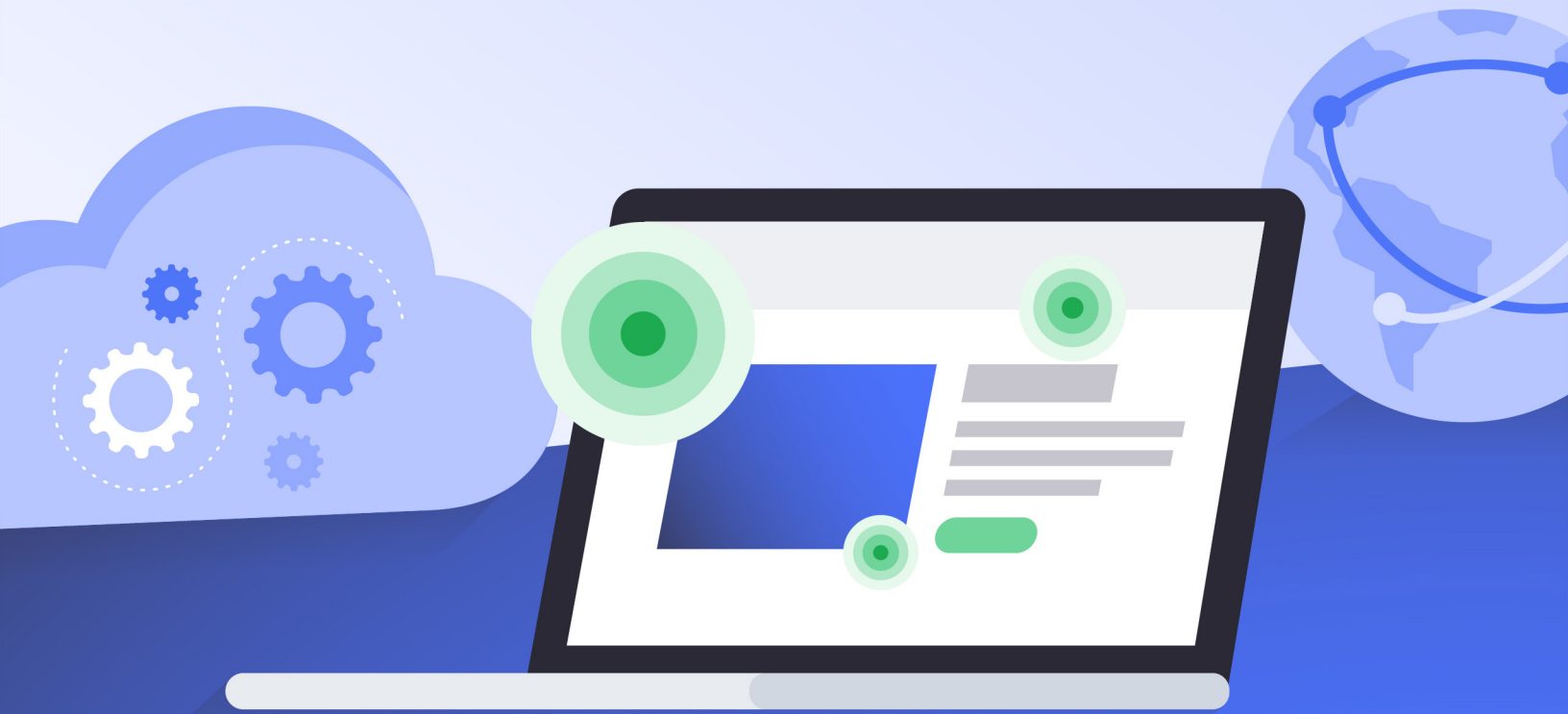




The State of Ecommerce Platforms in 2018:

Cloud Commerce, Open SaaS, and The API Economy



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INTRODUCTION

There are plenty of Inc., Fast Company, and Medium articles about magic pill strategies that produce hockey stick growth. And they often go viral within the executive community. But the truth is:

What makes your business successful is your dedication to customer experience, your market strategies, your operational efficiencies, and the team of people you build.

Your unique combination of these aspects is unlike that of any other ecommerce business out there – and is why no FUD headline like “Why Your Business Will Fail” or “8 Innovative Ways to Skyrocket Growth” will ever fully apply to your brand.

Of the many decisions you make to drive success for your online business, one of the biggest is which pipes you install.

That is, it depends on which ecommerce platform you choose to power your business and ready it for scalable, long-term growth. For most growing mid-market businesses, this technology is typically provided by BigCommerce, Magento, Salesforce Cloud Commerce (formerly Demandware) or Shopify.

