

HIDDEN COSTS OF ECOMMERCE PLATFORMS



ENABLING THE BEST PRICE
ENTERPRISE SOLUTION FOR YOU

How much will you save with MartJack Enterprise?

Total Cost of Ownership of an eCommerce platform is the cost of operations, management and licensing a platform. A site's eCommerce platform is pivotal to the growth of the website and all retailers should analyse and research the TCO (Total Cost of Ownership) in accordance to their future plans before settling on their eCommerce platform. Calculating TCO is important not only important to estimate finances; knowing the TCO also gives the company an insight into how long their time to market is going to be and how long it would take to make amends on the website. However, it was found that 43% of the retailers underestimate the cost of ownership.

When you go with licensed eCommerce platforms, the costs involved are much higher than they seem. The most common eCommerce platforms that prevalent in about 80% of the sites are:

- Open source platforms
- Licence- hosted platforms
- Licence- On-premise platforms

Open source platforms



Licence- hosted platforms



Licence - On-premise platforms



Open source platform provides “the rights to study, change, or distribute the software for free to anyone for any purpose” This seems very lucrative with the keyword “Free”. People instantly think open source platform will mean a cheaper alternative; however, reality is quite the contrary. All implementation and maintenance works add to the cost of the platform.

Advanced enterprise class open source solutions are not free eg: Magento Enterprise costs \$12,900 annually, and this is just for the licensing, sans implementation and integration.

Closed licensing software's are closed developed exclusively by the company and customers have to pay a licensing fee to use their software. At a glance, their initial licensing costs may seem diminutive, however, at a closer look; you will realize that there are add on cost with every step you take. Once your website starts growing, licensing costs for modules and traffic starts adding up. 67% of the online retailers pay more licensing fee when they reach higher traffic. And 75% of licensing contracts restrict companies from entering new marketing without paying more. Moreover, you will have to staff personnel and engineers to support the backend of the website. Online stores find it difficult to find resources for supporting their licensed platform. Maintenance costs are high as companies with large yearly revenues staff over 40 engineers on an average.

Time and effort

In the day of Omni-channel retailing, online retail is evolving every day. The need for retailers to be present everywhere is paramount. A staggering 62% of respondents on the Voila survey consider Omni-channel to be a very important channel for brand building and directing sales.

When evaluating platforms it is critical for you to think of your long-term along with your short term. If the platform you select is not able to meet your needs in the future, you may have to re-platform, which is both, a time consuming and expensive process. 78% of retailers said they have concerns about if their current platform will support plans for global expansion. 54% of retailers plan to replace their platform in the next 4 years.

Businesses are agile and change with time. Software licensing model and traditional software are rarely able to support business requirements with change. The goal is to settle with a platform that offers flexibility and scalability while fitting into your today's budget. An average retailer spends 7% of online revenues to support technology under it.

Organizations that opt for using on-premise or licensed eCommerce solutions report that 7.6% of their online revenues are platform costs, whereas, only 3.5% of revenues are reported as platform costs with cloud based eCommerce platforms



Move over to the cloud

The much more cost effective model is the cloud based SaaS model. There are no hidden features or add-on costs you will have to bear in the future with this (We promise) . After implementation and the initial starter fee, there will be monthly SaaS fee. Martjack easy to use backend interface does not require technically skilled people to operate it.

For instance: The Total Cost of Owning (TCO) Martjack Enterprise is at least 2X lesser than Magento and at least 7X lesser compared to Demandware, Hybris and ATG Commerce.

