



Overcoming Procurement Challenges in the Age of AI and Digital Transformation

Sponsored by: Amazon Business





SITUATION OVERVIEW

Introduction

Enterprise buyer and seller experiences with B2B digital commerce systems are changing fast, thanks to DX. Because of new technology in the digital economy, businesses are reinventing how they buy and sell products and services.

Procurement's first foray into the digital space sought to replicate online the familiar process of paper catalog buying and selling. Unfortunately, early digital systems could not support many features that would improve upon the physical commerce experience, such as merchandising, marketing, promotions, interactive product information, and multiple payment options. Buyers found that the less-than-friendly systems slowed them down, leading to work-arounds, noncompliance, and reduced system adoption.

Now, with the DX mandate propelling new technology investments, advanced B2B digital commerce systems can provide business buyers/procurement professionals and sellers with more productive experiences. What's more, digital commerce has the potential to reduce costs, streamline interactions, and enable both buyers and sellers to redefine their commerce processes.

To understand the potential of B2B digital commerce, it's necessary to first examine the prevailing trends in technology, as well as trends affecting the overall industry and the buyers and sellers that are shaping B2B commerce today. As the B2B landscape shifts in accordance with the various trends, buyers and sellers will invariably face a variety of challenges. However, buyers and sellers can overcome these challenges by using digital B2B commerce systems that facilitate both end-user needs and business requirements.

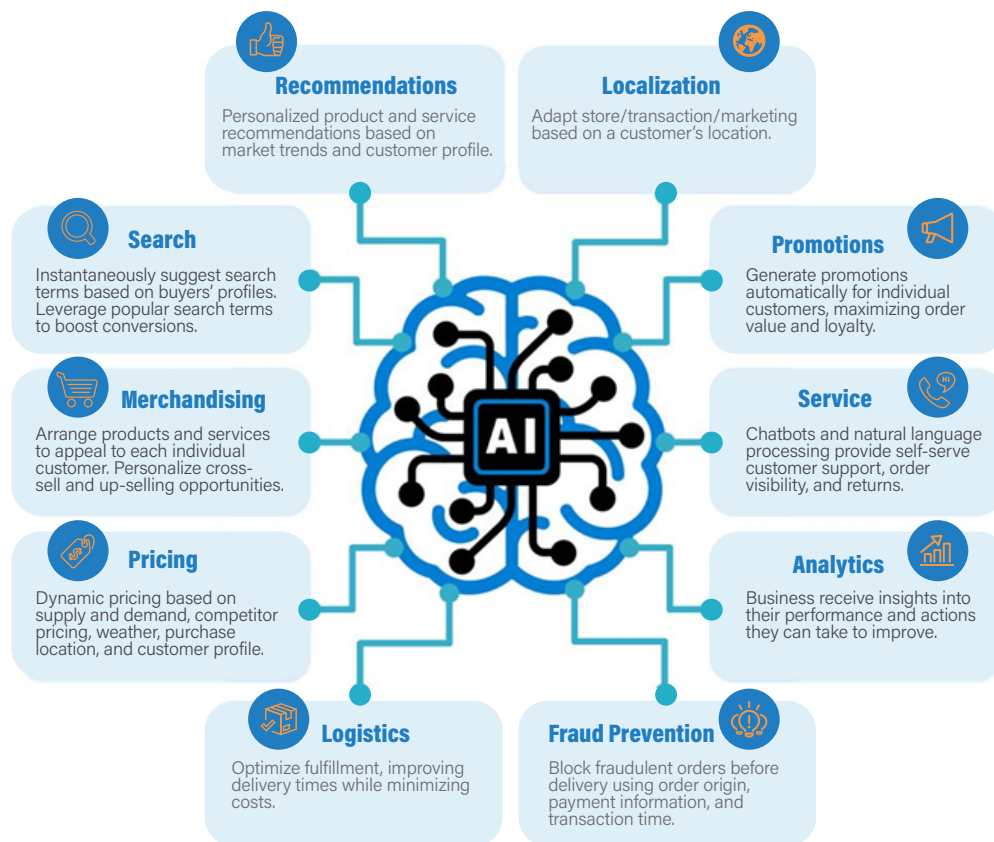
For this white paper, IDC spoke with both buyers and sellers that are using Amazon Business. Since turning to Amazon Business for their B2B digital commerce operations, these organizations have achieved numerous benefits — most notably cost reduction, time savings, and increased revenue.



