



THE 2020 U.S. B2B ECOMMERCE MARKET REPORT

Data and analysis on the numbers, trends and trendsetters shaping the future of B2B ecommerce

DIGITALRESEARCH
COMMERCE 360



B2B ECOMMERCE MARKET GROWTH

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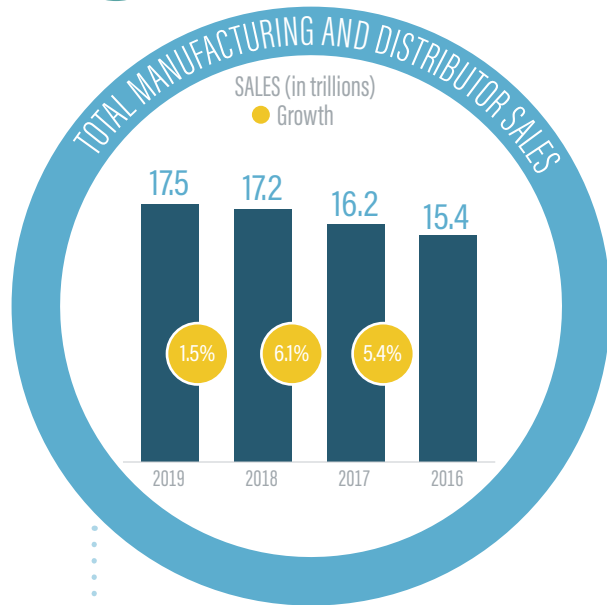
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MAPPING OUT U.S. B2B ECOMMERCE MARKET GROWTH

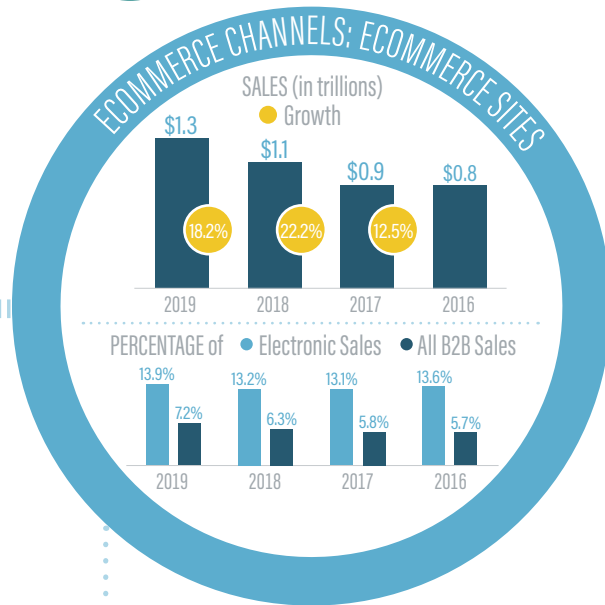
STARTING POINT



KEY TAKEAWAY

Even before the coronavirus widely impacted the economy, trade wars, tariffs and other issues contributed to slower growth in multiple industries.

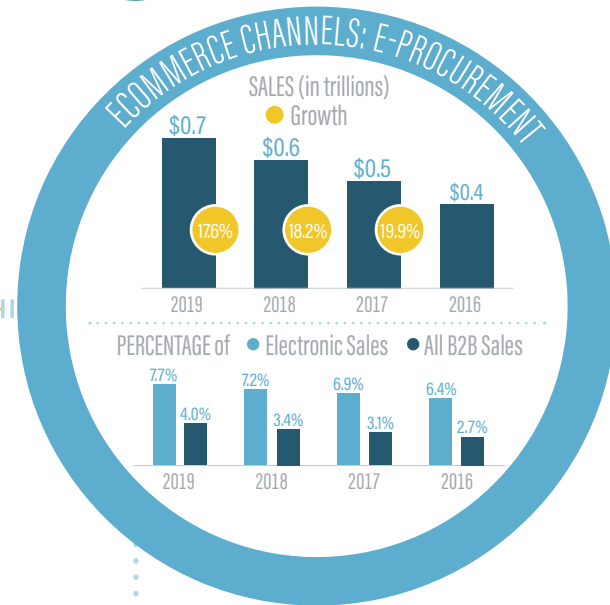
NEXT STOP



KEY TAKEAWAY

More manufacturers, wholesalers, distributors and retailers that sell wholesale are putting B2B ecommerce on a faster track. More companies are dedicating significant resources to launching and enhancing their ecommerce sites.

PIT STOP



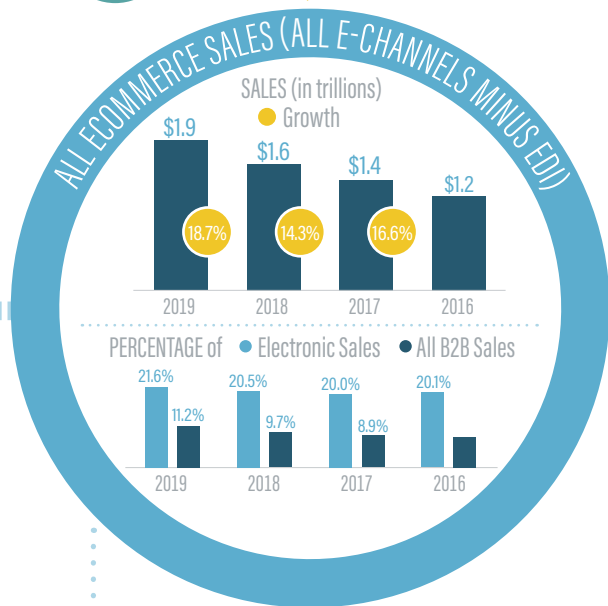
KEY TAKEAWAY

E-procurement and buyer/seller networks represent a fast-growing segment of B2B ecommerce.



MAPPING OUT U.S. B2B ECOMMERCE MARKET GROWTH

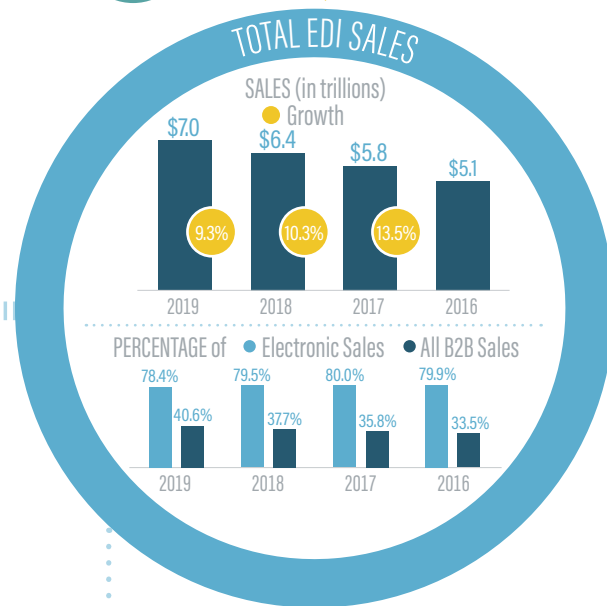
FAST LANE



KEY TAKEAWAY

Ecommerce is now becoming a mainstream channel for more U.S. companies.

CHUGGING ALONG



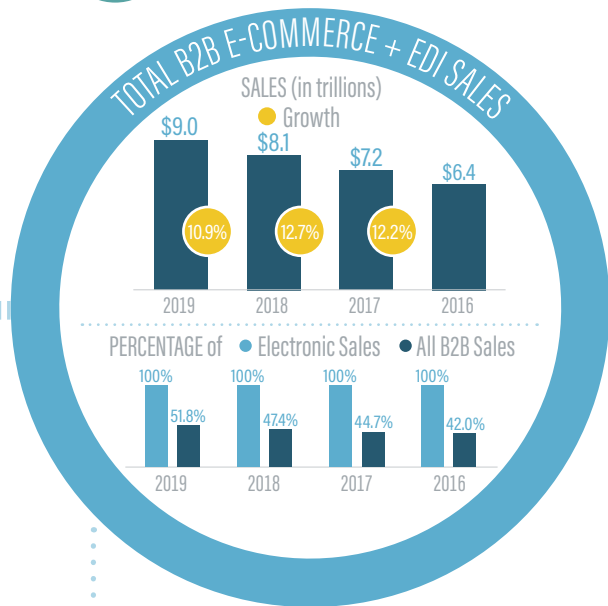
KEY TAKEAWAY

EDI remains by far the largest electronic channel, but growth is slowing as more digital sales channels gain momentum.



MAPPING OUT U.S. B2B ECOMMERCE MARKET GROWTH

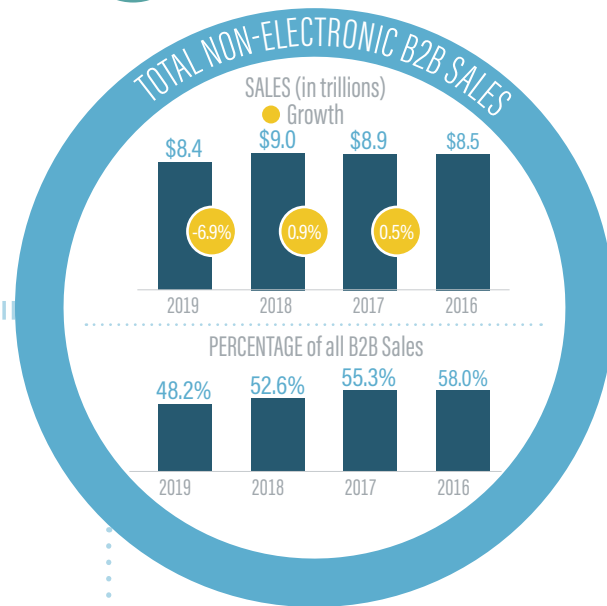
WHERE THE
ROAD HEADS



KEY TAKEAWAY

Electronic channels now account for more than one-half of total U.S. B2B sales.

OFF TO
THE SIDE



KEY TAKEAWAY

“Manual” transactions performed by sales departments and field sales teams represent a significant new digital commerce opportunity as ecommerce sales replace traditional paper and phone sales.

OVERVIEW

A PANDEMIC- GENERATED SEA CHANGE HITS B2B ECOMMERCE

How the business-to-business ecommerce market fared in 2019 and where it's headed in 2020 is literally a tale of two economies.

Last year was, in fact, another growth year for B2B ecommerce. In 2019 electronic sales channels in all forms—ecommerce sites, log-in portals, marketplaces, e-procurement systems, electronic data interchange, and other online buyer/seller networks—grew 10.9% to \$9.00 trillion from \$8.10 trillion. In comparison, all sales by U.S. manufacturers and distributors grew year over year by just 1.75% to \$17.5 trillion from \$17.1 trillion.

As digital commerce continues to emerge as a mainstream and permanent sales channel for manufacturers, distributors, wholesalers and other sellers of all size, it's clear that digital buyers have a growing appetite for even more ecommerce. Last year, the online sales that took place on B2B ecommerce

sites, log-in portals and marketplaces increased 18.2% to \$1.3 trillion from \$1.1 trillion in 2018. B2B ecommerce in 2019 grew 9 times faster than the growth in all U.S. manufacturing and distributor sales.

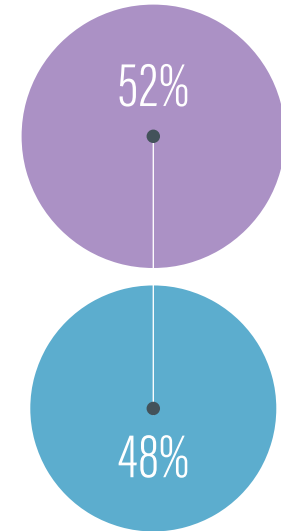
In 2019, B2B ecommerce sites increased at a healthy clip, but another fast-growing channel was e-procurement and other online buyer/seller networks, which grew year over year by 17.5% to \$700.00 billion from \$600.00 billion in 2018.

As in previous years, the biggest B2B electronic sales channel was electronic data interchange, which in 2019 accounted for 78.4% of all electronic sales, compared with ecommerce sites, log-in portals and marketplaces (13.9%) and e-procurement and other online buyer/seller networks (7.1%).

But EDI, which generated electronic sales of \$7.0 trillion in 2019, up from \$6.4 trillion in 2018, was also the

ELECTRONIC TRANSACTIONS ACCOUNT FOR A MAJORITY OF B2B SALES

- Number of retailers with stores
- Manual transactions



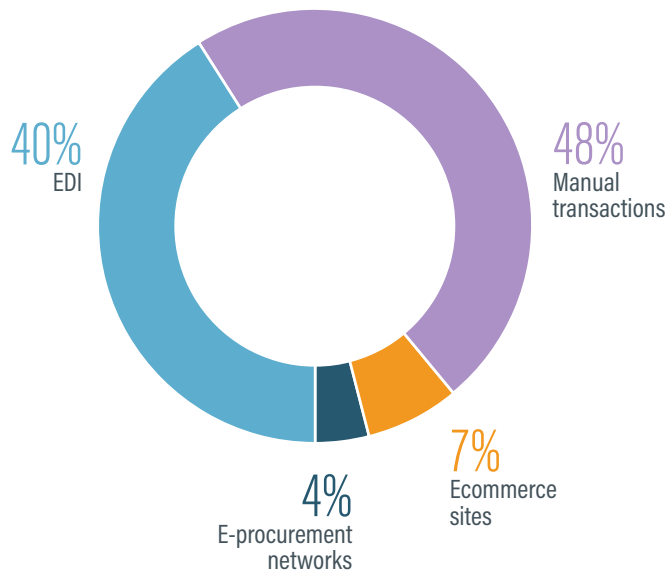
Source: Digital Commerce 360 B2B

slowest-growing digital sales channel. EDI grew year over year by 9.3%. But in comparison, ecommerce sites, log-in portals and marketplaces grew 1.8 times faster than EDI, while e-procurement and other online buyer/seller networks grew 1.9 times faster.

B2B ecommerce sales accelerated in 2019 in large measure because more business buyers and sellers now see digital commerce as a more efficient and effective way to research and purchase corporate goods and services, say ecommerce analysts. “Once a buyer climbs the learning curve and realizes their job is easier using digital tools, they will not go back to manual processes,” says Brian Beck, a managing partner of Enceiba, an agency that helps manufacturers and brands sell through Amazon.com and Amazon Business. “The same is true of sellers.”

U.S. MANUFACTURING AND DISTRIBUTION SALES: NOW MORE DIGITAL THAN EVER

Percentage of 2019 B2B sales by purchasing method

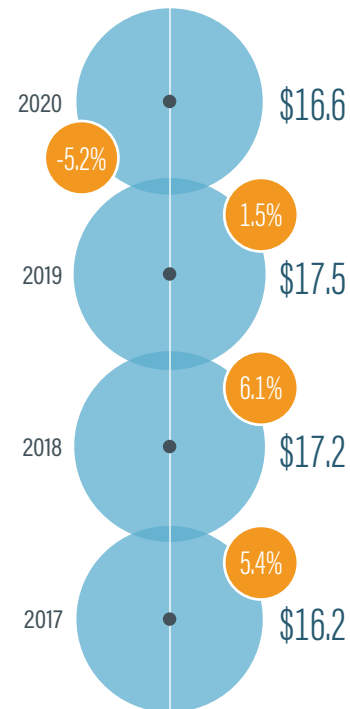


Source: Digital Commerce 360 B2B

THE \$17.5 TRILLION DOLLAR U.S. B2B MARKET

Total manufacturing and distributor sales, including retailer's wholesale sales in trillions

● Sales ● Growth



Source: U.S. Department of Commerce

COVID-19 SHAKES UP B2B ECOMMERCE

Manufacturers and distributors involved in B2B ecommerce ended 2019 with anticipation that, while trade wars and other economic factors might slow manufacturing productivity and sales in some vertical markets, 2020 would be another year of steady growth in ecommerce.

But then came the coronavirus, a full-blown global pandemic and that caused a virtual shutdown of big parts of the \$21.43 trillion U.S. economy, including key manufacturing sectors.

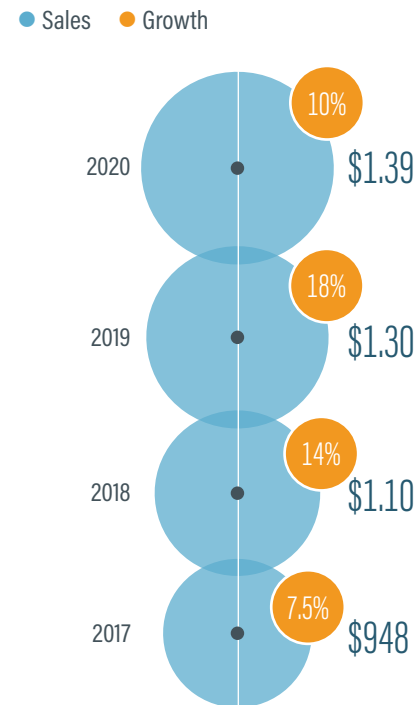
COVID-19 has permanently altered the direction of U.S. B2B ecommerce, say ecommerce analysts. “The big news for 2020 and beyond is the impact of coronavirus on how commerce is conducted in B2B channels,” Beck says. “Homebound B2B buyers are being forced to utilize web channels to purchase, as they can no longer go to a branch or interact face-to-face with a salesperson, and digitally enabled sales teams and customer service

departments working from home are using web tools, rather than outmoded manual processes, to place orders.”