This decision has wide-ranging implications -- to your customers in engaging with your brand and reducing friction of getting the product they need, to your employees that have to implement campaign strategies, and to your bottom line in terms of sales growth as well as cost of maintenance and installation.



*This guide will help you evaluate the key criteria
and make an honest assessment of which
solution best suits the needs of your business.*

What are my ecommerce platform options?

There are three main ways to classify ecommerce platforms:



And there are two ways ecommerce platforms offer a hosting environment:

Self-Hosted

Hosted on-site with machines your IT or development team controls and manages.

Cloud

Hosted off-site and managed in a warehouse (for example, Amazon Web Services).

Let's take a look at each of these.

Open Source Ecommerce Platforms

Hosting Environment: Cloud or On-Premise. However, all patches and platform updates require manual implementation across the board.

Open source ecommerce platforms are ecommerce solutions in which you can modify all aspects of code.



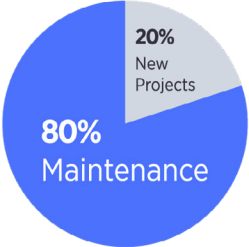
This type of ecommerce platform was the most popular in the early 2000s and remains popular with development and IT heavy organizations who want 100% control of their ecommerce environment.

You're responsible for:

- PCI Compliance
- Hosting (depending on if your open-source solution is on-premise or cloud).
 - Cloud Commerce solutions that are open source differ from on-premise only in that your hosting environment is offered by your provider and managed off-site.
 - Keep in mind that just because your ecommerce platform is hosting your store using a cloud environment doesn't mean you have unlimited bandwidth like you would see on a SaaS solution. (Ask about specific bandwidth allowances, specifically if you are evaluating Magento or Volusion.)
- Manual patch and update releases from the platform provider
- Security issues
- QA for all additional applications, often including integrations with:
 - ESP
 - CRM
 - CMS
 - ERP
 - Analytics and BI Tools
- The building of net new tools for the site, often including:
 - Discount and Promotion Engines
 - Merchandising Tools
 - Design Drag & Drop Elements

For many brands, open-source ecommerce platforms are too cumbersome and expensive to maintain. On average, open-source ecommerce platforms have a 6x annual cost of ownership versus SaaS or CaaS models.

On-Premise Spend



Where could your merchants put that time and money?

- Strategy and planning for the future
- Funding market initiatives to grow
- Merchandising strategy to sell more

That extra cost has caused a massive movement to the two other types of ecommerce platforms, SaaS and CaaS. In fact, open-source ecommerce platforms hosted via the cloud (i.e. not on-premise) are today only 46% of the consideration set for large ecommerce brands.

RETAILER SURVEY

Many merchants are opting for commercial ecommerce platforms that are hosted externally

If you are planning to move to a new ecommerce platform, what type of technology are you most likely to choose?



46.2%

Commercial software adapted for us and hosted externally in a single-tenant environment



30.8%

Internally developed and externally hosted



23.1%

Multi-tenant SaaS (software as a service), in which a vendor hosts software used by multiple clients

Internet Retailer survey of 77 online retailers conducted in October 2017

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Brands can also get to market materially faster with SaaS and CaaS, in an average of 55 days. In an incredibly competitive environment, a slowdown to innovative UX, product or backend optimizations can give your competition the leg up.

SaaS Ecommerce Platforms

Hosting Environment: Cloud

SaaS ecommerce platforms remove much of the complexity from running an online business, because instead of building and developing a custom solution or an open-source solution (which is often developed upon so much as to be custom), you essentially “rent” the platform.



Product updates, security, hosting, PCI compliance, and every other task that comes with managing your own software are managed by the SaaS provider.

When factoring in development cost, this is a vastly cheaper option than open-source solutions.

Marketing and growth teams at ecommerce brands are often the internal cheerleaders for SaaS ecommerce solutions at their organizations. This is due to a SaaS solutions ability to go-to-market quickly and affordably.

IT and development departments are often concerned about a lack of flexibility and customization due to the closed off portion of code on a SaaS solution. APIs help to ease this concern, as well as non-proprietary coding and staging environments for UX build outs.

Platforms that meet the above criteria are often referred to as “Open SaaS.”

CaaS Ecommerce Platforms

Hosting Environment: Cloud

Commerce as a Service (CaaS) platforms are a newer term for a broader microservice architecture and technology stack build. It's a step toward that broader microservice architecture.

With on-premise hosting, open-source platforms, or proprietary platform builds, IT and development departments at large brands have been controllers of the business. But monolithic technology stacks are expensive and time-consuming to maintain.