Technology Trends

Intelligent commerce — when artificial intelligence (AI) is embedded into a digital commerce application to enable the system to learn over time — is changing the way we buy. Some technology vendors are embedding machine learning algorithms into their digital commerce applications to enable intelligent commerce functionality. This functionality uses AI to personalize and enhance the buying experience. The primary innovative characteristic is a system that leverages machine learning algorithms, which in turn enables a system to learn over time. Figure 1 shows the features included in these new intelligent commerce systems.

Figure 1. 10 Forms of Intelligent Commerce



Source: IDC, 2019

The 10 forms of intelligent commerce are:



Recommendations: Leveraging product information management (PIM) and catalog data, intelligent recommendations functionality can optimize cross-sell and up-sell opportunities by personalizing what products and services are shown to a customer.



Localization: A form of customer personalization that can make or break a buying experience is localization. Digital commerce is inherently global. This means that the pool of available customers is much larger, but it also means that customers have come to expect content, product pages, and checkout processes that meet their local regulatory and cultural norms.



Search: A seller will never be able to anticipate all of the different methods that consumers or business buyers will use to find what they need. Instead, the role of intelligent search is to instantaneously suggest search terms based on the customer's profile and popular searches.

Intelligent search must also be able to anticipate what customers are going to search and autofill search terms and incorporate product images.



Promotions: The goal of intelligent promotions is to offer consumers and business customers personalized promotions on the spot that maximize their cart size and increase conversion rates. Promotions have historically been preapproved by business users in marketing and sales based on broad assumptions and were applied to large swaths of potential customers. In contrast, intelligent promotions must be generated on the spot, leveraging historical data to improve sales.



Merchandising: Intelligent merchandising can rearrange products in real time to display content that matches a customer's profile and circumstances (such as seasonality) to boost conversions.



Service: Leveraging natural language processing, chatbots are now able to provide customers with 24 x 7 support that will suffice for a majority of customer service issues. By integrating commerce and customer service systems with back-office (order management) systems, customers can have visibility into their orders at all times.



Pricing: In the digital economy, it will not suffice to change prices manually. Intelligent pricing changes prices optimally to account for factors such as competitor pricing, industry trends (supply and demand), weather data, currency fluctuations, and customer profiles.



Analytics: Business intelligence (BI) is no longer a differentiator in enterprise applications — it is now the norm. Intelligent analytics provide users with recommended actions and prescriptive analysis of why the business is performing the way it is. Intelligent analytics modules can also reassess assumptions in real time to approve future recommendations.



Logistics: Intelligent logistics allow organizations to optimize delivery. Intelligent logistics integrate order management, inventory, and commerce applications to match customers and products based on delivery time.



Fraud prevention: Just like in the physical world, fraud can run rampant in digital commerce if preventative measures are not taken. Intelligent fraud prevention examines the metadata of a transaction, such as where it was placed (IP address), at what time, and with what payment method, and then compares the purchase with other purchases seen within their store.



Market Trends

Several significant market trends are contributing to important changes in the enterprise applications market in general and procurement in particular. Chief among the trends are the adoption of cloud-based systems and advanced analytic capabilities.

The availability of cloud-based solutions provides access to world-class services for even small buyers and sellers, delivering a very high service level at a modest cost per transaction. SaaS solutions offered in cloud delivery models provide significant advantages to customers. Reduced implementation costs and “as a service” pricing allow agile implementations without lengthy capex approval processes and time-consuming on-premises implementations. Cloud-based services typically also offer high availability, frequent enhancements, and professional support and security. These ecommerce service providers are in effect business commerce networks, and the bigger networks are perceived by many organizations to satisfy modern business buyer needs.