In 2020, total electronic sales will continue to grow. And a Digital Commerce 360 B2B analysis of ecommerce data—including first-quarter economic data from the U.S. Department of Commerce, and historical and year-to-date ecommerce numbers from big public U.S. distribution companies such as W.W. Grainger Inc., MSC Industrial Supply Co., Watsco Inc. and others—shows that B2B ecommerce will continue to grow.

But the big question remains: By how much and how fast? In the first two months of the year, total U.S. manufacturer sales grew year over year by 1.8% to \$293.75 billion from \$288.57 trillion. At the same time, total U.S. distributor and wholesale sales in the first quarter dropped year over year by 5.2%, from about \$1.476 trillion to \$1.408 trillion.

B2B WEBSITE SALES TOP \$1.3 TRILLION
Sales on U.S. B2B ecommerce websites, including marketplaces in \$billions



Source: Digital Commerce 360 B2B

Using that same percentage drop for the first quarter applied to 2020 suggests that total U.S. manufacturing and distributor sales could shrink by around 5% to around \$16.57 trillion. But as total sales shrink as the economic fallout of the COVID-19 pandemic continues, there already are strong indicators that digital sales as a whole will grow in 2020, but at a slightly slower pace.

While it may be too early to forecast full-year ecommerce growth, an analysis of the year-over-year increase in online B2B sales—including early quarterly results from public B2B sellers that break some or all of their digital sales metrics, and interviews with manufacturers, distributors and ecommerce analysts—indicates that total sales for ecommerce sites, log-in portals and marketplaces grew by around 10% to \$1.43 trillion.

And even though total B2B ecommerce sales will grow, that growth could be very uneven and vary widely by vertical market. For example, maintenance, repair and operations and industrial products distributor MSC didn't break out ecommerce sales

for its fiscal March and April periods. For its fiscal second quarter ended Feb. 29, it said ecommerce sales declined by 3.1% to \$478.7 million, as total sales decreased 4.5% to \$786.1 million.

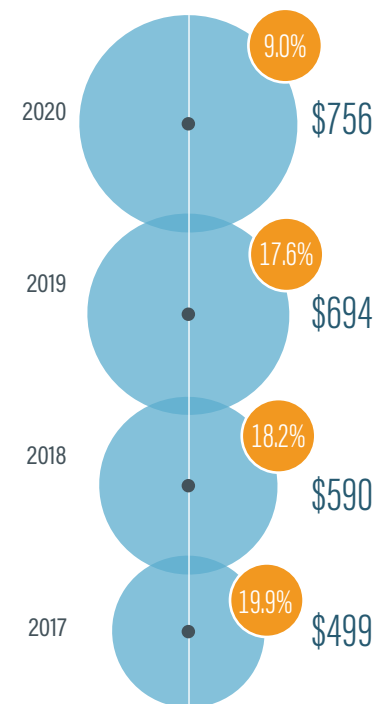
Ecommerce sales, including sales through MSCDirect.com, internet-connected vending machines, vendor-managed inventory services and electronic data interchange, hit an annualized run rate of \$1.97 billion during the fiscal second quarter, down 1.5% from a year-earlier annualized figure of \$2.0 billion, according to figures provided by MSC.

In contrast, Watsco, a prominent distributor of heating, ventilation and air-conditioning supplies, reported a 12% increase in ecommerce sales for the first quarter ended March 31, to about \$363.0 million from about \$324.0 million in the year-earlier period. In comparison, total sales grew by 8.3%, to \$1.008 billion from \$931.27 million. Digital sales now account for about 36% of all sales, the company says. "Branch locations were quickly transformed from retail walk-in showrooms to no-touch ecommerce curbside pickup centers," CEO Albert Nahmad told

ECOMMERCE CHANNELS: E-PROCUREMENT

B2B sales through e-procurement software, networks and exchanges in \$billions

● Sales ● Growth



Source: Digital Commerce 360 B2B

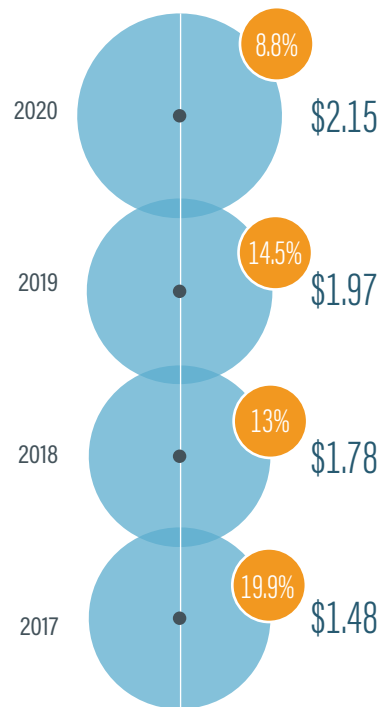
analysts on a recent earnings call. “These changes have been well-received, and our customers are asking us to sustain these services going forward.”

For the full-year a permanent change on the part of business buyers to make more digital and less paper and phone sales, could be the biggest impact COVID-19 will have on B2B ecommerce, Beck says. “When we look at these numbers next year, I would expect that we’ll see a shift from manual to ecommerce and procurement, Beck says. “We are witnessing a real behavior shift in action.”

TOTAL B2B ECOMMERCE SALES

All electronic channels minus EDI, in \$trillions

● Sales ● Growth



Source: Digital Commerce 360 B2B

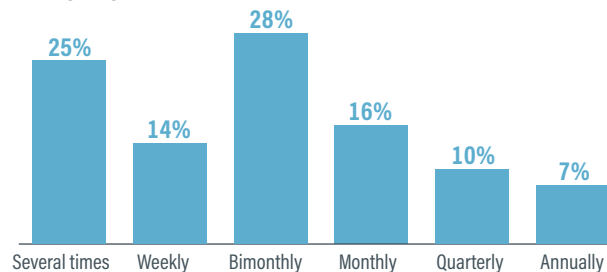
B2B VS B2C

The business-to-consumer ecommerce market is well established and into its third decade as a sales channel and established sales channel. Last year, B2C ecommerce sales grew about 15% to \$601.75 billion and represented about 16% of all U.S. retail sales of about \$3.76 trillion, which grew year over year by 3.8%, according to the Digital Commerce 360 2020 Top 1000 report and the U.S. Department of Commerce.

The B2B ecommerce market, which is about 20 years old but far less established, also grew last year but at a slightly lesser pace. In 2019, digital B2B sales from all electronic channels—ecommerce sites, log-in portals, marketplaces, e-procurement systems, electronic data interchange, and other online buyer/seller networks—grew 10.9% to \$9.00 trillion from \$8.10 trillion.

Digital B2B sales from ecommerce sites, log-in portals and marketplaces were on par with the growth in B2C ecommerce and increased at a slightly faster rate.

HOW FREQUENTLY DO YOU PURCHASE ONLINE FROM B2B SITES?



Source: 2020 Digital Commerce 360 B2B

Last year, the online sales that took place on B2B ecommerce sites, log-in portals and marketplaces increased by 18.2% to \$1.3 trillion from \$1.1 trillion in 2018.

B2B and B2C ecommerce are completely different channels. Business-to-business transactions are more complex than those in the business-to-consumer arena, and the B2B channels are more varied than the retail websites and marketplaces that attract consumer dollars. For the purpose of this report, Digital Commerce 360 B2B has broken down B2B electronic

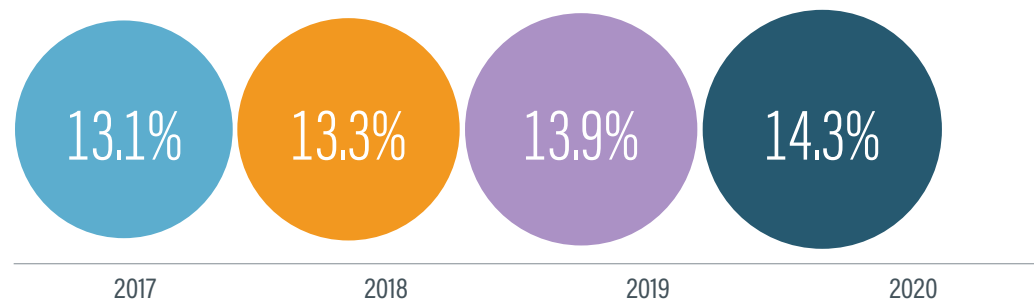
transactions into three categories:

- ▶ Ecommerce websites operated by individual companies, and online marketplaces where many companies sell a wide variety of products;
- ▶ E-procurement software that allows companies to purchase electronically from approved sellers, either via their websites or electronic catalogs, and industry-specific and more general online networks and exchanges where registered buyers and sellers do business;
- ▶ Electronic Data Interchange, or EDI, which allows companies to exchange such standardized business documents as purchase orders and invoices via electronic networks.

In 2019, these three electronic channels accounted for \$9.00 trillion in B2B transactions, or 51.8% of total U.S. B2B sales of \$17.50 trillion, up from 47.4% in 2018, according to the Digital Commerce 360 B2B analysis. That means 48.2% of B2B sales, or \$8.40 trillion, still took place through traditional B2B

A STEADILY GROWING SHARE OF B2B ELECTRONIC SALES

Ecommerce websites and marketplaces as share of B2B electronic sales



Source: 2020 Digital Commerce 360 B2B

channels, such as phone and fax orders and face-to-face transactions. And that \$8.40 trillion in offline transactions represents the still-massive market opportunity for B2B electronic commerce.

B2B ecommerce remains a more complicated sales channel than B2C. But there are significant elements of B2C ecommerce that are making a major and ongoing impact on B2B, and a big factor driving that trend is COVID-19. How business buyers make purchases of goods and services online is driven in large measure by how they shop online as consumers, say ecommerce analysts. “B2B buyers are increasingly

preferring digital methods of placing orders,” says Lori McDonald, CEO of Milwaukee-based ecommerce services and website design and development firm Brilliance Business Solutions. “This is driven in part by younger buyers, but also from buyers of all ages that value the time-savings and convenience provided through ecommerce.”

As the global pandemic brought about by COVID-19 continues to alter the U.S. ecommerce landscape, more companies are having all—or as many as possible—of their employees work from home. And just as consumers are depending heavily on ecommerce to get them the necessities they need to get through months of lock down as many stores are closed, employees also are asking for more digital tools to do their jobs purchasing goods and services for their company, agency or organization.

Just as many retailers are racing to put in place or expand curbside pick-up for online orders, many corporate purchasing managers want distributors to offer the same type of curbside, pickup outside branches. For example, take maintenance, repair and

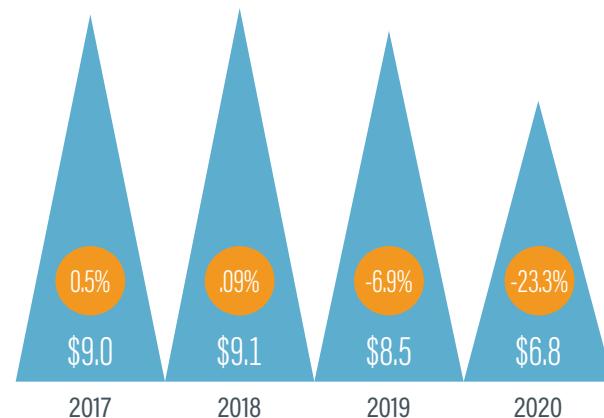
operations and industrial products distributor MSC Industrial Supply. The multibillion-dollar distributor of metalworking and other industrial products is taking extra steps to maintain fulfillment center operations during the virus pandemic, while working with suppliers to maintain the flow of orders to business and government customers, says CEO Eric Gershwind. Those steps include curbside pickup of online orders outside its network of 85 distribution centers.

As the coronavirus continues to alter the path of how business buyers order online, those buyers will be asking B2B sellers of all sizes to give them B2C and self-service ecommerce tools such as product recommendations, quick order, guest checkout and extended payment terms, including financing, says Karie Daudt, senior commerce consultant with digital transformation consulting firm Perficient Digital. “Across the board we are starting to see companies taking digital more seriously than in the past as many customers had to adapt to ecommerce because physical locations were closed,” she says. “Companies with the right ecommerce technology solutions were able to pivot faster than others and were able to adapt to the demand.”

TOTAL NON-ELECTRONIC B2B TRANSACTIONS

B2B sales conducted by non-electronic methods, in \$trillions

● Sales ● Growth



Source: 2020 Digital Commerce 360 B2B

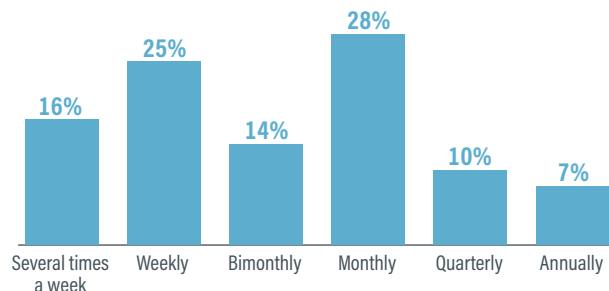
A VARIETY OF ELECTRONIC CHANNELS

The higher value of B2B transactions is just one of the differences between the two forms of electronic purchasing. The business buyer often seeks raw materials or goods that meet rigid specifications. A piece of equipment may have to be configured in a unique way. Purchases may require a series of approvals by layers of management within the buying organization. And there often are legal and regulatory requirements in B2B transactions that rarely crop up in the B2C world.

All these requirements and the many other complexities of B2B transactions have led to the development of specialized e-procurement software, networks and exchanges.

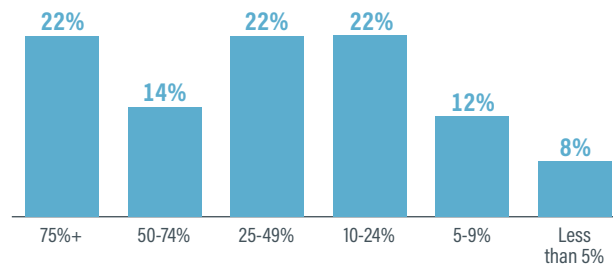
Already in large volume, and growing rapidly, are sales through e-procurement software. These systems let buyers make purchases from catalogs of products provided by their company's approved suppliers. In some cases, procurement agents can

HOW FREQUENTLY DO YOU PURCHASE ONLINE FROM B2B SITES?



Source: 2020 Digital Commerce 360 B2B

WHAT PERCENTAGE OF YOUR COMPANY'S PURCHASES ARE MADE ONLINE?



Source: 2020 Digital Commerce 360 B2B

“punch out” from such software to the ecommerce sites of suppliers and make their purchases there; the transaction is then transferred back to the buyer’s procurement system to enable the buyer’s employer to manage spending.

Besides such one-to-many systems, there are also many-to-many networks that connect large numbers of buyers and sellers. Some of these networks are industry-specific, while others serve buyers and sellers in many industries.

“B2B ecommerce is growing as the off-the-shelf platforms provide coverage to all segments (small, mid, enterprise markets), and what used to be more custom (long and expensive) projects, are now more easily delivered through platform providers with service and pricing models that fit everyone,” says Brady Behrman, CEO of software firm PunchOut2Go. “Becoming more software-as-a-service or SaaS-based is also allowing for rapid deployment with more reasonable ongoing support requirements—as

these platforms continue to mature for the B2B market with features and affordability, adoption rates will continue to climb.

A TIME AND PLACE FOR EDI

Despite the growth in e-procurement systems and ecommerce websites, however, electronic data interchange, or EDI, remains by far the largest electronic channel.

Nearly three-fourths of U.S. B2B ecommerce still takes place through EDI, a system that allows businesses to exchange a variety of documents and instructions in standardized formats. Before the internet, EDI transactions traveled over dedicated telecommunications networks, and those conduits—often called value-added networks, or VANs—remain an important part of B2B ecommerce, especially for larger companies.

But even VANs for large companies today use the internet in a big way, such as by letting companies generate and manage their EDI documents via a web browser and transmit their EDI documents over the internet via the widely used AS2 format. The arrival of internet-based EDI providers

also has made it easier for smaller manufacturers, wholesalers and distributors to transact via EDI, helping to account for its continued growth.

In many cases, B2B transactions go through more than one channel. A buyer may start a purchase in their e-procurement software but punch out to a supplier's website and place the order through a site's shopping cart. Or a purchase initiated on an ecommerce website may be completed with an invoice transmitted via EDI.

Thus, it's tricky to make estimates by channel. In this report, Digital Commerce 360 B2B provides its estimates of electronic B2B sales broken down into three categories: ecommerce websites; e-procurement systems and networks; and EDI. And this report goes beyond the numbers to also provide examples of how manufacturers, wholesalers and distributors are using web-based systems to offer their customers improved services and increase sales.

STEADY GROWTH EDI, IN TRILLIONS B2B sales via EDI, in \$trillions

● Sales ● Growth



Source: 2020 Digital Commerce 360 B2B

DEFINITION OF TERMS

Ecommerce sites. This category includes all ecommerce sales that take place on a B2B seller's website, login portal or third-party marketplace with a shopping cart and electronic payment by credit or debit card, or other form of payment such as electronic checks or an online credit service.

E-Procurement software. This category includes software-as-a-service and other forms of web-based procurement software that allow business buyers to connect to the seller's system and use specific purchasing and payment requirements agreed to by buyer and seller. E-procurement software can also include a punchout option, which lets a buyer link to a preferred supplier's ecommerce site to browse and purchase among a contracted selection of

products and pricing; once the buyer clicks to make a purchase, the transaction is completed in the procurement software, updating the financial and inventory records of both buyer and seller.

