

The Arrow logo is a stylized, white, blocky font with a unique, geometric design. It is positioned in the upper left quadrant of the image, set against a dark, semi-transparent background that allows the warehouse scene to be visible behind it.

ARROW

BUILDING A RESILIENT E-COMMERCE BUSINESS

How Arrow Electronics is Building Resiliency
into Their Commerce Business

Tuesday, Jan 26, 2021 12:00 - 1:00 PM CST

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BUILDING A RESILIENT E-COMMERCE BUSINESS

How Arrow Electronics is Building Resiliency into Their Commerce Business

TOPICS TO BE COVERED:

- Arrow Electronics' digital transformation journey
- Best practices for your commerce strategy
- How to secure executive buy-in
- Lessons learned when investing in commerce

OUR PRESENTERS:



Michelle Moore holds the role of Vice President of Digital Technology at **Arrow Electronics**. She has held various IT and business roles within the office supply, automotive tooling, electronics segments for 20+ years. Michelle has extensive, global experience leading the design, planning, and execution of organization transformation across technology, operations, e-commerce, and supply chain. She is passionate about organizational design, change management, and enabling the business to drive commerce growth.



John McDonnell is an Industry Executive Advisor at **SAP** for the wholesale distribution industry. He helps lead industry development activities with SAP's wholesale distribution community of customers. He works with customers to identify business process optimization and innovation opportunities, develop business cases, and solution roadmaps. Before joining SAP, John also worked at Grainger where he led several initiatives to enable Grainger's multi-channel strategies.

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TRENDS IMPACTING WHOLESALE DISTRIBUTION

1

Competition is driving distributors to find new revenue sources, such as value-added services.

2

Customers are looking to distributors to **collaborate and provide complete solutions** for specific business needs.

3

Customers are demanding a **wider range of products** with a shorter delivery time and more delivery options.

4

New talent is looking for roles where they can add value to the business and leverage new technologies.

5

Business resilience in the face of health, environmental, and trade challenges has moved from addressing tactical issues of continuity towards strategic decisions driving overall longevity.

6

New business models driven by technology arise and enable new revenue streams

THE IMPACT OF COVID-19 ON WHOLESALE DISTRIBUTION



UNPREDICTABLE DEMAND

- High level of uncertainty in forecasts
- Out-of-stock and over-stock situations, causing strain on businesses
- Need to quickly identify alternative suppliers



SAFEGUARDING THE WORKFORCE

- Remote work and shortages in distribution center staff
- Increasing importance of employee communication and pulse checks
- Stress on IT landscape due to work-from-home requirements



STRAIN ON CUSTOMER RELATIONSHIPS

- Customer expectations must be managed around inventory prioritization and delivery commitments
- Growing usage of e-commerce channels



SUPPLY CHAIN DISRUPTIONS

- Overstretching of distributors for essential goods
- Leading to higher costs, missed sales, and the need to safeguard cash

WHAT WILL YOUR BUSINESS OF TOMORROW BE?

New Business Models in Wholesale Distribution



**Product &
Service**



**Solution
Provider**



**Marketplace
Operator**



**Outcome
Based**



D2C/B2C

DIGITAL TRANSFORMATION IN AT THE CENTER OF IT ALL



Southern Glazer's Wine & Spirits is improving how it interacts with customers and suppliers through "Proof," its new **B2B ecommerce platform**.
([Digital Commerce 360](#), 09/2020)



Brakes, a B2B food delivery service, implements **direct to consumer business** model to address COVID-19 supply shortages
([ClickZ](#), 08/2020)

Grainger has added a **visual search feature** to its mobile app to enable shopping directly from a photo, bar code or item number.
([NAW](#), 11/2020)



Amazon Business introduces **smart shelf** for restocking
([Digital Commerce 360](#), 11/2020)

COVID-19 moves **B2B marketplaces** center stage
([Digital Commerce 360](#), 11/2020)



"We've **tailored their [customers] experience** on our platform to feel like theirs. It's their retail brand, it's their name, personalized logins. They can configure their page layout the way they want ... " Luke Shaw, Sigma Healthcare head of e-commerce ([ZDNet](#), 12/2019)

The Future requires a **Customer Experience** First Approach



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ARROW'S DIGITAL TRANSFORMATION JOURNEY

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INTRODUCTION

- Arrow Inc is a global distributor and value added services provider of electronic components and computer products. The company ranked No. 110 in the 2019 Fortune 500 list and head quartered in Colorado
- Arrow launched its digital transformation effort 6 years ago and now generates over \$1bn across four web properties through a combination of acquisition, greenfield and re-invention
- The propositions offered include consumer-like ecommerce, marketplace, and B2B Portals to address different customer bases and needs
- The architecture continues to evolve toward consolidation and simplification as we look to merge propositions and technologies
- Goal: Maximize Customer Satisfaction / Minimize Cost and Complexity



THE JOURNEY

2015

- Funding to capture more of the small volume customer market
- *Acquired marketplace to grow built on old technology*

2015-2016

- Ecomm Start-up mentality
- Custom build fail fast
- Drive traffic
- *Customized add'l website Arrow.com*
- *Purchased and integrated CMS*

2017-2018

- Re-structure people, process, data, technology
- Performance & scale
- *Implemented governance, Hybris PCM & Commerce*
- *Upgrade CMS*
- *Integrated with SFDC*
- *Moved stack to the cloud*

2019-2020

- Drive down cost
- Increase capabilities
- Move to Commerce Cloud
- *Updated governance & org*
- *Migrated to Commerce Cloud*
- *Integrated chatbot*

2021

- Simplify and consolidate across properties and technology
- *Standardize site capabilities*
- *Migrate to adaptive search*



LESSONS LEARNED



Business model evolution



Critical funding requirements



Drive for technological simplicity to ensure speed and reduce cost



Governance

NO GOING BACK. DIGITAL IS CHANGING EVERYTHING.

- ✔ Customers
- ✔ Competition
- ✔ The way of doing business



SAP CUSTOMER EXPERIENCE SOLUTIONS DELIVER BUSINESS VALUE



CONTENT

Catalogs with rich content and descriptions, personalized content



SIMPLE BUYING EXPERIENCE

AI powered search, personalized recommendations, extended self-service



INFINITE ASSORTMENT

Stay competitive by bringing to life a one-stop shop



NEW REVENUE STREAMS

Higher sales volumes, subscription fee for vendors, selling information to manufacturers



HIGH CUSTOMER RETENTION RATE

High attractiveness for new customers, existing customers stay loyal

Questions

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THANK YOU

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