SaaS models and cloud hosting disrupted this model – allowing for faster go-to-market times with significantly lower total cost of ownership.

But this need for speed from a marketing standpoint is often at odds with the monolithic systems. Commerce as a Service alleviates that pain point.

Using APIs, and occasionally, decoupled technology, brands can maintain their single source of truth monolithic systems on the operations end.

On the presentation layer, SaaS APIs allow for a modern SaaS technology stack, including ecommerce SaaS platforms as well as everything from ESPs and even lighter weight ERPs like Brightpearl.

For many ecommerce brands, the first step toward this microservice architecture is being done via Headless Commerce.

What is Headless Commerce?

Headless Commerce is a version of CaaS ecommerce in which the shopping cart is decoupled from the CMS.

In these use cases, brands often use WordPress or Adobe Experience Manager as the CMS of choice and plug in a decoupled ecommerce shopping cart solution to serve as the cart.

The cart or the SaaS platform manages PCI compliance for the brand, as well as checkout best practices, and pulls on APIs or EDIs to sync with other decoupled solutions to ensure brand data is updated across the board.



SaaS technologies like BigCommerce are often used here in place of decoupled carts due to their low total cost of ownership and API flexibility.

Other decoupled solutions a CaaS provider works with include:

- CMS
- ERP
- ESP
- PIM
- OMS
- POS
- Marketplaces like Amazon or eBay

[Kodak](#) is a great example of a Headless Commerce solution. The brand is using WordPress as their CMS and a BigCommerce cart as their checkout.

This allows the brand to have increased control over their site experience, while outsourcing PCI compliance and security best practices and assurances to a commerce solution provider – either as a decoupled solution or via the SaaS platform itself, the latter of which is the most common.

What are the Benefits of Self-Hosted vs. Cloud?

There are two ways ecommerce sites can be hosted:



Self-Hosted

Hosted on-site with machines your IT or development team controls and manages



Cloud

Hosted off-site and managed in a warehouse (for example, Amazon Web Services)

Neither of these two options are platforms in and of themselves.

Self-hosted ecommerce platforms

Self-hosted ecommerce platforms require online store owners to find hosting, deal with installations and oftentimes perform updates to the software manually.



Running an ecommerce website using self-hosted ecommerce requires developers to maintain and update the website, which can get quite costly and time-consuming.

The benefits of this option include more control over your online retail platform, greater visibility of your own data, and a better understanding of data security.

While this route makes sense for some extremely complex businesses, it usually results in higher expenses and lower revenues.

Cloud-hosted ecommerce platforms

Cloud-hosted ecommerce platforms offer hosting for their customers via off-site solutions like Amazon Web Services.

This means the cloud platform manages uptime for the brand. Cloud ecommerce platforms like BigCommerce manage 99.99% uptime annually and have had 4 years of 0 downtime during Black Friday and Cyber Monday, the highest trafficked times of the year.



Not all cloud-hosted ecommerce platforms offer automatic installations of patches, updates or upgrades. Only SaaS and CaaS solutions do that.

This is where solutions like BigCommerce and Salesforce Cloud Commerce (both SaaS solutions) differ from a solution like Magento Commerce (Cloud).

Things to Consider When Choosing an Ecommerce Platform

Social Media Integration

Advertising to social media users is a must if you want to capture a massive and engaged audience. Facebook alone boasts over 1.94 million active monthly users -- a lot of potential customers.



BigCommerce offers built-in integrations with Facebook and Pinterest so you can market to users directly in their news feeds or main accounts.

With Buyable Pins, Facebook Shop, and Shopping on Instagram, you can even sell directly from the platform, reducing friction for each customer.

Most important social media integration questions to ask a provider:

- How can we publish our product catalog to Facebook Shop? Is there an additional cost for this service?
- Can users check out within Facebook or would they be redirected to our online store?
- Do you support Pinterest buy buttons?
- Do you support Shopping on Instagram?
- Does your product meta data include Open Graph Tags?
- How can we publish our product catalog to Facebook Shop? Is there an additional cost for this service?
- Are social media sharing links on PDP supported?
- Are social media sharing links displayed post-purchase?
- Can customers or end-users login to our storefront using Social Login (Facebook, Amazon, Google, etc)?
- How can we display User Generated Content such as Pinterest or reviews in our store?

Catalog Management

If you offer a wide assortment of products or a significant number of variants for your basic product line, this can add up to a lot of SKUs, and some platforms are better than others when it comes to SKU count.

If you have a large catalog or plan to grow your business, choosing a platform with low SKU limits essentially restricts the upside of your business.

