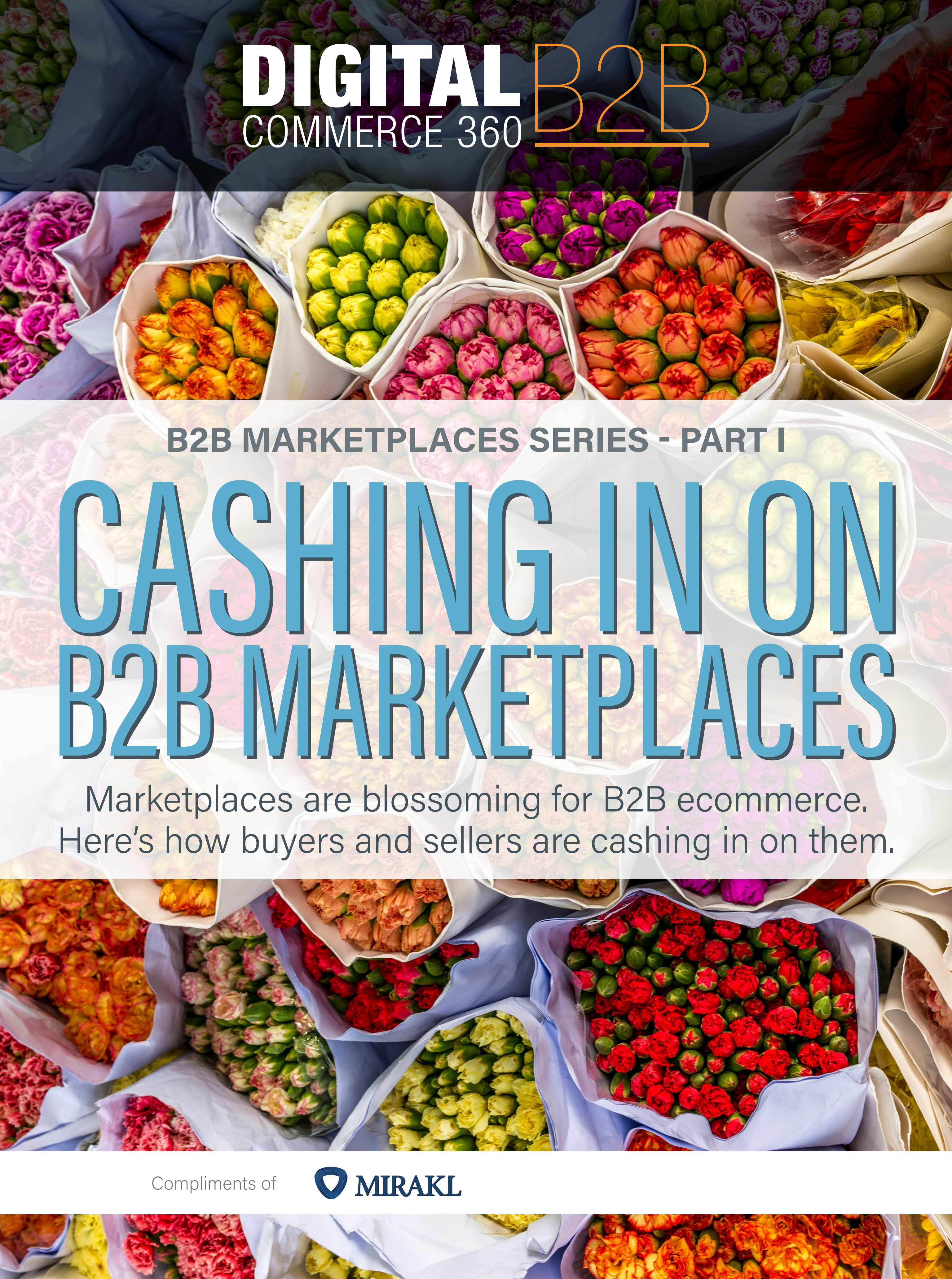


DIGITAL COMMERCE 360 B2B

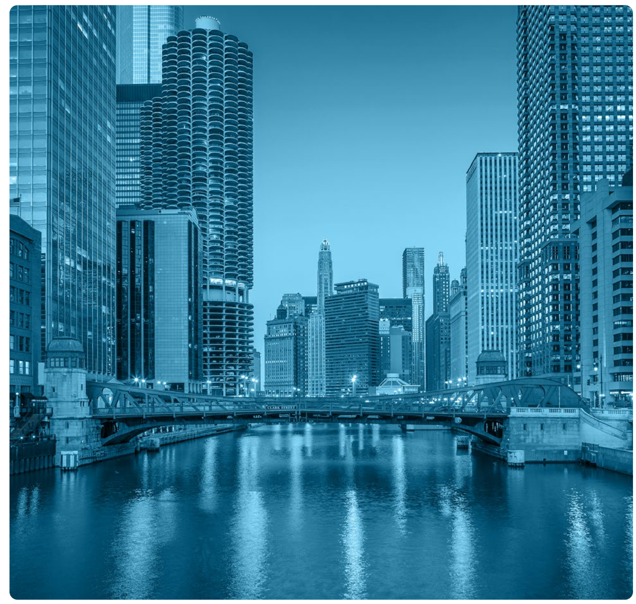
B2B MARKETPLACES SERIES - PART I

CASHING IN ON B2B MARKETPLACES

Marketplaces are blossoming for B2B ecommerce. Here's how buyers and sellers are cashing in on them.

