



Nine Dangerous Mistakes in eCommerce Platform Selection

A guide for merchants





*“By seeking and blundering we learn.”
— Johann Wolfgang von Goethe*

Foreword

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Doing something wrong is unavoidable if you do something. Smart people are able to learn from own mistakes, wise people can learn from mistakes of others.

The goal of this whitepaper is to help merchants selecting new eCommerce platform. It is an opportunity to learn from real mistakes that the author, his colleagues, clients and other businesses made.



About the author.

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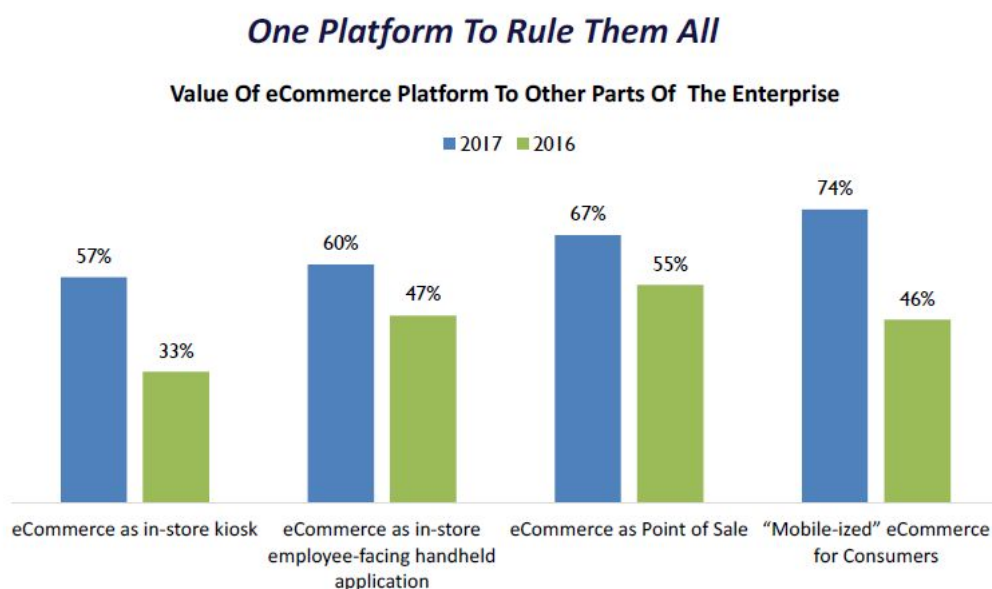
Before founding Magenable back in 2014, Alex Levashov had worked in IT and finances for over 20 years, both in Australia and overseas, delivering projects for such clients as DHL, USAID, Melbourne Airport and Betta Home Living.

He has an undergraduate degree in IT and MBA from Melbourne Business School.

Alex started [Magenable](#) with the goal to help Australian merchants running more profitable online stores.

Why eCommerce platform selection is important

It is hard to overvalue the role of eCommerce platforms in modern retail business. In the era of omni-channel the impact of eCommerce platform spreads way beyond just online store, as a chart below illustrates, more and more retailers realise that it affects many aspects of the business.



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So platform selection is extremely important and making wrong choice can have very expensive consequences for business.

An example of such mistake that become public is a failed attempt of Australian retailer Billabong to adopt NetSuite eCommerce platform. The deal was signed in 2015, but two years later **Billabong scrapped it and announced a \$11.7m impairment charge** booked.

Mistake #1. Wrong platform/business size fit

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One man's meat is another man's poison.

-Old English proverb

”



Employing a platform that is right for your business size is extremely important.

There are solutions on the market that are very easy to use, quick to set-up, have affordable pricing. However they target small businesses and lack things that are important for bigger merchants like advanced functionality, flexibility, integrations, SLA and a dedicated account manager.

On the other hand if you are a small business with simple ecommerce

requirements, a complex enterprise-class platform will be an overkill for your business and a waste of money and other precious resources.

So do your research, ask the vendor the right questions and if you hear something like “We are a platform for everyone”, take it with a solid grain of salt. The next table provides a guidance of what we think about some most popular platform - business size fit.

Platform	Business size best match
Wix	Small
Squarespace	Small
Weebly	Small
WooCommerce	Small
Shopify	Small
Shopify Plus	Medium
BigCommerce	Small
Oracle	Large
Hybris	Large
Prestashop	Medium
Magento Community *	Medium
Magento Enterprise *	Large

* This year Magento rebranded Community to Open Source and Enterprise to Cloud

The table above is a rough guide only: there may be cases when SMB platform can work for a big enterprise and a small business has to use more complex solution.

Mistake #2. Wrong platform deployment model

“

Be sure you put your feet in the right place, then stand firm.

-Abraham Lincoln

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What platform deployment model will be better for your business: SaaS (also often referred as Cloud) or more traditional hosting on premises (self-hosted)?