Advanced analytic capabilities are enhancing the ability of enterprise customers to evaluate, understand, and improve business performance. The use of cloud-based applications and data models allows service providers to offer advanced analytics as part of a standard product, minimizing the substantial cost of custom reporting and analytics for on-premises products.



Buyer Trends

There are a number of trends that are reshaping the B2B experience from the buyer perspective.

The procurement organization wants to ensure that it can retain control of the procurement process and meet all the regulatory, contractual, and corporate requirements while reducing the time spent on individual and often small purchases. Procurement organizations want solutions that allow significant automation and self-service, without sacrificing operational control of the purchasing process.

While wanting to provide business constituents with a great buying experience, procurement is also focused on understanding spend patterns and buying behaviors so they can be analyzed to set up better buying agreements with sellers.

Buyers Are Looking for Streamlined, Efficient Processes

While business buyers are used to seamless consumer commerce experiences with features such as intuitive user interfaces (UIs), strong search capabilities, fast fulfillment, loyalty programs, and memberships, business buyers first and foremost need to do their jobs. Hence these buyers are not looking to “shop” so much as they are looking to find the right product, at the right price, and getting it delivered at the right time. Thus they need to get into the buying experience and then get out, quickly, moving onto to their next business task. Intelligent search made possible by AI allows buyers to quickly find their required item without searching through mountains of catalogs and vendor products.

Business buyers also seek to reduce process complexities. Many companies require strict controls and compliance for permission workflows, payments, product specifications, discounting, quoting, and delivery. Buyers need solutions that reduce the time and effort required to meet these strict control and compliance requirements. AI-enabled business processes, called intelligent processes by IDC, allow buyers to meet compliance and spend control requirements while satisfying business requirements around supplier, price, and quality. Many intelligent processes can help streamline the entire buying process by suggesting alternatives based on schedule and price and by remembering previous purchases.



Seller Trends

Sellers Are Increasingly Turning to Digital Processes

The methods and processes of sellers are becoming much more digital as well. Sellers are adding digital commerce solutions to the well-established pathway of transactional selling through a shopping cart and punch-out experience.

Organizations capitalizing on their selling with a digital commerce solution have done so via the cloud, and many have incorporated intelligent commerce to simplify and engage the buyer for a better buyer experience. According to IDC’s recent WE CX Networks Survey of B2B sellers, respondents cited business results gained from the enhancement of existing B2B digital commerce services or the deployment of new B2B digital commerce service providers that included speed of product and service delivery, increased revenue streams, new partnerships, and new business models.

Even with the digital economy well underway and significant ongoing technological advancement, many selling organizations in the B2B commerce space are struggling to reconcile a vision of transforming their own markets and reimagining the future through new business models because of their reliance upon the legacy and dated electronic systems utilized for selling. Companies are looking for partners to accelerate their transformation and enhance their commerce capabilities quickly without lengthy, complex, and expensive software implementation programs.

Large Data Sets Drive New Opportunities

Modern digital commerce solutions aggregate and process extremely large amounts of external data. This data in turn can be used to better target potential customers on the appropriate channel, dynamically price products and services to optimize revenue, and present special offers. In effect, the ability of sellers to aggregate data can in turn drive their ability to derive new opportunities and revenue.





CHALLENGES AND BENEFITS OF B2B DIGITAL COMMERCE

Organizations want to offer a contemporary digital commerce experience for both buyers and sellers. For many, the sophisticated capabilities required to create a digital commerce offering are beyond the limited skills, resources, and technology the organizations and their current partners can bring to the table. Many solutions require seller organizations to take ownership of a specific set of technologies to provide services, workflows, and integrations. They must then build a portfolio of product catalogs and underlying relationships to support commerce on the selected environment. Systems integration, deployment, and training all add complexity and expense. These tasks have limited the scope and success of many initiatives, especially those focused on tail spend.