Compliments of MIRAKL

CONTENTS



DIGITAL COMMERCE 360 B2B

OVERVIEW

WHERE THE MONEY IS

Investors are pouring large sums into B2B marketplaces that serve a growing demand for conducting business through them, while keeping up with and differentiating from Amazon Business.

B2B marketplaces come in many flavors and sizes, targeting vertical markets like chemicals and construction equipment as well as mass markets through Amazon Business and Alibaba.com. And more marketplaces launch, it seems, every day. But one thing many marketplaces increasingly have in common is a tie to big money—whether in terms of gross merchandise transaction volume, revenue, venture funding from investors, or some combination of all three.

In 2021, investments in B2B marketplaces contributed significantly to a more than 320% increase in the value of U.S. venture capital invested in ecommerce businesses to $3.0 billion, up from $700 million in 2020, as the number of deals increased by 51% to 104, according to PitchBook, an online information service that compiles and analyzes investments in technology companies.

"Suddenly, marketplaces are everywhere in B2B," says Alex Moazed, CEO of Applico Inc., a digital business advisory firm. "And B2B customers are clear they want the experience" of broad choice among suppliers and products. Indeed, marketplaces have emerged in recent years as the fastest-growing B2B ecommerce channel, according to the 2022 B2B Ecommerce Market Report from Digital Commerce 360.

For 2021, DC360 estimates that the collective gross merchandise sales on B2B marketplaces grew 130% to $56.0 billion, up from

MARKETPLACES ARE THE FASTEST-GROWING B2B ECOMMERCE CHANNEL

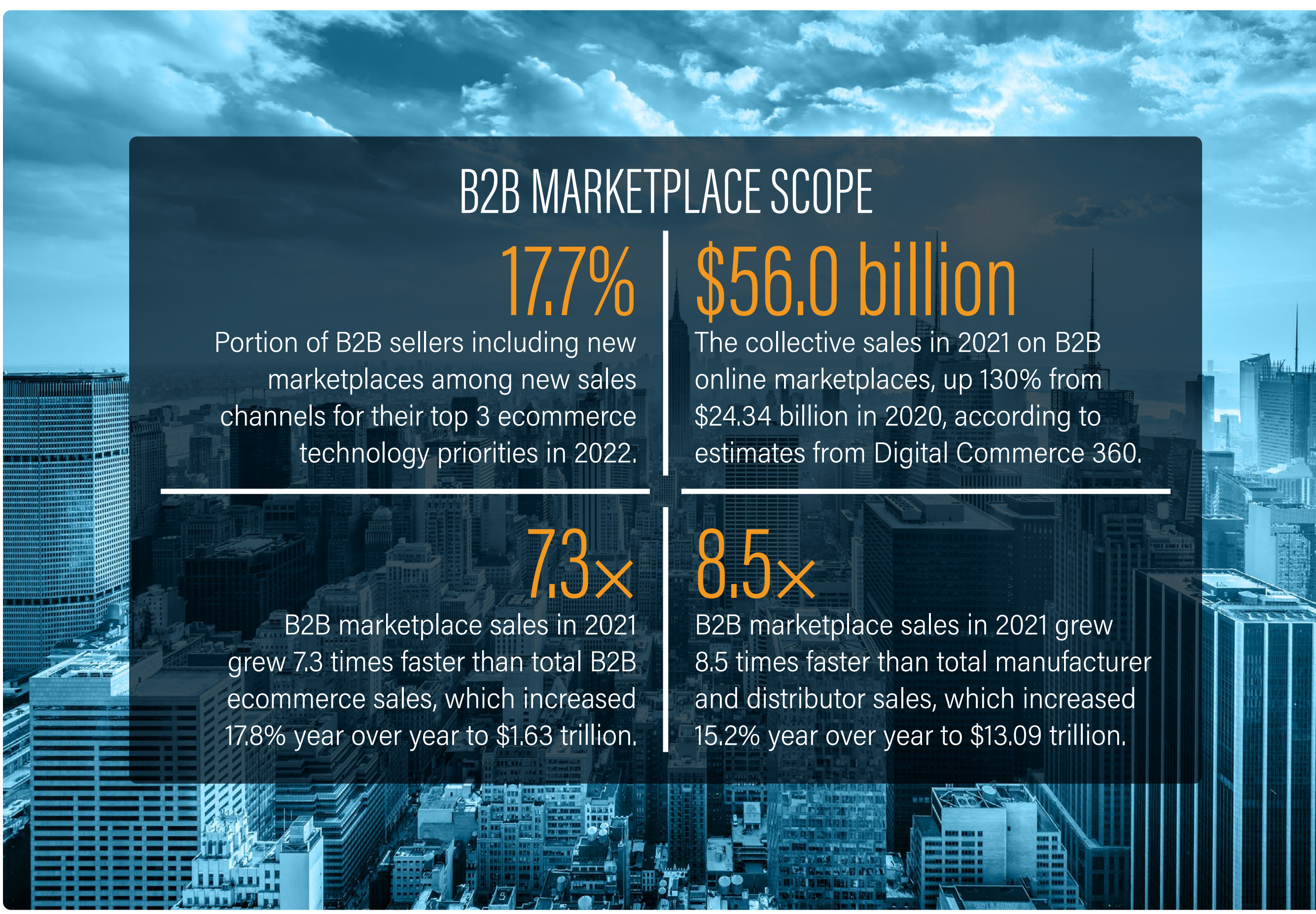
'Suddenly, marketplaces are everywhere in B2B.'

