Modern Commerce Day Report 2022

How the leaders and pioneers of modern commerce are driving technology and organizational change to optimize business results in a constantly evolving world

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Hello

Just in the past few years, the pace of technological advancement and innovation has dramatically accelerated — this is a simple truth. And, I think it's great; it brings commerce-driven businesses increased opportunities, new possibilities and incredible potential for growth. At the same time, for businesses today, keeping up with continually changing commerce needs and expectations while also grappling with supply chain issues, economic uncertainties and other global issues can be overwhelming.

It was with this knowledge — that we live in exciting, yet unpredictable times — that led commercetools to launch Modern Commerce Day four years ago. This event brings together thought leaders who are successfully navigating commerce today with businesses that are exploring their options or already in the process of digitally transforming to meet the needs of customers today and ensure future growth.

With 10 sessions, 12 speakers and two guest moderators, Modern Commerce Day 2022 exceeded expectations, delivering countless memorable moments throughout the day that resonated with the attendees. From digital transformation success stories, technology lessons learned, and insights into current consumer trends to persuasive arguments in support of modern commerce solutions and predictions for the future — every discussion offered valuable takeaways.

Distilling six hours of advice, ideas and inspiration into this report was a challenge, but we tried our best. And, if anything is particularly compelling and you want more information, all session videos are now available for viewing online.

For me, Modern Commerce Day is an opportunity to see the theory meet reality. As someone who's worked in technology for a long time and embraced every advancement, I understand how tech solves real-world business problems. Regardless, I never tire of hearing the stories of customers who said "yes," took a leap of faith and are reaping incredible rewards.

Enjoy,

Kelly Goetsch
CHIEF STRATEGY OFFICER, COMMERCETOOLS

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The #1 Takeaway: Go Composable or Go Bust

What a difference a year makes! If there was one overarching message from Modern Commerce Day 2022, it was that composable is the future of digital commerce. What's interesting is that the concept of "composable commerce" was not yet part of the conversation at our last Modern Commerce Day in 2021. Perhaps, it's because it wasn't until June 2020 that Gartner® boldly predicted that by 2023, organizations that adopt a composable approach will outpace the competition by 80%.

There's also the fact that the approach represents a dramatic shift from the monolithic suite system brands have utilized to enable eCommerce since the inception of online shopping. To adopt a composable commerce approach, brands must partner with a new breed of eCommerce-specific, SaaS-based technology vendors whose products embrace the technologies behind MACH™ architecture — microservices, APIs, cloud-native and headless. These startup companies focus on building individual commerce capabilities, now commonly known as packaged business capabilities (PBCs), which spurred the birth of composable commerce.

So, what exactly is composable commerce?

Coined by Gartner® in 2020, composable commerce is a development approach that enables businesses to "leverage packaged business capabilities (PBCs) to move toward future-proof commerce." PBCs serve as the building blocks to allow businesses to 'compose' a modern commerce solution that fits their exact needs and provides flexibility as those needs change.

To embrace a composable commerce approach, businesses must have a technology infrastructure that enables PBCs to be integrated easily and without risk. This is accomplished through MACH® architecture, which establishes the flexible, agnostic development environment needed. This is how and why the two approaches — composable commerce and MACH® architecture — are intrinsically connected.

At this year's Modern Commerce Day, almost every speaker advocated for composable commerce and offered examples of how the approach solidifies their ability to deliver digital experiences that translate into dollars on their bottom line. Composable Commerce advocates included:

SCENTBIRD
• NEW YORK •

" The ability to not just slightly adjust the direction but completely change the direction...is a critical part of our business. That's why we embraced the approach of composable architecture — one day we don't know we want a referral program, [and] the next day our marketing team wants it. If we can just plug it in easily, obviously that's a big win for the business. That was and still is the philosophy behind the business."

— ANDREI REBROV, CHIEF TECHNOLOGY OFFICER, SCENTBIRD

Nuts.com

" We felt like the composable, MACH, headless model gave us the right amount of flexibility while still giving us a stable core of things that need to work — like cart and checkout that just need to work. They're not really rocket science, they're plug and play."

— ALEX SHIFERMAN, CHIEF TECHNOLOGY OFFICER, NUTS.COM

Alcon

" Composable commerce and MACH architecture really allows us to be flexible [and] enables speed to implement where needed and where required [in accordance with] any local regulations or legal requirements."

— JOZEF STAWARZ, HEAD OF ENGINEERING, INTERNATIONAL, ALCON

MARS

" As we dove deep into what the business benefits would be if we went the route of composable commerce, we knew that we would be able to deliver a much more differentiated commerce experience that really stood out. We didn't want to just be the next Shopify store or the next Commerce Cloud store. We really wanted to be able to offer a unique brand experience, not only with M&Ms but across the Mars umbrella."

— KYLE BARZ, GLOBAL DIRECT TO CONSUMER PRODUCT OWNER, MARS

netlify

> **❝** I think it was 2020, 12% of enterprises said they would go composable if they were building out a new digital experience platform...and that number is 75% this year...which is just unheard of growth. I think at Forrester, [the report shows] more than a 50% increase to these areas around composability and MACH. Even at Netlify where we are building an early enablement platform for developers to build web apps and sites that tie together MACH components into solutions."
>
> — CHRIS BACH, CO-FOUNDER, CHIEF STRATEGY AND CREATIVE OFFICER, NELIFY; MACH ALLIANCE BOARD MEMBER

Why composable? Why now?

Agility and adaptability: Addressing a changing business climate and customer expectations

To put it simply, taking a composable approach — not only with your technology systems but across your entire organization — truly goes beyond delivering the "benefits" businesses look for when implementing strategic improvements. According to Gartner®, organizations made from interchangeable building blocks are able to handle "global industry-wide volatility" at any time, because they can "rearrange and reorient as needed depending on external (or internal) factors like a shift in customer values or sudden change in supply chain or materials."

The speakers who participated in the online pure-play panel proved the truth behind this concept while reinforcing the idea that the composable approach can, and should be, embraced by every organization, regardless of digital maturity level or business model.

Though both Nuts.com and Scentbird are pure-play online retailers selling products with fanatical target audiences — snacks and scents — the two companies couldn't be more different.

Nuts.com is a family business that opened in 1929 with a single brick-and-mortar location. Originally a B2C business, the company eventually added B2B sales. After launching a website, created by the owner's grandson in 1999, the "local" provider grew into a national distributor generating over 100 million USD in annual revenue.

Scentbird, on the other hand, is a digital native startup founded in 2014 by a group of entrepreneurs as a subscription perfume service — an eCommerce business model less than 10 years old. Currently, the company has over 400K subscribers who receive "Scentbird" boxes on a monthly basis.