	Hybris	Magento Enterprise	MartJack Enterprise	Comments
ANNUAL INVESTMENT (IN INR)				
License for a complete suite of Multichannel Commerce Platform	1,50,00,000	1,30,00,000	2,40,00,000	2,40,00,000
One time Implementation cost on material and time basis. Including three stages - plan, build, deploy	-	-	500,000	One time fees
Infrastructure (Hardware)	8,333,333	2,880,000	Nil	No requirement of IT team
Software Licensing such as server, firewalls etc	600,000	450,000	Nil	Cloud Based offering
Infrastructure monitoring and maintenance	250,000	175,000	Nil	Cloud Based offering
Investment for new modules + customization	350,000	250,000	Nil	Cloud Based offering
Training, Support and other overhead costs	-	350,000	Nil	All updates are free
Annual Total Cost of Ownership (TCO)	960,000	550,000	Nil	Included in SaaS Fees
Annual Savings for customers if they go with Martjack	25,493,333	5,955,000	2,90,00,000	-
TCO of Competitor with respect to Martjack	22,593,333	3,055,000		
	8.7 X	2.05 X		

Best of all the worlds

An Enterprise Class SaaS Platform

	Building In-house	License Model	MartJack
Control for Business Users	High	Medium	High
Room for Customization	High	Medium	High
Scalability	High	High	High
Total Cost of Ownership	High	High	Low
Agility / Time to Market	High	Medium	Low
Room for innovation	Low	Medium	High
Security	Low	High	High
Room for Extensibility (Integrations)	Medium	Medium	High

How are we different

Businesses are agile and change with time. With software licensing models, once newer features and technology come along, you have to pay all over again to access those features.

The goal is to settle with a platform that offers flexibility and scalability while fitting into today's budget.

The unique business model of MartJack combines the best of the all worlds – building the platform by an in-house team and the alternative licensing model. MartJack offers a lot of Control for Business users; it offers enough Room for customization, its highly Scalable, Secure, Agile and Extensible, it provides a lot of room for innovation yet offers a unique advantage of low Total Cost of

How we are different from others in the market

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Most Agile platform	We are the most agile platform in the market. The ability of customization is not only groundbreaking but the time to market and the extent of control for stakeholders is far ahead compared to other platforms.
Comprehensiveness	Comprehensive Omni-Channel Capabilities built and mastered over 7 years. 780,000+ Man hours has been invested to build the platform.
Technology	Scalable, Secure and Cloud hosted. The SaaS model enables us to give unmatched leverage on making the eCommerce operations, scalable and agile.
Total Cost of Ownership	Unprecedented leverage on Total Cost of Ownership compared to competitors.
Expertise	150+ years of aggregated retail and eCommerce experience in management team. The team has worked with more than 3000 retailers in emerging markets. We truly understand the pulse of the market, on-the-ground challenges and aspirations of retailers.
Proven	Trusted by market leaders such as Unilever, Walmart, Lulu, Sharaf DG
Open and Extensible	Seamless integration with business processes and third party systems such as POS.



Closing note

Being creative in your marketing strategy is a lot more effective than paid marketing in long term. Unlike ephemeral paid ads, these strategies discussed above will make an impression on your customer.

The list might seem overwhelming however, you are not expected to put everything to use at once. Mark Zuckerberg once said "I think a simple rule of business is, if you do the things that are easier first, then you can actually make a lot of progress"; and he could not be more right! Start with the things feasible at the moment and expand slowly, inculcating the ways of marketing relevant to your industry or brand. With time, you should get out of your comfort zone and get more creative and bold with your strategies.

Hope this knowledge paper was of use to you. Give us your feedback and comments at **marketing@martjack.com** (we are not just saying this to be polite; we'd actually love to hear from you).

For more eCommerce tips, checkout **our blog!**

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Get Consumer Ready

Talk to an expert today.
Write in to us:
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Insights +

Engage +

Anywhere Commerce +

Loyalty +

Capillary's technology solutions help businesses get ahead of the digital evolution and stay 'Always Consumer Ready'. Over 300 marquee brands across 30+ countries, including Pizza Hut, VF Brands, Walmart, Al-Futtaim, KFC, Starbucks, Madura Garments, Courts and Samsung, trust Capillary to enable easy and seamless consumer experiences. With over 300 million consumers and 25,000 stores on the platform, Capillary is Asia's leading SaaS product company. Over 700 Capillary associates across 11 global offices are continually innovating to find new ways for brands to make their consumers' lives easier, and experiences memorable.