—**Alex Moazed,** CEO, Applico Inc.

$24.34 billion in 2020, as total B2B ecommerce grew by 17.8% to $1.63 trillion.

Part of the reason behind this growth stems from the COVID-19 pandemic, which led many companies to seek a wider range of suppliers as a hedge against disrupted supply chains. Online marketplaces provided a convenient way to find and purchase products and supplies among a broad selection of new sources.

Many sellers and marketplace organizations responded to this demand by launching new portals and upgrading existing ones. DC360 listed 250 B2B marketplaces in the 2021 B2B Marketplace 250 Report, up from fewer than 100 listed the prior year.



Source: Digital Commerce 360 estimates for U.S. B2B ecommerce sales.

Another impetus for the expansion and ongoing improvement in B2B marketplaces is the phenomenal growth of Amazon Business, which surpassed $25 billion in worldwide annual gross merchandise sales in 2021, its sixth year of operation. Not surprisingly, Amazon's never-ending investments in its marketplace technology and services is often a topic of discussion as B2B companies plan their own growth strategies.

"We see first-hand Amazon's ongoing efforts to create more tailored experiences for B2B buyers within specific categories," says Brian Beck, the managing partner of Enceiba, a firm that helps companies sell through Amazon, and the author of the book "Billion-Dollar B2B Ecommerce."

"These include functionalities they have developed in the past such as request for quote and tiered pricing, as well as newer efforts to create tailored experiences for specific buyer groups, such as government, education, and healthcare buyers," he says.

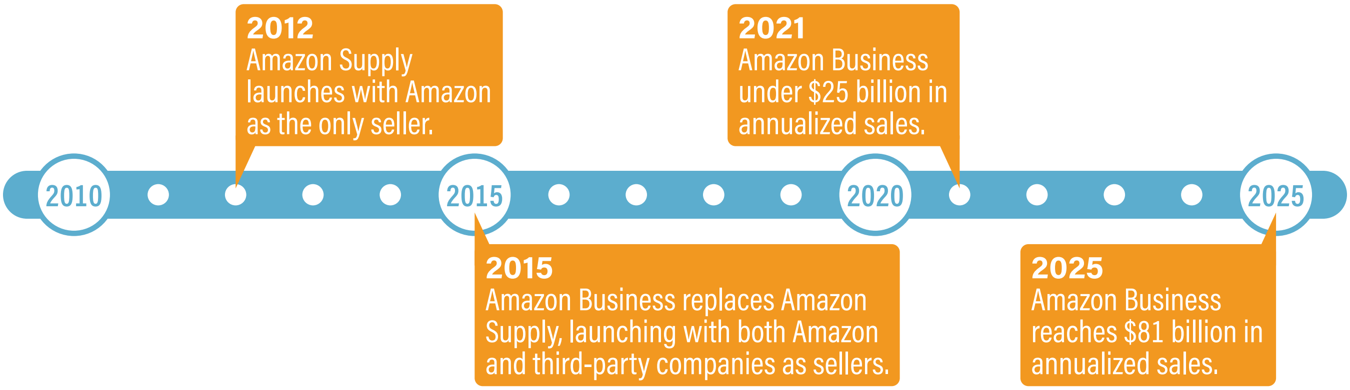
"A great example is the COVID-supplies store they launched for healthcare professionals in response to the pandemic. If anyone can pull off personalization for B2B buyers at massive scale, Amazon will be the one to do it," Beck says.

That kind of ongoing development has convinced some Wall Street analysts, including Justin Post of Bank of America Securities and

'If anyone can pull off personalization for B2B buyers at massive scale, Amazon will be the one to do it.'

—**Brian Beck,** managing partner, Enceiba

EXPONENTIAL GROWTH AT AMAZON BUSINESS



Source: Amazon Business and Bank of America Securities.

Colin Sebastian of R.W. Baird & Co., to project that Amazon Business will continue to grow exponentially and surpass $80 billion in gross sales by 2025.

But Amazon and other global marketplaces like Alibaba.com can't cover the entire demand for marketplace activity. "Amazon's B2B dominance is not foreordained," Moazed says. "There are successful marketplaces today in just about every vertical of B2B."

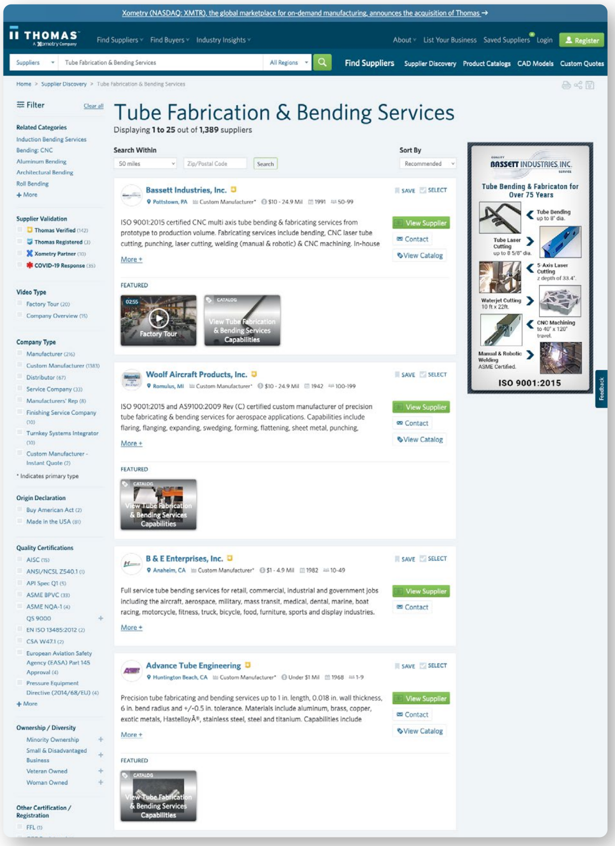
And many of them are reaping in enormous investment capital to fund their growth and improvement.