At the same time Scentbird was busy building its online site, Nuts.com was looking at modernizing its commerce technology. Despite the lack of similarities, both companies determined that composable commerce was the only path to a secure digital future.

Piyush Patel, Chief Strategic Business Development Officer at Algolia, a best-in-class SaaS search engine vendor and partner of commercetools, hosted the discussion, and after hearing the stories and asking additional questions, summarized the three main reasons composable is the right choice for eCommerce right now.

Agility

"Whether it's related to your own core business, the macroeconomic factors all of us are facing now [or] just that your business needs to be able to make different decisions...you don't want to be locked in by the capabilities of a large platform."

Scalability

"As your business grows, you want the ability to move pieces around and into more scalable infrastructures...whether it's geographic or just in size and scale."

Flexibility

"You don't want to be locked in from a vendor roadmap perspective...you want your own freedom and timeline of when you want to innovate."

9 More Great Takeaways

1 ## Waiting to modernize your technology is no longer an option

At this point, if you're still "waiting" to modernize your commerce technology, you're jeopardizing your business future. You cannot afford to continue to allow your monolith to slow you down. Danielle Diliberti, Chief Executive Officer, Sommsation; Senior Director in Strategy, Eldridge Industries and an Ambassador for The MACH® Alliance, who has spearheaded the digital transformation of multiple companies, made it clear, "It's a real risk to organizations to get left behind...People are moving faster and faster to get into the market — and you have to be able to compete with that."

As if any further reinforcement was needed, Carrie Tharp, VP of Retail and Consumer at Google Cloud, made it loud and clear, "Transformation in retail truly is a race. Many of you kind of hold the future of your organizations in your hands over the next 10 years. Whether or not you'll be growing shares or potentially declining can hinge on a lot of the decisions that you are making today."

2 ## Involve your customers in planning your commerce experience

The old-school approach to gaining and retaining business was to assume what your customer wants, design your commerce experience around it, launch the site and make incremental changes based on what ends up working and what doesn't. That's not the best plan anymore. In planning Mar's new B2B commerce experience for one of their divisions, Jason Thomstatter decided the first step would be to reach out to customers. "We knew we needed to address the experience our customers were having...and that the only way to build a successful platform was to base it on customer feedback."

Alcon's Jozef Stawarz echoed the same sentiment. When his team was creating "My Alcon Direct," its first B2C site, they "completed many interviews with many stakeholders including eye care professionals (ECPs) and consumers." This approach enabled them to develop a convenient, easy-to-use commerce experience that truly fit the needs of patients and ECPs— and decreased the chances they would check other channels before placing an order through Alcon.

3 Commerce's new buzzword is "optimize"

Optimize, optimizing, optimization — the importance of making business choices that create efficiencies that, in turn, open opportunities that deliver results — was mentioned multiple times in multiple sessions. "Optimization with the macroeconomic dynamic is a big theme right now," acknowledged Google's Carrie Tharp. "That's marketing optimization, pricing optimization, planning, and forecasting. So, as things get tight in the world for the consumer...how can the retailer continue to provide value for money?"

Andrei Rebrov pointed to two specific optimization outcomes recognized by Scentbird: "Instead of having a person who spends the entire day in the admin creating new products, we can just upload the CV file...in a matter of minutes, 50 or 100 new products on the platform....same for the merchandising team. Instead of chasing the brands, looking into multiple data reports and understanding how to manage products on the platform, they now have one place they go and manage it easily. Because of that, they were able to remove their request for additional headcount. Obviously, that's...a money-saving moment for the company."

4 Make creating a Minimum Testable Product (MTP) a new milestone

Traditionally for most commerce build projects, stakeholders are focused on launching a Minimum Viable Product (MVP), but for Alcon, its first milestone after insights and discovery was delivering an MTP. This additional step accomplished two goals. First, it confirmed that the business case (a B2C site) was a viable commercial idea, and second, it gave the company more information on which to base their RFP and ensure it chose the best technology vendors for the project. As Jozef Stawarz explained, "The object of the MTP phase was to make the least effort to get the maximum amount of customer and consumer learning."

5   Choose tech that makes developers happy

Everyone knows tech has a high turnover rate. While having modern technology in place isn't the only way to attract and retain talented developers, Chris Bach of The MACH Alliance, made it very clear that "tech choices matter," offering a comparison to validate his point. "Imagine telling a marketer they just have to do legacy ads in the yellow pages...that's it. They'd probably move on. The same goes for developers... they don't want to work with legacy solutions. They want modern stacks."

Echoing this opinion was Alex Shiferman at Nuts.com, who stated, "If you want to retain your team...make them happy and make...them excited to come to work every day. Find a platform that's developer friendly."

6   Fail fast and move forward

Sometimes things work, and sometimes they don't. Failure is essential to innovation. The beauty of modern commerce is being able to test out something new without risk. Sree Sreedhararaj, Chief Technology Officer at Sephora, said the company tried different strategies during the pandemic to provide their customers with an experience comparable to shopping in-store. "Some of them are successful, some are not...but we move on and get to the next thing."

He pointed to "Virtual Artist," an augmented reality feature that allowed shoppers to try on makeup virtually, as something they tried but have temporarily shelved because of color accuracy issues. Their online beauty advisor initiative provided another great example. The company thought their customers would love getting advice via live video chat — they did not. However, they embraced text chatting with advisors so the company moved forward with that feature. "They're not bots...they're truly expert professionals who are interacting with you and trying to understand your concerns. That has been really successful. We have amazing adoption on the chat and those interactions are driving a lot of conversion on digital channels."

7 Commerce is complicated, don't expect the journey to be easy

If digital transformation was a piece of cake, every business would have already rushed to take the first bite, but as Kyle Barz, Mars cautioned, it's not. "First, we really had to increase our, what I call 'tech quotients' internally, both on the technology side and on the business side, to better understand how to leverage the capabilities that are being offered."

He doesn't recommend tackling the project on your own, stressing the importance of "identifying the right partners and agencies to help [you] from an integration standpoint. "We have found that there isn't a huge number of agencies out there that have experience doing this, and so it was very important to us to find a partner that has proven experience in being able to do this."

8 On that note, choose your partners wisely

Almost every speaker mentioned the role of partners in helping them accomplish their goals — with the general consensus that it makes no sense to reinvent the wheel when there are vendors that make best-in-class wheels and integrators that can help you find the right ones for your needs.

Alex Shiferman, Nuts.com offered three suggestions on what to look for in choosing a partner: (1) stability, (2) expertise and (3) track record. The whole point of partners is to enable your team to focus on building what makes your brand unique — "your secret sauce" as he called it. "It's not to say we don't have great technologists but I'd rather deploy them elsewhere."

