



A Q&A INTERVIEW WITH  shopware®

FEATURING FORRESTER®

Profitable growth in ecommerce

Navigating the shift from expansion to efficiency

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Introduction

The "grow at all costs" era is over. This is the bottom line of Forrester's widely acclaimed *Predictions 2023: Commerce* report. We are at a turning point, after an investment-heavy decade in which companies focused on growth and expansion. From now on, it's no longer about growing at any price – but growing profitably.

This paradigm shift demands a change in mindset from both merchants and consumers, with an emphasis on cost-efficiency. In a recent expert interview between Jason Nyhus, General Manager US at Shopware and guest speaker Emily Pfeiffer, Principal Analyst at Forrester Research captured in an exclusive [Shopware webinar](#), key insights were unveiled that addressed this transition. Forrester is one of the world's most influential research firms and specialist in identifying key trends. Accordingly, it will be inevitable to dial back promises and manage customer expectations. In order to take account of the new parameters and market conditions, getting the sale at all costs, immediate availability and free distribution will also come to an end.

Faced with increased costs of capital, costs to produce goods and services, costs of talent and many other factors, companies are now looking for effective levers to simultaneously cut budgets and secure their competitiveness. As a result, the tech ecosystem merchants operate with is coming into focus. After all, challenging times are hard to navigate with legacy systems that are difficult to maneuver. At the same time, value-added integration of AI-based innovations can significantly increase business efficiency levels, making the impossible possible: Reducing costs and growing profitably at the same time.



This Q&A section addresses five critical questions for merchants in this emerging era and features insight from webinar guest speaker Emily Pfeiffer of Forrester and Shopware's Jason Nyhus.

1. When considering systems or platforms that promote their AI capabilities, how do merchants distinguish between the real ones and the "fakers"?
2. When is the right time for merchants to prioritize AI? How relevant is this topic for them now and how relevant will it be in the future?
3. What is your best advice for how companies should tackle their growth strategies while facing decreasing budgets and cost cuttings?
4. What are the key factors merchants should consider when evaluating a re-platforming project for their commerce tech ecosystem? Which specific questions should they ask to ensure a successful evolution of their digital infrastructure?
5. How should merchants evaluate current and future ecommerce platform's core capabilities vs. its ecosystem in terms of costs?

"Achieve more with less" - this mantra will shape the ecommerce world in the times to come. At Shopware, we believe that with our open commerce approach and our commitment to future-ready technologies, we can play a decisive role in making the world of our merchants a little more efficient – and thus more profitable – every day. Embracing the challenges of this dynamic era, we join our vibrant community in declaring: "Challenge accepted."

Meet the experts



Jason Nyhus

General Manager US
Shopware US, Inc.

We're seeing in real-time that companies have to reset expectations. But we're also seeing progressive brands searching for solutions which provide more efficiency to own and to operate their business. That also includes embracing advanced tools like AI, creating new benefits and customer experiences.

Quote from the Shopware feat. Forrester webinar "The 'grow at all costs' era is over"; march 2023

Jason is a seasoned professional with over two decades of experience in the commerce industry in commerce, payments, fraud, and marketing. Throughout his career he supported more than a hundred best-in-class companies on their way to excellence and has a track record of success driving significant levels of revenue growth and market adoption for leading technology organizations. As President and General Manager of Shopware U.S. he brings a wealth of expertise in partner relationships, marketing, sales, and customer success to the company.

Featuring: Emily Pfeiffer

Principal Analyst
Forrester Research, Inc.

Getting the sale at all costs was everything. This is what retailers aimed to do. Now it's really about the costs. And that's a huge shift in retail and in digital business.

Quote from the Shopware feat. Forrester webinar "The 'grow at all costs' era is over"; march 2023



Emily is an expert in commerce, order management, and drop-shipping technologies. In her research, she uncovers the power plays that retailers can execute to make most of their commerce technology investments and understand where the market is heading. Her 20-plus years journey in digital also includes leadership for an ecommerce platform, where she was responsible for the marketing, sales, and customer service teams, extensive consulting, and IT management.