Most important catalog management questions to ask a provider:

- How can we manage our product catalog within your system?
- How do you import/export catalog and customer data?
- Can we preview our product catalog in any theme, without purchasing the theme?
- Can we add multiple images per product? Is there a limit to the number or size of images?
- Do you support SKU-level images with image switching on variation selection?
- Is Product Image Zoom enabled by default?
- How easy is it to add video to PDP? Is there a limit on the size and length of videos we can upload?
- How are product options and option sets managed in your system?
- How are variations or options configured?
- Is there a quick edit option available to modify stock levels or pricing change?
- Do you support both digital and physical products?
- Is Inventory Management built-in?
- How do you support real-time Inventory sync within multiple channels?
- Can inventory be tracked at variation level?
- Does the shipping system understand and support Dimensional Weight?
- Are Custom Product Attributes supported?
- Can you configure related items?
- Is it possible for related items to be automatically generated?
- Do you allow pre-orders?
- How do you support custom Product Pages? Can these be configured per category?
- Are Product Reviews built-in?

- Is it easy for customers to share products with friends from the PDP?
- Is Site Search predictive?
- Can Categories be sorted manually in the Control Panel?
- Can Categories be used for Private Sales?
- Are Category Filters supported?
- Do Categories & Products have Breadcrumbs?
- Are Page/Product/Category URLs auto-generated?
- How can we customize the product and category level URLs?
- Does the platform support multi-level category navigation?

Customer Service

You're inside an ecommerce platform every single day. No matter how intuitive the design or straightforward the features, at some point, you may need assistance.



At BigCommerce, every one of our customers is entitled to personalized customer support.

When that time comes, it's good to know that you can get ahold of a real-life person to assist you with the problem. Some platforms outsource their customer service and make it difficult — or practically impossible — to call in and get help when you need it most.

Most important customer service questions to ask a provider:

- Provide details about your on-boarding processes for new clients.
- Provide an example of an implementation timeline.
- Do you provide training and user documentation for the entire platform?
- Describe your support process (including tools) along with standard SLA's.
- Describe your change management processes including the system audit logging capabilities.
- How does our historical data (orders, customers, products) migrate to your solution?
- List all Services resources who will be dedicated to our business.
- Provide an example of a QBR or Customer Success Plan you offer your customers.
- Do you have extended support hours for supporting an event's onsite operation?
- How big is your customer support team and where are they located?

- Is your phone support available 24/7? Is there an additional cost associated with this service?
- What are your average wait/response times for phone support?
- Is there a priority queue available for urgent and time-sensitive requests?
- Can we get a dedicated Support Representative if needed?
- What ticketing system do you use? How can we track status of our tickets?
- What are your Support SLAs?

Ecommerce Platform Comparisons Overview

Here is an overview of the most popular ecommerce platforms, their advantages and disadvantages.

BigCommerce

BigCommerce is an Open SaaS platform provider and a growing CaaS ecommerce provider (including a CaaS solution for WordPress). It's a platform based on low total cost of ownership and highly flexible APIs.

Advantages include uniquely sophisticated customizability and flexibility for a SaaS ecommerce platform, more built-in features, and 100% URL (SEO) control across the board than competitors. For this reason, it is the #1 SaaS platform of choice for mid-market and enterprise brands.

Merchants gain better security, speed, and fraud protection through BigCommerce with industry-leading uptime and guaranteed PCI compliance.

However, the initial learning curve for BigCommerce can be higher than some other SaaS platforms due to the abundance of built-in features.

Magento

[Magento](#) is an on-premise, open source solution preferred by brands who have already heavily invested in IT or development teams. They've also launched a cloud, open source solution in recent years.

The advantages to Magento include 100% control of your own ecommerce instance. The disadvantages to Magento include manual patch and bug updates, requiring entire site and integration QA. Foregoing these updates can often result in a lack of PCI compliance for brands as well as data breaches.

With version updates, forced re-platforming can cause major headaches. For example, current customers moving from an earlier version of Magento to Magento 2.0 will need to reinstall and re-setup their entire store on a new platform.

Volusion

Volusion is an ecommerce platform aimed primarily at starter stores and hobbyists.

The company currently runs and supports two different platforms, which takes a heavy tax on engineering resources as they are maintaining and building two completely different platforms.

Salesforce Cloud Commerce

Salesforce Cloud Commerce, formerly Demandware, is a SaaS ecommerce platform provider preferred often by high-profile fashion retailers. It is an open SaaS model similar to BigCommerce.

The disadvantages of Salesforce Cloud Commerce are the astronomical cost and the dependence on developers.