Alcon's Jozef Stawarz agreed: Having the ability to make your secret sauce is key. "We don't have to worry about maintenance, upgrades, compatibility. We're given APIs and SLAs and we just focus on what's important to us...our secret sauce, if you will, without having to worry about servers and this and that and everything else."

9   Nothing trumps human interaction

Technology is amazing and no one is questioning that fact. But it's designed to support humans, not replace them. It has to be used to reinforce commerce — and for that to work, humans have to embrace it. Tovi Heilbronn, Director, Digital Product & Experience, Harry Rosen, laid it out perfectly, "Tech is not an inhibitor. People are." From his perspective, visiting his stores is critical to understanding what their customer wants, "Talking to the people who actually operate these stores. I'm continually blown away by the deep insights I can learn just by being face to face and talking to people."

And, even as passionate as Google's Carrie Tharp is about the things technology is making possible in the world today, she seconded his opinion, stating, " At the end of the day as a brand leader or a retailer, you are still in charge of the orchestration of the technology and the humans that bring to life your brand and experience."

"How Mars built a B2B customer-centric commerce experience"

As shared by Jason Thomstatter | Modern Commerce Day, Oct. 19, 2022

"It all started when I received a call from the Mars ICE CREAM GENERAL MANAGER. He had just received an email from a customer saying, "I love your brands, I love your products, but I hate your ordering process, and if you don't fix it, I'm going to stop doing business with you." This was a pretty powerful message...I partnered with him and we secured funding to launch a proof of concept for our ice cream business. We had a kickoff meeting with our sales team within ice cream and customer care...and we learned a lot."

Feedback from the sales team included:

1 - They wanted us to reduce the number of times they have to touch an order
2 - They wanted to eliminate the number of product cuts their customers have to deal with

"So we hit the road and met with a number of our customers...we committed to them that we would take their feedback, listen to it and actually come back in 90 days with a working prototype that they could click through test [and] give us their feedback on, but more importantly, place an order on...and actually have an order delivered to them. They asked for a system that would give them many of the most common B2C capabilities — easy-to-use information about the products, pricing, the status of the order — but they also needed B2B specific features such as requisition lists, the ability to easily reorder from their last order, the ability to ship to multiple warehouses and the ability to schedule an order."

Valuable insights from their B2B customers included:

Let me choose my delivery date

"We learned they may not necessarily always want their order delivered the next week. They may want it delivered in four weeks because that may be when their warehouse is able to accept that order."

Let me improve my cost efficiencies

"They told us they needed the ability to order cases in layers so they could develop a full pallet. And then, once they built their pallets, they wanted to understand how many pallets fit into the trucks...this way they could understand if it was going to be a quarter truck, a half truck or three-quarter truck or a full truck. Once we were able to provide that to them, they wanted visibility around what sort of pricing they could receive for their order; if they could receive any sort of discounts based on the order size, etc."

Show me you appreciate my business

"There was also a piece of feedback that really sticks with me to this day, and this customer told me, 'I place a $100,000 order with you and I don't even get a thank you note.' This was a really powerful message to me. It really showed how much room we had to move forward and [the] opportunity we had to really drive in this space."

"So we went to work, took all of that feedback, providing it to our development team. We really prioritized the biggest opportunities we could solve for these customers as we developed our MVP. We came back to these customers about 90 days later and brought with us a working system...they could log into the system, they could look at the products, place orders and give us feedback. We got a lot of learnings out of this demonstration, mostly positive feedback, but a lot of good tips on how we can further improve the platform."

Delivering on customer expectations

"One of the most exciting things I heard...customers basically stated, "We went from the worst ordering experience to the best." This was really what we were trying to achieve — a great customer experience by making it easier for our customers to do business with us and ultimately driving growth through this platform. So, with the success of the ice cream platform, we've been able to leverage it across our organization. It's great to have a platform that people can look and touch and feel — and actually see what it does. And as we've done that, we've actually generated a lot of interest across our organization for the B2B capability."

Quotes worth repeating

Modern Commerce Day was 10 sessions full of great stories, interesting insights and educational tips — and along the way, bold statements that really hit home. Journalists like to call them, "great sound bites," but actually they're more like a call to action. When someone says something using just the right words and it creates an "aha" moment for you — and all of a sudden you think, "Yeah, they're definitely on to something here."

HARRY ROSEN

"We've very focused on a 'best of need' approach. What's the impact of this? In 2020, 300% growth in orders, 99.98% uptime since go-live and 100% improvement in site conversion."

— TOVI HEILBRONN, DIRECTOR, DIGITAL PRODUCT & EXPERIENCE, HARRY ROSEN

Google Cloud

"We used to think 2 weeks was great, one week was good. Then it became 2 days, 2 hours, 1 hour and now, down to 15 minutes… So, what does that mean for your business model and can your technology platform extend into all the other platforms and capabilities to make that a reality for your customer?"

— CARRIE THARP, VICE PRESIDENT, RETAIL & CONSUMER, GOOGLE CLOUD

netlify

"I love, personally, that I can tell whether I am browsing a MACH site because it really loads very fast. You can notice that visibly, and the effect that this has on conversion rates is just amazing."

— CHRIS BACH, CO-FOUNDER, CHIEF STRATEGY AND CREATIVE OFFICER, NETLIFY, MACH ALLIANCE BOARD MEMBER

SCENTBIRD
• NEW YORK •

"We call ourselves a technology-enabled company...I see my role as to find the best technology to give an unfair advantage to every person — every department in our organization. And that, almost by definition, means most likely I won't be able to find one platform that can solve everything as a best-in-class solution. So, we immediately transfer to the composable architecture, and then we try to understand, 'What makes Scentbird a really unique subscription fragrance company?'

— ANDREI REBROV, CHIEF TECHNOLOGY OFFICER, SCENTBIRD

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sommsation

"If you're doing a true omnichannel strategy, you're getting 3, 4, 5x return or bang for your buck."

— DANIELLE DILIBERTI, CHIEF EXECUTIVE OFFICER, SOMMSATION; SENIOR DIRECTOR IN STRATEGY, ELDRIDGE INDUSTRIES AND AN AMBASSADOR FOR THE MACH ALLIANCE

Nuts.com

"We had a very high demand during COVID-19, and the fact that we were able to handle that scale.... we had zero technology issues. When things just work, and nobody complains about tech, that's the best experience. We've been able to grow our technology team 3x since we started the transition to MACH and composable, and we've had very little conflicts.

— ALEX SHIFERMAN, CHIEF TECHNOLOGY OFFICER, NUTS.COM

Alcon

"If we were to stay with a monolithic eCommerce system we would have challenges, as we did in the past — in adjusting to whatever may be, which was very challenging to us because we're an internationally facing digital product. Again, as you go market to market, you have different needs, such as legal and regulatory — you need to be able to adjust, and adjust fast."

