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Maximizing Profitability:

Reducing TCO for B2B Digital Commerce Leaders

As more digital natives enter the workforce, B2B companies are faced with growing expectations for consumer-like experiences. The market is increasingly favoring flexible and convenient experiences, requiring B2B enterprises to invest in technologies that balance better customer experiences and operational efficiencies.

A recent study found that 83% of B2B businesses are specifically investing in eCommerce platforms, order management systems, and integrations with ERPs. As digital transformation continues to reshape the B2B sector, total cost of ownership (TCO) is a top factor when evaluating new systems.

In this guide, we'll explore the most significant factors driving up TCO and presents actionable strategies for minimizing costs without compromising on customer experience or innovation.



4 Factors Driving Up TCO in B2B Commerce

Historically, B2B companies were known to be slow adopters, taking a conservative approach to embracing modern technology. But taking the slower approach is no longer an option. The leading B2B players are focusing on omnichannel strategies, advanced automation, and hyper-personalization - just to name a few.

As B2B leaders determine how to balance investments in modern commerce technology with their TCO, they often must overcome at least one of these dilemmas:



1 Legacy Systems and Monolithic Architecture

Monolithic architecture, where all components of an application are tightly coupled and deployed as a single unit, presents several drawbacks. Scaling becomes inefficient as the entire system must be scaled up or down together, often leading to wasted resources and difficulties in managing traffic spikes. This architecture also lacks flexibility, as changes in one part of the system often necessitate modifications in other areas, resulting in longer development cycles and increased risk during implementation.

As applications grow, maintaining and deploying a monolithic system becomes more complex, requiring extensive testing to avoid unintended side effects. The reliance on a single technology stack further limits flexibility, preventing the use of the best tools for specific components.

2 Lack of Automation and Manual Processes

Increased labor costs, error rates, and operational efficiencies all play a part in driving up TCO. Manual processes slow down tasks like order processing and inventory management, leading to higher staffing needs and frequent mistakes that require costly rework. They also hinder scalability, as businesses must hire more staff or implement temporary fixes to handle growing demand.

Additionally, manual systems limit resource allocation, reduce operational agility, and prolong response times, all contributing to inflated costs and hindering long-term growth. According to McKinsey & Co., more than 30% of sales tasks and processes can be at least partially automated - this includes lead management, quotation, order management, and post-sales activities.

3

Customization vs. Standardization

While customizing technology can meet specific business needs, it often leads to higher development costs and ongoing maintenance expenses. Additionally, highly customized solutions can make it challenging to adopt new technologies or scale efficiently, increasing complexity and long-term operational costs. Changes that seem straightforward frequently escalate into extensive customizations, resulting in a rigid framework.

Hidden Costs of Poor Data Integration

When data is fragmented or siloed across multiple platforms, manual intervention is often required to consolidate and validate information. These inefficiencies slow down decision-making, hinder customer experience, and complicate scaling. Poor data integration also makes it increasingly difficult to adopt emerging technologies like GenAI, which relies on clean, accessible data for automation and advanced insights. Without seamless data integration, businesses miss opportunities to leverage GenAI for automation, predictive analytics, and process optimization —further inflating long-term costs and limiting potential cost savings.

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Strategies to Reduce TCO

Every B2B company needs a ‘secret sauce’ to stand out against its competitors, but that doesn’t mean they must completely rip up their tech ecosystem and build something new. Buying commerce technology from proven vendors comes with numerous benefits and gives you the foundation needed to launch a fully capable and secure B2B eCommerce site. However, there may still be cases where the company will need customized functionality to meet unique business requirements.

By taking a composable approach, you can buy the commerce functionality you need, such as cart & checkout, search, and customer account management, and build unique capabilities and features that take your customer experience to the next level.



Build & Buy with Composable Commerce

A “build and buy” strategy with composable architecture offers a compelling solution for B2B companies looking to lower their TCO. Traditionally, building a commerce platform in-house required significant development, maintenance, and infrastructure costs. While this approach offers customization, it often becomes expensive and resource-intensive, especially for B2B companies with complex requirements.

On the other hand, buying an off-the-shelf solution can deliver rapid time-to-market and lower maintenance costs. However, out-of-the-box solutions may lack the flexibility needed to differentiate in a competitive marketplace. Composable architecture bridges these two approaches by allowing businesses to combine the best of both worlds: buying essential, pre-packaged solutions while building custom features where needed.

There are several benefits of this approach, including:

- **Eliminates the overhead** of building and maintaining these foundational features, freeing up resources to focus on building unique capabilities that enhance the customer experience.
- **Allows businesses to scale and innovate at a lower cost**, as they are not locked into monolithic systems that require constant maintenance or expensive upgrades.
- **Ensures a seamless integration of legacy systems** like ERP, CRM, and inventory management platforms and unifies data streams without costly integrations or disruptions to ongoing operations.



