

A DIGITAL COMMERCE PLATFORM FOR EMERGING MARKETS

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Introduction

IDC sees a bright future for the B2C digital commerce applications market, with worldwide market demand growing at 10.3% per annum from \$3.1 billion in 2019 to \$5.1 billion in 2024. The key drivers of growth are the growing demands for cloud-based solutions, the availability of microservices architectures, and the explosive growth of mobile commerce.

Most software markets will see negative or dulled growth in 2020 as a result of the COVID-19 pandemic and flat growth in 2021. Not so for digital commerce — the digital commerce applications market has seen a positive short-term uptick as organizations have adjusted to reaching customers via digital channels.

Enterprises have shifted a larger share of B2C commerce to digital channels, including brands' online sites, digital marketplaces, social media, and video games. COVID-19 has accelerated this trend, speeding up buyers' adoption of digital channels due to limitations on in-store shopping and social distancing measures. Contactless payments are forecast to become a permanent trend.

A digital commerce strategy is no longer a "nice to have" but is instead a "must" for survival. This is a truism across all geographies and industries. However, many less mature and emerging markets, such as Eastern Europe and Asian countries, are relatively poorly served by digital commerce providers. Generic digital commerce solutions are mostly suboptimal for emerging market needs such as localization in language, tax laws, regulatory compliance, payments preferences, and local operating procedures. This paper assesses the capabilities of Softline Ecommerce to satisfy the requirements of less mature emerging markets.

Advantages and Benefits of Softline Ecommerce

Ecommerce Platform: A complete end-to-end ecommerce solution with advanced payments functionality available in local languages, complies to local regulations and tax laws, and speaks to the nuances of the local language and payments preferences of both merchants and their consumers.

Strong core functionality: Including catalog management/product information, order management/fulfillment, reporting/analytics, shopping cart, web content management, A/B and multivariate testing, B2C payments and promotions.

AT A GLANCE

KEY TAKEAWAYS

- The digital commerce market continues to grow sustainably and strongly, accelerated by the COVID-19 pandemic.
- Emerging markets are often underserved by leading vendors, and Softline Ecommerce can potentially fill this gap.
- Softline Ecommerce is a platform that can be localized and customized, and Softline has ambitious programs for market and product development.
- Softline also has ambitions to grow internationally and has now set up an international HQ in London and is initiating an Initial Public Offering.
- Softline has the global scale to ensure continuity of support and service and prides itself in creating intimate win-win relationships with its clients.

Additional innovative features: Chatbots for contact centers, AI-based fraud and personalization for data security and marketing purposes, and dynamic pricing.

Localization and product customization: Softline serves emerging markets with ecommerce solutions optimized to meet local market conditions. Implementations are custom fit to meet client needs using local native-language staff with a deep understanding of local operating requirements and leverage application configurability and Softline's modular API offer to deliver customized solutions.

Additional Softline services: Softline Ecommerce can leverage Softline's wider group services, such as digital transformation consultancy and cybersecurity, and those of Softline's global partner network, to deliver enterprisewide solutions. These include marketing consulting services for smaller and midsize companies such as SEO optimization or online promotions.

Vendor Profile

Softline ecommerce is part of Softline, a global solutions and services provider headquartered in Moscow, Russia and founded in 1993. Softline is a Global IT services provider of digital transformation and cybersecurity solutions and operates in more than 95 cities in 50 countries. Softline has a key strategic relationship with Microsoft and is one of 12 top Microsoft partners globally participating in a strategic Accelerated Growth Incentive program. Softline is geared towards effective partnering and has agreements with over 3,000 hardware and software vendors.

Softline is a substantial concern with more than 5,000 employees and revenues of over \$1.5 billion. Softline Ecommerce forms a rapidly growing piece of the overall Softline business, contributing software revenues estimated at \$700 million in 2020. Softline Ecommerce is truly a global solution. Over 50% of its revenues are sourced from outside Russia, and Softline provides sales and service support in over 50 countries in more than 11 languages and supports over 140 currencies.

Softline Ecommerce is an ecommerce platform for B2C usage, although many clients are in the B2B market. Key industries served by Softline Ecommerce are consumer electronics and software — the solution is optimally designed for organizations selling digital products and services, including software. Clients include Google, Microsoft, Xerox, Avast, Kaspersky, Infowatch, Parallels, and Corel.

The primary geographies served are the emerging markets of Russia and Eastern Europe, Latin America, and Asia Pacific. Softline Ecommerce complements the ecommerce solutions of the enterprise platform vendors that are more prevalent in the more mature markets of EMEA, the US, and Canada. For example, India and Brazil are large country markets for Softline Ecommerce, but many smaller countries are also served, such as Vietnam, Thailand, the Philippines, Indonesia, Malaysia, South Korea, and Turkey.