— JOZEF STAWARZ, HEAD OF ENGINEERING VISION CARE INTERNATIONAL, DIGITAL HEALTH

SEPHORA

"I don't think there's a retail business out there saying, 'Let's not look into the consumer and let's not move faster with [the] consumer.' Where usually it staggers or slows down is the capabilities of the technology. As leaders of technology organizations, we need to make a call. 'Where do you want to invest and what type of technologies [do] you want to invest [in]?' For example, moving from your legacy technology to have composable nature so that you can truly move faster with the consumer demand. It's not cheap, [you can't] give the traditional ROI to it, it's a long-term approach."

— SREE SREEDHARARAJ, CHIEF TECHNOLOGY OFFICER, SEPHORA

The New Consumer

"It turns out so much of technology is about people; not only the people who use it but the people who make it and implement it. And — everybody needs to really feel that they've bought in as people — otherwise, the software doesn't work."

— DAN FROMMER, FOUNDER/ EDITOR-IN-CHIEF, "THE NEW CONSUMER"

Hey Google, "What do my customers want and how do I deliver it?"

While years of working at Fossil, Neiman Marcus and Google helped shape Carrie Tharp's impressive retail expertise, she opened her presentation by sharing her first taste of retail — working at her grandparents' grocery store. "I learned a lot about customer service; being hyper-local, personalization, and really just knowing your customer and meeting them where they are."

Today, as VP of Retail & Consumer at Google Cloud, Carrie immerses herself in learning and understanding the customer mindset to assist retailers and Google in delivering to these expectations. She describes her job as "a curator of all the best-of-breed technology out there from a partner ecosystem and Google, to help you [the retailer] accelerate what you are trying to do from a digital perspective."
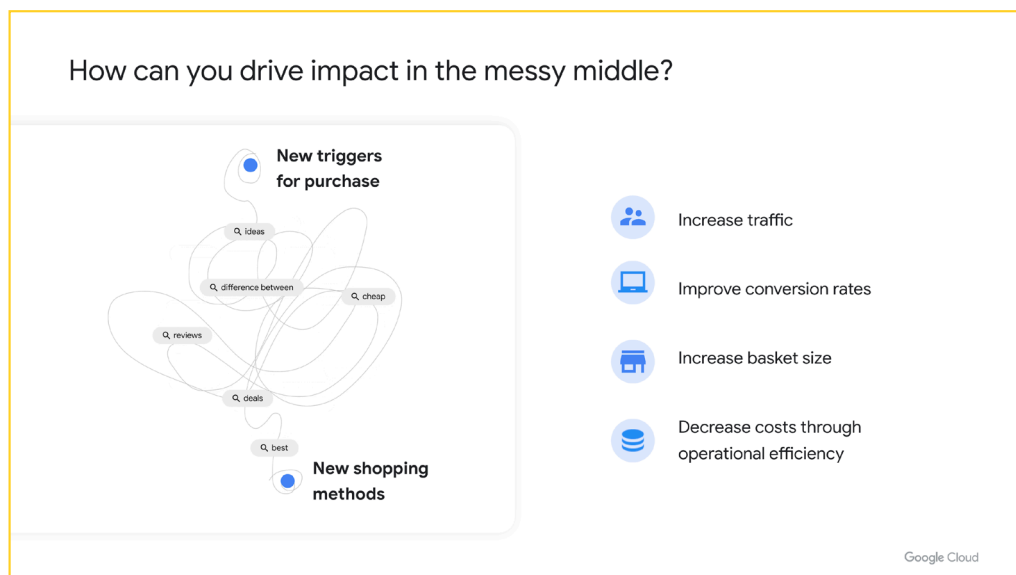
> **❝** It's more critical than ever for brands to always be ready to meet customers wherever they are."
>
> — CARRIE THARP, VICE PRESIDENT, RETAIL & CONSUMER, GOOGLE CLOUD

It's not news that commerce and consumers have changed dramatically over the past five years, and as Carrie explains, "There's an ongoing evolution of what it means to shop." What this means, she says, is that it's more critical than ever for brands to always be ready to meet customers wherever they are.
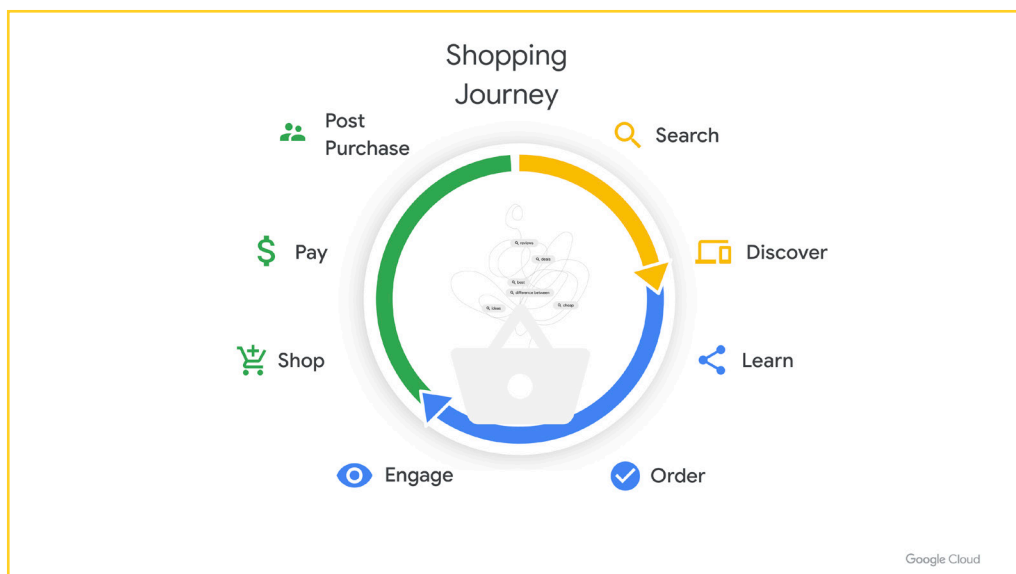
From retail media networks and social commerce to marketplaces and ultra-fast delivery services, commerce has become, "this timeless march forward of just — table stakes — what it takes [for retailers] to be relevant in the digital space today." But, even with everything happening in the retail environment, Carrie stresses you need to remember each opportunity won't have the same relevance to your brand.