WooCommerce

WooCommerce is an open-source ecommerce platform, offering a cart solution in addition to a brand's WordPress instance.

It is most often used by starter stores and hobbyists, bloggers expanding into ecommerce, and brands utilizing developers most comfortable with the WordPress environment.

WooCommerce disadvantages include slowing down the live store with any scalability or updates to your ecommerce and high developer costs associated with most open source platforms.

Shopify

Shopify is a well-funded and public SaaS ecommerce platform provider. They are popular with starter stores, hobbyists and brands with SKU counts of less than 100.

Shopify advantages include a quick learning curve for non-experienced ecommerce practitioners, resulting in a quick go-to-market time for new brands.

Shopify disadvantages include restricted API call volume, a URL structure that is not fully customizable (sections of Shopify store URLs cannot be changed), high transaction fees for not using their proprietary POS, and a lack of built-in basic ecommerce features.

Squarespace

Squarespace is a SaaS website platform provider. They are best known for their work with the creative community. Their ecommerce platform was spurred off by a need from that creative community for a light-weight cart to sell items.

It is used primarily by the creative community with low SKU volumes.

Squarespace disadvantages include limited shipping and payment gateway solutions as well as limited discounting and complexity for basic built-in ecommerce features.

The Research

There are tons of ecommerce platform comparisons out there. We chose [SelfStartr's](#) for a deep dive because of the sound methodology and comprehensiveness.

A brief summary of how SelfStartr found the data to do the research:

1. Used BuiltWith to find the 20 most popular ecommerce platforms
2. Pulled a giant spreadsheet for all the ecommerce websites on each platform (our Magento list had 23,887 sites)
3. Used RAND function in Google Sheets to assign a random number to each row
4. Collected data on the first 100 websites on each platform (100 sites x 20 platforms = 2000 sites)
5. Used a team of 4 researchers to collect data for each website
 - Load time from Pingdom
 - Mobile PageSpeed, Mobile UX, and Mobile Friendliness from Google
 - Ranking Data from Ahrefs
 - URL test from SEO Site Checkup

Here is the research criteria they measured against:

- **Price**
- **Performance:** Site speed for desktop and mobile, mobile UX, platform SEO
- **Features:** SEO tools (sitemaps, customizable metadata and URLs, bulk editing), fuzzy and exact product search, ability to send abandoned cart emails, blog, mobile store, coupon and discount capabilities, integrated ratings and reviews, multiple product photos with zooming capability, ability to handle subscriptions/recurring product orders, drop shipping integration, ability to sell customizable products, fulfillment by Amazon integration, real-time shipping and tracking, reward points program compatibility, Google trusted stores
- **Scalability:** Number of payment gateways and options, Amazon, eBay, Etsy integrations, Facebook, Pinterest syncing, Google Product data feed, Open API, design customization
- **Ease of use:** phone support, 24/7 support, chat support, certified additional dev/marketing support, free templates

Here are the full results of the study:

Full details on the research can be found [here](#).

PLATFORM	OVERALL	PRICE	PERFORMANCE	FEATURES	SCALABILITY	EASE OF USE
BigCommerce	90	\$\$\$	84	86	95	93
Shopify	84	\$\$\$	80	77	83	97
3D Cart	83	\$	70	90	83	88
Volusion	82	\$	70	85	83	88
Ultracart	80	\$\$\$	65	88	92	77
SparkPay	80	\$\$\$\$	72	85	78	83
Core Commerce	79	\$\$\$\$	67	74	86	90
Pinnacle	67	\$\$\$	65	63	70	70
Prestashop	67	\$	59	80	67	62
WooCommerce	63	\$	58	75	56	63
Lemonstand	63	\$\$\$\$	67	67	53	62
Squarespace	60	\$	75	66	08	75
Yahoo! / AABACO	60	\$\$\$\$	86	61	25	90
X Cart	58	\$\$\$\$	54	80	58	23
Magento	57	\$\$\$\$	61	82	69	27



About BigCommerce

BigCommerce is the world's leading cloud ecommerce platform for established and rapidly growing businesses. Combining enterprise functionality, an open architecture, and app ecosystem, and market-leading performance, BigCommerce enables businesses to grow online sales with 80% less cost, time, and complexity than on-premise software. BigCommerce powers B2B and B2C ecommerce for more than 50,000 SMBs, 2,000+ mid-market businesses, 20 Fortune 1000 companies and industry-leading brands, including Assurant, Ben & Jerry's, Paul Mitchell, Sony, and Toyota.

Schedule a demo with the BigCommerce team to get a firsthand look at the platform advantages that can power your continued success.

[SCHEDULE A DEMO](#)