The right answer to this question helps you to avoid many problems in the future and understand the risk related with each of the options.

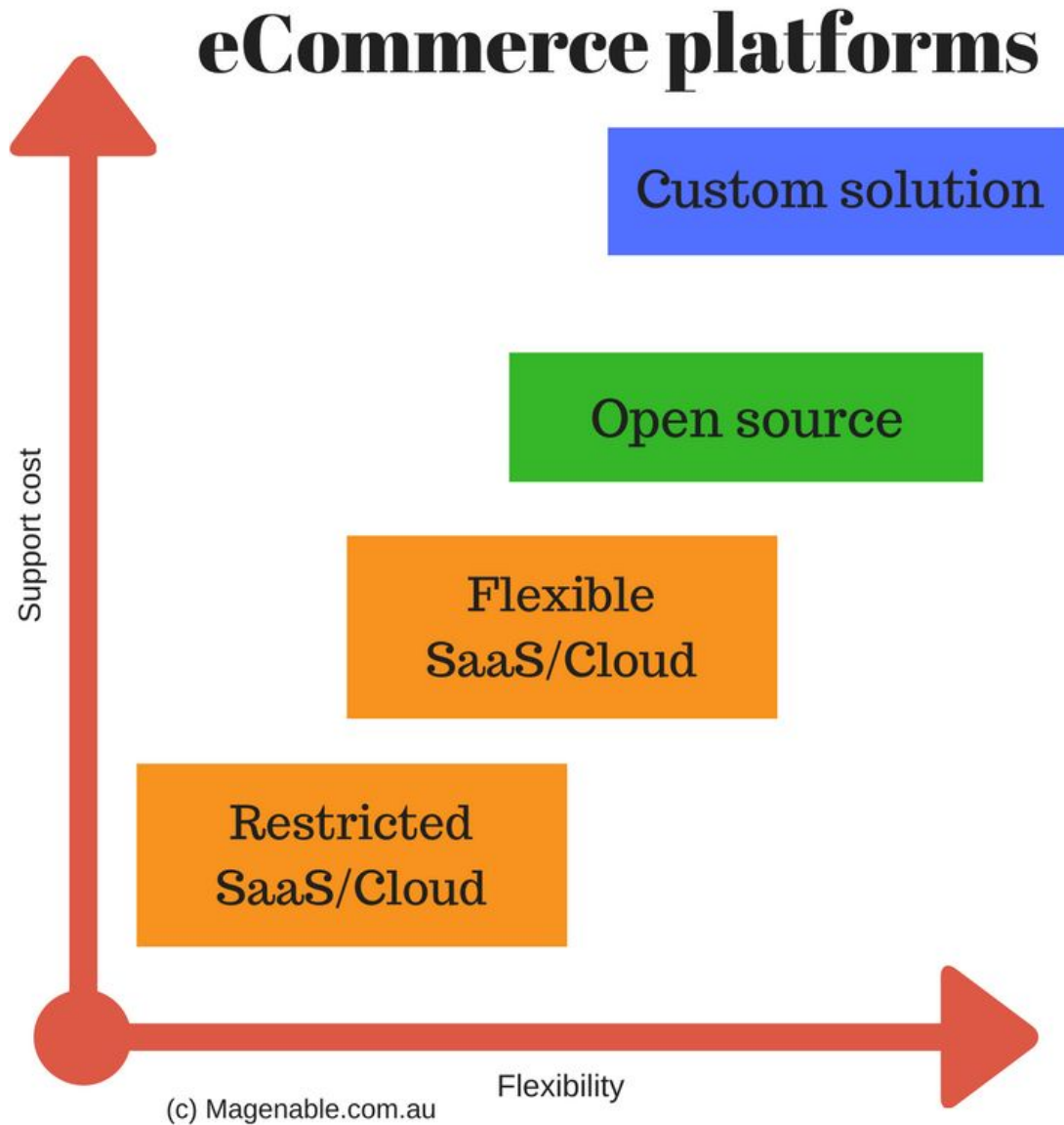
SaaS (Software As a Service) model is gaining popularity thanks to the next

benefits:

- Easier and cheaper (as a rule) implementation and maintenance
- Simpler scalability (handled by platform vendor)

These good things however comes with a cost of lower level of flexibility in wide sense (from changing functionality to selection in what country to host your website) and higher level of vendor lock-in. With on-premises solutions business needs to support and maintain their own or rented IT infrastructure, which has its cost. However you get much

more control, level of lock-in is lower and level of flexibility is higher, especially with open-source platforms.



A compromise deployment model is **PaaS** (platform as a service), when an open-source solution deployed to cloud hosting. This approach is practiced by Magento with its Magento Cloud platform. For more detailed outlook of this topic, check [our blog post](#).