Companies need a solution that is simple to use and easy to deploy and provides a rich set of features including automated search, recommendations, comparisons, personalization, and advanced logistics. The solution must also support rigorous controls and approvals from the procurement and finance organizations and enable reporting and analytics to support detailed analysis. The sections that follow look at the challenges specific to buyers and sellers and how digital commerce solutions are solving those challenges.

Buyer/Procurement Professional Challenges

Recent efforts to elevate the role of purchasing have led to the emergence of the chief procurement officer (CPO) role. While this in turn has led to the general improvement of the systems used to manage procurement, many challenges remain. Investment in procurement automation has enabled better practices, but the “lift and shift” of manual processes to automated processes hasn’t solved many of the problems that have long plagued procurement business processes. Some of the challenges that procurement professionals face are detailed in the sections that follow.



Tail Spend, Rogue Spend, Noncompliant Spend, and Fraud

Every organization faces challenges with unmanaged or undermanaged tail spend, which can represent as much as 20% of total procurement spending. Unmanaged tail spend is one of the most significant categories organizations are looking to bring under control with advanced digital commerce procurement capabilities, and this provides a significant and immediate opportunity for improvement.

Procurement systems that are tied into supplier networks have served as great cost reduction venues because they standardize the supply base and pricing for many category purchases; however, their continued adoption has decreased because of the digital consumer channels that exist today. The rise of consumer-like experience expectations in business commerce has led to an unprecedented amount of noncompliant spend. Unmanaged tail spend can hide rogue spending, fraud, and noncompliant purchases. Compliance can be an overused term, but for finance and procurement, it is an important health measure. Noncompliant or rogue spending has multiple forms, from purchasing outside of the preferred supplier base to purchasing from unauthorized channels, even if it is a mechanism to the preferred supplier. Untracked or unauthorized corporate spending is often wasteful. In addition, compliance issues can also occur with payment methods such as an employee expensing an item to work around using a preferred supplier or working around a particular process to order from a particular supplier. This type of rogue spending is a common occurrence in tail spend.



Lack of Spend Visibility

The old adage “you can’t measure what you can’t see” is true for procurement. In many situations, the piecemeal nature of disparate procurement processes can make it difficult to see what has been spent over time. This lack of spend visibility across the organization means spending is typically much higher. Purchase patterns aren’t visible, and thus costs are not optimized. Spend analysis tools can help procurement teams understand their spend and enable better supplier sourcing strategies, pricing, terms, and overall supplier negotiations and relationships.



Integration with Other Systems

For many companies that use procurement technology, the systems are disparate and not integrated. Consequently, procurement is done on a piecemeal basis, rather than enterprise-wide. In this kind of environment, it’s difficult to analyze spending patterns or make accurate spending forecasts and the potential for duplicate purchases is significant. This puts the responsibility squarely onto the procurement team to do all of the purchases, leaving them to inefficiently

react to purchasing requirements. The requestor must rely upon the procurement team and their semi-automated legacy processes. This procurement process leads to longer fulfillment times and unhappy stakeholders.



Inferior UX/Commerce Experience

Organizations using legacy procurement systems that punch out to catalogs and provide a somewhat more consumerized commerce experience for the business find that the user experience (UX) is less than acceptable. The experience frustrates the user, which can have a negative impact on the efficiency and effectiveness of that user, which might even result in spending outside the network, which could be noncompliant. According to Blaine Miner, senior procurement analyst at Uber, “Users are seeking a solution that has a broad basket of categories, great fulfillment, and a simple interface that is familiar to everyone.”



Diversity and Sustainable Spend Tracking

Procurement departments often have supplier diversity programs, which are proactive business practices encouraging the use of minority-owned, women-owned, veteran-owned, LGBT-owned, service-disabled veteran-owned, historically underutilized business, and small business administration (SBA)-defined suppliers. In addition, sustainability initiatives may require tracking of suppliers that are green, are carbon compliant, and utilize more renewable energy. Procurement usually manages these programs offline and not as an integrated aspect of their B2B commerce experience. Tracking of these types of suppliers is not currently supported by all procurement systems, but increasingly this will be a requirement.