Exchange. A vertical-industry or general business/industrial "many-to-many" internet network where businesses can buy and sell goods and services to each other directly online based on the available inventory and price set by the seller or at a quantity level and price negotiated electronically between a buyer and seller.

These include such vertical industry networks as GHX (Global Health Exchange), Exostar (covering such industries as aerospace/defense,

energy, chemicals, life sciences and healthcare separately) and Oildex.

General networks serving buyers and sellers from multiple industries within the same procurement network include SAP Ariba, Basware and Tungsten.

B2B ecommerce. As used in this report, includes all sales through ecommerce sites and e-procurement channels. It does not include sales via EDI.

Electronic transactions. Includes all sales through electronic channels, including ecommerce sites, e-procurement systems and EDI.

ELECTRONIC SALES CHANNELS

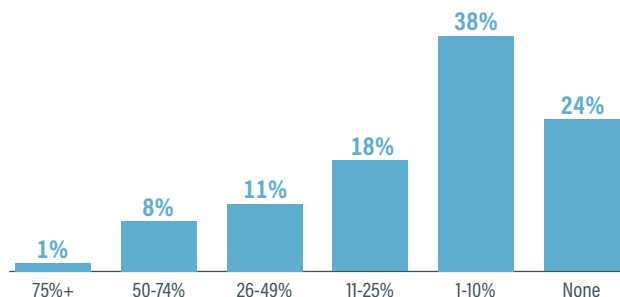
ELECTRONIC SALES CHANNELS— EARLY DAYS

EDI and many e-procurement systems are designed to facilitate transactions between buyers and sellers that have a prior relationship. But online shopping has trained business buyers that they should be able to search the web to research products, compare prices, find new suppliers and purchase from those suppliers' websites.

Despite the complexity of many business transactions, business buyers increasingly expect B2B ecommerce sites to deliver the same convenience and ease of use of retail websites like Amazon.com that they use in their personal life. That's a big reason many manufacturers, wholesalers, distributors and retailers that sell wholesale are dedicating significant resources to launching and enhancing their ecommerce sites.

Another echo of consumer ecommerce has been the growth in recent years in online marketplaces where many suppliers can sell to businesses, a

WHAT PERCENTAGE OF YOUR B2B BUYING IS CURRENTLY DONE WITH AMAZON BUSINESS?



Source: 2020 Digital Commerce 360 B2B

process that's been accelerated by the 2015 launch of Amazon Business, the B2B marketplace of online retailing giant Amazon.com Inc. Fear of Amazon is a not-insignificant factor in driving many businesses to invest in B2B ecommerce.

Competitors have reason to fear Amazon Business, which is growing at breakneck speed. Amazon Business is getting bigger in the number of products and categories it now sells

online, says new analysis from Applico Inc., a B2B marketplace technology services and integration company. In total, it has more than 56 million listed products and about 415,000 sellers.

The number one vertical for Amazon Business is maintenance, repair and operations (MRO). In total, MRO categories on Amazon Business have about 174,000 sellers and more than 18 million listed products, Applico says. Amazon Business will achieve gross merchandise volume (GMV) of \$75 billion by 2023, making it the biggest industrial distributor in the U.S., according to Applico.

But Amazon Business is not the only marketplace. Getting an entire national or global industry to replace paper, phone and manual order placement and processing with digital commerce can be a daunting—and even improbable—task.

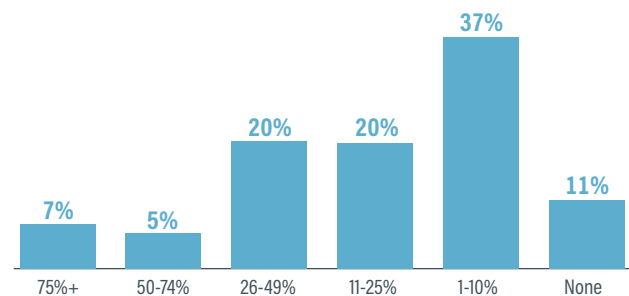
That's because old, established industries such as automotive, aerospace, chemicals and steel that generate billions or even trillions of dollars in annual sales don't change overnight. In some cases,

this is because of the huge investment companies have made in their established supply chains and distribution systems that they may not want to change at all.

But if B2B marketplaces such as GoDirect Trade in aerospace, CheMondis in chemicals, FastMetals in iron and steel, and Farmers Business Network in agriculture have their way, old and outdated order placement and processing will be replaced by full-scale ecommerce, according to data and analysis from the new B2B Marketplace report series from Digital Commerce 360 B2B.

Five years ago, there were far fewer B2B marketplaces in vertical industries such as apparel, automotive and healthcare. But today, there are more than 70 B2B marketplaces in more than 13 diverse industries, according to research compiled by Digital Commerce 360 B2B. And that number is expected to grow, especially as more digital technologies take hold throughout U.S. and global manufacturing and distribution, and as younger, more digitally driven purchasing managers push for more ways to buy

WHAT PERCENTAGE OF YOUR B2B BUYING IS CURRENTLY DONE VIA MARKETPLACE?



Source: 2020 Digital Commerce 360 B2B

business products and services online.

“Vertical marketplaces are becoming a bigger driver in B2B ecommerce because they are giving buyers and sellers new ways to interact online, and let customers research and buy very specialized products,” says Karie Daudt, senior commerce consultant at digital technology and services agency Perficient Digital. “They are proliferating in bigger numbers.”

The coronavirus also is spurring more interest in the use of B2B marketplaces. A case in point is that the coronavirus has companies of all types in all markets scrambling to find more inventory as the pandemic continues to disrupt supply chains.

But the race to procure more product suppliers with inventory is no more acute than in healthcare, where providers and many other types of organizations on the front lines of fighting the coronavirus are hard-pressed to find equipment in extremely short supply, such as personal protective equipment (PPE), ventilators and respirators.

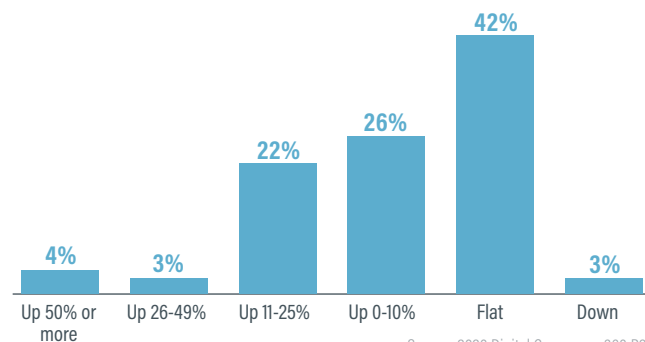
One new source many companies are turning to online in earnest is B2B marketplaces. A case in point is Kwipped.com, a marketplace in business since 2010 and a digital platform offering B2B equipment rental, leasing and lease-to-own options through a large network of suppliers in different vertical markets.

Among the vertical markets where Kwipped.com does business is in healthcare and specifically in niches such as medical and laboratory equipment. Lately business has been booming, says CEO Robert Preville.

In medical and laboratory equipment, Kwipped.com has a network of about 410 sellers and includes healthcare companies in the market to lease, lease-to-own and finance medical equipment ranging from ambulatory blood-pressure monitors to respirators and ventilators.

In the laboratory testing space, Kwipped.com has a base of 502 suppliers that provide lease, lease-to-own and financing for companies in need of such products as three-dimensional bioprinters to protein analyzers. “It’s a pretty diverse range for both markets,” Preville says.

HOW DO YOU EXPECT YOUR AMAZON BUSINESS VOLUME (TOTAL \$) TO CHANGE OVER THE COURSE OF THE COMING YEAR?



Source: 2020 Digital Commerce 360 B2B

In a normal month, Kwipped.com's transaction volume between suppliers and buyers for the leasing of medical and laboratory equipment is a steady but hardly needle-moving business, Preville says.

But the coronavirus has changed all of that, and now healthcare organizations are scrambling to find any new source of supply for PPE equipment and respirators. In their search for new suppliers, many healthcare companies are turning to B2B marketplaces in general to find any available inventory, and they're using Kwipped.com for certain types of extremely hard-to-find respirators and ventilators and the items that support and maintain them, Preville says.

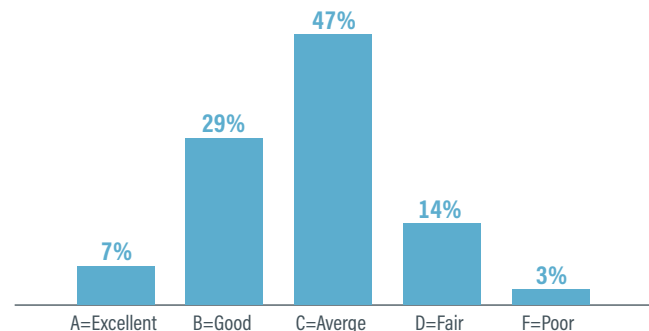
For example, in January and February, Kwipped.com had 28 requests from companies looking to lease or lease-to-own ventilators, the machines that provide mechanical ventilation by moving breathable air into and out of a patient's lungs. From March 1 to April 17, the number of requests for ventilators increased by nearly 32,000% to 15,319, Kwipped says.

Other categories also showed big gains, including for beds, where the number of requests for hospital beds grew 1,705% from 122 to 2,167, and for medical pumps, which numbered 45 requests in January and February, then jumped by 4,155% to 1,915 from March 1 to April 17. "There has been such a shortage for everyone the last 30 days that everyone that's looking for supplies is casting a wider net," Preville says.

In normal times, the supply chain for hospitals and health systems is more traditional. Because of the types and quantities of products and services hospitals purchase, most healthcare providers tend to buy products from long-time suppliers to the industry, Preville says.

But as more healthcare organizations scour all avenues to find PPE products and ventilators, many of these organizations are turning to the web, ecommerce and B2B marketplaces for the first time to secure the equipment they need. In about a week's time recently, buyers on Kwipped scooped up all of the available ventilators. "A B2B marketplace expands the footprint of the sources healthcare organizations

HOW WOULD YOU GRADE THE OVERALL EXPERIENCES YOU HAVE HAD WHEN RESEARCHING AND BUYING FROM B2B SITES OVER THE PAST 6 MONTHS?



Source: 2020 Digital Commerce 360 B2B

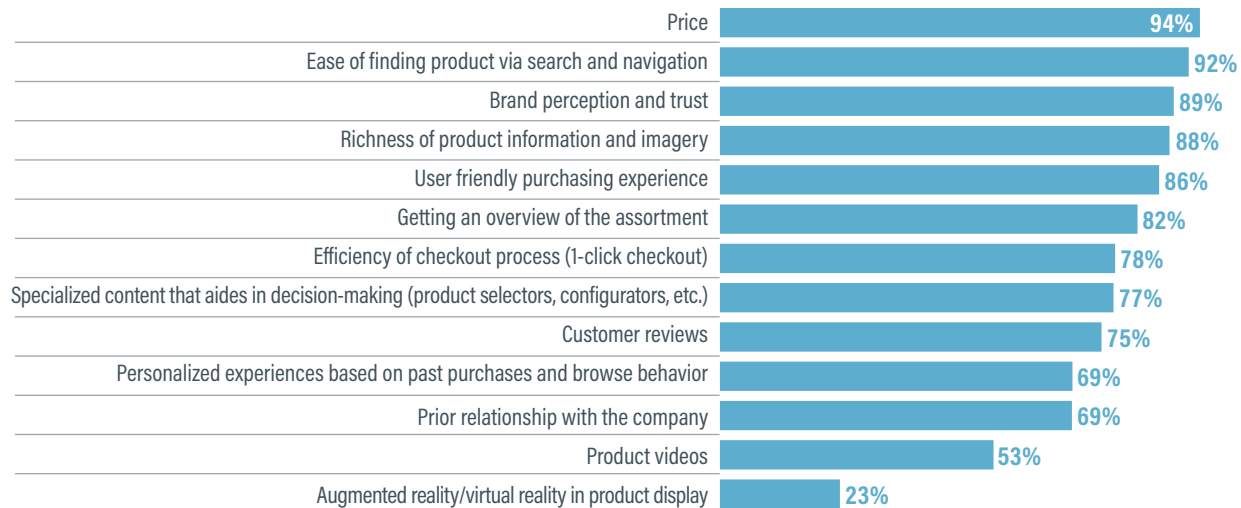
can use to find badly needed supplies and in a way that is online, easier and allows them to do a lot of research,” Preville says. “They can submit requests to a lot of suppliers, submit proposals, and make a better purchasing decision.”

There also are benefits for B2B sellers as more healthcare organizations find them online. A case in point is ReNew Biomedical, a company that repairs, services, leases, and sells medical equipment. The company was founded over a decade ago and has grown to fill a 50,000-square-foot facility in Jackson, Tennessee. ReNew Biomedical expanded its reach to include ecommerce in 2015 and has worked with Kwipped.com for about two years, says Caleb Curlin, the company’s national sales director. But lately, the uptick in renting, leasing-to-own, and outright buying of refurbished ventilators through transactions has resulted in a sell-out of ventilator stock for ReNew Biomedical.

Prior to the COVID-19 crisis, ReNew Biomedical sold, rented, or leased approximately 10 to 12 new and refurbished ventilators per month. With help from

OVER THE PAST YEAR, HOW IMPORTANT WERE EACH OF THE FOLLOWING WHEN SELECTING B2B WEBSITES?

Top 2: Important



Source: 2020 Digital Commerce 360 B2B

companies like Kwipped.com, ReNew is now selling more substantial quantities of equipment in shorter amounts of time. “This avenue has allowed us to discover new relationships that are quickly growing in stature and increasing our bottom line,” Curlin says. “The marketplace cuts through the multiple layers of bureaucracy and makes healthcare acquisitions easier and more transparent.”

As the coronavirus settles in and healthcare providers, first responders and others continue to look for more items such as PPE, respirators and ventilators that remain in critically short supply, B2B marketplaces will play a more elevated and better way to find, lease and finance products online, Preville says. “For a lot of healthcare organizations used to a very structured supply chain, B2B marketplaces, for them, are a whole new way of doing business,” he says.

ELECTRONIC SALES CHANNELS— A SEA CHANGE UNDERWAY

While some B2B ecommerce pioneers have been selling online for years, that's not the case for many manufacturers, wholesalers and distributors.

But the coronavirus is reshaping the B2B ecommerce landscape and in the process creating digital winners, losers, laggards and accelerators.

As COVID-19 plays out, companies who may initially be taking limited action to help customers can expect to be more aggressive as they further understand the implications on their future business performance, according to a March 2020 survey of purchasing managers by Digital Commerce 360 B2B. 50% of B2B sellers are taking some action to beef up customer service in the wake of business changes brought about by COVID-19 and 38% are taking aggressive actions to provide customer service.

The coronavirus also has B2B sellers less optimistic on growing ecommerce sales. 48% of companies are

OVER THE PAST YEAR, HOW IMPORTANT WERE EACH OF THE FOLLOWING FUNCTIONS WHEN SELECTING B2B WEBSITES?

Weighted average



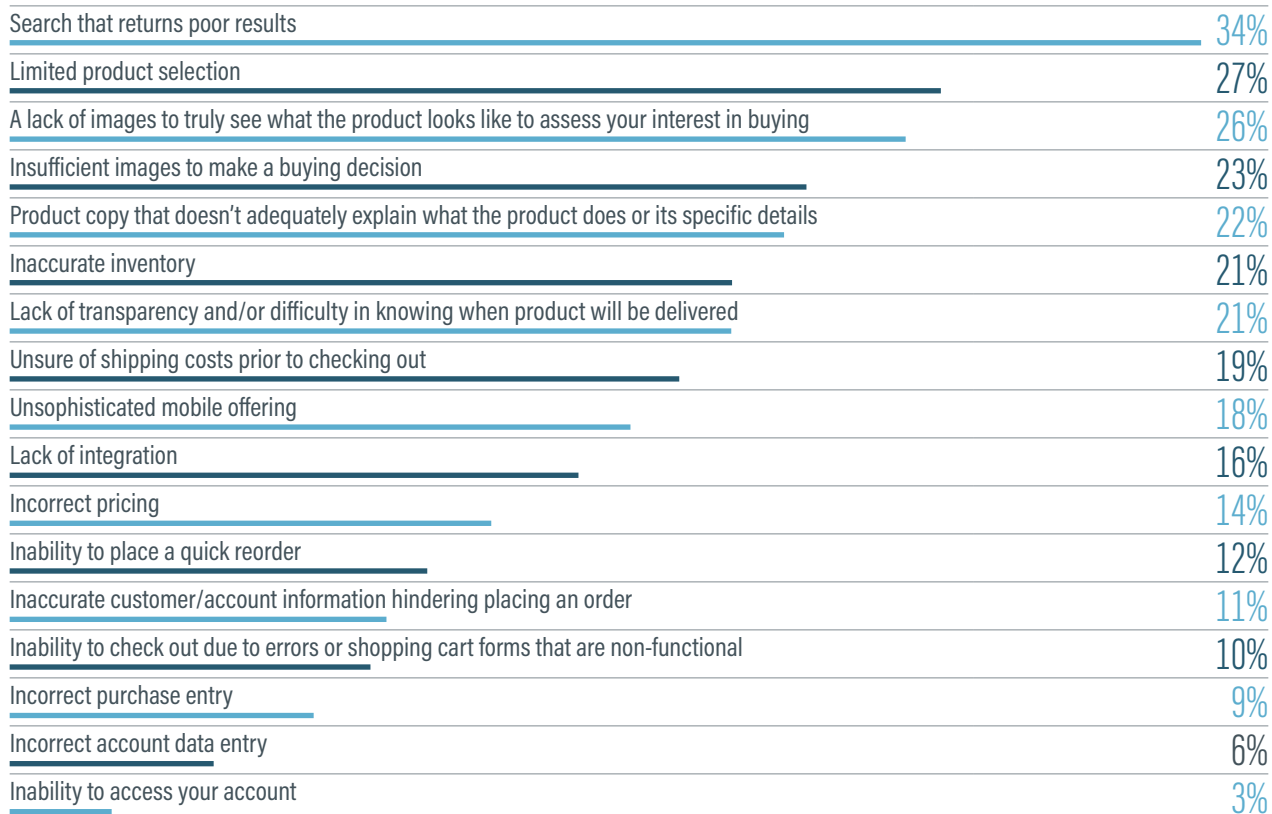
Source: 2020 Digital Commerce 360 B2B

reforecasting web sales downward based on a mix of declining buyer confidence, supply chain disruption and the broader economic downturn, according to the Digital Commerce 360 B2B survey.