Marketplaces attracting attention with investors vary widely in the industries they serve and fill critical roles at virtually every stage of business, from manufacturing production to wholesaling merchandise, and from logistics and professional services to asset liquidation.

Faire Wholesale Inc.—which launched in 2017 and connects 300,000 retailers with 40,000 brands in categories ranging from home décor and food products to apparel and jewelry—says it will use $400 million in new funding received last fall to build its staff, improve its website features, and expand internationally.

Founded by veterans of the digital payment technology and services company Square Inc., Faire expects far more growth ahead. Flush with its latest round of funding, it plans to invest in more "top talent" personnel, online commerce tools, and expansion within and beyond its existing markets in Europe and the United States. But its business strategy remains the same: to help more independent merchants compete against the retail industry's dominant retailers.

To be sure, marketplaces have been quick to put their new funding to work to significantly grow their markets. Xometry Inc., a marketplace for custom manufacturing services that launched in 2013, had raised about $200 million in venture capital by 2020 to build out its network of buyers and sellers; Xometry has since grown to more than 5,000 manufacturers providing services to buyers from more than 40,000 companies, including auto manufacturer BMW, pharmaceutical company Moderna and ABL Space Systems.



Xometry acquired Thomasnet.com, an established B2B portal with more than 1.3 million registered users, for $300 million in the summer of 2021.

Then in the summer of 2021, when Xometry raised more than $300 million when it started trading on the Nasdaq Global Select Market, it acquired in a deal valued at $300 million Thomas, the operator of Thomasnet.com, an established B2B portal with more than 1.3 million registered users.

Thomas's industrial capabilities cover such areas as tube fabrication, metal stampings and rubber moldings, which complement Xometry's capabilities in injection molding, 3D printing and die casting for a combined total addressable market of $2.4 trillion, the two companies said in a presentation when they announced the acquisition on Dec. 8, 2021.

"Xometry and Thomas share a common mission of championing the digital transformation of the manufacturing industry, one of the largest sectors of the global economy and the foundation for innovation everywhere," says Randy Altschuler, CEO of Xometry. "Thomas brings strong brand equity, trusted and extensive relationships, proprietary data and advanced full-funnel marketing services, assets that perfectly complement our digital marketplace."

Altschuler adds that Thomas will help Xometry "introduce new services, cross-sell to our combined base and expand our suite of products, particularly in fintech and digital marketing."

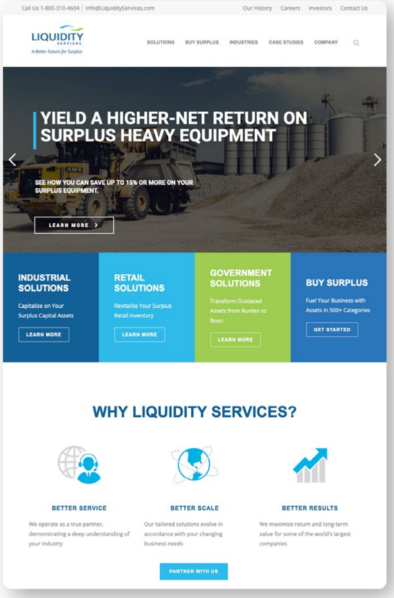
Robust sales on B2B marketplaces are extending into the liquidation industry, where Liquidity Services Inc. is reporting record gross sales volume on its B2B online marketplaces. The company says the value of all transactions on its marketplaces, or gross merchandise volume, increased by 37% year over year to $260.2 million for the fiscal first quarter ended Dec. 31, 2021, setting a new quarterly record.

For excess assets and products at the end of their lifecycle, Liquidty Services is scoring revenue figures that speak to the strength of its position as a marketplace that sells such goods to retailers and other businesses.

In addition, Liquidity's number of registered buyers at the end of the first quarter of 2022 was 4,713,000, up 23% from a year earlier, as its number of completed transactions increased 39% to 211,000, the company says. Liquidity handles transactions of excess asset in commercial and government markets. "We believe that ecommerce acceptance has been permanently advanced by the accelerated general market trends over the last two years towards greater online commerce," the company said in announcing its Q1 results.

37%

Increase in the value of all transactions on Liquidity Services' marketplaces in 2021



SPONSORED ARTICLE

Mind the Gap: Are You Giving Your Customers Everything They Want?

By **Angela Troccoli,**
Sr. Director, Product Marketing, Mirakl

No matter where you sit along the commerce value chain, one common thread ties every stakeholder together: the last two years have been transformational—and unprecedented—throughout the world of B2B digital commerce. Business buyers rushed online in droves, and organizations faced new pressure to reimagine how they engage with customers. Supply chains experienced frequent whiplash as a result of ongoing global disruptions.

It was a shock to the system, and not all organizations made it through unscathed. Those who did had three things in common: a clear picture of their buyers' expectations, an exceptionally agile supply chain, and a customer-centric mindset that looks to the future of commerce.