Seller Inhibitors to B2B Digital Commerce

With the digital economy and the innovation of cloud, artificial intelligence, machine learning, Internet of Things (IoT), social, mobile, and big data/analytics, the world of selling has significantly altered. While the large investment into digital ecommerce service providers has enabled sellers to do more, not all sellers are able to make that investment. Many sellers face significant technical and change management hurdles in creating and supporting a full range of digital commerce services.



Adopting New Approaches

Status quo selling channels persist either because it is the way many organizations have “always done it” or because they do not know how to change the process in order to multiply selling opportunities. While B2B commerce has increased selling opportunities, the multiple networks to

sell on can be daunting. Adding to the complexity, while sales might increase with more channels, the operating expense of multiple networks may outweigh the advantage.



Procurement Networks

For those adopting new approaches, many digital commerce stores have their own networks, where buyers and sellers come together to do business. These networks are typically tied to an enterprise procurement application to entice sellers to come to a “buying arena” owned and managed by the technology vendor. This means each selling organization has multiple selling channels available to them via the various technology vendor networks, but it also means there are different pricing obligations required for each network and for each enterprise buyer agreement. This complexity can be difficult to manage. In addition, many sellers have recognized that these types of digital commerce stores may have high costs and fees associated with each network.



Data Loss and Breaches

Many seller organizations are open to security risks. Despite security safeguards taken by many organizations, every commerce store is at risk in today’s digital world. Unfortunately, a recent IDC survey indicates that only 12% of organizations were worried about security on B2B commerce stores, which means 88% of organizations believed B2B commerce is safe. For most seller organizations, this is not the case.



Optimization of Products

Sellers typically have multiple geographic locations from which products are available to buyers. The seller-buyer relationship is predicated on the best product at the best price at the right time in the right location. But many times, items are available in multiple seller locations, not just the one that is tied to a particular agreement or network; visibility is often poor and can cost seller’s business. Also, sellers often have alternative products to offer a buyer, but catalogs do not provide a mechanism for surfacing alternative products when specific products are on the agreement.

CONSIDERING AMAZON BUSINESS

Overview

Recent developments are making the economics of implementing a successful B2B digital commerce solution more attractive. Sophisticated solutions offering dynamic pricing and wide selection are opening a new digital commerce opportunity for those buyers and sellers that need to improve their digital commerce capabilities. One solution for those customers looking for a better B2B approach is Amazon Business. Amazon is capitalizing on its B2C capabilities to redefine the B2B commerce space. By offering a solution that is simple to use and implement for both buyers and sellers, Amazon Business opens a world-class service to a broad base of customers.

Amazon provides broad selection coupled with an easy-to-use interface and predictable fulfillment. With Amazon Business, these capabilities are now extended to the B2B store, adding enterprise-class procurement support to bring the best of its B2C features to B2B.

Amazon Business offers hundreds of millions of products. This is especially compelling in light of the problems associated with tail spend. By focusing on tail spend, Amazon Business can participate as a single supplier in a buyer's procurement system while offering an extensive set of services to enable enterprise integration and advanced spend analytics to its enterprise customers.

Users get all the advantages of the familiar Amazon consumer interface. Extensive machine learning-driven search, selection, and filtering can help buyers find products quickly. Comparison and recommendation capabilities help users quickly focus on the best value for their needs. Most users are already comfortable with the Amazon shopping interface and require little to no training. Customers that IDC interviewed praised the ease of deployment, and all saw significant adoption by users who were already comfortable with this familiar interface.