The end result is that the current pandemic is bending but not breaking ecommerce. The effect of the coronavirus on ecommerce is also highly uneven. In business-to-consumer ecommerce, the coronavirus has closed down many stores and malls and shifted even more shopping online, including for groceries, prepared food and other items necessary for daily life.

The coronavirus resulted in a surge in web sales for such merchandise categories as groceries, while at the same time bringing online orders to a trickle in segments that depend on discretionary consumer spending, such as for luxury goods and jewelry. In B2B ecommerce, the pandemic's sudden and ongoing impact is broadly changing—perhaps fundamentally—the way the B2B ecommerce market is doing business, from supply chain and inventory management to customer service, fulfillment and delivery.

HOW OFTEN HAVE YOU EXPERIENCED ANY OF THE FOLLOWING ISSUES WHEN PURCHASING ON B2B WEBSITE?



“It’s a war out there,” says Vic Hanna, the CEO of BettyMills.com, an online medical supplies superstore that sells primarily to B2B customers in healthcare.

But manufacturers, distributors, wholesalers, retailers and other online sellers aren’t being caught entirely off guard.

In fact, many B2B ecommerce sellers are making solid plans and implementing new technology, marketing and other procedures to immediately manage the short-term effects of the coronavirus.

Online B2B sellers are learning hard-won lessons from the pandemic. Ecommerce companies of all sizes are seeking out new online business opportunities and building post-coronavirus technology and related business, marketing and operations strategies and programs designed to work more effectively and efficiently for the long haul.

But there will be winners and losers. “This crisis is widening the digital divide among those who made earlier investments in ecommerce and those

that didn’t,” says Brian Beck, a managing partner of Enceiba, an agency that helps manufacturers and brands sell through Amazon.com and Amazon Business. “Some of those that didn’t won’t survive.”

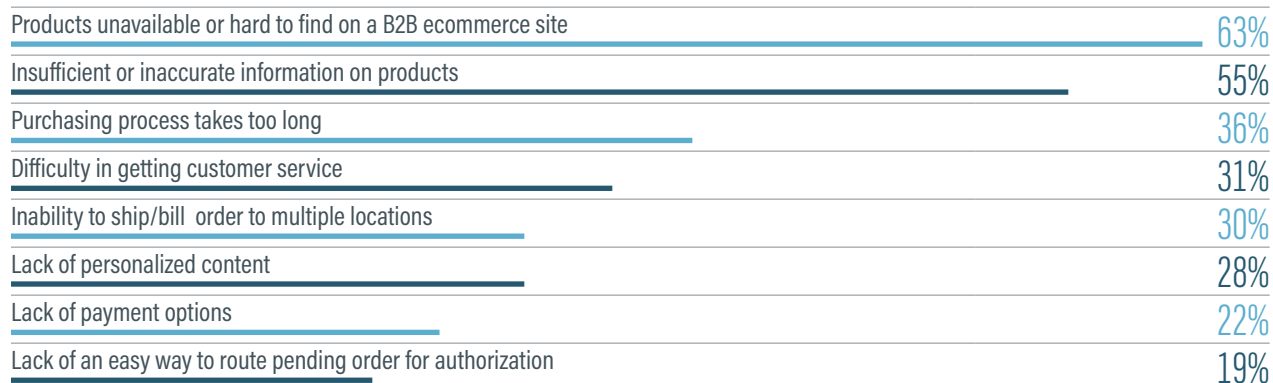
HOW DISTRIBUTORS ARE FARING IN THE AGE OF COVID-19

There are about 280,000 distributors nationwide, and there is a wide disparity between how far along each distributor is in rolling out B2B ecommerce. And the state of ecommerce readiness among distributors is becoming a big factor in how they are coping with COVID-19.

Inventory visibility is paramount, and forecasting of product demand,

purchase cycles and stock inventory is essential for B2B companies as they plot what lies ahead for their ecommerce operation, according to a March 2020 survey of purchasing managers by Digital Commerce 360 B2B. 45% of B2B sellers expect a downturn or at least flat web sales in the fourth quarter, including 8.1% that expect ecommerce sales to be down significantly.

WHAT HAS BEEN YOUR BIGGEST FRUSTRATION IN B2B BUYING ONLINE OVER THE PAST YEAR? Multiple responses allowed.



Source: 2020 Digital Commerce 360 B2B

There are hard-won lessons learned from the current pandemic that ecommerce companies of all sizes are using to seek out new online business opportunities and build post-coronavirus technology, business, marketing and operations strategies and programs that will work more effectively and efficiently for the long haul.

Here's how three big public distributors—W.W. Grainger Inc., Watsco and MSC Industrial—are faring early on in the wake of the coronavirus pandemic. The companies are a bellwether for how distributors of all sizes are faring—and the ecommerce tactics and strategies they are adopting to survive and then thrive post COVID-19.



DIGITAL SALES HEAT UP FOR AN HVAC DISTRIBUTOR DESPITE COVID-19

WATSCO, A PROMINENT
DISTRIBUTOR OF HEATING,
VENTILATION AND AIR-
CONDITIONING SUPPLIES,
REPORTED A 12% INCREASE IN
FIRST-QUARTER ECOMMERCE SALES.

The coronavirus is having a whipsaw impact on the quarterly ecommerce sales for lots of big distributors.

But the impact can vary widely from one vertical market to another. MSC Industrial Supply Co. and W.W. Grainger Inc., a pair of the biggest public distributors of maintenance, repair and operations (MRO) products, both reported fluctuating sales in March and April because of the economic impact of the coronavirus. Grainger, for the first quarter ended March 31, says digital sales through all electronic channels grew about 8.7% as total sales increased 7.2%, but total sales fell by 10% for the first three weeks of April, the company says.

For MSC Industrial Supply, fiscal second-quarter ecommerce sales for the period ended Feb. 29 were down 3.1% from a year earlier, as total sales declined 4.5%, MSC says.

Other distributors in other verticals are reporting increases in online sales—at least for now. A case in point is Miami-based Watsco Inc, one of the biggest and oldest distributors of heating, ventilation and air-conditioning equipment, whose digital and total sales increased in the first quarter.

INVESTMENT IN ECOMMERCE

Watsco's ecommerce sales for the first quarter ended March 31 increased by 12% to about \$363.0 million from about \$324.0 million in the year-earlier period. In comparison, total sales grew by 8.3%, to \$1.008 billion from \$931.27 million. Digital sales now account for about 36% of all sales, the company says.

The increase in ecommerce sales is attributable to the distributor's



'Branch locations were quickly transformed from retail walk-in showrooms to no-touch ecommerce curbside pickup centers.'

—Albert Nahmad, CEO, Watsco Inc.

continued investment in ecommerce, growing use of its mobile app and the ability to convert its branch locations into drive-by and pickup spots for online orders, Watsco CEO Albert Nahmad told analysts on the first-quarter earnings call, according to a transcript from The Motley Fool website, Fool.com.

“Branch locations were quickly transformed from retail walk-in showrooms to no-touch ecommerce curbside pickup centers,” Nahmad told analysts. “These changes have been well-received, and our customers are asking us to sustain these services going forward.”

Business for Watsco also is up in general because its market has been classified as essential by various government bodies because of the coronavirus, Nahmad told analysts. “Local authorities in our markets have deemed our industry as essential,” he said. “Our branches are open, providing needed products and services to our contractor customers.”

MULTIPLE HVAC ECOMMERCE SITES

Adoption and use of Watsco’s ecommerce platform

continue to grow, the company says.

Watsco operates four divisions—Carrier Enterprise, Gemaire Distributors, Baker Distributing, and East Coast Metal Distributors—and launched online in 2014. It sells online through separate websites for each of its divisions: CarrierEnterprise.com, Gemaire.com, BakerDist.com and ECMDI.com. Watsco also sells through several mobile apps, including ones designed for Gemaire and for Carrier Enterprise.

Watsco also reported the following first-quarter digital metrics:

- ▶ About 25,000 contractors and others now use Watsco’s mobile app on a weekly business, up 94% from a year earlier;
- ▶ Watsco now processes and fulfills more than 7 million orders annually to more than 300,000 contractors and technicians, increasingly through the use of digital tools including ecommerce and mobile apps;
- ▶ The number of SKUs available online is now about 728,000.



FOR MSC INDUSTRIAL SUPPLY, APRIL ORDERS RISE AS SALES FALL

FOR THE PANDEMIC-STRUCK MONTHS OF MARCH AND APRIL, MSC REPORTED AN “UNUSUALLY LARGE GAP” BETWEEN ORDERS AND INVOICES AS IT PROCESSED A SURGE IN LARGE ORDERS FOR SAFETY AND JANITORIAL PRODUCTS.

The effects of the coronavirus and the changes in supply and demand for safety and janitorial products have continued to disrupt distribution markets into May.

A case in point is MSC Industrial Supply Co., the multibillion-dollar distributor of metalworking and industrial maintenance, repair and operations (MRO) products, which reported year-over-year net sales declines of 10.5% fiscal April and 7.8% for the fiscal 2-month March-April period that ended May 2. In a press release and statement filed today with the U.S. Securities and Exchange Commission, MSC attributed

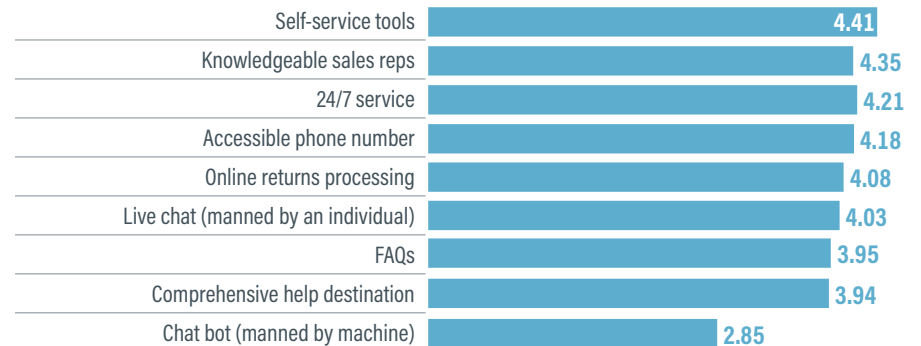
the declines partly to a “significant decline versus the prior year” in April sales of products outside of its safety and janitorial categories.

GAP BETWEEN ORDERS AND INVOICES

At the same time, MSC reported that order volume increased through fiscal March and April “at a double-digit pace over the prior-year period due to the continuing surge in large safety and janitorial orders, scarcity of product and longer lead times.”



HOW IMPORTANT ARE EACH OF THESE FEATURES TO ENSURING A POSITIVE B2B CUSTOMER EXPERIENCE?



Source: 2020 Digital Commerce 360 B2B

It also noted, however, that MSC experienced “an unusually large gap between bookings (or orders) and what was invoiced in fiscal March 2020,” and it added: “This trend continued through fiscal April 2020.” As a result, MSC’s order backlog for the 2-month period “increased substantially versus the prior-year period and is well above \$100 million.”

MSC said it anticipates that many of these bookings will get invoiced in fiscal May and the fourth quarter, which begins in June.

‘SOLID GROSS MARGINS’

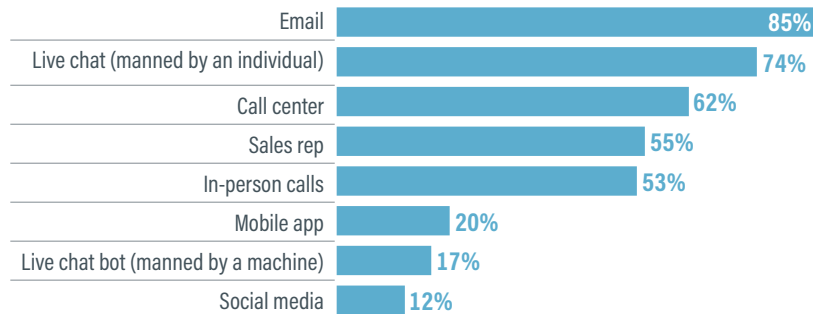
On a positive note, MSC said it “has seen solid gross margins through fiscal March and fiscal April on the “strong realization of its mid-year price increase” and as a result of initiatives it carried out with its suppliers earlier in its current fiscal year, which began in September 2019.

“The company intends to continue reporting monthly sales trends until the heightened uncertainty caused by COVID-19 diminishes,” MSC said.

MSC didn’t break out ecommerce sales for fiscal and March and April. For the second quarter ended Feb. 29, it said ecommerce sales declined by 3.1% to \$478.7 million, as total sales decreased 4.5% to \$786.1 million.

Ecommerce sales, including sales through MSCDirect.com, internet-connected vending machines, vendor-managed inventory services and electronic data interchange, hit an annualized run rate of \$1.97 billion during the fiscal second quarter, down 1.5% from a year-earlier annualized figure of \$2.0 billion, according to figures provided by MSC.

WHICH CHANNELS DO YOU USE TO SEEK OUT CUSTOMER SERVICES WITH B2B COMPANIES?



Source: 2020 Digital Commerce 360 B2B

IN A DISRUPTED MARKET, GRAINGER REPORTS 7.2% GROWTH IN Q1 SALES

EVEN AS IT DEALS WITH SHORTAGES OF PANDEMIC-RELATED ITEMS, THE DISTRIBUTOR OF BUSINESS AND INDUSTRIAL PRODUCTS SAID IT GAINED MARKET SHARE IN THE OVERALL MARKET FOR MAINTENANCE, REPAIR AND OPERATIONS PRODUCTS. "WE ARE SEEING A HEALTHY FLOW OF NEW CUSTOMERS," CHAIRMAN AND CEO D.G. MACPHERSON SAID YESTERDAY.

"Like other companies around the globe," W.W. Grainger Inc. is dealing with supply shortages of pandemic-related supplies like N95 masks and other types of personal protective equipment, chairman and CEO D.G. Macpherson said yesterday in a first-quarter conference call with investment analysts.

But the multibillion-dollar distributor

of business and industrial products still gained market share during the first quarter in U.S. sales of its core maintenance, repair and operations (MRO) products, executives said.

The company's U.S. average daily sales grew 5.7% year over year in the quarter, a rate it pegged at "about 700 basis points faster than the broader MRO market," which it said declined between 1% and 1.5%. Moreover, with total first-quarter sales up 7.2% year over year to just over \$3 billion, Grainger's share gain accelerated at an even faster rate in the quarter's final month in March, executives said, as the effect of the pandemic on businesses and healthcare organizations became more severe. Ecommerce sales, under which Grainger includes EDI and internet-connected vending machine transactions, increased about 8.7% to more than \$2 billion.

Tom Okray, senior vice president and chief financial officer, said the share



—D.G. Macpherson, CEO, W.W. Grainger

gains in March were “almost double” the gain for the full quarter, “which would lead you to potentially conclude that when times get really tough, [with] the good things we’re doing, the customers are coming to us and allowing us to take share.”

STRONG SALES TO ECOMMERCE DISTRIBUTION CENTERS

Across Grainger’s customer base, “our healthcare, essential manufacturing and pockets of government are growing significantly faster year over year,” Okray said.

But some customers are spending more than others, depending on how the pandemic is impacting their market. Macpherson noted that 10% are “really busy,” 40% are less-impacted essential businesses, 40% are nonessential but are working on a reduced schedule, and about 10% are “what we would call disrupted.”

Grainger noted particularly strong growth areas in sales of supplies to ecommerce retailers for use in their distribution centers. “What we’ve seen is almost all ecommerce traffic is way up,” Macpherson said.

“And so our business to distribution centers that are serving that ecommerce traffic is way up.”

ZORO.COM GAINING NEW CUSTOMERS

Grainger said Q1 sales were up 17% in its “endless assortment” business, which includes Zoro.com for smaller customers in the U.S. and overseas, and Japan-based MonotaRO.com. “Japan has not had yet a hard shutdown like some of the other markets we’ve seen,” Macpherson said. “Certainly, we’ve seen the online model there do very, very well.”