Q&A with Jason Nyhus from Shopware feat. Emily Pfeiffer from Forrester Research

In the ever-evolving landscape of digital commerce, businesses are constantly seeking ways to stay ahead of the curve and optimize their operations. Following our [recent webinar](#) that delved into the transformative changes impacting the industry, we had the pleasure of sitting down with guest speakers Emily Pfeiffer and Jason Nyhus to further explore the steps merchants can take to achieve more with less.

The great feedback to our live webinar sparked a variety of questions, which inspired us to focus this exclusive interview on two key areas that hold immense potential for merchants: AI & ML and the critical importance of understanding the total cost of ownership.

When considering systems or platforms that promote their AI capabilities, how do merchants distinguish between the real ones and the "fakers"?

Emily:

AI has been around for a long time already – even deep-learning AI is over a decade old. There are new tools that do open some possibilities for things like better understanding customer requests (e.g. via chatbots or in search queries). When evaluating a new software product, businesses don't have to be AI sleuths to figure out how much is actual AI and how much is just configurations and rules. The point is – what will the tech do for the business? Talk to the vendor, and talk to other customers, to understand the benefits of the technology. Sometimes, well-managed rules that users set get the job done. Everything doesn't have to be artificially intelligent. However, when AI makes businesses smarter – that's when it makes a difference.

Jason:

There are three crucial pieces of advice when it comes to evaluating a system's AI-potential. It's not difficult to "run in front of the parade" with captivating marketing and narratives, but to really find out if there are any substantial AI features and use cases behind the big words, we'd encourage you to ask for 100% of the roadmap allocated against AI. Get insights into the product roadmap and the provider's commitment regarding AI. Secondly, request specific examples and engage directly with the customers who have used the product. Lastly, ensure that the platform provider is embracing AI within their ecosystem. Most of the groundbreaking innovations are likely to emerge there first, and compatibility will be instrumental in achieving early success. In the next generation, the winners will have a system that enables these solutions to work together, not as a point solution.

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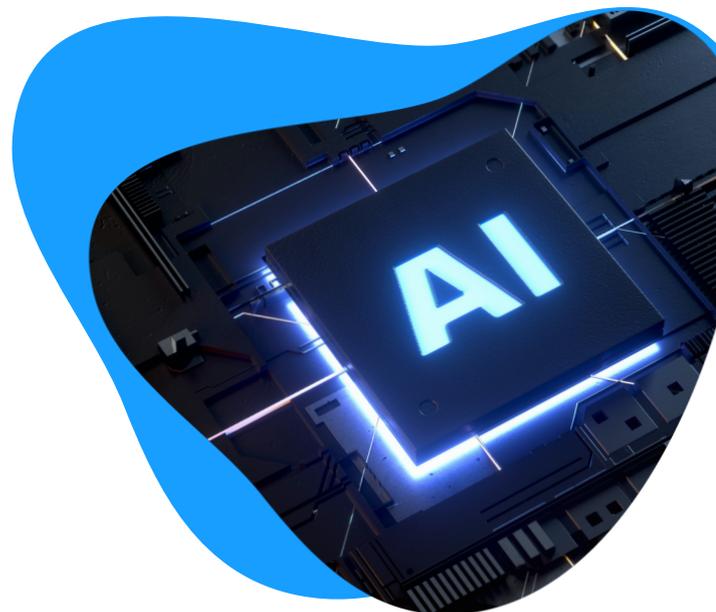
When is the right time for merchants to prioritize AI? How relevant is this topic for them now and how relevant will it be in the future?

Emily:

AI is relevant now because the tech that the public has access to recently advanced significantly. But it was in use in much of our tech for many years already. AI should be relevant to us – if we use it in the right ways. Ideally, we will apply it to processes to enable automation and faster decision-making that prioritizes specified goals. Real-time decisioning to improve fulfillment optimization is a perfect use case for AI. Moving forward, we will see more standard applications for it, and hopefully more trust in it as it proves itself through both transparency and objective success. Transparency will include better testing and analysis of results, and these AI-specific analytics will prove its success (or surface opportunities for adjustment).

Jason:

The time to start embracing AI is right now. Drawing parallels to the revolutionary invention of the printing press is highly appropriate. In today's fast-paced world, the costs associated with delivering ecommerce services to the level customers have come to expect are quickly becoming unsustainable. As businesses strive to keep up with these demands, AI emerges as the most probable solution that will help brands become both more effective and efficient in addressing customer needs. This pivotal moment in time carries significant implications not only for brands but also for the entire information industry. Companies that recognize the potential of AI and actively integrate it into their operations stand to gain a competitive edge. By leveraging AI-powered solutions, businesses can enhance their decision-making processes, improve customer experiences, and optimize their operations to stay ahead of the curve.