Amazon Business has also focused on the specific needs of enterprise-class customers by providing an interface to Coupa and over 90 other procurement systems, allowing tight integration with enterprise procurement, financial, and ERP solutions. Amazon Business offers features that help customers comply with internal spending policies and approval thresholds with products like SAP. Amazon Business also provides real-time reporting and advanced analytics, giving many organizations their first real-time view of tail spend data. Enterprise customers indicated that Amazon Business has yielded significant benefits in selection, pricing, and fulfillment compared with other solutions they considered.

Amazon Business also offers support for standardized invoicing, providing 30-day payment terms as well as optional support for up to 60 days on a line of credit and on-demand digital invoices to ease integration with existing enterprise procurement policies. Standardized invoicing enables organizations to increase vendor rationalization, and suppliers accessed through Amazon Business do not require a traditional onboarding process or complex processing or invoicing. Thus Amazon Business can help organizations reduce complexity and costs.

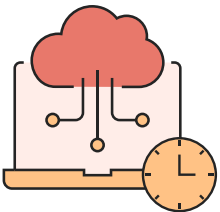
Amazon Business offers a premium membership through Business Prime that gives users access to more convenient shipping, advanced controls, deeper analytic capabilities, flexible payment options, and discounted pricing on bulk and repeat purchases. In our review of customer feedback, there are a number of common value elements that are mentioned. In our research, using Business Prime, customers found significant improvements in spend visibility and highlighted the advantages users experienced as a result of Guided Buying. By allowing customers to set preferred and restricted products by suppliers, organizations have realized significant savings and value of supporting enterprise procurement solutions. Amazon Business users also appreciated the company's logistics and supply chain capabilities; free one-day and same-day shipping, and consolidated shipping in three to five days on eligible products versus the five to eight days customers usually experience. Several customers mentioned that the delivery performance was good enough to drive reductions in the safety stock they historically have carried.

While widely deployed in the enterprise industry, Amazon Business is also providing small businesses features that are traditionally reserved for large organizations, such as business-only pricing, flexible delivery options, spend analytics, and time-saving features such as reorder lists.

Amazon Business Customer and Seller Examples

Organizations using Amazon Business have realized significant advantages, from both a buyer perspective and a seller perspective. Challenges and inefficiencies in the buyer and seller B2B commerce experience are improving with the use of Amazon Business. Some success stories are discussed in the sections that follow.

Buyer/Procurement Professional



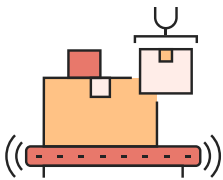
Managing Tail Spend to Save Time and Energy

Time, energy, and tail spend were all issues for Mondelēz, a multinational confectionary and food and beverage company based in the United States with nearly 100,000 employees in over 80 countries. Mondelēz has annual revenue of about \$30 billion and manages over 300 snack brands worldwide including Oreo, Chips Ahoy!, Toblerone, Cadbury, Dentine, and Trident. Mondelēz wanted to address several issues in its legacy procurement process, which was very traditional and complex. Users were dissatisfied with the buying experience, and Mondelēz needed help managing tail spend, particularly on maintenance, repair, and operations (MRO). The company's more than 800 suppliers made thousands of small buys annually, and procurement had little visibility into tail spend. With ad hoc spending common, the procurement staff had little time and energy to focus on initiatives. In addition, the large supplier base included many one-time or infrequently used suppliers, and the process of adding new suppliers was time intensive. As a result of these challenges, Mondelēz carried large volumes of safety stock and inventory costs increased accordingly.

To get started with Amazon Business, a pilot program was introduced at two facilities over a six-month time frame. Amazon was well known to the users involved in the pilot, and little to no onboarding was required to get users productive. During the pilot, products were sourced from 250 new sellers without adding new vendors to the vendor master. Master shopper queries were addressed immediately, and the customer experience improved. As a result of the pilot, Mondelēz accelerated its implementation and rolled the Amazon Business solution out company-wide over a three-month period. Within 35 days of a full-scale launch, 71% of the orders placed at Mondelēz occurred via Amazon Business. The master shoppers had zero quality issues, experienced great service levels, found it easier to use processes, and discovered better priced products. One of the

Mondelēz employees noted, “Amazon Business simplified the existing procurement processes and reduced lead time for these purchases from approximately 25 days to 4 days for tail spend items.”