Automating Key Business Processes

Using automation for order management, fulfillment, and customer service can significantly reduce overhead for B2B companies. Here are a few ways automating business processes can lower TCO:

- **Automating repetitive tasks** such as order processing, inventory updates, and shipment tracking, companies can minimize the need for manual intervention, reducing labor costs and the potential for human error.
- **Ensures that orders are processed more accurately**, leading to fewer delays, returns, or costly mistakes that could disrupt the supply chain.
- **Improves scalability**, allowing businesses to handle larger order volumes without the need to invest heavily in additional resources.
- **Automation enhances efficiency in customer service** by implementing chatbots, AI-driven support, and self-service portals. These tools allow customers to find information or resolve issues quickly without relying on customer support teams, which reduces the burden on staff and lowers the overall support costs.

Optimizing the Tech Stack for Long-Term Success

Whether the buyer is engaging with a salesperson, a branch location, or online, today's consumer expects a seamless and personalized customer experience. So, selecting the right B2B commerce platform and tools is not just essential It's non-. negotiable. Today, the best platforms will deliver high-value, engaging customer experiences while allowing you to maintain a low TCO.

A good place to start is by evaluating available solutions against clear, pre-defined criteria that align with the enterprise's goals and initiatives. Scalability, composability, integration capabilities—along with a focus on "ease of doing business"—are all top priorities. It's also important to understand all costs involved, both upfront and recurring.

Let's say the company is looking to integrate an order management system (OMS) into existing commerce capabilities. Successfully managing the B2B complexities of fulfilling large, complex orders, forming long-term relationships, and navigating intricate workflows are all top priorities. Optimization of OMS and accompanying processes enhance visibility into the supply chain, reduce manual errors, and provide the flexibility needed to adapt to evolving customer demands—lowering TCO.



Of course, an OMS and affiliated processes are just one component. No matter what type of commerce solution the business is contemplating, it's imperative to ask:

- Can it integrate seamlessly—without incurring excessive implementation costs?
- Is it malleable (easily adaptable) if needed?
- Will it continue to support needs as the business grows?
- Does it support current compliance mandates (e.g., GDPR, PCI, HIPAA)?
- How much internal and external training/change management will be required to launch?
- What are the (realistic) expectations once the platform/tools are 'turned on'?
- Is senior leadership invested in ensuring eCommerce tech is a success?



Another key consideration is customization—often necessary to meet specific business needs but can be costly. A smart approach is investing in solutions that offer robust out-of-the-box functionalities while still allowing for customization where it matters. This allows businesses to address requirements while keeping TCO in check.

Reducing redundancies is another lever in controling TCO. When B2B companies begin on this journey, there's always the risk of enlisting too many vendors; ones that overlap services and functionalities—driving up TCO.

Alternatively, having expert guidance to optimize the journey—and help with consolidating vendors—reduces upfront TCO by simplifying operations, lowering integration challenges, and minimizing vendor management costs. A streamlined tech stack also ensures more efficient support once you go live.

Measuring TCO Over Time

Implementing technology is not a one-time event. By fostering a culture of continuous improvement, the organization can consistently seek opportunities to streamline processes, reduce costs, and enhance efficiency.

Integral to these processes is accurately tracking ongoing TCO. Establish key performance indicators (KPIs) such as maintenance costs, infrastructure costs, upgrade cycle times, and even the humans who keep the B2B "machine" running smoothly. Regularly monitoring these metrics provides a clear understanding of the tech stack's long-term financial impact and highlights areas where the company can reduce costs.

By taking a thoughtful, upfront approach to building and managing the commerce technology stack, enterprises can minimize TCO while driving long-term business success.

"At the end of the day, the client cares about outcomes. Selecting the right B2B commerce solution isn't just about technology or cost; it's about aligning with business goals, ensuring compliance, driving user adoption and conversion rates, while maximizing customer lifetime value for long-term growth."
- David Green, Fractional Chief Growth Officer, PeakActivity

Conclusion

The journey to a lower TCO isn't just about cutting costs—it's about enabling scalability, enhancing customer experience, and driving profitability. By carefully evaluating technology investments and adopting flexible, future-proof solutions, B2B leaders can position their businesses for sustained growth and improved efficiency in an increasingly digital world.

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About Kibo

Kibo Commerce is a composable commerce platform for retailers, manufacturers, distributors, and wholesalers who want to simplify the complexity in their businesses and deliver modern customer experiences. Kibo is the only modular commerce platform supporting experiences that span Order Management, eCommerce, and Subscriptions. Companies like Zwilling, Ace Hardware, Boscov's, Nivel, and REEDS Jewelers trust Kibo to bring simplicity and sophistication to commerce operations and exceed customer expectations.

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About PeakActivity

PeakActivity provides you with expert leadership, skilled resources, and growth services to elevate your eCommerce and technology outcomes. Our talented strategists, designers and engineers have launched some of the largest eCommerce initiatives using the latest in headless commerce technology, site optimization, and AI-enabled solutions.

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