He added that Zoro has been particularly strong in the U.S. market, where it has been gaining new customers. “As new customers look for different solutions that are digital, we’re seeing a very strong new customer pipeline coming into Zoro,” Macpherson said.

A broad shift among customers to digital commerce, he added, has also been helping the company’s flagship ecommerce site, Grainger.com. “So we feel like we’re well-positioned for that shift,” Macpherson said.



Grainger’s Lake Forest, Illinois, headquarters.

The strong first quarter, however, was followed by a relatively tough first half of April, executives said. As of April 21, Grainger's sales for the month were down 10% year over year "with dramatic differences" by market area and product category, Okray said. He added: "Not surprisingly, our healthcare, essential manufacturing and pockets of government are growing significantly faster year over year, and we are seeing rapid declines elsewhere in areas such as hospitality and heavy manufacturing."

Regarding product category sales, Grainger is also experiencing a mixed bag. Sales of "safety and cleaning supplies are significantly up year over year, with most other categories down, some dramatically," Okray said.

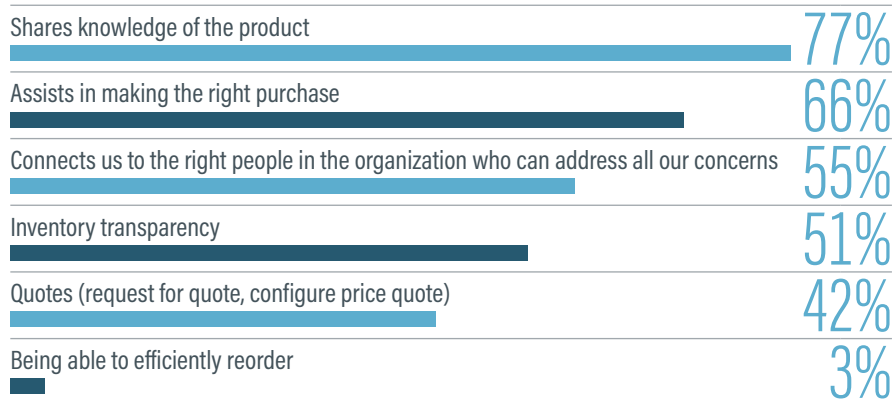
PLANNING AHEAD IN JANUARY

"Like others around the globe, we continue to see shortages and stock-outs of critical pandemic-related items, including N95 masks, sanitizers and other PPE," Macpherson said. "We are working diligently with our suppliers, alongside our government and

healthcare customers to secure as much product as possible, as well as trying to identify and source suitable alternatives.

"To give you a sense of the magnitude of the problem, in several weeks' time, we received orders for the same quantity of safety masks that we usually receive over several years, and in some cases, even decades,"

WHAT IS THE CURRENT ROLE OF THE SALES REPS YOU INTERFACE WITH WHEN PURCHASING B2B PRODUCTS? Multiple responses allowed.



Source: 2020 Digital Commerce 360 B2B

Macpherson said. “This is truly an unprecedented challenge and getting America back to work is essential.”

Grainger “started planning and responding to the pandemic in late January and established an emergency preparedness task force shortly thereafter,” Macpherson said. “In the early days, our focus was on product supply. We executed large pre-buys of non-pandemic product, leveraging our extra capacity in Louisville to ensure we could supply our customers through this period. Our service levels of non-pandemic supplies continue to be strong.

“We have had minimal disruptions to date on non-pandemic related items,” Macpherson said. “We continue to maintain high levels of inventory and are leveraging our strong relationships with our suppliers and transportation partners to secure products and ensure we meet our same-day ship complete delivery promise as regularly as possible.”

EXPECTING GAINS OVER THE LONG-TERM

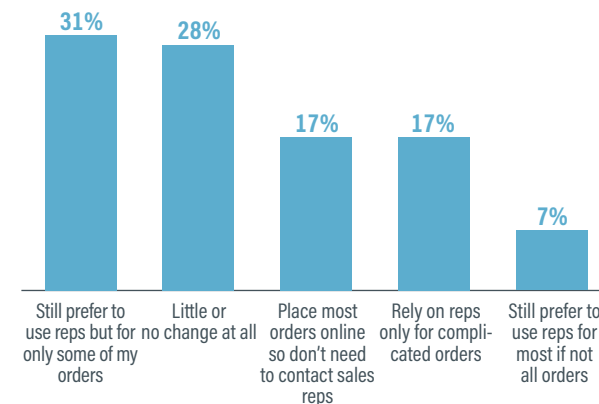
To keep its business operating, Grainger also is taking several steps to maintain its own facilities, including temperature screening of all individuals prior to entering Grainger facilities, Macpherson said.

The company is also increasing pay for the personnel operating its branch locations and distribution centers.

In the long run, Grainger is expecting to come out ahead, even though it’s tough now to make near-term forecasts on business activity. “We are seeing a very healthy flow of new customers, given the pandemic requests, and we feel like we are going to come out of this with a nice customer file increase as well,” Macpherson said. “But right now, it’s really difficult to forecast beyond sort of this month and next month.”

On March 31, Grainger said it borrowed \$1 billion against its revolving credit facility to “supplement the company’s strong cash position” and ensure liquidity during the pandemic.

HOW HAS SELF-SERVICE E-COMMERCE AFFECTED YOUR RELATIONSHIPS WITH SALES REPS?



Source: 2020 Digital Commerce 360 B2B

In the annual 10K financial statement it filed with the U.S. Securities and Exchange Commission for its 2019 fiscal year, Grainger notes that the following shares of total orders from its three groupings of digital channels: website, 30%; EDI and e-procurement, 25%; and its KeepStock inventory management services, 16%. That comes to 71% of orders through its digital channels, with the remaining 29% received through its physical branch network and via the telephone. The company reported total 2019 sales of \$11.5 billion, with the 71% digital share amounting to \$8.2 billion.

For the first quarter ended March 31, Grainger reported:

- ▶ Total net sales increased 7.2% year over year to \$3.001 billion; figuring 71% of sales in overall ecommerce brings ecommerce sales to \$2.13 billion, up about 8.7%;
- ▶ Gross profit increased by 2.4% to \$1.121 billion, resulting in a gross profit margin of 37.4%, down from 39.1%;
- ▶ Net earnings declined by 29.4% to \$185 million.

AMAZON

AMAZON BUSINESS AND THE IMPACT OF B2B ECOMMERCE

Amazon Business is big business for B2B ecommerce. In fact, Amazon Business is getting bigger in the number of products and categories it now sells online, says new analysis from Applico Inc., a B2B marketplace technology services and integration company. In total, it has more than 56 million listed products and about 415,000 sellers.

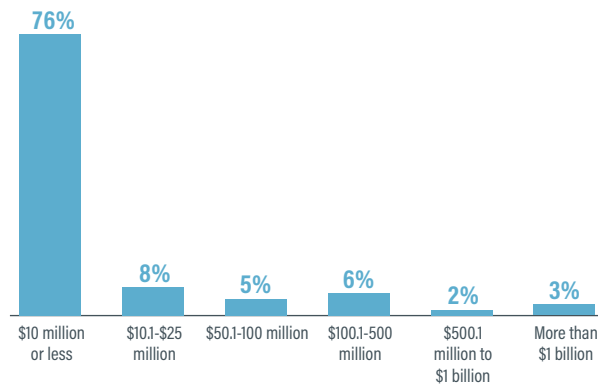
The number one vertical for Amazon Business is maintenance, repair and operations (MRO). In total, its MRO categories have about 174,000 sellers and more than 18 million listed products, Applico says.

Amazon Business will achieve gross merchandise volume (GMV) of \$75 billion by 2023, Applico says. This sales growth would make Amazon Business the biggest industrial distributor in the United States, Applico says according to a new study from marketplace services provider Applico Inc.

Other analysis also points to the big impact Amazon Business is having on B2B ecommerce.

As with many of its other business units, Amazon doesn't break out many specific metrics on Amazon Business in its corporate financial reports. It did note in a blog post in September 2018 that Amazon Business had surpassed \$10 billion in annualized sales, including

WHAT ARE YOUR COMPANY'S TOTAL B2B WEB SALES?



Source: 2020 Digital Commerce 360 B2B

sales by third-party sellers. The B2B marketplace serves 55 Fortune 100 companies, more than 50 of the largest 100 hospitals, 40 of the local governments serving the 100 biggest populations, and 80% of the 100 largest educational institutions.

Wall Street analysts also dig into Amazon Business financial data. Mark Mahaney, a prominent ecommerce analyst with RBC Capital Markets, says Amazon Business was on track in 2019 to increase its gross sales by 60% to \$16.0 billion, up from \$10.0 billion in 2018. Net revenue for Amazon Business increased 67% to an estimated \$10 billion in 2019 from \$6.0 billion in 2018, says RBC.

To put that into perspective, Amazon Business's gross sales grew 2.9 times faster than total sales for Amazon, which totaled \$280.52 billion across all business segments during 2019, up 20.5% from \$232.89 billion the prior year.

With its gross sales, Amazon Business also grew 1.6 times faster last year than Amazon Web Services, its

cloud computing and network services arm. Last year, Amazon Web Services increased sales by 37% year over year to \$35.02 billion from \$25.66 billion.

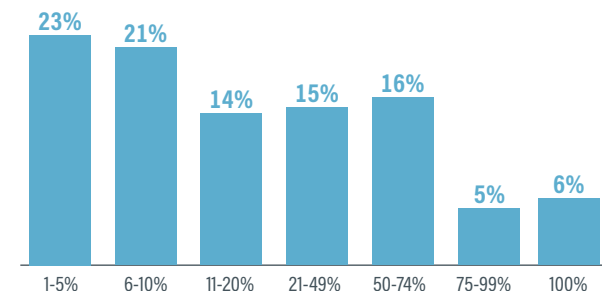
Overall, Amazon Business accounted for 5.7% of all Amazon revenue in 2019, compared with 4.4 % in 2018.

But for such a fast-growing unit, Amazon Business was a surprising no-show in Amazon's year-end earnings comments. There was no mention of Amazon Business or B2B marketplaces on its year-end earnings call with analysts.

In its full-year 2019 earnings release, Amazon did tout the increasingly global reach of Amazon Business—and the introduction in some markets of Amazon Business Prime, a subscription fulfillment and delivery program that lets users pay for such perks as one-day shipping, a designated delivery day and flexible payment options, among others.

“Amazon Business launched in Canada and now serves commercial and public sector organizations of all sizes in Canada and eight other countries,

WHAT ARE YOUR B2B WEB SALES AS A % OVERALL B2B SALES?



Source: 2020 Digital Commerce 360 B2B

including the U.S., U.K., Germany, France, Italy, Spain, Japan, and India,” Amazon says. “Amazon Business also launched Business Prime in Canada. Business Prime offers member-only benefits to help save time and money, in addition to unlimited, fast, free shipping on eligible items for every member on the account.”

Amazon didn’t immediately say why the biggest online retailer was so quiet on its year-end earnings about Amazon Business, which analysts such as Mahaney says is a big market influencer and growth driver in B2B ecommerce.

“Amazon Business has grown at a 115% 3-year compound annual growth rate (CAGR) from 2015 to 2018, and the company faces a very large, underpenetrated, fragmented and inefficient market,” Mahaney says. “Amazon has the technology platform, logistics prowess, selection, and a large network of sellers and buyers that we believe will enable the company to grow its business segment faster than the overall retail segment for the foreseeable future.”

Amazon may have kept mostly mum on its fast-growing B2B ecommerce unit in its year-end comments because Amazon is still trying to figure out the complicated, multiple-industry and fragmented B2B digital commerce market, says Jeff McRitchie, vice president of marketing at MyBinding.com and a veteran third-party seller on Amazon Business.

“There could be big talk internally about Amazon Business, but in the B2B market they still may see themselves as flying under the radar,” McRitchie says. “For many B2B sellers, there may be a fear factor about them, and they are still trying to build market share, attract buyers and sellers, and not rock the boat.”

THE RISE OF THE MARKETPLACE

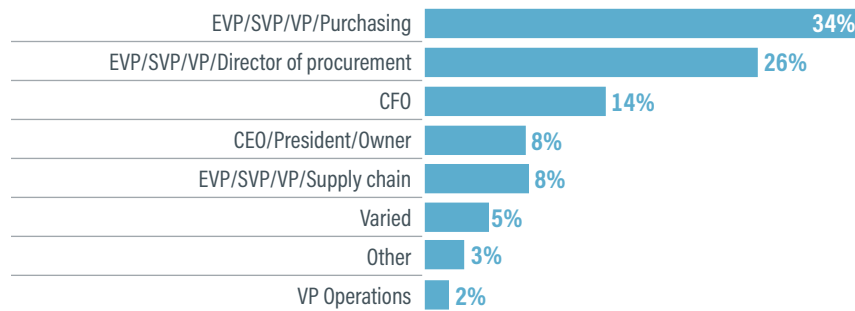
But as big as Amazon is, it isn't the only game in town. Across the B2B ecommerce landscape, more marketplaces are popping up and, in the process, giving buyers and sellers new ways to purchase products.

Getting an entire national or global industry to replace paper, phone and manual order placement and processing with digital commerce can be a daunting—and even improbable—task.

That's because old, established industries such as automotive, aerospace, chemicals and steel, which generate billions or even trillions of dollars in annual sales, don't change overnight. In some cases, this is because of the huge investment that companies have made in their established supply chains and distribution systems, which they may not want to change at all.

But if B2B marketplaces such as GoDirect Trade in aerospace, CheMondis in chemicals, FastMetals in iron and

WHO WITHIN YOUR COMPANY MAKES B2B PURCHASES?



Source: 2020 Digital Commerce 360 B2B

steel, and Farmers Business Network in agriculture have their way, old and outdated order placement and processing will be replaced by full-scale ecommerce, according to data and analysis from the new B2B Marketplace Report series from Digital Commerce 360 B2B.

Five years ago, there were far fewer B2B marketplaces in vertical industries such as apparel, automotive and healthcare. But today, there are more than 70 B2B marketplaces in more than 13 diverse

industries, according to research compiled by Digital Commerce 360 B2B.

And that number is expected to grow, especially as more digital technologies take hold throughout U.S. and global manufacturing and distribution, and as younger, more digitally driven purchasing managers push for more ways to buy business products and services online.

Because of the coronavirus, companies of all types in all markets are scrambling to find more inventory as the pandemic continues to disrupt supply chains.

But the race to find more product suppliers with inventory is no more acute than in healthcare, where providers and many other types of organizations on the front lines of fighting the coronavirus are hard-pressed to find equipment, such as personal protective equipment (PPE), ventilators and respirators.

One new source many companies are turning to online in earnest is B2B marketplaces. A case in point

is Kwipped.com, a marketplace in business since 2010 and a digital platform offering B2B equipment rental, leasing and lease-to-own options through a large network of suppliers in different vertical markets.

Among the vertical markets where Kwipped.com does business is in healthcare and specifically in niches such as medical and laboratory equipment, among others. Lately, business has been booming, says CEO Robert Preville.

In medical and laboratory equipment, Kwipped.com has a network of about 410 sellers and includes healthcare companies in the market to lease and finance medical equipment ranging from ambulatory blood-pressure monitors to respirators and ventilators.

In the laboratory testing space, Kwipped.com has a base of 502 suppliers that provide lease, lease-to-own and financing for companies in need of such products as three-dimensional bioprinters to protein analyzers. “It’s a pretty diverse range for both markets,” Preville says.

In a normal month, Kwipped.com's transaction volume between suppliers and buyers for the leasing of medical and laboratory equipment is a steady but hardly needle-moving business, Preville says.

But the coronavirus has changed all of that, and now healthcare organizations are scrambling to find any new source of supply for PPE equipment and respirators. In their search for new suppliers, many healthcare companies are turning to B2B marketplaces in general to find any available inventory, and they're using Kwipped.com for certain types of extremely hard-to-find respirators and ventilators and the items that support and maintain them, Preville says.

For example, in January and February, Kwipped.com had 28 requests from companies looking to lease or lease-to-own ventilators, the machines that provide mechanical ventilation by moving breathable air into and out of a patient's lungs. For the period of March 1 to April 17, the number of requests for ventilators increased nearly 32,000% to 15,319, Kwipped says.

Other categories also showed big gains, including for beds, where the number of requests for hospital beds grew 1,705% from 122 to 2,167, and for medical pumps, which numbered 45 requests in January and February, then jumped 4,155% to 1,915 March 1 to April 17. "There has been such a shortage for everyone the last 30 days, that everyone that's looking for supplies is casting a wider net," Preville says.

In normal times, the supply chain for hospitals and health systems is more traditional, meaning that because of the types and quantities of products and services hospitals purchase, and because of the complex and regulatory nature of the industry, most healthcare providers tend to buy products from long-time suppliers to the industry, Preville says.

But as more healthcare organizations scour all avenues to find PPE products and ventilators, many of these organizations are turning to the web, ecommerce and B2B marketplaces for the first time to secure the equipment they need.

In about a week's time recently, all of the ventilators available on Kwipped were scooped up. "A B2B marketplace expands the footprint of the sources healthcare organizations can use to find badly needed supplies and in a way that is online, easier and allows them to do a lot of research," Preville says. "They can submit requests to a lot of suppliers, submit proposals, and make a better purchasing decision."

There also are benefits for B2B sellers as more healthcare organizations find them online. A case in point is ReNew Biomedical, a company that repairs, services, leases, and sells medical equipment.