Recognizing Evolving Buyer Personas ...

B2B buyers shifted even more of their spending online in 2021, as evidenced by the steady increase in B2B ecommerce, which grew by almost 50% from $1.1 trillion in 2019 to $1.63 trillion in 2021. In that same timeframe, B2B marketplaces dramatically outpaced overall ecommerce, growing by 130%, from $24.3 billion to $56 billion.

The driving force behind the growth of marketplaces: digital disruptors have raised the bar on the ecommerce customer experience, and marketplaces are the best way for enterprises to deliver on these rising expectations. As B2B buyers increasingly demand broader selection, 'always there' availability, and fast delivery, it is no longer enough to just supply products to the market. This permanent shift in the value chain in B2B commerce is putting the pressure on to deliver a streamlined, aggregated, frictionless buyer experience that meets the demands of these digitally savvy buyers.

MIRAKL

... While Facing Down the Agile Supply Chain Imperative

As if geographic dependencies, supply chain restrictions, and manufacturer slowdowns weren't challenging enough, pandemic-related social distancing requirements and other labor challenges intensified the pressure for B2B organizations. They were forced to make difficult choices to both monitor and respond to sourcing risks and also balance a shift in demand patterns. Inevitably, this led to supply disruptions rippling through industries—the effects of which we're still feeling this year.

In this global context, ecommerce is essential for any organization looking not just to survive but thrive in this context. But it's only part of the equation. The organizations that are thriving now, and will continue to do so in the years ahead, are going beyond the basics of ecommerce to marketplaces, making strategic investments in technology and business transformation to improve the experience for their customers. They're using the marketplace model, increasing their scale and sophistication to keep pace with their buyers' expectations and overall demand. And they're investing in an agile supply chain and selling environment that can keep up—one that empowers them to deliver on their buyers' needs and their expectations.

Meet Your Customers Where They Are, Not Where You Are

The digitalization of commerce—predicted for years by industry analysts in retail and B2B spaces alike—was drastically escalated by the pandemic, driving demand for a larger number and a greater variety of digital sales channels. Today, there's little doubt that the "new normal" is digital-first. And in response, B2B sellers are now more likely to offer ecommerce channels than in-person selling, an uptick that accelerated even as widespread vaccine rollouts allowed face-to-face interactions to resume.

Continued on next page

SPONSORED ARTICLE

Mind the Gap: Are You Giving Your Customers Everything They Want? (CONTINUED)

This consumer pressure isn't going away—it's getting stronger. B2B buyers are discovering more and spending more money on digital channels than ever before. In fact, according to results from McKinsey's latest B2B Pulse research, buyers are more willing than ever before to spend big through remote or online sales channels, with 35% willing to spend $500,000 or more in a single transaction.

Taking this together with the evolution of B2B buying preferences, it's no surprise that marketplaces have quickly become the preferred destination for these buyers, with nearly 90% of B2B buyers already using online marketplaces for business purchases.

This begs the question: Is this a forever trend, or just for now? If history is any indication, ecommerce trends that originated with consumer buying habits will quickly spill over into the B2B space. So, let's take a quick peek into the future.

New consumer research commissioned by Mirakl explores how the spending habits of 9,000 consumers globally have evolved over the course of the past two years. What we learned: these consumers shifted their spending to marketplaces very quickly in 2020—and even as stores reopened and supply chain issues lessened, they kept up those marketplace purchases in 2021. Today, 94% of shoppers report that they expect to maintain or increase their use of marketplaces in the future. The reason: they recognize that marketplaces offer them better prices, better product selection, more convenient delivery options, and an overall better shopping experience.

Sound familiar? These preferences are not very different from what we have been hearing from B2B buyers: more variety, faster delivery, and better experiences. But there's another critical factor that this survey revealed. Shoppers don't want just any marketplace. More than half of them are more likely to purchase from a marketplace if it's with a business that they trust—showing the huge opportunity on the table for organizations ready to make a move now.

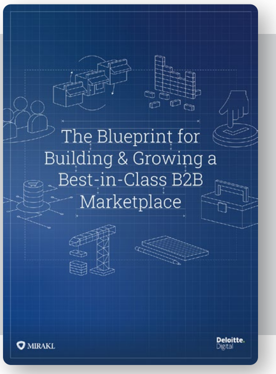
The Opportunity Is Here—But It Won't Be Forever

These converging trends aren't insurmountable. No matter where you are on your digital commerce journey, integrating a marketplace strategy into your business model is the clearest way to seize the opportunity of digital commerce, delivering on your buyers' rising expectations with greater agility and profitability.

For organizations with strong brand recognition and a loyal customer base, launching their own online marketplace is a natural evolution that will empower you to expand your offers and meet more of buyers' needs. For others with a large warehouse footprint but less comfort selling directly to customers, selling through third-party marketplaces is more likely the ideal scenario, giving you exposure and discoverability while maintaining focus on what you do best.

Either marketplace path can set your organization on the course to sustained ecommerce growth. The alternative is to see your competitors take the lead in the new digital-first economy.

You can explore the ins and outs of developing a B2B marketplace strategy for your business in Mirakl's new eBook, co-authored with Deloitte: The Blueprint for Building and Growing a Best-in-Class B2B Marketplace.



Many B2B marketplaces throughout the world see a strong future backed by substantial investment funds. Here's a list of some with recent funding deals noted by PitchBook:

TRADESHIFT, a San Francisco-based operator of a B2B commerce platform that provides e-invoicing and accounts payable automation for buyers and suppliers in more than 190 countries, has raised over $200 million in funding and debt from a mix of new and existing backers, including Koch Industries, IDC Ventures and LUN Partners.