3 What is your best advice for how companies should tackle their growth strategies while facing decreasing budgets and cost cuttings?

Emily:

It's a tough time right now for many businesses. Huge, rip-and-replace projects are not the focus currently. Most can't afford the costs or the time. The best way forward is to focus on incremental changes to technology that do three things.

Improve operational efficiency.

Solutions that enable employees to spend less time or add more value are key.

Prioritize optimization.

Look to tech to take on more of the decision-making around processes like order routing, fulfillment processes, and

even product recommendations during the shopping process.

Add agility.

Legacy technology is still the backbone of many ecosystems, but as we bring in modern components, they should add flexibility to enable easier quick pivots in the future.

Jason:

In order to remain successful and competitive despite the increasingly difficult business and market environment, the following strategic approaches are crucial for companies:

Focus on developing a TCOOES (Total Cost to Own, Operate, Extend, and Scale) rather than a TCO

Tech companies are smart when it comes to monetizing their merchants. Digging into those aspects gives merchants a more accurate picture, which will ultimately result in a strong negotiation position, and cost savings. It is just as important to know the key functions of software products and their impact on cost-saving potential. For example, retailers can use AI co-pilots to automate product descriptions and save significant resources. Automation features should be quick to set up and easy to use – and crucially, they shouldn't require a single line of code to operate.

Begin incorporating AI across all departments

We are merely at the dawn of the "efficiency era" – meaning that the demand for ongoing automation will persist for years to come, and AI appears to be the most promising approach in this regard.

Advance thoughtfully from legacy commerce tech to more versatile solutions

One of the biggest challenges for merchants is the increasing flexibility with which they have to adapt to market conditions. Legacy systems usually get in the way because they prevent agility, are difficult to update, and require high maintenance. Thoughtful development into more flexible systems, based on a headless architecture for example, not only creates new customer experiences, but also generates greater cost efficiency in the long run.

4 What are the key factors merchants should consider when evaluating a re-platforming project for their commerce tech ecosystem? Which specific questions should they ask to ensure a successful evolution of their digital infrastructure?

Emily:

When it's time for a re-platforming, many businesses assume they should develop a lengthy feature-list and check off the items as they evaluate software from different vendors. Of course, it's vital to ensure potential new solutions meet technical requirements. However, there are more factors to consider. From customer engagement to pricing model, every vendor has its own style. For instance, culture fit is a highly underrated factor, even in a technical conversation. Ask these questions to narrow your focus:

- May I speak with some current customers like me? (Not necessarily competitors, but businesses with similar metrics, business models, size, and technical preferences.)
- What other solutions might I have in my ecosystem today that I can eliminate because of the functionality coverage yours provides? (Or which might I not need to buy additionally?)
- Is your solution modular? Can I purchase, implement, and upgrade pieces of it independently?

Jason:

The truth is that most ecommerce platforms provide 80-90% of the same utility. For this reason, you should focus your attention on the requirements that give you a competitive edge and ensure that these requirements are included in your future solution. To make this a bit more tangible: Imagine you are a B2B retailer and you sell products that require a lot of explanation. A feature like **Digital Sales Rooms** could be exactly what your customers appreciate. You can accompany and advise them in every phase of their buyer's journey without having to be physically present. Or let's assume you run a furniture store. Then you can use **Spatial Commerce** features to give your shoppers a truly new and unique 3D shopping experience by projecting furniture directly into the customer's home via augmented reality and reduce return rates at the same time. To make a long story short: Think about the innovations you can use to engage your customers and then choose the right ecommerce ecosystem.

How should merchants evaluate current and future ecommerce platform's core capabilities vs. its ecosystem in terms of costs?

Emily:

As budgets tighten, digital leaders must choose where to allocate limited funds. The best way to think about the costs of systems is in terms of value – both financial and operational. This means factoring in the impact to the bottom line (such as when new solutions improve average order value), and impact on operations (like automating processes and streamlining workflows). Some businesses see benefits to unifying select functionality within a single platform, such as providing one user interface (UI) for users to access, and unification of functionality within a single code base. Others opt for the flexibility of a more modular ecosystem. Either way, digital leaders should factor in the costs of maintenance, updates, and even replacement of modules and larger systems moving forward. Nothing is “future proof,” but planning for change is the best way to stay ahead of it.