The company was founded over a decade ago and has grown to fill a 50,000-square-foot facility in Jackson, Tennessee. ReNew Biomedical expanded its reach to include ecommerce in 2015 and has worked with Kwipped.com for about two years, says Caleb Curlin, the company's national sales director. But lately, the uptick in renting, leasing-to-own, and outright buying of refurbished ventilators through transactions on Kwipped.com has resulted in a sell-

out of ventilator stock for Renew Biomedical.

Prior to the COVID-19 crisis, ReNew Biomedical sold, rented, or leased-to-own approximately 10 to 12 new and refurbished ventilators per month. With help from companies on Kwipped.com, ReNew is now selling more substantial quantities of equipment in shorter amounts of time. "This avenue has allowed us to discover new relationships that are quickly growing in stature and increasing our bottom line," Curlin says. "The marketplace cuts through the multiple layers of bureaucracy and makes healthcare acquisitions easier and more transparent."

As the coronavirus settles in, and healthcare providers, first responders and others continue to look for more items such as PPE, respirators and ventilators that remain in critically short supply, B2B marketplace will play a more elevated and better way to find, lease and finance products online, Preville says. "For a lot of healthcare organizations used to a very structured supply chain, B2B marketplaces, for them, are a whole new way of doing business," he says.

PROCUREMENT SOFTWARE AND NETWORKS

Marketplaces remain a fast-growing B2B electronic sales channel. In the wake of the global COVID-19 pandemic, there are also other digital sales channels that are growing and enabling B2B buyers and sellers to better and more efficiently transact business. A case in point is e-procurement. E-procurement software lets businesses make purchases from catalogs of products provided by approved suppliers. In some cases, procurement agents can “punch out” from such software to the ecommerce sites of suppliers and make their purchases there; the transaction is then transferred back to the buyer’s procurement system to enable the buyer’s employer to manage spending.

Besides such one-to-many systems, there are also many-to-many networks that connect large numbers of buyers and sellers. Some of these networks are industry-specific, while others serve buyers and sellers in many industries.

This category includes software-as-a-

service, or SaaS, and other forms of web-based procurement software that allow business buyers to connect to the seller’s system and to buy using specific purchasing and payment requirements agreed to by the buyer and seller.

E-procurement software can also include a punch-out option, which lets a buyer link to a preferred supplier’s ecommerce site to browse and purchase among a contracted selection of products and pricing; once the buyer clicks to make a purchase, the transaction is completed in the procurement software, updating the financial and inventory records of both buyer and seller.

Specifically, customers click from their procurement systems to access an online catalog, a process called “punching out.” They can make purchases through the catalog, but, instead of checking out through the usual website shopping cart, the buyer can click a link that sends the order back to the customer’s procurement software for final approval.

Once the order is approved, it goes back to the B2B seller, which generates an invoice and forwards it through the procurement software to the buyer's accounts payable software in its enterprise resource planning system. Vendors such as PunchOut2Go offer pre-built integrations to many procurement and ERP systems, so it typically takes only a few weeks to set up a new customer to use punch-out procurement. By comparison, it can take several months to set up direct links between procurement and ecommerce portals outside of PunchOut2Go.

PunchOut2Go's software, in addition to transferring orders and invoices between procurement applications and ecommerce sites, provides sellers with analytics data related to those transactions. For example, sellers can view such information as line-item details in each order and the number of times customers punched out from procurement software to an ecommerce site to complete a sale. The system is also designed to help customers match invoices with purchase orders.

E-procurement also includes exchanges, vertical-industry or general business/industrial “many-to-

many” internet networks, where businesses can buy and sell goods and services directly online based on the available inventory and price set by the seller or at a quantity level and price negotiated electronically between a buyer and seller. These include such vertical industry networks as GHX (Global Health Exchange), Exostar (covering such industries as aerospace/defense, energy, chemicals, life sciences and healthcare separately) and Oildex. It also includes sales through more general “many-to-many” internet networks such as SAP Ariba.

Overall, e-procurement and buyer/seller networks represent one of the faster-growing segments of B2B ecommerce, growing at more than 17% in the U.S. in 2019, by Digital Commerce 360 B2B estimate.

“The trends in 2020 will continue in a similar fashion as 2019 with paper/manual sales continuing to rapidly decline, electronic sales continuing to slow in growth similar to the percentage decrease between 2018 and 2019, while digital sales (commerce and procurement) will continue to be the highest growth segment in B2B sales potentially reaching 20% rates over the

next year,” says PunchOut2Go Brady Behrman. “More and more sales will also be funneled through the digital channels as trading partners see the value that is created with building better experiences and relationships with existing and new trading partners—the cost savings will also have businesses that have invested in digital driving more sales transactions through these systems as cost associated with manual processing and error reduction are greatly reduced.”

EDI: STILL THE BIGGEST ELECTRONIC B2B SALES CHANNEL

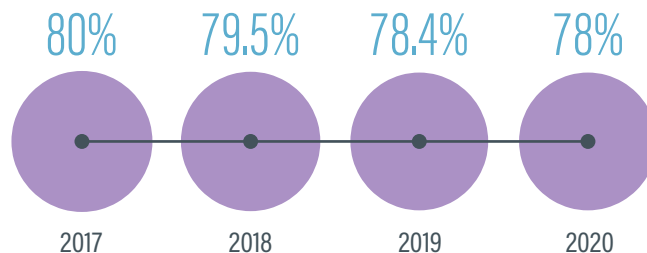
A well-established channel for larger companies, EDI remains the major form of B2B ecommerce. EDI is an especially important way of doing business in industries where buyers need a steady replenishment of goods, such as automotive, retail and electronics. In these industries, most manufacturers place their orders with suppliers and take orders from distributors via EDI.

EDI is less commonly used by smaller companies. That is because of the cost and complexity of setting up EDI systems that map an EDI transaction to a company's accounting and planning systems, handling communications with other parties that may use different formats or communications protocols, and ensuring the security of transmitted transaction data.

One reason for the steady growth in EDI volume is that service providers have emerged that enable companies to initiate or receive EDI transactions through a web browser. The client

BUT EDI REPRESENTS A SHRINKING SHARE OF ELECTRONIC B2B TRANSACTIONS

EDI as percentage of U.S. B2B ecommerce



Source: 2020 Digital Commerce 360 B2B

company can send its data in a format of its own choosing to the provider, which handles the transmission of the EDI transactions to the other party. Similarly, the service provider can receive an EDI transaction on behalf of a client, then translate it into a format the client can use, and that the client accesses via the web.

However, with the growth of other electronic channels, such as e-procurement software and ecommerce websites, EDI's share of electronic B2B transactions is slowly slipping.

Exactly how much of the estimated nearly \$7 trillion in 2019 U.S. wholesale and manufacturing sales traveled through EDI networks is not clear because the U.S. Commerce Department does not break out EDI from total ecommerce sales.

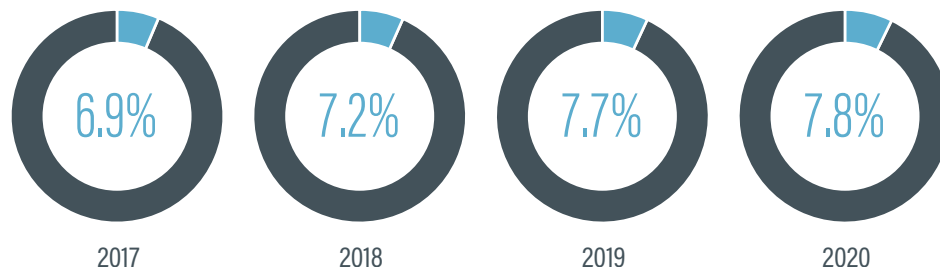
EDI likely accounted for a higher portion of manufacturers' electronically transacted sales, given that big manufacturers have been using EDI to communicate with suppliers and major customers for decades. That percentage for manufacturers could well have been 75% or more in 2010.

However, given the relatively rapid growth of e-procurement systems, B2B ecommerce networks and the ecommerce sites of manufacturers, wholesalers and distributors, it's likely that EDI's share of B2B ecommerce is slowly declining. Digital Commerce 360 B2B estimates EDI as 78.4% of B2B ecommerce in 2019.

But EDI will also likely remain as a big—and permanent—electronic sales channel, particularly in industries such as automotive manufacturing and retailing, say ecommerce analysts.

E-PROCUREMENT'S GROWING SHARE OF B2B SALES

Percentage of total B2B sales through e-procurement software, networks and exchanges



Source: 2020 Digital Commerce 360 B2B

“When you step back from EDI you see that it’s more than just a delimited file format because it’s actually two ERPs talking to one another,” says Joe Cicman, Forrester Research senior analyst, digital transformation. “EDI will be around as long as ERPs are doing planning. When you zoom-out from the value chain, you find that anything that gets sold retail or procured by a business gets manufactured. And when you imagine all the steps in the lifecycle of a product (all the way back to raw materials) you notice that several ERPs talked to one another.”

CONCLUSION

CONCLUSION AND KEY TAKEAWAYS

THE BRAVE WORLD OF B2B ECOMMERCE, COMPLIMENTS OF COVID-19

Last year and the current 12 months are literally two different stories but with each leading to the same ending. In 2019, all forms of B2B digital commerce—electronic commerce, electronic data interchange, e-procurement, B2B marketplaces and a few other related channels—grew faster than total manufacturing and distributor sales. In all, about 10 times faster. While total manufacturing and distributor sales grew year over year by 1.5% to \$17.5 trillion, B2B digital sales in all forms grew 10.9% to reach about \$9 trillion.

Growing faster still were sales on B2B ecommerce sites, log-in portals and marketplaces (up year over year by 18.2% to \$1.3 trillion from \$1.1 trillion in 2018) and e-procurement, a digital sales channel that increased nearly

18% to reach \$700 million in 2019 from \$600 million in 2018.

All in, more sales from U.S. manufacturers and distributors, wholesalers and other B2B sellers, such as retailers that sell business goods and products online, were more digital than manual: 51.4% versus 48.6%.

AND THEN CAME THE PANDEMIC

As 2020 began, many U.S. manufacturers and distributors, wholesalers and other B2B sellers anticipated a slowdown in total sales due to a combination of ongoing trade wars, a slowing global economy, and other factors. But these same companies also anticipated another robust year of growth online.

And then came the global pandemic known as COVID-19. In its wake, the coronavirus shuttered large sectors of the nearly \$21 trillion U.S. economy, forced nearly 40 million people—about

1 in 4 workers—onto the employment line. It also sent companies of all sizes scurrying to close or scale back operations, quickly gear up to have as many employees as possible work from home, or shift production lines to produce badly needed personal protective equipment and ventilators.

Also in its wake, the coronavirus permanently altered the course of B2B ecommerce. In the first quarter of this year, many B2B sellers experienced a growth in ecommerce sales. But as the pandemic settled in, B2B web sales began to whipsaw wildly. Big public industrial distributors such as MSC Industrial Supply Co. experienced a rise and next a fall in ecommerce sales. In fact, March was a wild ride for the multibillion-dollar distributor of industrial supplies, as sales rose “nicely” and then and then “dropped off significantly,” says MSC CEO Erik Gershwind. Fiscal second-quarter ecommerce sales were down 3.1% from a year earlier.

2020: AN ECOMMERCE GROWTH YEAR

Nearly 45% of B2B sellers expect their ecommerce sales in the upcoming fourth quarter to be flat or to decline, according to a March 2020 survey of purchasing managers by Digital Commerce 360 B2B. 8% of sellers expect Q4 sales to be down significantly.

But 2020 will be a growth year for B2B ecommerce. Digital Commerce 360 B2B estimates that B2B ecommerce sites, log-in portals and marketplaces will grow by 10% to reach \$1.39 trillion in 2020. It projects that all digital B2B sales, with the exclusion of electronic data interchange, will grow year over year by 8.8% to \$2.15 trillion.

Along the way, there also will be B2B ecommerce winners and losers, as many U.S. manufacturers and distributors, wholesalers, and other B2B sellers move beyond COVID-19 crisis management into longer-range ecommerce planning and looking for new growth opportunities online.

LESSONS LEARNED

There also are hard-won lessons learned from the current pandemic that ecommerce companies of all sizes are using to seek out new online business opportunities. Many of them will build post-coronavirus technology, business, marketing and operations strategies and programs that will work more effectively and efficiently for the long haul.

But there will be the ecommerce “haves” and “have nots, says Brian Beck, a managing partner of Enceiba, an agency that helps manufacturers and brands sell through Amazon.com and Amazon Business. “This crisis is widening the digital divide among those who made earlier investments in ecommerce and those that didn’t,” he says. “Some of those that didn’t, won’t survive.”

CASE STUDIES

UNILEVER'S ONLINE FOOD SERVICE: A TIMELY SHIFT TO B2B AND B2C

DETERMINED TO GROW ITS ECOMMERCE SALES, FOODSERVICEDIRECT.COM MIGRATED TO A NEW B2B ECOMMERCE SITE THAT HAS HANDLED A SURGE IN B2C SALES DURING THE CORONAVIRUS PANDEMIC.

After Unilever Food Solutions acquired it in 2018, FoodServiceDirect Inc. decided the time had come to scrap its legacy ecommerce platform with one able to support its goal of increasing online sales tenfold in three years and deliver the customized purchasing experiences B2B buyers want.

Beefing up B2B sales, however, was only part of FoodServiceDirect's ecommerce strategy. As part of the foodservice division of giant consumer products manufacturer Unilever, it also intended to build a B2C website for consumers that prefer to buy in bulk, even though B2C sales are not its core business.

FoodServiceDirect sells primarily to restaurants, hospitals and schools; Unilever Food Solutions is the food-service division of global consumer products manufacturer Unilever.

A TIMELY SHIFT TO BOTH B2C AND B2B

Both moves have paid off handsomely. Since launching its new ecommerce platform in September 2018 at FoodServiceDirect.com, the company says it has seen B2B sales and new customer acquisitions each increase 40%, and repeat purchases jump 110%, says Adeel Murtaza, FoodServiceDirect's head of ecommerce technology.

B2C sales, meanwhile, have exploded since March, when restaurants and schools across the United States began closing down due to the coronavirus pandemic. B2C sales are now accounting for 45% of FoodServiceDirect.com's ecommerce sales, compared to 25% pre-pandemic, the company says.



'This is not a normal use case for us, but our decision to include a B2C site was the right one.'

—Adeel Murtaza, head of ecommerce technology, FoodServiceDirect, Inc.

FoodServiceDirect.com, which replaced its legacy ecommerce platform with Adobe Inc.'s Magento Commerce, only sells online.

The surge in B2C sales comes at an opportune time for FoodServiceDirect, as many consumers are looking for alternative suppliers from which to order food online as more familiar options, such as Amazon.com, are facing challenges to meeting increased demand. At the same time, B2B food suppliers are reportedly finding the transition to B2C ecommerce to be more difficult than expected as a way to offset lost B2B revenue.

B2C SPIKE OFFSETS DROP IN SALES TO RESTAURANTS

Through April, FoodServiceDirect's B2C sales grew tenfold, up from an eightfold increase in March, the company says. Hospitals have been a robust segment, with sales increasing about fourfold. While sales of janitorial items increased about tenfold, the company quickly ran out of them, Murtaza says.

FoodServiceDirect.com carries more than 250,000 items, including specialty, ethnic and comfort foods, as well as "environmentally friendly" disposable products and supplies. Orders over \$750 ship for free.

"Restaurants are our main customers, but many are idle right now," says Murtaza. "What we are seeing instead is more movement to our B2C site. This is not a normal use case for us, but our decision to include a B2C site was the right one."

The spike in B2C sales has also helped to offset some of the company's decline in other B2B sales, Murtaza says without being more specific.

REACHING OUT WITH GOOGLE ADS

To reach new customers, FoodServiceDirect.com uses Google Merchant Center to create and manage ads using data from its product catalog. The company attributes a significant portion of new customer acquisitions to Google Ads. Murtaza adds that FoodServiceDirect.com has acquired new customers during the pandemic.

As part of its plan to modernize its B2B website, FoodServiceDirect also created a website in partnership with a major food-service franchise chain. The site enables franchisees to manage the ordering process across multiple locations from a centralized administrative dashboard.

One reason for selecting Magento Commerce, Murtaza says, is that it can easily connect to FoodServiceDirect.com's dotdigital marketing platform. Integrating its marketing and ecommerce platforms allows FoodServiceDirect to track responses to marketing promotions and gather behavioral information about its customers that can be used to create custom user experiences on its websites.

MULTIPLE CUSTOMER JOURNEYS

"We have been able to create multiple customer journeys, which is something we could not do previously," Murtaza says. "We are doing a lot a lot of A/B testing to figure out which products each customer segment is looking for."

FoodServiceDirect.com has also been able to integrate its customer relationship management, enterprise relationship planning and product management systems to Magento Commerce, enabling the company to build an ecommerce ecosystem designed to better engage and serve, Murtaza adds.

Compatibility with mobile devices has been another key initiative. About 70% of FoodServiceDirect.com's customers come to the company's websites via mobile devices, Murtaza says.

Optimizing site responsiveness is viewed as a way to convert more customers, he adds. So far, the strategy is working. Since the launch of its new websites, 37% of visitors using mobile devices are purchasing instead of just browsing, up from 12%. "We had a lot of browsers come in through mobile devices before," says Murtaza.