Softline Ecommerce

The Softline Ecommerce offer includes digital commerce, payments, order management software, and IT services. These are served on a cloud-based multitenant architecture based on AWS, Azure, and Google Cloud infrastructures. Softline has six datacenters and hosts multitenancy cloud solutions in Russia, Europe, and Asia, providing application service uptime of 99.95%. Softline Ecommerce is not cloud-only, however, and supports private cloud, public cloud, and hybrid models.

Pricing is revenue- or transaction-based; i.e., "pay only for what you use." The key functional areas are shown in Figure 1.

FIGURE 1
The Softline Ecommerce Platform



Source: IDC, 2021

As can be seen from Figure 1, Softline Ecommerce is more than an ecommerce point solution — it is a wider ecommerce platform built to optimize the checkout process while providing an all-in-one solution for digital sales and end-to-end order management.

Payments processing is an important part of Softline Ecommerce's offer, and over past two years the company has added 200 local payments methods. Softline Ecommerce integrates with more than 25 payment platforms including BoaCompra, EBANX, PayU, EcommPay, Trustly, AsiaPay, and Bexs.

The Softline Ecommerce desktop user interface presents clients with views in local language and allows payments in local currencies using local payment methods while complying with local tax requirements and data retention laws. To prevent fraud, Softline has invested significantly in AI-based fraud management, including acquiring the AI specialist High Technology Center to build high-tech fraud management prevention into the platform.

Softline Ecommerce Challenges

- **Usability:** Softline Ecommerce is an in-depth functional and technical solution that requires clients to invest in training and education. It is not designed to be a lightweight simplistic desktop product that can instantly be used by any member of staff.
- **Not located at the forefront of technical developments:** Softline's home country is Russia, and the majority of Softline's digital commerce customers are in Eastern Europe and Latin America. The company is not located "at the center" of new technical developments in the US West Coast. For example, the US-sourced trend towards easier-to-use APIs is something that Softline needs to learn from. Softline opened a new Global Headquarters in London in September 2020, which is an important step in the right direction.
- **Physical goods sales:** Softline's target markets are organizations selling digital products and services. Those organizations selling only physical goods are less well served.
- **Ecosystem development:** Softline needs to support marketplaces, mobile commerce, and social commerce, and these items are on the company's roadmap.
- **Lack of a headless ecommerce solution:** Headless ecommerce is an important trend, and potentially offers merchants more engaging digital experiences, deeper integrations, and greater business agility and flexibility.

Conclusion

Ecommerce Directors, CFOs, Business Development Directors, Online Sales Directors, and Online Commerce Managers will be interested in Softline Ecommerce. It is a particularly appropriate solution for US/EMEA/Asia-Pacific companies wanting to develop their operations in emerging markets using online ecommerce and payments facilities.

Companies should consider Softline Ecommerce if they are midmarket or enterprise size and looking to sell digital products or services online with a fully localized customer experience. Consider Softline especially if your organization is primarily focused on differentiating with business agility and a fast time to market with a platform that is business user friendly.

Although Softline Ecommerce is ideal for midmarket companies, larger enterprises are increasingly adopting the product. Clients are served through a direct relationship with Softline designed to build a deep understanding of the client's business needs and build unique customized solutions that deliver mutual trust, business value, and customer intimacy. Continuous co-innovation is key to the healthy client relationships that Softline enjoys. Expect the following future initiatives from Softline:

- **Increased geographic coverage:** Additional territories in South East Asia and China and Japan; the Middle East and Africa; and increased presence in Latin America.
- **A cut-down/simplified version:** For small and medium-sized business use.

- **Investments in marketing and analytical tools:** Especially for personalized offers for upgrades, promotions and add-ons, customer retention programs, and real-time dynamic pricing.
- **More cooperative partnerships:** With local ecommerce providers and new local partners.
- **New advanced technologies integrated in Softline Ecommerce:** AI-driven personalization, voice and chat-based commerce and payments.
- **Further product developments:** In site search/navigation, merchant workflow management, pricing, merchandizing/personalization, omnichannel, and clienteling, additional APIs for payments (e.g., Stripe, Adyen).
- **Vertical market ecommerce solutions:** such as in education.

About the Analyst

[Gerry Brown](#), CX Research Director



Gerry leads IDC's European CX Practice. His research includes CX platforms and design services, agile innovation, employee experience, digital transformation, CRM, analytics and smart personalization, emotional engagement, and customer adventures. Previously a post-graduate marketing lecturer, a software marketing director, and an entrepreneur.

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