Jason:

The debate between opting for a best-of-breed solution versus a comprehensive best-of-suite approach is an important one, and the appropriate choice is contingent upon the specific stage of your company's growth and the needs or influence of key stakeholders. It's advisable to examine this question from multiple perspectives. For instance, from a financial standpoint, the decision-making process can be relatively straightforward, as you can take into account the costs associated with additional applications, the overhead expenses for management, and the potential revenue impact from utilizing the chosen solution. Another crucial viewpoint is that of the CIO or CTO, who must ensure that proper controls and security measures are in place to protect data being shared, while also assessing the impact on site performance and uptime. In this context, the chosen solution should align with the organization's technology strategy and infrastructure capabilities. Ultimately, the decision largely depends on the unique circumstances of each merchant and their capacity to manage varying degrees of complexity.

Conclusion

Faced with the new challenge of tackling growth strategies while dealing with decreasing budgets and cost cuttings, companies are well advised not to swing the pendulum too hard by throwing all operational systems overboard. Instead, the focus should be on incremental changes that improve operational efficiency, optimize decision-making processes, and add agility.

In this context it is important to evaluate an ecommerce platform's core capabilities versus its ecosystem, taking into consideration factors such as financial and operational value, costs of maintenance, updates, and future replacement. The choice between best-of-breed and best-of-suite solutions depends on a company's growth stage, needs, and the influence of key stakeholders. During this evaluation process, merchants should prioritize establishing platform requirements that will give them a competitive edge. They should then assess the feature set of their current and other ecommerce systems to determine if these requirements can be met.

In the context of digital commerce, understanding the role of AI and ML, as well as the total cost of ownership, is crucial. To distinguish genuine AI capabilities from mere hype, merchants should focus on the practical benefits these technologies provide, seek insights into the product roadmap, and engage with customers who have used the product. Prioritizing AI is essential, as it has the potential to revolutionize how businesses operate and address customer needs. But, despite all the value AI can bring, merchants

should not implement AI just for the sake of having it.

Instead, they should wrap their heads around the question of how to use smart technology to actually create a benefit in the user experience. On one hand, this can of course include AI tools. A good example is the [Shopware AI Copilot](#), which is a helpful tool for merchants in their day-to-day operations. It lends a hand with a wide range of tasks, such as generating, optimizing, and translating texts, summarizing product reviews, and creating customized CSV exports. But it can also be achieved through smart automation tools. At Shopware we offer automation capabilities through field-proven solutions such as the Flow Builder and the Rule Builder, allowing businesses to create, customize and execute automated workflows that optimize processes. By harnessing the power of these tools, merchants can provide personalized experiences for their customers, streamline operations, and ultimately drive growth while keeping costs and overall profitability in mind. To learn more about Shopware's automation capabilities and how they can benefit your business, consider visiting our [Automation Landing Page](#) and downloading our comprehensive Automation Guide.

At Shopware, we encourage you to fully embrace the "more with less" approach. New technologies like AI and automation are here to stay - and to make your growth ambitions and profitability a reality. We are here to support you in taking the next steps. Talk to us and let our experts advise you.

We're here for you!

Take your business to the next level and talk to us today to see how we can help. Our experts are standing by to answer any questions and get you started on the path to profitable growth.

[Talk to us](#)

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About Shopware

Shopware, founded in Schöppingen in 2000, offers a holistic omnichannel digital commerce platform for sophisticated mid-market and lower enterprise merchants, with high flexibility and various options for B2C, D2C, B2B, as well as service-based use cases. Shopware is well-positioned and one of the market leaders in its segment, especially in the DACH region, with a fast-growing business in North America.

The solution is headless, API-first, and uses an open source architecture, allowing merchants to individually customize and scale the product offering, creating a strong customer experience. Furthermore, Shopware relies on a global network of 1,600 sales, technology and solution partners, securing a stable ecosystem. Shopware merchants currently process a combined GMV of more than 20 billion USD across the global Shopware platform.