She also points out that you need to recognize that most retailers are operating in what she calls, "the messy middle," where you can't necessarily compete with or copy what brands like Shein and Mirakl are doing. However, you still have to make sure you understand what your customers want today, and keep ahead of what they might want tomorrow. "You should interact in a way that's appropriate for you, but in that mindset of meeting the customer where they are and organically having that discovery moment — that most likely, won't be on your site."
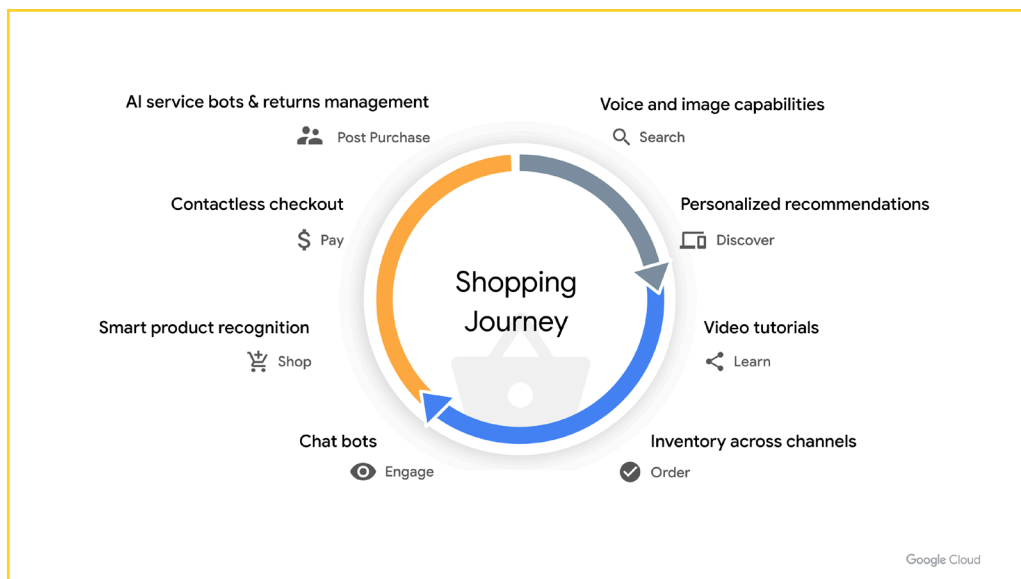

What's interesting, she pointed out, is that "At the end of the day, the steps in the shopping journey are still the same." What's different is how consumers traverse those steps. "It's no longer just about creating data models and constructs and presenting information in an interesting or engaging way and using visuals."

The Shopping Journey Old Model

New Model

Carrie's viewpoint, shared by Google, is that what retailers need to be thinking about now is "commerce without boundaries" — "It's frictionless. It's not necessarily exclusively on your site. It's meeting your customers where they are and using the best capabilities to make the experience seamless and really delight your customers."

Carrie's top 5 insights on consumers and retail commerce today

1.
"If you build it, they will come" doesn't hold true anymore

The reality is consumers are now using five or more channels in their shopping journey. What that means is there's a very complex, multi-touch journey that goes well beyond the boundaries of your eCommerce and your physical store site.

2.
Access to information translates into conversions

Customers want to know before they go. They want to be able to confirm that you have a product in stock. As a retailer, you have to expose data in ways that you didn't have to five to 10 years ago.

3.
Consumers plan in advance and shop earlier

Peak shopping season for seasonal events used to be about two months out. Today, customers start searching five to seven months ahead. Retailers need to recognize, "your technology has to be ready, reliable and scalable for a much longer period of time."

4.
There are new needs around every corner

Personalized. Local. Relevant. This is what shoppers want today. As an example, Carrie pointed to Google 2021 research which reported an 800% YoY growth in "in stock near me" searches and 60% YoY growth in "buy one get one (BOGOs). This means there's a "constant flow of tweaking your experience and your messaging to what is relevant to customers today."

5.
Don't dismiss the metaverse and crypto

"It wasn't too many years ago that Google was talking about the rise of mobile," Carrie points out. "People didn't believe consumers would buy certain products online — and certainly not on mobile." Today, most retailers have 50%+ of their traffic coming from mobile. So, "it's coming, it's next," she says. The same goes for crypto, you don't have to jump on it now, but Carrie shared a telling statistic, "50% of millennials that are millionaires today have 25% or more of their wealth in crypto."

Debunking the myths surrounding MACH

> 66 To me, MACH is an expression of a world embracing a new and much more efficient architecture where we move off legacy monoliths to building solutions that use best-in-class components."

— CHRIS BACH, CO-FOUNDER, CHIEF STRATEGY AND CREATIVE OFFICER, NETLIFY; MACH ALLIANCE BOARD MEMBER

Before diving into discussing *"Spearheading the Future of Digital Commerce"* with Danielle Diliberti, Chief Executive Officer at Sommsation; Senior Director in Strategy, Eldridge Industries and an Ambassador for The MACH Alliance, Chris felt it was important to first explain what MACH is as well as its connection to The MACH Alliance.

His definition was perfectly on point: "MACH is an industry tech standard, essentially describing modern technology with an initial focus on enabling a new generation of eCommerce,…the prerequisites to achieve this standard is to be microservices-based, API-first, cloud-native SaaS and headless."

He explained that The MACH Alliance exists to guide enterprises and give them the confidence to choose the "compatible, best-in-class vendors that can deliver commerce solutions that are both more performant and more scalable" — and, most importantly, brought to market much more quickly.

As dedicated advocates of MACH technologies, both Chris and Danielle have experienced how it not only transforms the digital commerce capabilities of organizations but the mindset and culture as well. After hearing Danielle's story, he immediately posed the question, "Why are there still monoliths out there? Why hasn't everyone migrated yet?" While her initial response was, "That's a good question," Danielle laid out her perspectives on why companies are hesitant to make the move to MACH.

The reasons, she says, have a lot to do with three key misconceptions.
- It's very costly
- You need a massive project team
- You don't have the skill sets within the organization

Typically, especially when it comes to replacing any type of technology, how much it will cost lands at the top of the pro/con list in the decision-making process — holding true for both businesses and consumers. This fact, along with the knowledge that "on paper" migrating to a **MACH**-based commerce solution appears more expensive than simply buying an all-in-one commerce suite helped to establish this myth. Chris and Danielle focused their limited time on providing endless proof to the contrary.

To understand why the costs of migration are irrelevant in comparison to the long-term value MACH delivers, retailers first have to recognize that MACH solutions are designed completely differently than monolith platforms. The modular, composable architecture of MACH allows gradual migration (unlike with monolith platforms) so organizations can spread out the cost over time. Danielle pointed out that once your **MACH** solution is in place, the need to replatform again is eliminated — forever. "The legacy way of thinking — 5, 10, 15 years ago — was if you did a major transformation, you had to lobby for a significant amount of money, a significant amount of resources, a significant amount of time. And, if it wasn't successful...an individual didn't want to be on the chopping block for that."