MIGRATING TO A “HEADLESS” PLATFORM

The company is also building a mobile application that buyers can download to their smartphone; the app will provide a direct link to FoodServiceDirect.com. “That should help with customer retention” among mobile users, Murtaza adds.

Looking ahead, Murtaza plans to make FoodServiceDirect’s ecommerce stores completely “headless,” which he notes would give application developers more flexibility to create customized front-end experiences faster, and reduce hardware and support staff costs.

Headless ecommerce allows front-end and back-end ecommerce applications to operate independently. As a result, changes made to consumer-facing applications on the front-end do not require reciprocal changes to back-office applications and vice versa, which speeds the implementation of any changes made to the ecommerce platform. Front-end and back-end applications communicate using

the software instructions built into application programming interfaces, or APIs.

“Our aim was to build a better customer experience,” Murtaza says. “Ecommerce is not just about the website, but everything that goes around it.”

HOW ONE IT DISTRIBUTOR AIDS ITS RESELLERS FROM CORONAVIRUS STRESS

GERMANY-BASED DISTRIBUTOR ALSO IS KEEPING ITS RESELLERS STOCKED WITH THE BASIC TOOLS OF BUSINESS. WITH THE CORONAVIRUS OUTBREAK, IT'S ALSO OFFERING MILLIONS IN FINANCIAL ASSISTANCE TO HELP ITS RESELLERS STAY IN BUSINESS.

Resellers are the lifeblood of ALSO Holding AG, a distributor of information technology products that it sells to them through ecommerce sites including ALSO Shop.

It also helps its network of resellers sell via their own ecommerce sites under its ALSO MyStore program.

But under the pressures brought on by the coronavirus, ALSO is also reaching out to resellers to help them financially get through the market disruption.

The big distributor this week said it will help client resellers who “have short-term liquidity bottlenecks as a result of consequences of the coronavirus.” It added that it will determine financial assistance for individual resellers by using the business intelligence it has compiled about its network of resellers, including their purchasing history with ALSO, their financial health structure and their risk of experience difficulty related to the coronavirus.

\$10 MILLION TO HELP RESELLERS

“All resellers will be analyzed continuously” and receive “swift” and non-bureaucratic support, says CEO Gustavo Möller-Hergt.

ALSO said its financial assistance will come in the forms of extended payment terms and more flexible credit lines, as it invests at least \$10 million in financial assistance through April.

The company also said it is “working on a wide range of measures to safeguard the supply chain and personal safety of employees, customers and partners.” It added that its employees work from home offices and that ALSO holds meetings digitally whenever possible.

DIGITAL SALES HEAT UP FOR AN HVAC DISTRIBUTOR DESPITE COVID-19

WATSCO, A PROMINENT DISTRIBUTOR OF HEATING, VENTILATION AND AIR-CONDITIONING SUPPLIES, REPORTED A 12% INCREASE IN FIRST-QUARTER 2020 ECOMMERCE SALES.

The coronavirus is having a whipsaw impact on the quarterly ecommerce sales for lots of big distributors.

But the impact can vary widely from one vertical market to another. MSC Industrial Supply Co. and W.W. Grainger Inc., a pair of the biggest public distributors of maintenance, repair and operations (MRO) products, both reported fluctuating sales in March and April because of the economic impact of the coronavirus. At Grainger, for the first quarter ended March 31, digital sales through all electronic channels grew about 8.7% as total sales increased 7.2%, but total sales fell by 10% for the first three weeks of April, the company says.

For MSC Industrial Supply, fiscal second-quarter ecommerce sales for the period ended Feb. 29 were down 3.1% from a year earlier, as total sales declined 4.5%, MSC says.

Other distributors in other verticals are reporting increases in online sales—at least for now. A case in point is Miami-based Watsco Inc, one of the biggest and oldest distributors of heating, ventilation and air-conditioning equipment, whose digital and total sales increased in the first quarter.

INVESTMENT IN ECOMMERCE

First-quarter ecommerce sales for Watsco increased 12% to about \$363.0 million from about \$324.0 million in the year-earlier period. In comparison, total sales grew by 8.3%, to \$1.008 billion from \$931.27 million. Digital sales now account for about 36% of all sales, the company says.

The increase in ecommerce sales is attributable to



'Branch locations were quickly transformed from retail walk-in showrooms to no-touch ecommerce curbside pickup centers.'

—Albert Nahmad, CEO, Watsco, Inc.

the distributor's continued investment in ecommerce, growing use of its mobile app and the ability to convert its branch locations into drive-by and pickup spots for online orders, Watsco CEO Albert Nahmad told analysts on the first-quarter earnings call, according to a transcript from The Motley Fool website, Fool.com.

"Branch locations were quickly transformed from retail walk-in showrooms to no-touch ecommerce curbside pickup centers," Nahmad told analysts. "These changes have been well-received, and our customers are asking us to sustain these services going forward."

Business for Watsco also is up in general because its market has been classified as essential by various government bodies because of the coronavirus, Nahmad told analysts. "Local authorities in our markets have deemed our industry as essential," he said. "Our branches are open, providing needed products and services to our contractor customers."

MULTIPLE HVAC ECOMMERCE SITES

Adoption and use of Watsco's ecommerce platform continue to grow, the company says.

Watsco operates four divisions—Carrier Enterprise, Gemaire Distributors, Baker Distributing, and East Coast Metal Distributors—and launched online in 2014. It sells online through separate websites for each of its divisions: CarrierEnterprise.com, Gemaire.com, BakerDist.com and ECMDI.com. Watsco also sells through several mobile apps, including ones designed for Gemaire and for Carrier Enterprise.

Watsco also reported the following first-quarter digital metrics:

- ▶ About 25,000 contractors and others now use Watsco's mobile app on a weekly business, up 94% from a year earlier;
- ▶ Watsco now processes and fulfills more than 7 million orders annually to more than 300,000 contractors and technicians, increasingly through the use of digital tools including ecommerce and mobile apps;
- ▶ The number of SKUs available online is now about 728,000.



Q&A WITH PARTSSOURCE: HOW A MEDICAL SUPPLIER HANDLES THE CORONAVIRUS

The rapid spread of COVID-19, the disease caused by the novel coronavirus, across the country is straining the medical equipment supply chain in ways never imagined. Whether it's sky-high demand for essential items, such as laboratory equipment and patient monitors, or the urgent need for accessories and parts, such as ventilators, ventilator hoses or fittings, medical equipment suppliers are scrambling not only to keep up with demand but also to increase their product and service capacity.

In this question-and-answer article, Mara Paré, vice president of client solutions for medical equipment supplier PartsSource Inc., shared her insights with Digital Commerce 360 B2B on meeting the challenges to the medical equipment supply chain posed by the coronavirus pandemic. PartsSource, which

sells online at PartsSource.com and generates 78% of its sales through ecommerce, supplies medical replacement parts and equipment, including batteries, beds, tables, cables, infusion pumps, monitors, sterilizers, and surgical products.

Paré, who joined PartsSource in 2018, specializes in delivering operational efficiencies in complex clinical environments. She heads PartsSource's client solutions team, which works to deliver customers cost and quality improvement through the company's technology, process analytics, and on-demand procurement model. The following questions and answers were slightly edited for length and clarity.



'The New York hospital's director of biomedical engineering reached out to PartSource in urgent need of ventilator tubing that he could not secure from vendors.'

—Mara Paré, vice president of client solutions for medical equipment supplier PartsSource Inc.

DC360: Please describe the scope of your business.

Paré: PartsSource currently offers more than 4 million medical equipment replacement parts and services, servicing over 3,500 hospitals across the United States. The PartsSource.com procurement platform has 85,000 registered users. The platform allows users to quickly source the parts they need to keep healthcare equipment operational for patient care.

DC360: How is PartsSource growing in sales volume during the pandemic?

Paré: As a technology-based healthcare services company focused on active supply chain management, serving over 3,500 hospitals, we have seen a significant increase in order volume. We are up 30-50% during the COVID-19 outbreak across certain market segments. Across mission-critical equipment directly related to COVID-19, we have seen a more than 1000% increase in respiratory equipment and a more than 400% increase in other areas, such as patient monitoring and infusion pumps.

DC360: How are you making adjustments with products, services and suppliers?

Paré: In response to the COVID-19 pandemic, PartsSource has focused on increasing our product and service capacity, as well as that of our suppliers to meet the massive increase in demand for COVID-19 essential medical devices. COVID-19 essential devices include ventilators, patient monitors, patient beds, ultrasound equipment, laboratory equipment, AEDs (automated external defibrillators), X-Ray, CT (computed tomography or CAT scan) and other imaging systems.

This also includes all corresponding replacement parts and service capabilities for such equipment, as well as all other medical equipment critical to hospitals, and healthcare networks nationwide.

DC360: How are PartsSource employees dealing with the pandemic?

Paré: PartsSource is an essential business for critical

operations and infrastructure within the healthcare industry during the COVID-19 crisis. To protect the health and well-being of our workforce, we have migrated the majority of our team members to work remotely from their home offices.

As a technology-based organization, we process nearly 90% of our orders electronically to fulfill our customers' product needs. A limited number of team members working within customer care, warehouse operations, IT and other critical functions, are continuing to report to the office.

Over the past several weeks, our team members have worked incredibly hard to get orders for mission-critical parts, rentals and equipment processed and out to our customers to ensure continuity of patient care.

DC360: How have your customer's needs changed during the pandemic?

Paré: As hospitals in hot-spot regions experience a surge in COVID-19 cases, we also see an increasing

demand for rush shipments and emergency sourcing of high-demand accessories and critical parts.

An excellent example of this trend is a call one of our customer care representatives received recently when a New York City hospital received a shipment of ventilators from the state of New York that did not come with any hoses or fittings. The hospital's director of biomedical engineering reached out to PartsSource in urgent need of ventilator tubing that he could not secure from other vendors. The PartsSource representative was able to work with one of our certified secondary market suppliers to secure the hoses and fittings needed to get the ventilators up and running within a day.

In addition, many hospitals are preparing for expected demand, creating bulk-buy orders for critical parts and minor equipment. As part of our business continuity plan, we implemented a bulk-buy hotline to ensure prompt and efficient fulfillment of bulk customer orders.



DC360: How is PartsSource sourcing the most in-demand products?

Paré: PartsSource has access to millions of parts from original equipment manufacturers and the secondary market and is well-positioned to assist our customers with sourcing needs outside their core product needs. We are in daily contact with suppliers and are managing these partnerships to best serve our customers.

Deep, actionable insights gained from the early phase of this pandemic, our conversations with customers and suppliers, and the data we have from hospitals across the country have allowed us to successfully adapt our processes and systems, use data in new ways to serve customers, and provide new resources and solutions to help guide their focus on improving up-time during the COVID-19 pandemic.

As a technology-based healthcare services company, PartsSource has developed early-warning systems to monitor the supply chain across modalities.

These developments include surge-capacity reports and supplier surveillance reports that allow us to monitor data in real-time, then use that data to take immediate action.

DC360: What are some other special features that PartsSource.com offers customers?

Paré: Key features for the procurement of parts and services include a one-stop digital platform with more than 4 million SKUs across 6,000 OEMs, plus secondary replacement products. Our platform also has a sophisticated supplier quality-ranking engine that offers our customers active quality management, with supplier scorecards and ISO 9001:2015 certifications. It also features a flat-rate depot repair service for more than 650 equipment models across all major OEMs.

With the launch of the PartsSource Community, we are expanding our online platform to support peer-to-peer collaboration and encourage innovation and knowledge-sharing among clinical engineering (and

supply chain teams) at the company's more than 3,500 hospital clients. Clients can use the PartsSource Community to access modality guides, predictive stocking models, and curated content to share best practices with industry colleagues.

DC360: Where does PartsSource see its market heading over the near and long terms?

Paré: The pandemic has emphasized how important a reliable healthcare supply chain is for delivering quality patient care. Our business is built on this philosophy and we understand the role an actively managed supply chain plays, especially in times of high demand, when clinical engineers need to increase uptime for critical equipment for patient care.

In the short term, we expect hospitals outside of COVID-19 hot-spot regions to develop a more robust continuity plan and look more closely at their equipment needs. We see them working with their vendors to take a quantitative look at their supply chain for not only equipment and parts, but service,

accessories, general supplies, hoses, and preventative maintenance kits. They will strive to understand what they will need if they see a surge in COVID-19 cases, and how to stretch a limited budget.

Later, as the hospitals transition to a recovery phase, we expect to see further adoption of managed services platforms to increase supply chain reliability, increase technician productivity, and decrease HTM (healthcare technology management) department costs.

We also expect increased demand for additional on-site maintenance services that expand the HTM department's capacity to tend to mission-critical equipment through in-house maintenance and specialized service partnerships. We will continue to provide solutions that empower clinical engineering and HTM leaders, charged with upholding patient safety through equipment up-time, to achieve high-performance HTM through measurable improvements in quality, productivity and costs.

AMAZON LAUNCHES COVID-19 SUPPLIES STORE

THE B2B MARKETPLACE SAYS IT IS “URGENTLY WORKING ACROSS SUPPLIERS” TO PROCURE PERSONAL PROTECTIVE EQUIPMENT AND OTHER SUPPLIES, INCLUDING THOSE SHOWN ABOVE, THAT HOSPITALS AND OTHER ORGANIZATIONS NEED FOR THE CORONAVIRUS PANDEMIC.

Amazon Business is going all-out to build inventory of supplies that medical professionals, first-responders, scientists and others need to fight the coronavirus pandemic, the company says.

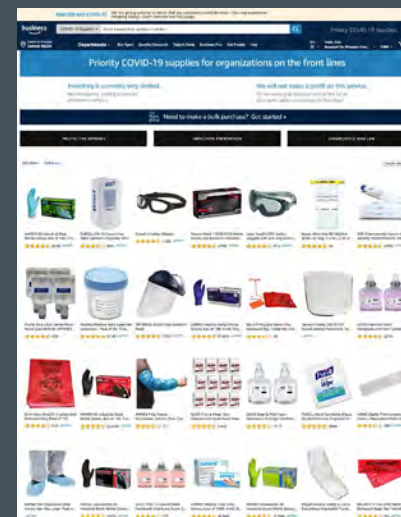
“Teams across Amazon are urgently working across suppliers to procure inventory,” Amazon.com Inc. says on its new COVID-19 Supplies section of Amazon Business. Amazon says it’s seeking to build out its available inventory of such personal protective products, or PPE, as facial shields and N95 masks; ventilators, digital thermometers, exam gloves and sanitizers.

ONBOARDING THOUSANDS OF HOSPITALS

Amazon is making the products available on a “first-come, first-served” basis to hospitals, nursing homes, police and fire departments, government agencies, medical laboratories and others involved in helping to fight the pandemic, the company says. Buyers must have a registered Amazon Business account, and Amazon has set up an online COVID-19 Supplies guide for helping new customers get started.

“We are currently onboarding thousands of accredited hospitals and government organizations, and are working as fast as we can to reach all organizations on the front lines,” Amazon says.

“Inventory of these critical supplies is currently very limited and products will have quantity limits,” Amazon says in the special COVID-19 supplies section of Amazon Business. “We are urgently working across suppliers and manufacturers to procure additional



COVID-19 supplies on Amazon Business.

inventory of critical supplies.”

One thing Amazon is not producing for its COVID-19 supplies effort, it says, is profit. “We designed COVID-19 Supplies as a service for communities and will not make a profit,” it says. “We are investing in significant supplier recruitment and logistics to locate and expedite the delivery of this critical inventory across the globe. We will also waive all standard referral fees for third-party sellers who supply products to this effort.”

Amazon says that third-party sellers account for more than 50% of the sales on Amazon Business. Although Amazon doesn’t routinely break out sales for its B2B marketplace, it noted in September 2018 that Amazon Business had surpassed \$10 billion in annualized sales. And RBC Capital Markets analyst Mark Mahaney has estimated that Amazon Business did about \$16 billion in sales in 2019.

HOW PROTO LABS PLAYS A CRUCIAL ROLE IN THE COVID-19 BATTLE

THE ECOMMERCE-BASED PROVIDER OF DIGITAL MANUFACTURING SERVICES GREW FIRST-QUARTER REVENUE AS IT PROVIDED CRITICAL PARTS FOR MEDICAL EQUIPMENT USED TO FIGHT THE PANDEMIC. IN TURN, PROTO LABS IS GAINING EXPOSURE FOR ITS PANDEMIC-RELATED WORK ON SOCIAL MEDIA AND SHOWING MORE MANUFACTURERS HOW ITS DIGITAL MODEL HELPS SOLVE THEIR PRODUCTION CHALLENGES, CEO VICKI HOLT SAYS.

Proto Labs Inc.'s first quarter was an extraordinary one for the ecommerce-based provider of digital manufacturing services. While its ecommerce-dominated total sales increased by a modest 1.5% to \$115.1 million, it made significant gains in other ways

important to its future growth, said president and CEO Vicki Holt.

As the Maple Plain, Minnesota-based manufacturer played a critical role in producing parts for medical equipment used to treat patients with COVID-19, it showed how vital its business model is to manufacturing and to supply chains—and particularly so at a time of a major market disruption, Holt said on a first-quarter earnings call yesterday, according to a transcript from Seeking Alpha.

“Our ecommerce digital manufacturing model is uniquely positioned to help innovators quickly get their inventions into the hands of doctors and nurses, or to respond to supply chain challenges that must be overcome to meet the needs of the medical community,” Holt said. “We are very quickly producing critical parts that have enabled our customers to get products to the front lines quickly to help fight this virus.”