In another case, a healthcare organization saved significant time by using Amazon Business. Seattle Children’s Hospital has been able to streamline the process for purchasing hundreds of smaller items. “The main benefit of Amazon Business for us is the ability to shift costly, labor-intensive approval processes for these items, so users can order directly with a more simple review and approval process,” says James LeRoy, director of Strategic Sourcing and Value Analysis at the hospital. “It’s saved us so much time to the tune of 500 requests a year. Adding Amazon Business has had a significant positive impact for us.”



Solving Challenges with Spend Visibility

At the University of Washington (UW), faculty and staff used to make university-related purchases using the consumer version of Amazon. According to the assistant director of procurement services at UW, “We noticed many of our faculty and staff were making work-related purchases through Amazon, taking advantage of wide product selection, fast shipping, and Amazon Prime benefits. These purchases were made using Visa cards issued by the university and intended for small dollar purchases of goods not available through our supplier network catalogues.”

The institution then decided to consolidate these Amazon consumer purchases by utilizing Amazon Business under a single master account. As a result, the UW gained greater visibility into spend and simplified order administration for its procurement services department, giving faculty and staff greater autonomy as well as an easy, frictionless purchasing experience.

Seller

Accessing More Buyers

From the perspective of sellers and suppliers, Amazon Business provides access to more buyers, opening up the potential for more revenue. Envision is an organization that improves the lives of blind or visually impaired people by providing employment and educational and training programs. The organization grew its ecommerce sales on Amazon Business by gaining access to more customers, which subsequently boosted revenue. In turn, the revenue increased profits, ensuring that Envision can continue to help the thousands of people it serves through more than 22 programs it runs for youth and adults.





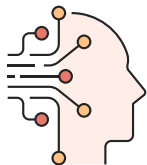
Driving Growth Opportunities

Amazon Business can also help sellers grow exponentially. Take the situation at office furniture and products company VARIDESK. “With Amazon Business, we’re able to drive incredible growth opportunities and profitability because we don’t have to fight for new customers — and the increased loyalty drives down the overall cost of customer acquisition,” said Matt Snyder, director of Business Development. VARIDESK has also seen a steady boost in sales since it began using Amazon Business in 2016. “From mid-2017 to mid-2018, we saw 50% growth in sales through Amazon Business, which was higher than our overall Amazon growth,” Snyder added.



Increasing Global Relevance

Customers find that their move from traditional selling techniques to Amazon Business has allowed them to stay relevant, which subsequently translates into increasing revenue and selling to more companies globally. VARIDESK works with many Fortune 500 companies that typically use eprocurement systems. Amazon Business provides eprocurement services that integrate directly with most enterprise customers. “The eprocurement integration was a big factor in our decision to work with Amazon Business because it ensures that our products are accessible to our customers,” said Snyder.



Enabling Customer Analysis

Amazon Business analytics enables selling organizations to know more about their customers. The ability to track sales and customer behavior and uncover insights into demographics and customer sentiment helps with more effective marketing campaigns, ultimately leading to more sales. Sellers using Amazon Business analytics find it is changing their approach to business, enabling a better, faster, and more effective selling methodology. In addition, many sellers find the opportunity for growing digitally has been enhanced with Amazon Business. As Amazon Business brings more to help sellers and buyers interact better and more efficiently, sellers continue to expect their growth to continue. One seller noted, “The network effect of B2B commerce in the digital economy is staggering for all of commerce.”



