Magento and Microsoft Dynamics GP: Make the Most of Selling Online

Written by

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Every day companies choose to sell online but, too often, they jump in before developing a well thought out plan. Although there are tools that make it very easy to set up an online store, eCommerce is one of those projects that you want to do right the first time as failure affects every facet of your business.

When web stores are not set up properly, processes are broken, employees are frustrated, costs are high, management is discouraged and, most importantly, customers are angry. And once a customer has formed an opinion about you, it is hard to change their mind. So if you are going to sail into unchartered waters, be prepared, do your homework, and make a plan.

In this white paper, we will look at how the influx of new online selling opportunities is leading manufacturers and wholesalers to choose new, full-featured eCommerce solutions and execute multi- channel sales strategies. Consequently, these decisions are forcing them to find integration solutions that transcend simple point-to-point connectors. We will also explain how a multi-channel management platform meets those needs by delivering efficiency and visibility through end-to-end business process integration.

The Next eCommerce Wave

The U.S. Department of Commerce reports U.S. online sales climbed to over $225B in 2012, up 15.8% from 2011. That is the third year in a row that growth rates were over 15%. According to Forrester's Research Online Retail Forecast 2012 to 2017 (U.S.), double-digit online sales growth will continue through 2015 and will reach $370B by 2017, while slowly gaining additional share of total retail sales. eMarketer predicts that number will be $434B with even higher growth rates. Regardless of the exact figure, the trend is clear – consumers are buying online and that represents an opportunity.

Experts agree that the main driver of this most recent eCommerce explosion is the proliferation of smartphones and tablets. More and more consumers are spending their evenings and weekends shopping online through their mobile devices, causing major changes in the retail landscape. Customer buying habits and expectations are shifting. Shoppers are researching products, finding store locations and comparing prices online. They are also making purchases online for pick up at a nearby store location giving them ultimate flexibility and a better shopping experience. Meanwhile, retailers are taking advantage of the web to better service customers. For example, sales associates can order products online for shoppers who can't find what they are looking for in the store. Retailers are also maximizing the efficiency of their bricks-and-mortar sales associates by enabling them to fill online orders during their downtime.

All of this activity is leading manufacturers, wholesalers and retailers to invest more in to their online sales channels. They are upgrading the technology powering their web stores to take advantage of the latest features and joining marketplaces like eBay and Amazon. The goal of this multi-channel strategy is to reach as many buyers as possible.

But simply reaching buyers isn't enough. It is essential to give them the best shopping experience possible. Online buyers are fickle, so to keep them coming back, items should be consistent and available in all sales channels; inventory should be updated in near real-time to avoid stock-outs or

back orders; orders should be processed in a timely fashion; and customers should receive great service.

Without processes in place to ensure that these deliverables are met internal costs will be high, customer experience will be poor, and revenue will be jeopardized.

To make this vision a reality and maximize the return on a multi-channel sales strategy, retailers must choose the right eCommerce technology, integrate it with their existing back-end systems, and manage sales processes consistently across all channels.

Selecting the Best eCommerce Solution

Finding the right eCommerce solution can be intimidating. There are so many solutions available that it is hard to know where to begin. The first consideration is to determine if you want a hosted or licensed solution. Hosted solutions offer a low cost, very few IT requirements, little maintenance, and tend to scale easily with your business. Licensed packages, however, often offer more robust features and customization through access to source files. From a cost perspective, hosted options charge an ongoing, low monthly cost while licenses typically require a capital investment upfront.

Once you decide which deployment is the best fit for your company, you must look at the features. Most leading eCommerce solutions offer customizable site templates, integrated shopping carts, search engine optimization, email marketing, product catalogs, inventory management, and some level of analytics. But you also need to think about how your business runs and what other options you may want to have available such as mobile commerce, promotions and merchandising, product suggestions, wish lists, gift registry, or support for multiple stores.

Finally, look for a "best of breed" company that has the resources to sustain market changes and support your needs as your business changes and grows.

The Magento eCommerce Platform

Due to its flexibility and wide range of product offerings, Magento's eCommerce platform is a strong platform choice for almost any retailer.

Since its acquisition by eBay in 2011, Magento has experienced tremendous growth and reports that more than 150,000 merchants are currently using its platform. Compared to vendors with only a few hundred customers, Magento has the staff and vision to keep pace with the market, make timely product updates and offer valuable ongoing support. With its size, the company is also more stable than its smaller competitors who could be at risk if they lose a key employee (who could influence the entire company's performance) or if they are acquired (making the future of the company uncertain).