Chris reinforced her point by stressing that **MACH** solutions deliver lower TCO (total cost of ownership) over time as monoliths are intrinsically built with unnecessary costs attached. When you buy one, "you end up with everything you need, plus a whole bunch of stuff you don't. It's part of the package." With **MACH**, you're only paying for what you use, he said, adding, "That's quite a powerful argument for embracing this technology."

"Not only can you have cost reduction, you have cost efficiencies," said Danielle. "Rather than paying an extremely expensive licensing fee for one massive system where you're only using 10% of the capabilities, you can design something that really is efficient and effective." She added that you can also factor in other savings in addition to your tech stack, such as "labor costs, marketing and other things that improve your operations."

As for the concern over resources, she dismissed the myths that migrating to **MACH** requires a massive project team or hiring individuals with specific skill sets. "The whole point of The MACH Alliance is to make it easier for brands to access the resources they need to get their technology where it needs to be...we have experts that do things really, really well, so creating those partnerships, I think, is really important."

Both Chris and Danielle feel that eventually, organizations are going to realize that buying into these myths and using them as objections to migrating is just delaying the inevitable. "You can work with many vendors to get MVPs or a proof of concept out there to make it a lot more digestible...really simplify it down," says Danielle. She suggests starting with a single project or two projects. "It will prove quickly that you can have a lean workforce....you really start to see that there are not a lot of reasons as to why you shouldn't be doing this."

Spearheading a MACH-driven Future
So, what's MACH?

In 2019, commercetools needed a marketing theme for an industry event. By combining the first letters of the technology principles used to build our products — Microservices, APIs, Cloud and Headless, we formed the acronym MACH. As "mach" is universally synonymous with speed and one of the key benefits the architecture delivers, it was a perfect choice.

Today, MACH is more than just an architecture approach providing an open, flexible environment that makes developing and delivering engaging digital experiences faster, easier and risk-free. It's become a movement that spawned the global community now known as The MACH Alliance.

MACH principles defined:

Microservices

A collection of granular services created to perform a specific task within an application. Each with its own unique code and able to be developed, updated, deployed and maintained independently — microservices increase the agility of your IT teams.

API-First

An approach in which developers build each application from the ground up using loosely coupled, replaceable components (interfaces) that enable it to talk to other applications using a system of requests and responses. Brands can incorporate any functionality with APIs.

Cloud-Native

A strategy where all commerce services, including storage, hosting, scaling, etc.live in the cloud, eliminating dependencies on servers. — so brands can meet needs more quickly and economically. Automatic vendor updates and auto-scaling further support a seamless commerce experience, even during traffic spikes.

Headless

Decoupling the customer-facing frontend experience from internal backend operations, aka "separating the heads,' provides brands with more freedom and more control. Changes and updates can be made on either end easily and at any time, without disrupting normal business operations.

What's The MACH Alliance*?

A not-for-profit industry body that advocates for open and best-of-breed enterprise technology ecosystems, The MACH Alliance is a vendor-neutral organization that focuses on educating and supporting commerce-based businesses by guiding them through the process of digital transformation. It provides assistance in both the planning and moving from legacy infrastructure, as well as on how to transition to composable commerce, including when, where and how to choose partners. They engage industry experts to provide resources, education and guidance to support businesses through their journeys.

As a tech industry standard, MACH has become synonymous with modern commerce. To establish a standard, the Alliance created a MACH certification program with the goal of giving enterprises confidence they are choosing best-in-class vendors able to deliver the future-proof technology required to thrive in today's world.

MACH has also grown and evolved into a global community connecting business and tech leaders who are looking for alternatives to older systems that don't offer the agility commerce requires today with industry thought leaders who have already been through the digital transformation journey. The latter group — true leaders who have transformed businesses — are invited to become MACH Alliance Ambassadors. These MACH Ambassadors, which include Modern Commerce Day speaker, Danielle Diliberti, are willing to share their learnings and offer impartial direction to newcomers.

Founded in June 2020, just one year later, Forrester referred to The MACH Alliance as "the coolest tech in town club."

*adapted from The MACH Alliance website

Words of Wisdom

On the tangible benefits of choosing composable:

Giving employees more control is what resonates most with Scentbirds' Andrei Rebrov.
"The ability to disconnect engineers from other team members when other team members
are trying to solve their [own] problem. So, for example, if the marketing team can run a unique
new marketing campaign just by themselves or create a new landing page with a completely
new offer just by themselves — that is the greatest moment of integration because we actually
see results. It's just not another line on the resume or another project completed. We actually
built a way...this is the biggest moment of pride for myself and for the team. I think that could
be actually another KPI for technologists in an organization like ours, 'If your work makes other
people happy.' If yes, then you're doing a great job. If not, you're probably doing something
wrong."

On embracing the power MACH brings to the table:

**Alex Shiferman, Nuts.com, believes the power of MACH — and of composable commerce
— is also its biggest challenge.** " I come from an older world —the monolithic eCommerce
platform world — where essentially most of the decisions are made for you. In a composable
world, you have a ton of autonomy...at a very granular level. And, so that could be exciting, but
it's also challenging because you can make a lot of right decisions and you can make a lot of
wrong decisions. So, with great power comes great responsibility — this is a perfect example.
You have a lot of control, but if you try something and it works, great. And, if it doesn't, you've got
to learn some from your mistakes."

On where brands should put their focus now:

**Sephora's Sree Sreedhararaj feels retailers need to get back to delivering unified
commerce experiences.** Now that commerce is settling into a post-pandemic world, the
brand's strategies are shifting. "How do we give that same experience in-store and continue
that experience on digital or voice, [as opposed to] where you started something on discovering
on digital but you want to continue this conversation in store in person? How do we make it
seamless for the consumer?" He shared that Sephora has been testing AI and augmented
reality, and will explore Web3, commenting that it's all about "trying out something and seeing
how the consumer adoption goes."