MOOV, a marketplace for pre-owned equipment for manufacturing semiconductors, raised $41 million in a November 2021 Series A funding round backed by Tiger Global, Valor Equity Partners, Avenir Growth Fund and other investors.

ANKORSTORE, a Paris-based marketplace launched in 2019 that connects more than 15,000 specialty brands with independent retailers across 23 countries, raised 250 million euros (US$283.2 million) in January from investors including Bond, Tiger Global, Eurazeo and Coatue. That round brought Ankorstore's funding to date to 365 euros (US$413.4 million).

NOVI CONNECT, a marketplace founded in 2020 and designed to help consumer brands find sustainable ingredients and packaging, raised $40 million from Tiger Global and other investors.

MOGLIX, an India-based marketplace for industrial goods, raised $250 million from Alpha Wave Global, Tiger Global and other investors.

BLUEPALLET, an online marketplace for the chemicals industry, will use $8.3 million in funding from Gradient Ventures and other investors to foster the trade of complex products amid disrupted supply chains.

FULL HARVEST, a marketplace that sells excess or imperfect agricultural produce, raised $23 million from Rethink Impact, Citi Impact, Doon Capital, Startdust Equity, the Portfolia Food & AgTech Fund and other investors.

TRADEDEPOT, a Nigeria-based marketplace for manufacturers and importers of consumer goods, raised $110 million that it will use to expand its buy now, pay later service across Africa. Investors included IFC, Novastar, Sahel Capital, CDC Group, Endavor Catalyst, MSA Capital and Partech.

Broadbased demand for marketplaces, however, is also pushing ahead new B2B portals that have mostly bootstrapped their operations. One example is ShapeConnect, a Chicago-based portal founded in November 2019 that connects providers of business services including accounting and tax preparation to businesses throughout the Chicago metropolitan area and beyond.

ShapeConnect grew by more than 800% between 2020 and 2021, as its base of some 3,000 business users increased their activity in the buying and selling of services during the pandemic, says CEO Brian Zielinski. He projects the value of gross transaction volume on his marketplace is on course to reach $1 million per month within two years. ShapeConnect earns its revenue by charging sellers a commission of 15% or less based on transaction volume.

Tom Parker, a partner with Itasca, Illinois-based accounting firm Fates, Bodily & Parker, says exposure on ShapeConnect helped his firm grow between 25% and 30% in 2021 over 2020. “They also connected us with vendors who manage our social media and website development, helped us develop our CRM and Hubspot referral network,” he says.

In addition, investors are also generously backing providers of digital technologies designed to raise the bar of ecommerce sites, forcing marketplaces to also continuously upgrade to keep with rising expectations among online buyers. For example:

6sense—a provider of an artificial intelligence-based account management technology platform that helps sales reps increase service to customers as the latter do more of their basic ordering via self-service ecommerce—recently raised $200 million from investors including Blue Owl Capital, MSC Capital Insight Partners, and Sapphire Ventures.

Proton.ai—a developer of an AI-based sales management platform designed to help B2B companies predict and analyze customer demand—raised $20 million from Felicis Ventures and other investors.

Smartling—a developer of a cloud-based language translation management and automation platform for online B2B sellers and retailers—raised $160 million from Battery Ventures.

B2B marketplaces—and the companies that buy and sell through them—will benefit from the ongoing development of ecommerce and marketplace platforms and related technologies, industry experts say.

"The smart firms I'm working with are saying, 'I want to be in front of my B2B buyer no matter where they want to buy,'" Beck of Enceiba says. "They should do all in their power to remove friction from every channel where the customer wants to transact."

And more than ever, he adds, that includes marketplaces.

CASE STUDY

BOLTING TOGETHER A MARKETPLACE FOR THE 'FRAGMENTED' FASTENING INDUSTRY

Distributor Bay Supply is launching an online marketplace designed to improve the quote-and-order process in the fastening industry, CEO Clifford Bernard says.

A small distributor with a big appetite for business-to business ecommerce is rolling out its latest digital initiative: a B2B marketplace for the fastener industry.

Bay Supply, an industrial distributor based in Farmingdale, New York, that has been selling a wide array of fasteners to big and small companies since 1961, has rolled out a new marketplace on BaySupply.com to bring together buyers and sellers in what the company calls a disparate industry.

"The fastener industry is fragmented and outdated—the industry needs a better way to leverage technology to streamline quote-and-order processes," says CEO Clifford Bernard. "Sourcing fasteners requires an incredible amount of time and research online, and the current process just doesn't make sense for anyone in the supply chain anymore."

To attract digital buyers and sellers, Bay Supply is offering free registration to distributors that sell fastening products, with plans to offer digital buyers more than 2,000 types of rivets, bolts, threaded inserts and related fastener products and tools.

Bay Supply will also work with distributors to add new categories to better position their product offerings, the distributor says. Digital tools available on the marketplace include automated workflows and dashboards that can be accessed by multiple users.

'The fastener industry is fragmented and outdated—the industry needs a better way to leverage technology to streamline quote-and-order processes.'

