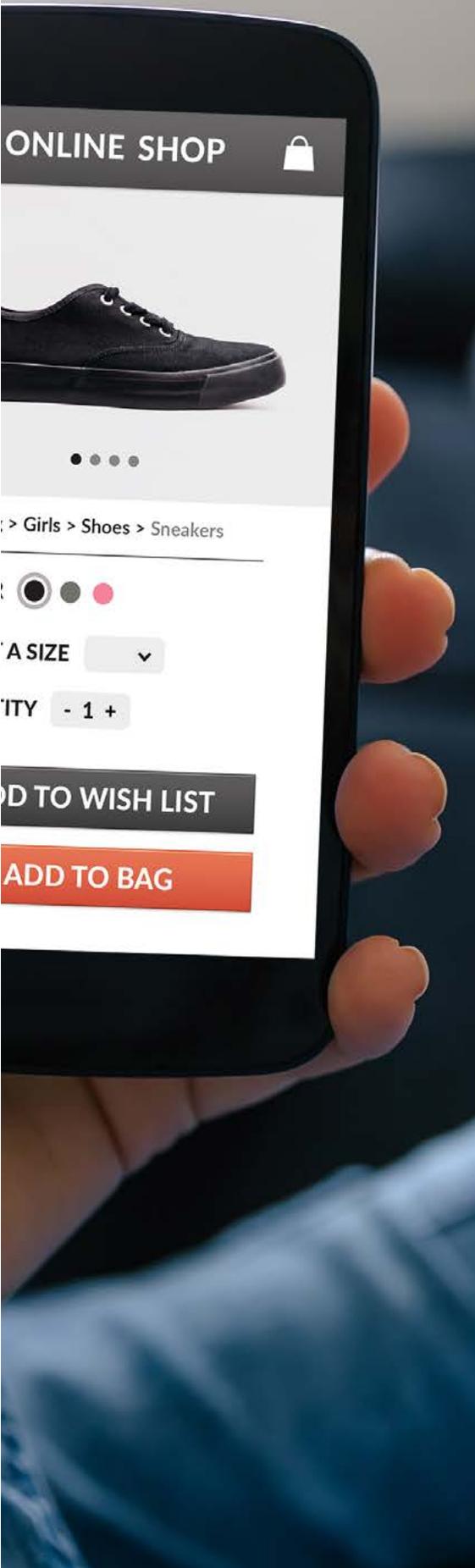


5 TIPS

for Building a
Successful Retail Platform



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Retail transformation is well underway. The new retail business is no longer constrained by geography or the limitations of a store. Advances in mobile applications, artificial intelligence, and multitudes of connected “things” have ushered in a new era of customer engagement – where an intuitive, frictionless experience rules the day. Cloud-based applications are the norm, consumers are well-accustomed to virtual transactions, and retail growth can be accelerated exponentially when the right content is applied to the right user at the right time.

There will be more leaps in the transformation of retail in the coming years. Developing the right strategy means anticipating the future state of where the business, market, and customer are heading. The near term will bring improvements to big data and machine learning that will enable companies to be better and smarter at maximizing information.

Digital business platforms and the network effect will be at the heart of these developments. With the right design, they give companies the ability to respond faster to market demand, open the door to opportunities, and lead to even more effective digital capabilities. Those who succeed will adopt a long-term mindset, take a strategic approach to the build, and cultivate an awareness of how their business will evolve.

The Organization for Economic Cooperation and Development (OECD) noted in 2016 that comparing “the top-15 Internet based companies by market capitalization in 1995 with those in 2015 shows that the main players used to be Internet Service Providers (ISPs), media and hard- or software companies, whereas today most are platform operators.” That was three years ago – a lifetime in tech evolution – and the boundless potential of the network effect has brought digital business platforms even further.



Key Considerations

When planning a system design, company leaders should keep some key considerations in mind.