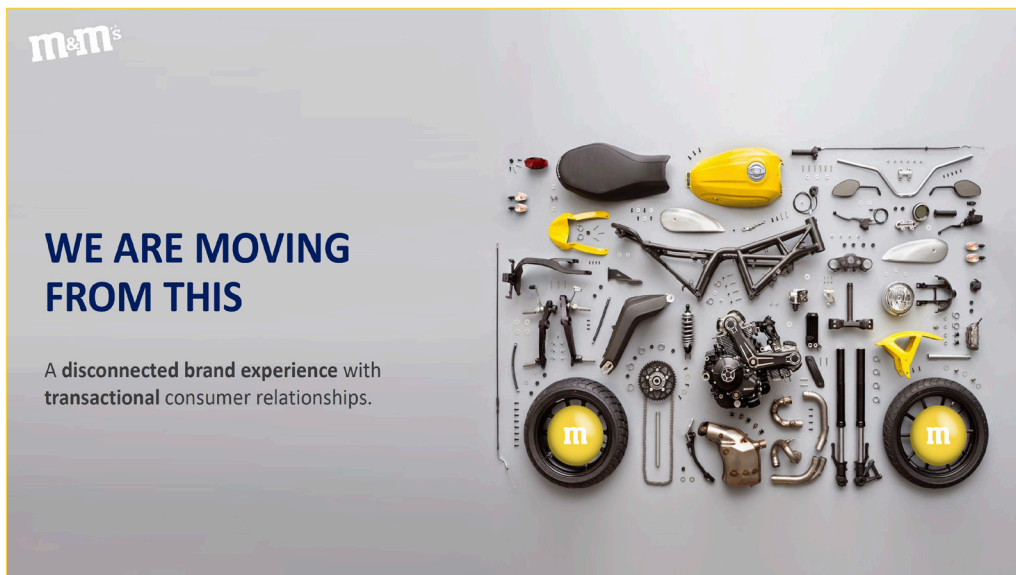## On leveraging Artificial Intelligence (AI) and Machine Learning (ML) to support your brand:

Google's Carrie Tharp simplified the difference between the two, explaining that AI collects and responds to a consumer's journey based on their clicks and ML takes the data collected and uses it to guide the consumers' next journey. She stressed, "when you think about AI and ML driving recommendations and various experiences, it can be very effective to drive conversion, optimization and KPIs that are important to you as a brand." The panel's host, Dan Frommer, founder and editor-in-chief of "The New Consumer," questioned how brands can "balance between delivering what customers need versus innovating what customers don't yet know they need." Carrie's response was, "That's something that will be very custom for each brand," suggesting the key is "understanding your brand value proposition" and having a "holistic understanding" of your customer so that your use of technology is "intentional."

Sree Sreedhararaj offered up Sephora's introduction of its "Color IQ" skin tone identification system in 2021 as a perfect example of leveraging AI to create an emotional connection with the customer. He explained that by providing employees with a handheld device that captures the skin tone of customers and then uses advanced algorithms to deliver a personalized Color ID from a dataset of over 10K factors, the brand is creating the opportunity for more curated product conversations in stores. "So, that's something which we put recently in the whole fleet of our stores and we are seeing amazing results."

On envisioning the big picture, breaking it down into parts and building a whole:
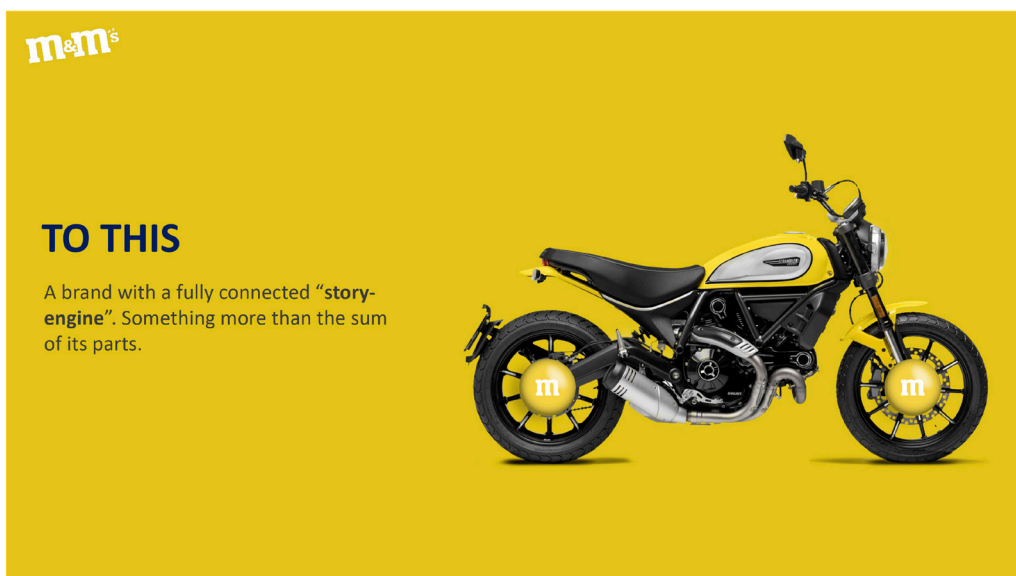
Kyle Barz used visuals to illustrate the strategy Mars is taking to create a unified brand. He explained the company had "a whole bunch of individual components" that included the mass retail distribution of M&Ms, the brand stores and the digital experience, along with multiple other digital experiences. "[They were] all operating very much as individual disconnected components."

WE ARE MOVING FROM THIS

A **disconnected brand experience** with **transactional** consumer relationships.

Over the last two years, the company has been making a big shift to a concept that is called internally, "One M&Ms." As Kyle explained it, "It's really bringing mass [distribution], our private retail, our digital [under] one umbrella," with a focus on prioritizing their digital capabilities and pivoting the organization to being data led."

In 2022, M&Ms launched its new brand purpose, a new identity and a new character as a part of the new "One M&Ms" ecosystem. As the company thinks about the future, they see many more possibilities. "With concepts like Connected Store, being more omnichannel and the way we engage our consumers across all of the touchpoints that we have today." He added it's really about "being more intentional" in their approach and "building out [a] community." He concluded, "We have the capability to build out apps and gaming. Ultimately, we want it to become greater than the sum of its parts — a brand that has more of a connected ecosystem."

TO THIS

A brand with a fully connected "**story-engine**". Something more than the sum of its parts.

Turning Technology from Inhibitor to Enabler:

How Harry Rosen leverages modern commerce to tell their story and sell the value of their brand

"This is not, first and foremost, a story of tech. It's a story of the impact it can have," is how Tovi Heilbronn, Director, Digital Product & Experience at Harry Rosen launched his presentation, *"Digitizing Luxury Experiences with MACH."* To effectively share how the 68-year-old Canadian luxury menswear retailer uncovered a path that enabled it to preserve its brand legacy while embracing a digital commerce future, he first wanted to acknowledge that at the time, "helping eCommerce was seen as dilutive to the in-store sales channel" by leadership.

This was back in 2019 — and the main issue with the eCommerce site was it disrupted the brands' ability to deliver the "secret sauce" (as many Modern Commerce Day speakers referred to it) behind its longstanding retail success. What the company didn't recognize was that by having the right technology in place they could digitally enable the sales and marketing teams. With this newfound power, the teams were able to inject the aforementioned "sauce" into the customer journey, thus driving higher sales both online and in-store. Ultimately, this lesson, which came to light along the way, is at the heart of their digital transformation story.

It was a few months before COVID-19 hit that the eCommerce team was looking at the next version of their existing monolith platform and requested a budget to upgrade. When it was granted, instead of moving forward, they took a step back. "We asked ourselves, 'How might we avoid the endless cycle of needing upgrades to deliver value?'"