—**Clifford Bernard,**
CEO, Bay Supply

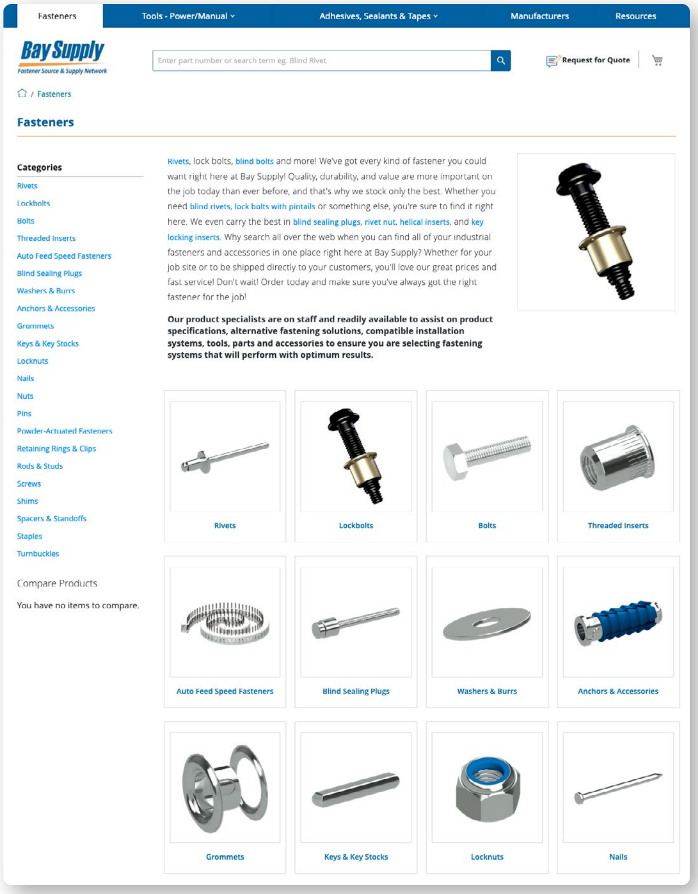
CASE STUDY ▪ BAY SUPPLY

CASHING IN ON B2B MARKETPLACES ▪ 2022 B2B MARKETPLACE SERIES, PART I

"Fastening manufacturers are building their digital catalogs for their brands on their corporate websites, but they're only reaching a small percentage of the buyer community with limited exposure," Bernard says. "Manufacturers need to present their brands and the unique value their products bring to an application, and they need to do this where their competition is."

Bay Supply spent two years developing the platform, which currently has about 60 distributors signed up as sellers, says chief operating officer Michael Eichinger.

The marketplace was designed and launched in conjunction with McFadyen Digital, an ecommerce and marketplace consulting firm. The marketplace was a new extension of Bay Supply's Magento ecommerce platform.



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Fastening-product sellers complete a three-stage registration process culminating in signing up payments processing. Bay Supply will collect 9% of each completed transaction on the marketplace, the company says.

The timing is right to launch a B2B marketplace for fastener products "and we were uniquely positioned to do so," Eichinger says.

Bay Supply first launched a B2B ecommerce site in 2009, after the company realized the popularity of retail ecommerce was taking hold in B2B markets as well. Today, digital commerce accounts for about 34% of total sales, the distributor says.

CASE STUDY

JCPENNEY TAPS A B2B ONLINE PORTAL TO GROW SALES OF 'BEAUTY' BRANDS

Changes abound as JCPenney and cosmetics products B2B marketplace Landing International go live in efforts to consolidate the department store's "beauty" branding channels.

JCPenney has joined with Landing International, a B2B online marketplace for the cosmetics products industry, to provide a one-stop shop for beauty brands looking to break into large-scale retailers. Landing International gives smaller beauty brands access to largescale retail integrations and consolidates sourcing and logistics. Instead of working with multiple beauty manufacturers, JCPenney works directly with Landing International to meet its assortment planning, inventory planning and training needs.

"This is also beneficial for [beauty] brands that operate small teams or have limited bandwidth," says Destiny Villarreal, divisional merchandise manager at JCPenney Beauty. Landing International's portal, she adds, "acts as a playground where retailers can not only easily explore new brands, but easily connect with them as well."

JCPenney's in-store sales associates will use Landing's online training tool for advice on how to sell new brands sourced through Landing.

DIGITAL COMMERCE 360 B2B

Villarreal says Landing's one-stop system makes it easy for JCPenney Beauty to log onto Landing's portal to place orders digitally. The retailer can also receive notifications and view shipment information, including tracking details, and analyze data to determine what inventory to restock. In addition, JCPenney's in-store sales associates will use Landing's online training tool for advice on how to sell new brands sourced through Landing. The arrangement with Landing International comes several months after cosmetics products retailer and brand Sephora terminated its store-within-a-store agreement with JCPenney and moved to rival Kohl's Corp. late last year.

JCPenney launched the indie beauty brands store inside 10 pilot JCPenney locations across the United States and online at its ecommerce site, jcp.com. The launch also gives shoppers a wider price point range.

Landing lets brands upload up to 20 products on its online platform and accept orders from customers for no annual fee; it charges these brands a 10% commission on sales. Brands have the option to pay a $2,000 annual fee to upload an unlimited number of products and pay a 5% commission on sales. Landing charges no fees to retailers who use its platform to buy from brands.

'One of my personal pet peeves when beauty shopping is walking into a store only to find that the retailer doesn't carry the specific brand I was searching for.'

—Destiny Villarreal, divisional merchandise manager, JCPenney Beauty

CONSISTENCY ACROSS CHANNELS

The department store's ecommerce strategy includes offering customers the same products in store as online. JCPenney worked with Landing to identify brands that suited its diverse customer demographics and focused on creating a consistent shopping experience across product categories and assortments from online to in store.