Mistake #3. Build and forget myth

“

Another flaw in the human character is that everybody wants to build and nobody wants to do maintenance.

-Kurt Vonnegut

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It is probably less common nowadays, but still some business owners and managers have a strange expectation to online store creation as a one-time purchase, kind of set and forget and collect money thing.

Such expectation is very far from the reality. Online stores should be supported, maintained and constantly improved. In this sense it is pretty similar with brick and mortar stores where you need to have salespeople, someone doing merchandising a cleaner, etc.

Online stores need to be hosted somewhere, it has to be kept clean from malicious code, secure, fast and it needs to contain relevant and up-to-day product information. Someone has to conduct marketing activities to drive customers in and serve them when they need help.

So when you plan a new online store you have to think about who will do this: your in-house team, external partners or a combination of both. These people (internal or external) need to be trained to use your new platform and have an access to expert help when a problem beyond their skill level arises.

All that has to be properly budgeted.

A new online store is not a finale, it is rather just a starting point in the journey to eCommerce success. There are always means to make it better, so it is critical to plan for that in advance.

Mistake #4. Overslip ecosystem

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“The whole is greater than the sum of its parts.”

-Aristotle

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- How many people know this eCommerce platform in your country? In your city?

- How many apps/extensions are available for your platform?

- Are there many implementation and technology partners around?

All these questions may sound not so important if you already have some people who know the platform in question and good looking bid from a vendor.

However what happens if your in-house people decide to leave or the relationship with your vendor deteriorates? How easy will it be to find a replacement?

Platforms with extensive ecosystem like Magento, WooCommerce and to some extent Shopify have a big benefit there - it is much easier to find new employees and partners who know the technology hence saving your time and money on training. Less popular platforms, with all possible benefits come with higher costs to hire new staff and outsourcing providers.

Well developed app/extension ecosystem means that in many cases your business requirements can be met without the need to develop expensive custom solutions. Instead of that you can purchase an existing one and save thousands to hundreds of thousands of dollars.

Mistake #5. Do not plan integrations

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“Enterprise is hard work. You have to integrate the client with the optimized systems of all the servers and software.”

-Samuel J. Palmisano

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Nowadays it is a very rare case when eCommerce platform can work isolated from other business IT systems, almost never if we talk about midmarket and large businesses.

Inventory Management System, ERP, Marketing Automation platform, POS, Web Analytics are just several classes of IT systems that a typical online store integrates.

A good platform provides multiple avenues for such integrations:

- Out of the box apps or connectors for the most popular integrations;
- API for custom integrations with more rare systems or when business requirements are unique and can't be met via existing solutions

It isn't a rare case when the budget for a custom integration can be a very substantial part of online store creation cost, so planning current and possible future integration is must to do.

Failing to investigate this area properly may lead to significant increase of project scope and timeline and in extreme cases, to total project collapse if a critical system can't be integrated properly.

Mistake #6. Overlook migration challenges

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“We're entering a new world in which data may be more important than software.”

-Tim O'Reilly

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If you are migrating an existing store rather than building brand new, data migration is very important thing. Do you want to annoy your customers because they have to reset the password or not be able to see past order history?

There are 3 pieces of data that are typically migrated when an online store is replatformed:

- Products
- Customers
- Orders

Quite often it can be extended to things such as content pages (e.g. About Us), store locator details and other information.

As a rule of thumb the more you can migrate the better and the more you can migrate automatically or semi-automatically, the less expensive your project will be.

Hence it is a very good idea to explore avenues to migrations between your old and new ecommerce platforms:

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- Ways to export the data from old platform - it can be text files, database dump, API access to data
 - Ways to import data to new platform
 - Existing out of the box solution to migration

If one or both systems have limited import-export functionality, such as there is no APIs or out of the box solution for migration - your project has high chances to become more complex and expensive.

Mistake #7. Ignore future changes

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“What we need to do is always lean into the future; when the world changes around you and when it changes against you - what used to be a tail wind is now a head wind - you have to lean into that and figure out what to do because complaining isn't a strategy..”

-Jeff Bezos

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Changes are inevitable. Your online store has to go through smaller and bigger changes over time and it is critical to understand what kind of changes your eCommerce platform allows, how flexible it is.

The topic of flexibility was touched in Mistake #2, when SaaS and open-source was discussed.

There are couple classes of the changes:

1. Change of the content - which is not a problem in any decent platform.
2. Change in the functionality, where the situation is more complex.

SaaS platforms by definition are more restrictive to complex changes, because there is no access to source code provided. The best SaaS platforms allow you to change some (but not many) functionality through a special programming language or using apps that communicate with the platform via API. In extreme case you may need to create your own app that has to sit at a separate hosting location and utilise API. Even then there are limits and for some changes you have to wait until the vendor implements it or give up if it never happens.