‘Manufacturers are learning pretty quickly that ecommerce can be very efficient and very effective.’

—Vicki Holt, president and CEO,
Proto Labs, Inc.

“This pandemic,” she added, “is going to accelerate the digitization of manufacturing and the openness and preference manufacturers have to conduct business through ecommerce.”

CUSTOMER-RESPONSE TEAM FOR COVID-19

Protolabs launched in Q1 a COVID-19 “customer-response team” with dedicated sales and engineering professionals to assist customers with product designs and orders, and it has already processed orders from more than 150 companies for more than 4 million parts with COVID-19 applications, Holt said.

Among those orders were thousands of injection-molded face shield headbands for front-line medical workers, components used in the production of ventilators, and machined parts for a new ventilator prototype designed by a healthcare specialist at the University of Minnesota. That prototype recently received government approval, “and we are now working on a production solution,” Holt said.

Other COVID-related projects have included parts Protolabs produced for NeuMoDX Molecular Systems for a diagnostic system designed for detecting the coronavirus. In Europe, Protolabs worked with automaker Mercedes-AMG and the University College London to “develop injection-molded tooling in three days to produce thousands of critical parts for new breathing aids,” Holt said.

Protolabs, with manufacturing facilities in the United States, Europe and Japan, sells to customers worldwide several types of custom manufacturing that customers can order online at Protolabs.com. Protolabs says it produces custom parts and assemblies in as fast as one day with automated 3D printing, CNC machining, sheet metal fabrication, and injection molding processes. CNC, or computer numerical control, is a process by which machining or milling tools operate via computer programming. The company’s “digital approach to manufacturing enables accelerated time to market, reduces development and production costs, and minimizes risk throughout the product life cycle,” a spokeswoman says.

DEALING WITH MARKET UNCERTAINTY AHEAD

Protolabs, which routinely does about 29% of its sales in the medical device market, experienced less demand during the quarter in other manufacturing markets including automotive and industrial machinery. “The net result is that our projected April revenue will be down mid-single-digits compared to April of 2019,” Holt said. “The remainder of the second quarter and the rest of the year remains highly uncertain for most businesses and that is especially true with the on-demand nature of our business.”

But Holt said she expects the long-term effect of the pandemic to help to emphasize the importance of both ecommerce and on-demand digital manufacturing services in shoring up manufacturing production and supply chains.

“This pandemic and our response has been very, very visible in social media,” she said, adding, “I believe as a result of this crisis, manufacturers are really taking a look at their supply chains. And they’re trying to

put in place things that improve their flexibility and really deal with those long supply chains that are at high risk. We can help them. And I think that the visibility we’ve gotten in this pandemic really helps the manufacturers understand the role that we can play as they work to solve those problems in their business.”

‘ECOMMERCE CAN BE VERY EFFICIENT AND EFFECTIVE’

“Historically,” Holt said, “manufacturers have been a little bit more hesitant in the B2B world to do business over ecommerce.” But they’re learning pretty quickly, she added, that “ecommerce can be very efficient and very effective.”

Moreover, Protolabs’s response to the crisis has involved an increase in its manufacturing focused on the production of final parts used in finished products, as opposed to its traditional market of developing prototypes for its customers. “The visibility of this pandemic is really helping people



realize we are a lot more than just prototyping,” Holt said. “We make a lot of very high-quality, quick-turn approaches to production parts as well.”

“We are confident that our ecommerce digital manufacturing business model,” she added, “will thrive as manufacturing adapts in response to this pandemic.”

Operating as an essential business, Protolabs has about 90% of its non-manufacturing staff working at home. For its manufacturing employees, “we continue to monitor and follow CDC and World Health Organization guidelines,” Holt said. “To ensure the health and safety of our employees, we quickly implemented a new cleaning and sanitizing standard operating procedure in all our manufacturing facilities. We also implemented new shift-change procedures to minimize employee interaction and changed our layout in employee workstations to achieve social distancing.”

For the first quarter ended March 31, Protolabs reported:

- ▶ Total revenue increased 1.5% year-over-year to \$115.11 million;
- ▶ Gross profit dipped by 1.2% to \$58.1 million, resulting in a gross profit margin of 50.5%, down from 51.9%;
- ▶ Net income decreased by 9.8% to \$13.98 million.

A MANUFACTURING MARKETPLACE GROWS AMID CORONAVIRUS

XOMETRY, AN INTERNET PORTAL FOR ON-DEMAND MANUFACTURING SERVICES, SAYS IT IS GROWING BUSINESS AMID DEMAND FOR CUSTOM MANUFACTURING.

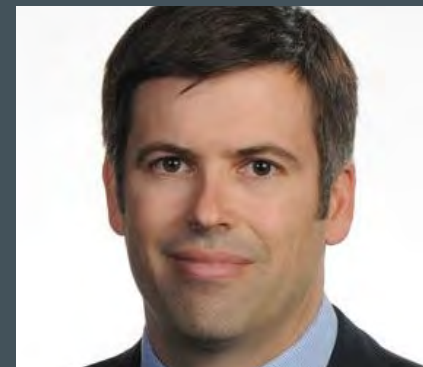
The global coronavirus pandemic is disrupting supply chains, but internet-based international manufacturing services marketplace Xometry Inc. is keeping busy as it takes on new coronavirus-related projects and transfers work from virus-hit factories in China to the United States, the company says.

“We are quite busy and have a lot of projects for a wide range of customers, including some specific to COVID-19,” the disease caused by the novel coronavirus that has quickly spread worldwide and disrupted manufacturing and supply chains, says Bill Cronin, chief revenue officer of Xometry, which operates an international internet-based on-

demand network of some 4,000 machine shops and manufacturers.

Among new projects Xometry has channeled to its networked manufacturing partners are 3D-printed parts for ventilators and personal protection equipment, or PPE, such as visors and masks used by medical personnel while treating patients inflicted with the coronavirus. It has been channeling inquiries and requests for manufacturing services from a wide range of customers in healthcare and other industries, Cronin says.

Since its launch in 2013, Xometry has grown its business with a mix of digital technology systems and services designed to support changing market demand and channel orders for custom manufacturing projects to its networked manufacturers. During the current pandemic, it’s using its technology suite and business model to better understand and respond to new market disruption.



‘We’ve seen a significant amount of inbound inquiries in medical, and we’re working to help people with disrupted supply chains.’

—**Bill Cronin**, chief revenue officer,
Xometry, Inc.

SHIFTING SOME MANUFACTURING TO THE U.S.

“There are a lot of people out there looking for suppliers, and that’s where we are really able to help,” Cronin says. “We’ve seen a significant amount of inbound inquiries in medical, and we’re working to help people with disrupted supply chains.”

Xometry hasn’t been without difficulties stemming from the pandemic, but its international base of manufacturers and its use of artificial intelligence technology has enabled it to move projects to the most suitable producers, he adds. Since the coronavirus pandemic started late last year, Xometry has switched less than 10% of its custom manufacturing projects from overseas to the United States.

“Most of our manufacturers are remaining open,” Cronin says. As Xometry has in past market disruptions, such as those caused by extreme weather events, it’s been able to reallocate projects when necessary to available manufacturers in its network. Xometry’s network includes some 3,000 manufacturers in the United States and another 1,000 in Europe.

A NEW FINANCING SERVICE FOR MANUFACTURERS

In addition, a new financial assistance program Xometry had planned before the virus outbreak and recently launched has helped its participating manufacturers smooth out production operations, Cronin says. Under the program, Xometry covers the initial cost of materials and supplies that its participating manufacturers need to carry out their custom manufacturing projects and then deducts the cost of those materials and supplies from the revenue each manufacturer earns for each project.

Xometry provides the materials and supplies from its own Xometry Supplies marketplace, which it launched last year at Xometry.com.

Xometry operates as an online marketplace where buyers of such manufacturing services as 3D printing and CNC machining submit requests with specifications for custom projects; Xometry then uses its AI-powered software to match each project with a manufacturer in its network. After a manufacturer accepts and completes a project, Xometry



receives payment from the customer and forwards payment minus a commission to the manufacturer. The customers are typically large manufacturers, including General Electric Co. and automaker BMW AG, that need parts manufactured. GE and BMW are also investors in Xometry.

QUOTING PRICES FOR CUSTOM JOBS

A customer will upload a 3D computer-aided design model of a product it needs to be manufactured into Xometry's online quoting engine, choosing several criteria including the manufacturing process, the material such as aluminum or polycarbonate, and the type of metal finish or other special treatments. Within minutes, Xometry uses its own data on the manufacturing costs to quote a price. Its quoting engine is based on Hoops Communicator and Hoops Exchange software from Tech Soft 3D.

Xometry then forwards the customer's order to a manufacturer in its network that its software platform recognizes as most suitable and available; the manufacturer then decides whether to accept the order.

The system is designed to maximize the use of available capacity, helping manufacturers to avoid downtime while also offering buyers a quick response, Xometry says.

Xometry's overall technology system is designed to continue learning how to better match custom manufacturing jobs with its manufacturing partners and better plan for major market disruptions, Cronin says.

"We're always learning something every day. The infrastructure we have is well-suited to manage flexibility for customer demand and down to manufacturing partner capacity," Cronin says, adding: "One of the great learnings from this is better understanding and planning production, and pricing parts and jobs new in our market."

Q&A: HOW AVNET HELPS ONLINE BUYERS AMID CORONAVIRUS

NISHANT NISHANT, GLOBAL HEAD OF DIGITAL STRATEGY AT ELECTRONICS DISTRIBUTOR AVNET, DISCUSSES HOW THE COMPANY IS ADJUSTING ITS ECOMMERCE STRATEGY DURING THE CORONAVIRUS PANDEMIC.

Like manufacturers and retailers, distributors are faced with myriad challenges to maintaining business as usual during the coronavirus pandemic. For Avnet Inc., a global distributor of electronic components with more than 2.1 million customers and about \$20 billion in annual sales, that means expanding self-service tools to enable customers to support their business needs. These tools include accessing order history, tracking shipments, part-search that lists country of origin, and price quotes for the more than 7.5 million parts in its catalog.

In this question-and-answer article, Nishant Nishant,

global head of digital strategy, shares his insights on how Avnet is adjusting the customer experience on its ecommerce sites to keep pace with buyers' evolving needs during the COVID-19 health crisis.

In addition to supporting the launch of Ask Avnet, a pioneering platform in technology distribution that combines artificial intelligence (AI) and human expertise to streamline the online customer experience, Nishant plays a crucial role directing the development of the Avnet ecosystem, an expansive network comprised of owned companies and partners, which offers a wide range of services that guide customers through each stage of the product lifecycle. The company sells globally through its Avnet and Farnell brands, including online sales through Avnet.com and Farnell's Newark.com.

Although Avnet does not break out ecommerce sales figures, the company notes that Farnell, with sales of \$1.46 billion for the fiscal year ended June 29, 2019, processes about 70% of its orders through ecommerce.



'Customers are using digital channels more than ever, whether they are in early-stage design or a production re-run.'

—**Nishant Nishant**, global head of digital strategy, Avnet, Inc.

DC360: Have your customer's needs changed during the coronavirus pandemic?

Nishant: We are certainly getting a lot more customer visits and subsequent utilization of our self-service tools. Another interesting trend is the increased traffic over weekends. We have recently taken efforts to improve web speed in light of increased traffic, and are updating and adding new self-service tools in response to customer feedback.

DC360: Is the pandemic causing you to reconsider your current ecommerce technology platform and migrate to a more robust, flexible and scalable platform?

Nishant: Our digital offering is built on a best-of-breed technology platform, and while the pandemic itself is not forcing us to do anything different, we are always looking at new technologies in response to changing customer needs.

DC360: Are you making or considering changes to your technology and processes for order management, fulfillment and integration between your customer-facing ecommerce platform and your enterprise resource planning (ERP) system?

Nishant: Our customers are increasingly demanding more self-service digital tools for pre- and post-order management processes. As a digital organization, we already have all necessary integrations with our back-end system, and our focus continues to be on delivering great customer experience whether that be on our website or via APIs.

DC360: What sort of self-service tools are customers looking for?

Nishant: We are seeing increased usage across all our self-service tools, but probably the most in our parametric search tool and technical content download. My hypothesis is that customers are using digital channels more than ever, whether they are in early-stage design or a production re-run. If you think about it, it makes sense. It's easier, instantaneous and exhaustive.

DC360: Are you taking measures, such as deploying new cloud-based systems and content delivery networks, to ensure fast page-loading times during surges in online activity?

Nishant: In anticipation of a surge in online activity, our digital platform was set up with a content delivery network that ensures adequate caching and faster page loading experience for our users. We have also enabled a bot manager to block the bad bot requests and ensure real users get most of the bandwidth, which is a precious commodity, during these times.

DC360: How are you using product information management (PIM) and related technology to ensure you have accurate, up-to-date and consistent product information throughout your sales and marketing channels?

Nishant: Our Informatica PIM system uses artificial intelligence (AI) technology from Microsoft in the process to ensure our technical data and technical

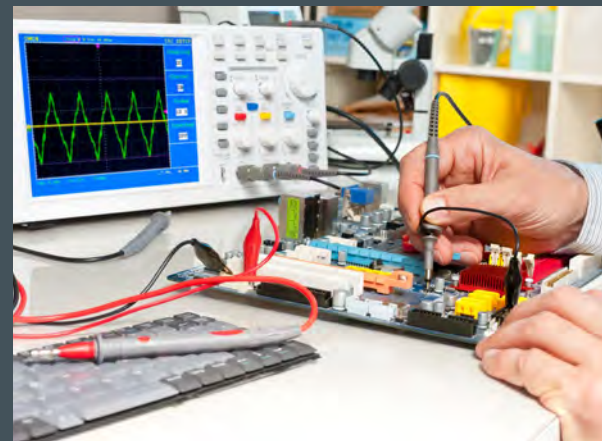
content is accurate and up-to-date. Our PIM also includes a fully integrated media manager, ensuring all content from any source is being curated holistically, using the same method.

DC360: Are you deploying new technology or strategies, such as live chat, chatbots and modified customer contact centers to better assist customers?

Nishant: The “Ask Avnet” intelligent assistant is at the forefront at delivering great customer service, combining chatbot and human expertise. As with most AI products, the journey remains on-going, and we continue to update and expand the chatbot capabilities in response to the changing environment and customer feedback.

DC360: What kind of customer feedback are you receiving about chatbot capabilities?

Nishant: Customers like the convenience of a 24/7 chatbot and rely on it for quick responses to simple



tasks such as ‘order status,’ ‘price,’ etc., so we continue to evolve the Ask Avnet functionality to meet our customers’ expectations.

However, we also acknowledge the technological limitations of chatbots today and believe in augmenting the experience with human expertise. This is why we call Ask Avnet an “intelligent agent” that combines chatbot technology and human expertise to offer customers a holistic experience. Wherever the chatbot has a limitation, we transfer the interaction to an Avnet agent, so a customer’s needs are always addressed.

DC360: How are you keeping field sales and other reps involved and providing more value in customer interactions?

Nishant: Our digital platform, in combination with our marketing automation and CRM solution, enables us to give our customer-facing teams timely and contextual information they need to be most effective. Leveraging the connectivity between our

web, marketing automation and CRM platform, we are able to provide proactive support when a customer’s behavior triggers a request for help.

This can be in the form of an abandoned basket, page-load issues, etc. Additionally, we are able to feed aggregated and anonymized insights to our teams to inform our purchasing and sales strategy.

ABOUT THE AUTHOR

Mark Brohan is the Vice President, B2B and Market Research Development at Digital Commerce 360, covering B2B ecommerce trend. Prior to his current role, Mark was vice president of research for Digital Commerce 360 and editor of Internet Retailer's Top 500 Guide, Top500Guide.com and related research publications. Mark's previous experience includes leading new print and web product business development for Faulkner & Gray. Among his positions were web publisher and editorial director for DM Review magazine and its two websites: DMReview.com and dataWarehouse.com. He was also the founding editor of various Faulkner & Gray technology magazines, including Internet Retailer. Mark earned a bachelor's degree in secondary education and history from Western Michigan University and a master's in journalism and public affairs from the American University.



Mark Brohan
Vice President,
B2B and Market Research Development
Digital Commerce 360
mark@digitalcommerce360.com
312-362-9535

DIGITAL COMMERCE 360 B2B

PAUL DEMERY

Editor
paul@digitalcommerce360.com
312-362-9534

ABOUT DIGITAL COMMERCE 360 RESEARCH

At Digital Commerce 360 Research, our goal is to provide data and information about ecommerce that helps retail and B2B companies, investors and technology providers prosper.

The team tracks hundreds of metrics on roughly 6,000 online retail companies around the world, including such sought-after data points as web sales and traffic, conversion rates, average order value and key technology partners used to power their ecommerce businesses. We sell this data in its raw format in our multiple online databases, and we dig deeply into these numbers to help inform our 30+ exclusive analysis reports we publish each year on key ecommerce topics, including online marketplaces, cross-border ecommerce and omnichannel retailing. In-depth, data-focused reports are also available on key categories of online retail like apparel, housewares, food and luxury. We also have a robust custom research department, which provides tailored research products—in-depth reports, exclusive surveys, raw data pulls and other products—for top retail companies, consultants, financial analysts and technology companies.

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