create a seamless user experience that integrates all the technologies and processes that meet users’ demands and encourage them to contribute to the platform.

“We advise companies on building out these ecosystems and road-mapping where these technologies fit into their overall strategic plan,” DMI’s Elisabeth Bradley says. With a well-thought-out digital strategy and a robust roadmap, you can integrate dozens of technologies and services to create a holistic platform while preserving the pipeline portion of your business.
PULLING IT TOGETHER: Moving From Serial Pipeline to Integrated Platform

Platform technologies allow companies to collect data from websites, mobile devices, CRM software, transactions and other sources to develop laser-targeted marketing campaigns. “An integrated platform takes all that information, creates a unified customer profile, and helps the retailer and the manufacturer optimize those campaigns,” DMI’s Elisabeth Bradley says.

DMI developed the Connected Commerce Platform to make that happen for our clients.
MEET DMI.

We are not in an evolution of technology, but a revolution of mindset. We help our clients navigate this revolution by taking a human-centric, mobile-first approach to disrupt their markets and evolve their business models. We’re a new breed of partner that brings together the design-thinking of a digital agency with the rapid and iterative delivery of a modern IT services partner. With 21 offices worldwide, we’ve been continually recognized by both Gartner and Forrester as a leader in mobile IT services.

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