Magento offers flexible deployment options – including hosted, licensed and open source – to allow users to choose the model that best fits their needs. It also offers an extremely robust feature list including:

- ✓ Customizable design (custom landing pages, flexible product catalog and support for multiple stores)

- ✓ Powerful search capabilities and flexible navigation
- ✓ Built-in search engine optimization
- ✓ Powerful marketing tools (coupons, gift cards, loyalty programs, promotional banners)
- ✓ Customer engagement (product suggestions and comparisons, wish lists, customer-assisted shopping)
- ✓ An app store to extend store functionality

Magento and GP Integration

With a powerful eCommerce storefront like Magento and a leading ERP system like Dynamics GP, expectations are high, but the only way to make their combined value greater than the sum of the two is to integrate them.

The most obvious reason to integrate Magento eCommerce storefront with Dynamics GP is to avoid manual key entry, which is time-consuming and error-prone. In the online retail business, order errors are costly and often painful. Incorrect prices, quantities, products and shipping addresses make for very unhappy customers.

Yet what many retailers don't consider are the process improvements that can be achieved through integration, such as:

- Standardizing the order-to-cash process across all sales channels
- Centralizing and synchronizing item catalog information
- Providing near real-time inventory updates to all sales channels
- Consolidating order information into one location to better service customers

Attaining this level of integration leads to happier customers who are willing to spend more while shopping.

Integration Options

Not all Dynamics GP to Magento integration options are created equal:

- ✗ Custom development – Using basic APIs, a developer can integrate the two systems, but most companies don't have the staff or time to take on the commitment of supporting and maintaining custom code, especially as frequently as Microsoft and Magento release new versions of their solutions. Most custom solutions also do not assist with common eCommerce needs such as images for the websites, SEO wording, or extra fields for item information that may not be available in the baseline inventory control system.
- ✗ Dynamics GP to Magento connector – There are a few one-to-one integration solutions available, but their scope is limited. They do not account for brick-and-mortar stores, online marketplaces such as eBay or Amazon, other sales channels (existing or future), or fulfillment via drop ship suppliers and third-party warehouses. As your business needs evolve, multiple point solutions may need to be purchased and maintained, increasing IT costs and complexity.

✓ Multi-channel management (MCM) solution – Multi-channel management platforms not only support many-to-many integrations, but also manage sales processes and provide visibility throughout the order lifecycle. MCM solutions are designed to support many-to-many integrations on a platform that can change and grow overtime to meet evolving business needs.

Multi-Channel Management

MCM platforms are meant to compliment and extend retailers' existing systems by acting as a traffic cop, guiding data and process flows in a way that will best serve customers and lead to higher sales. To accomplish this feat, it must be armed with the right features and support.
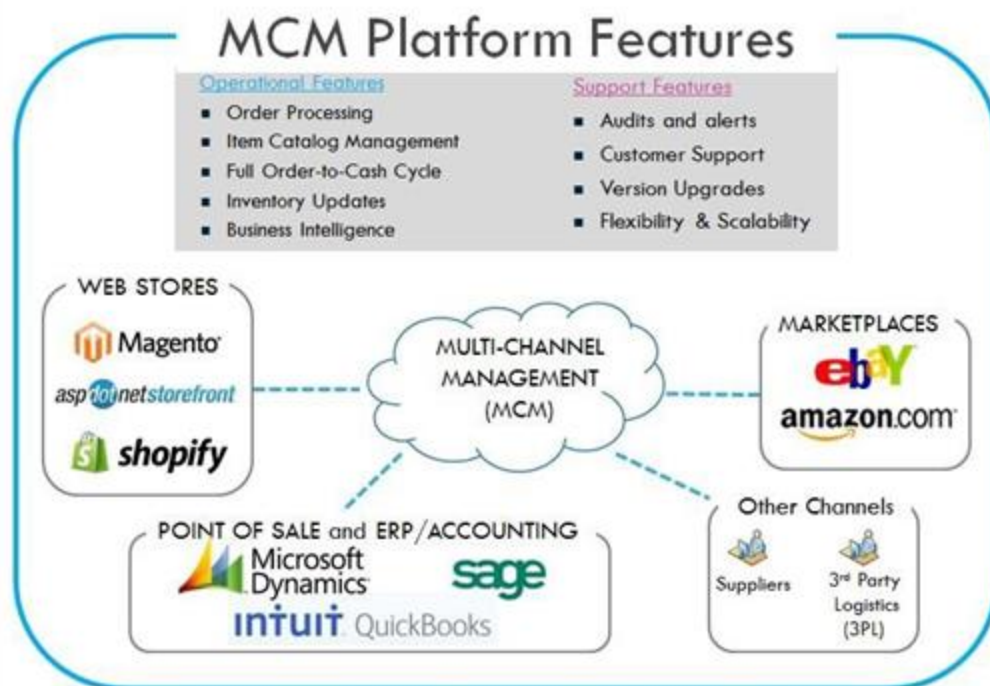
Operational Features