1. Design as if you were disrupting your own business.

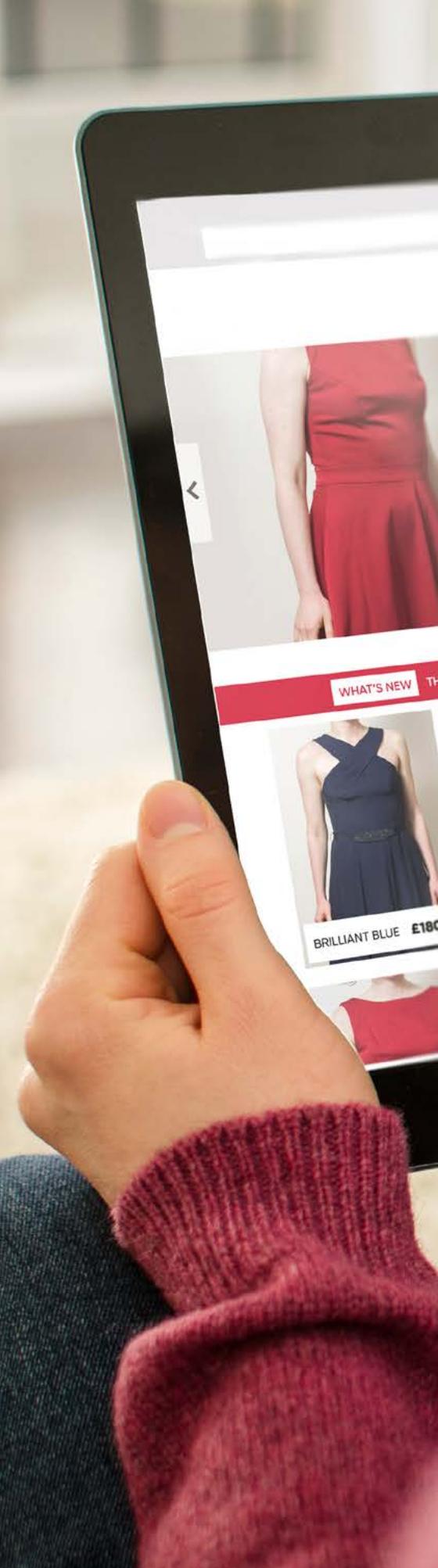
Your competitors are already developing models to make your style of business a thing of the past – the best antidote is to get ahead of them by doing it yourself. Working from the outside-in, think about how a group of entrepreneurs with creative freedom and a willingness to take risks would approach your market and disrupt the status quo. Most mature organizations are unable to tackle challenges this way due to the heavy burden of their incumbency, but if you're looking for an innovation leap instead of incremental change, then you have to challenge your own organizational inertia.

2. The users experience trumps everything.

Amazing user experience is critical to a retail company – so they can win online, or brick-and-mortar or a combination of the two. When high-end tech was in the hands of the few, technology was used as the primary differentiator. Today, surprisingly advanced technology is available, virtually for free, in the form of open-source technology. What differentiates one product over another is the experience. It doesn't matter how “whiz-bang” the technology is; if the experience isn't right, the platform will fail to connect and thrive.

3. Design for sharing.

Openness is key to attracting third-party apps and enabling greater connection. Ideally, a system should be designed with open APIs that not only support currently projected needs, but could also be used to host yet-to-be imagined applications. Launching a formal “experience design” process for these APIs will help ensure that they are understandable and usable to both the organization's in-house developers as well as the “developer on the street.” Whether or not the company decides to provide access to those APIs, this approach enables business agility and keeps the option of third-party development open for the future.



4. Focus on rapid time to deployment.

Platform development can require a significant time investment, particularly for building the foundational systems and the applications on top of them. As such, time-to-market may become a significant risk factor. This can be mitigated by reducing the reliance on waterfall development techniques and adopting Agile, LEAN / MVP (Minimum Viable Product) methodologies where incremental releases are created, released and tested in real-time, and built-upon in subsequent sprints. This reduces overall development time and improves the final outcome, with each release incorporating more real-world feedback.

5. Embrace continuous improvement and innovation.

Be prepared to take advantage of one of the best features of the platform ecosystem: it should be continually updated to improve the functionality, user experience, technology compatibility, and features. This means that the platform and the organization can evolve along with technology, adapt ahead of the industry, and continue to provide value to third-party producers and users.

As the development journey begins, companies must also stay attuned to the internal and cultural impact on the organization. Innovation is, by nature, disruptive; creating an entirely new digital business platform will certainly cause misalignment among some stakeholders. Not everyone will like it, and not everyone will buy in.

The key to a successful transformation is to stay transparent about both the wins and the setbacks, keep the focus on the end goal, and avoid putting energy into anything that is not needed to achieve that goal. Having top-level executive support is critical from the beginning, as these projects require resources and commitment to the outcome.

Retail Transformation

Retail companies struggling with issues around data management, high costs and long timelines to maintain their current system are ripe for a change in technology. They also are frequently driven to achieve greater business agility that enables faster pivots. A platform strategy can address both.



Digital business platforms enable retail companies to amplify their reach and value by creating a hub or marketplace that attracts customers, suppliers, and third-party businesses. As these stakeholders come together to connect, share content and transact – and partners extend functionality through related apps – the value of the platform increases through a “network effect.” The network and the value of the platform multiply as usage, participation, content, and services increase.

To maximize the opportunities presented by platforms, retail companies must understand the customer experience and mitigate investment risks with a carefully planned and aligned business/technology approach. Indeed, business strategy and digital strategy are mutually inclusive. The movement towards platform integration is redefining how people shop, work, and play – and shaking up the hierarchy of established industry leaders. To stay competitive, the answer is clear: prioritize interactions, not sales (which will naturally follow if an experience provides value).

A facilitator towards that goal is the microservices architecture, through which applications are treated as a collection of unique, smaller services instead of the monolithic solutions of traditional ERP. In fact, respondents to a recent survey by RedHat identified the most common benefits of microservices as continuous integration and deployment, IT agility, and the ability to scale – all key components to maximizing the long-term value of a successful digital business platform.

Successfully developing and executing on a retail platform strategy, then, means letting go of a traditional project management mindset and instead viewing deployment through a constantly evolving product innovation lens. Digital business platforms will thrive when the strategy is engineered with a vision centered on user journeys, continuous improvement, and the flexibility to evolve with market demand, emerging technology, and industry shifts.



About GlobalLogic

This paper was authored by the CTO / Practices team at GlobalLogic.

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