With open-source platforms, you have access to the source code, so at the end of the day can change almost everything if needed and your budget allows. Good open-source platforms with extensive ecosystem (Magento, WooCommerce) have big number of plugins/extensions that helps to reduce time and budget for many typical changes. If there is no existing extensions, your implementation partner can develop a custom one to solve your business problems.

Typically custom extensions for open-source platform are much cheaper and faster to develop and maintain than custom apps for SaaS platform.

Mistake #8. Become a hostage

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“Affairs are easier of entrance than of exit; and it is but common prudence to see our way out before we venture in.”

-Aesop

”



Terms and conditions that both platforms and implementation partners offer vary greatly on the market and a merchant should carefully investigate:

- What happens if the relationship that seems to be promising now fails to work.
- How easy will be to walk away?

Typical pitfalls there are:

- **Multi-year software licence purchase agreement.** You may understand that you agreed to pay \$X dollar for 1st year and \$Y for the following years, which is fine. However the minimal term of agreement is 3 or even 5 years,

with no way to terminate it earlier. So if you decide that to scrap the project you still have to pay that money.

- **Exclusive support clause.** More common with implementation partner. Website creation deal looks quite good, but you have to sign-up for support and maintenance deals for several years with no possibility to terminate it.
- **Vendor owns everything.** It is more or less expected with SaaS platforms like Shopify to own the code, but sometimes custom or even open-source based solutions contracts are written in such a way that all the code is owned by vendor, so legally there is no way to take it and move to another supplier. In extreme cases it will be a problem to even migrate out your data.
- **Host with us only.** Related with the two case above. If your implementation partner also offers hosting and insists that you must to host with them - probability of becoming a hostage increases dramatically. You have to host with your SaaS provider, it is part of the deal, but if you select open-source platform - it is much better from risk management perspective to host it on your own or independent 3rd party premises.

Mistake #9. Select wrong implementation partner

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“Finding good partners is the key to success in anything: in business, in marriage and, especially, in investing.”

-Robert Kiyosaki

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Online store creation and further operation is a significant investment for any business, so having the right partners that helps your business in this journey is extremely important.

Typical bad case scenarios that we have seen are:

Come to your generalist digital agency

Typical digital agency is used to create presentation websites using popular CMSs, develop content for social media, construct eDMs and probably manage generic Adwords campaigns. It rarely has both human resources and experience to build and maintain more or less complex eCommerce systems, especially using advanced platform like Magento. To keep you with them and earn extra dollar they may promise you to develop online store. The question is- can they keep this promise and what kind of store will you get? At the best

your project has high risk to go over time and budget and at worst failed to be delivered all together.

Client - vendor size mismatch

When a midsize business decides to get the best service, a common misconception that getting it is only possible from the biggest vendors in the town. However the problem there is that medium business will be a small client for such vendors, which leads to a risk of becoming a lower priority customer. Once honeymoon time ends your requests will be at the end of the queue and you'll get the most junior people working with you, not high calibre guys who you've probably seen a couple times during sales. Add to this their well above the market rates you'll pay and to little surprise a relationship between small/medium client and big agency rarely lasts long and ends well.

Going offshore

Some price-conscious customers, in order to cut costs, may decide to employ a purely offshore vendor. It may sounds like a good idea, because hourly rates in Asia, South America or Eastern Europe are much lower than in Australia. However such economy on software developer's rate comes with many complexities:

- Massively more complex communication
- Need very well defined project management procedures and tools
- Cultural differences
- Time zone differences

So this route may be feasible, but only for the clients who have solid experience in managing offshore teams and ready to spend more time and bear more risks.

Good implementation partner key attributes

- An expert in the platform of choice for your store.
- Have both business and technology experts in the team.
- Provide good value for money.
- Have a genuine interest working with you long term.

Conclusion

eCommerce platform selection is a complex process, involving many factors to assess. It very rarely happens that a single platform is a winner in all aspects, so merchants have to not only consider all the requirements, but also define the importance of each: what is critical, what is significant and what just nice to have and can be sacrificed.

If you are not sure and need help in platform selection - [contact Magenable](#), I'll be happy to provide you a consultation

Good luck in building a profitable online store!

Alex Levashov

About Magenable

Magenable is an eCommerce consultancy based in Melbourne, Australia. It specialises in Magento (both 1.X. and 2.X) as implementation platforms and prioritises business goals and ROI over using the latest framework or creating the craziest design (built to impress other designers and won festival award).

Magenable helps you to set a roadmap for eCommerce success and work together to implement it.

The services provided includes:

- turnkey website creation and replatforming,
- ongoing support and maintenance,
- eCommerce strategy consulting
- conversion optimisation.

Magenable has a lean management structure and utilises blended delivery models to provide great value for money to its clients.

To find out more - visit Magenable website at: <https://magenable.com.au/> or contact using more traditional ways as per the details below.

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