FUTURE OUTLOOK

The Digital World Is Here

Organizations that reinvent their enterprise procurement processes with B2B digital commerce are no longer the early adopters — businesses need to move now to be part of the digital world. The most difficult part of changing B2B digital commerce processes is cultural. Procurement and sales often struggle with adopting entirely new buying and selling processes that are different from the traditional processes, even if those new processes save time and money. Transformation requires top-down support and clear messaging around the value of adopting new B2B processes. For buyers, the value is twofold: digitizing the procurement process for employees, while the organization achieves policy compliance and cost savings. For sellers, the value of successful implementation of new digital B2B processes lies in growing the business, increasing revenue, and maintaining relevancy.

Predictions for B2B Digital Commerce

B2B digital commerce has an opportunity to transcend B2B physical commerce — up to this point, most B2B digital commerce processes have been built to be more like purchases through physical/legacy channels that are just automated for the sake of automation. Digital commerce could completely change how B2B commerce is conducted and reinvent how businesses operate. For example, a shopping cart is used digitally because in the physical world, employees can relate to the concept, yet in a digital environment, a shopping cart doesn't need to exist. Instead, the shopping cart could potentially look more like purchasing queues that track activity across the organization.

B2B digital commerce is about 5–10 years behind B2C in terms of the investment and richness of commerce experiences. As a result, up to this point, B2B has copied B2C commerce and has yet to be fully developed. Some of the functionality and use cases of the future have not even been thought about or dreamed up (this includes artificial intelligence).

More personalization in B2B commerce, such as context awareness, which is similar to B2C commerce, will be next. In this case, the customer does not need to see the entire catalog but should instead see a specific catalog personalized to them and their business.

While buying organizations can now combine their experience into one framework with Amazon Business and their enterprise procurement application, more integration is needed. Mondelēz noted it would like to see “the two come together into an integrated solution, making it one seamless experience.”

Collapsing of Supply Chains

Increasingly organizations will receive products based upon subscriptions or regular recurring purchases, which puts less uncertainty and stress on the supply chain. In addition, B2B and B2C commerce will allow manufacturers to sell directly to the consumer and not just the business buyer, creating more channels and revenue streams for the seller. Obviously, this not only disintermediates brokers and distributors but also reduces supply chain variability and lowers costs.

End-User Expectations

Business employees will continue to increase their expectations, demanding better processes, better UIs, and more relevant choices and information available at their fingertips. In B2B, end users want to spend less time buying things — they just want to get their real jobs done. The

less time they spend searching, going through approvals, and trying to buy, the better. Artificial intelligence and machine learning are among the technologies that can remove B2B friction points by predicting what a customer will need, automating approvals, and finalizing the purchase should it meet appropriate criteria.



Challenges

Embracing the digital world means that businesses and employees must fight the resistance to change. Antiquated B2B commerce processes are not relevant, efficient, or productive in today's digital world. In addition, legacy procurement systems are cumbersome to use. Thus moving into a digital world can improve employee productivity.

In some states, regulatory requirements regarding sales are issues that could derail plans for adopting digital B2B commerce systems, as could issues around GDPR and VAT in some countries. Yet over time, these issues will be resolved.

Opportunities

Amazon Business offers tools that can help new buyers and sellers scale quickly. With many consumer buyers already used to the Amazon experience, organizations can more easily adopt Amazon Business in the B2B realm.



CONCLUSION

For several years, consumers have relied on digital B2C commerce for many of their purchases. The ease of use, vast product selection, and convenient and rapid delivery have made B2C commerce sites the go-to option for many consumers. The same characteristics that have driven the adoption of B2C commerce is now entering the B2B environment. B2B digital commerce is changing how commercial buyers and sellers interact — streamlining processes for the former and expanding markets for the latter. As organizations embark on digital transformation efforts, they will increasingly turn to digital commerce solutions for B2B procurement.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.



IDC Research, Inc.

5 Speen Street

Framingham, MA 01701

USA

508.872.8200

Twitter: @IDC

idc-community.com

www.idc.com

Copyright Notice

External Publication of IDC Information and Data — Any IDC information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Vice President or Country Manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason.

Copyright 2020 IDC. Reproduction without written permission is completely forbidden