✓ Order processing – Orders should be able to be processed in the MCM solution as well as in Dynamics GP. This enables remote sales and the ability to edit orders as needed.

✓ Item catalog management and merchandising – Not all item information is stored in Dynamics GP (i.e. long descriptions and images) but they are needed online. An MCM platform should upload item information from GP (or other location), enable customization and allow the user to choose which items to include in each sales channel. Item updates in Magento should be automatic when changes are made in GP.

✓ Full order-to-cash cycle – The integration platform should support bi-directional data flow for the entire set of transactions in the order-to-cash cycle including order, invoice, payment, purchase order, and shipping notice.

- ✓ Inventory updates – Inventory may come from Dynamics GP or from third-party suppliers, warehouses, etc. An MCM platform should be able to accept inventory information from multiple sources and push it to all affected sales channels in near real-time.
- ✓ Business intelligence – The MCM platform should present all customer and order activity in one location so users can provide immediate and reliable customer support.

Support Features
- ✓ Audits and alerts – If something goes awry, retailers should be immediately notified of both the problem and the source of the error to speed its resolution.
- ✓ Customer support – Online stores are available 24 hours a day. MCM customer support should be too. If a problem occurs on a Saturday, it is just as important to troubleshoot and resolve any issues at that time as it is on a Tuesday afternoon.
- ✓ Version upgrades – Magento is extremely full-featured and robust because of how rapidly they release new functionality. Some updates are simple technical changes, while others – such as search-based product suggestions and consumer behavior monitoring – identify cross-selling and upselling opportunities and can directly impact sales. To take advantage of such opportunities, upgrades should leverage previous integration efforts so upgrades can be quick and painless.
- ✓ Flexibility and scalability – Retailers should not have to operate within the confines of their MCM platform capabilities. Instead, the system should have the flexibility and scalability to meet the needs of the user (for example, add/delete sales channels or drop ship specific items). Each new retail function or channel should not require a separate solution.

How Integration Will Affect Your Business

Spending some time assessing needs and researching solution options can transform simple integration into a competitive advantage. With MCM and automated sales processes, even a small business can compete against large retailers and be successful. Dynamics GP and Magento are powerful solutions but the advantages of both are squandered if manual back-end processing is increasing costs and lowering efficiency. Connect the dots with a full-featured MCM platform. The synergy between systems leads to consistent and enjoyable shopping experiences – creating satisfied, loyal and repeat buyers.

ABOUT AUTHOR

Jeff Grundey is a 20 year veteran of the retail, financial services and insurance industry. He developed and led Finance Administration for an Ohio-based insurance market aggregator with more than 59 equity owners and more than 400 Ohio-based agencies. Jeff partnered with Steve in 2008 after selling his shares in a successful agency in Central Ohio to further lead the development of the company's financial software synchronization practice.

ABOUT NCHANNEL

nChannel provides an easy-to-use, cloud-based management platform that enables companies to cost effectively synchronize, manage and exchange sales, customer, and product data from transactions that occur at the register, in the warehouse, or via a web-store. nChannel's centralized, web-based model enables companies to easily manage sales processes for both wholesale and consumer channels. Using nChannel, subscribers connect their existing financial, ERP and/or POS systems with any number of external online and offline stores including marketplaces such as eBay and Amazon. Publishers of software or cloud applications can develop connections to the nChannel platform to quickly provide integration to any other connected application on the platform. For additional information about nChannel, please visit our website at www.nchannel.com.

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