The team questioned whether any legacy platform could deliver an experience that met the expectations of the organization — much less their customers. "Harry Rosen [the organization] believes that the reason why you shop with Harry Rosen is different from why you would go to one of our competitors. There is something special about doing business with us...we knew we had a certain destiny to fulfill digitally to mirror what the in-store experience was like."

It's this experience that is the brand's "secret sauce" — and includes three key ingredients: relationships, expertise and curation. To help attendees understand how Harry Rosen evolved into 'Harry Rosen'" he offered up his own personal story. When he became a working professional — his father, who is what the company refers to as a "hero" customer — said to him, "Okay, now it's time for me to share with you almost like a family secret." He told Tovi about his personal Harry Rosen advisor and said, "Go meet Jack Rodriguez at the Getting Place store and he'll set you up with what you need. You will develop your own stylistic posture by working with him." Tovi added, "It's actually not that unusual to have this happen between father and son — sometimes multi-generationally; one advisor for three generations of the same family. So these relationships are long-lasting, very meaningful and important to how we do business."

Around 10 years later, Tovi an employee on the Harry Rosen team questioning where to take their digital business. "We had the choice to either continue on the monolithic path, probably be frustrated forevermore, or perhaps go down a path that was unknown to us. The MACH path, the composable commerce path, and do things differently."

They chose the latter option, signed all the contracts and kicked off what they thought would be a 10-month journey. Then COVID-19 hit. "The business overnight became a pure-play online retailer."

The company had to act fast. To get a viable site up and running, they focused on delivering what was most important and put everything else on the back burner. "We had to make some very difficult trade-off decisions to get off the legacy tech stack as fast as robotically possible."

Five months later, the new Harry Rosen MACH-based composable commerce site was live. With their newfound ability to infuse the online experience with the "special sauce'" the brand is known for, they made it through the pandemic and continue to grow the business.

Today, with a modern composable commerce system in place, the brand predicts digital sales will account for 40% of total business by 2025. "With the tech we have and the people using that tech, we're much more capable of telling the story and selling the value of the products we sell."

3 customer journeys made possible, courtesy of composable commerce

At Harry Rosen, a feature is defined as something that delivers direct value to the business or its customers. Before composable, Tovi estimates that only 15% of the eCommerce teams' work was delivering features. Now, they're tracking at around 50%. This huge increase "creates this wonderful flywheel where because they [the business] can see what they're getting for their investments, it gives them the confidence to continually reinvest in digital."

Tovi offered up 3 examples:

1. Digital laydowns

Traditionally, advisors would prepare for appointments by pulling outfits and laying them out on a counter top for their clients to review. Today, advisors create the same experience digitally. They put together curated looks on a single page based on their knowledge of the client's needs, even including the right sizes in the presentation. All the client has to do is hit "add to cart" and "checkout." These "lay down" looks account for 10% of all digital sales and have a 3x lower return rate than when customers make their own choices.
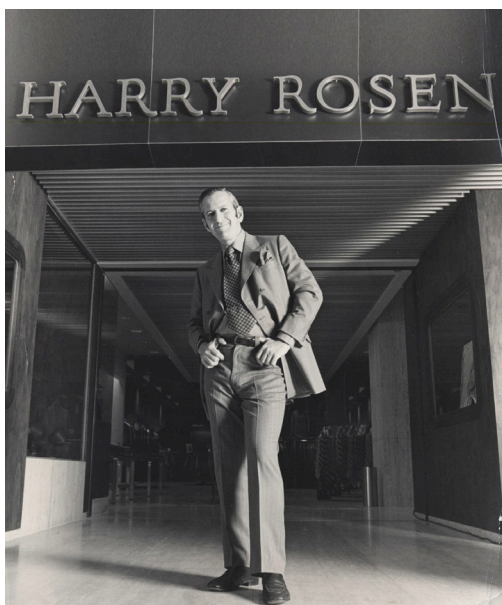
2. "Get the Look"

To increase the value of the photography produced to support their quarterly fashion magazine and website, the brand turned these images into shoppable moments. Every head-to-toe image online has a "Get the Look" button and print images have QR codes; both take the customer directly to a shopping list prepopulated with the exact items in the photo. From there, customers select the right sizes, add to their cart and check out. If the customer doesn't want that exact item or price point, there's even a 'Shop similar styles" button. This feature is delivering a 300% lift in content page value. They've even added "Get the Look" to their store windows — so if a customer sees something they like on the mannequin, they can simply capture the QR code to quickly find the item online and purchase it.

3. Seamless transition from online to in-store

The company has removed the friction caused by offering online discounts that are not offered in-store, such as the ones given to first-time shoppers, by connecting their eCommerce discounting engine to their in-store POS system. This is just the start, though. Tovi explained that the goal is to stitch everything together — product pricing, discounts available wherever you are, inventory, loyalty, client records and orders, etc. — putting technology in the background, so the focus can be on the relationship the client has with the brand.

Meet the real "Harry Rosen"

Harry Rosen, the company's namesake, is a real person. In 1954, he opened his first menswear store in Toronto as a made-to-measure business — which means it had no inventory. To make clothes to fit his customers' needs, Harry worked with each one who walked through his doors individually. Of course, the more often they came, the more he learned about them. "He would literally take notes about his customers after they left from their interaction on a cue card," explained Tovi. "He was a walking CRM before there was a term CRM." Over the years, Harry expanded into the ready-to-wear business, curating collections from top luxury designers and opening one shop after another across the country.

Today, his company remains a family business. His son Larry is the CEO and his grandson, Ian, is President and COO. They oversee the operation of 19 Harry Rosen brick-and-mortar stores including five outlets as well as three digital commerce channels: harryrosen.com, shopfinalcut.com (off-price business) and a client app. Industry reports show the company owns over 40% share of the Canadian luxury menswear market.

While Harry just turned 91, Tovi said he's still involved in the business and cares about what's happening in fashion — and is "very opinionated." "It's not unusual to see him on Saturdays doing a store visit or standing at the street corner just outside our central office, engaging passersby about their style preferences. He's an incredible conversationalist and that's really carried through to the DNA of the organization."

commercetools

The inventor of headless commerce, commercetools is an innovative technology disruptor that has established itself as an industry-leading eCommerce software provider. Today, some of the world's most iconic brands and growth-focused businesses trust commercetools' powerful, flexible, scalable solutions to support their ever-evolving digital commerce needs. As the visionaries leading the modern MACH (Microservices-based, API-first, Cloud-native and Headless) architecture movement, commercetools provides customers with the agility to innovate and iterate on the fly, merge on and off-line channels, drive higher revenue and future-proof their eCommerce business.

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