"One of my personal pet peeves when beauty shopping is walking into a store only to find that the retailer doesn't carry the specific brand I was searching for at all locations" or online, Villarreal says. "It was important to us that JCPenney Beauty provide dependable service and a comprehensive assortment available across store locations and channels."

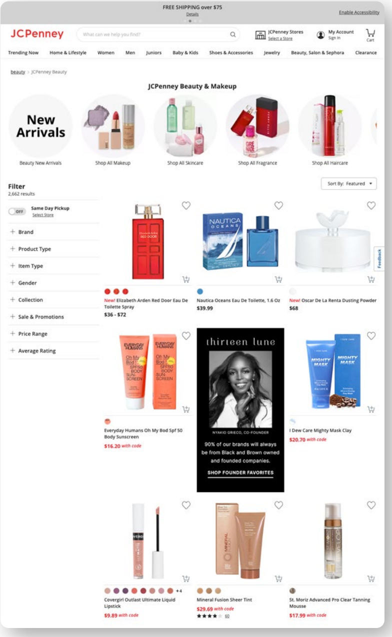
Sephora's products will continue to be available at JCPenney stores and online (as well as Landing International-sourced brands for JCPenney Beauty) through late 2022. Sephora and JCPenney Beauty are listed as separate categories under JCPenney's beauty options header when shopping online.

JCPenney continues to revamp its digital prowess after working its way back from bankruptcy in 2020. It sold its retail and operating assets in December 2020 to Simon Property Group and Brookfield Asset Management in a deal valued at $800 million, which allowed it to keep 650 of its 850 locations open. On Oct. 25, 2021, JCPenney announced that Marc Rosen will become CEO effective Nov. 1.

Rosen's "significant ecommerce and retail experience with companies like Levi's and Walmart makes him the perfect fit to lead the next chapter of the company's transformation as we work to better serve our customers," said Stanley Shashoua, chief investment officer in a company statement.

Landing International has helped JCPenney offer smaller brands that might not otherwise have popped up on its radar, the retailer says. The department store retailer also continues to search other digital channels to source brands for its customers.

"From industry events, brand fairs, digital forums, to social media exploration, there is no shortage of brands to prospect," Villarreal says. "The beauty of doing business in this digital age is that we have a plethora of information at our fingertips."

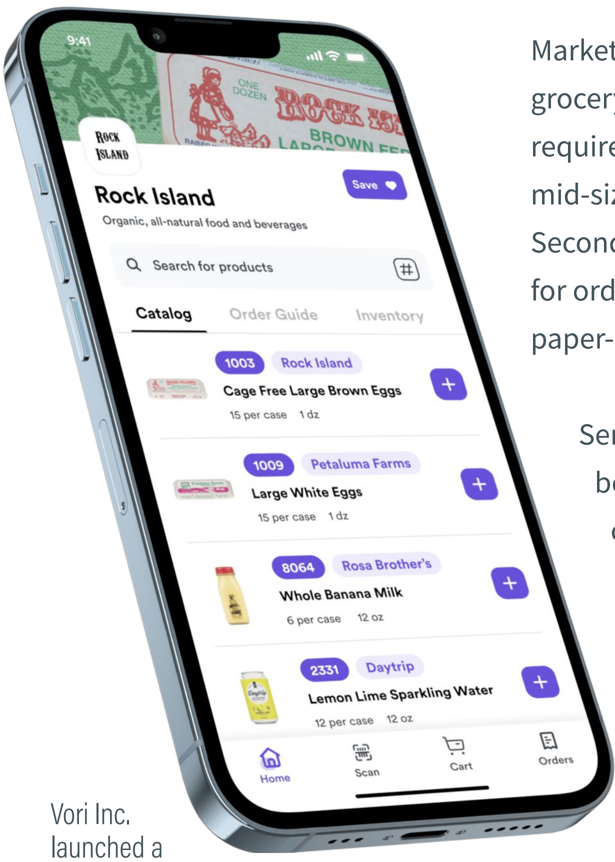


Landing International has helped JCPenney offer smaller brands that might not otherwise have popped up on its radar, the retailer says.

CASE STUDY

VORI BUILDS AN ONLINE B2B MARKETPLACE FOR GROCERS AND SUPPLIERS

Recognizing the digital divide between grocers and their suppliers when it comes to ordering, Vori Inc. built a marketplace that enables grocers to digitally order directly from suppliers.



Vori Inc. launched a marketplace that connects grocers to suppliers without an EDI connection.

Marketplaces, while common in many industries, are less so in the grocery industry. The reasons are two-fold. First, most suppliers require EDI connections to their catalog, which for many small, mid-sized and independent grocers are too expensive to build. Second, grocers have been slow to adapt ecommerce technology for ordering from suppliers, which has extended their reliance on paper-based ordering.

Sensing an opportunity to bridge the ecommerce divide between grocers and suppliers, as well as streamline the ordering process, Vori Inc. launched in 2019 and developed a marketplace that connects grocers to suppliers without an EDI connection.

"We joined Vori to not only help our retail customers have an easier time ordering, but to allow our internal business operations to fulfill our customers' needs more seamlessly," says Louis D'Angelo, CEO of distributor Foundation Foods. "Vori will help us, and our customers, do business more sensibly."

To enable such connectivity, Vori acts as middleware, connecting food suppliers to its marketplace hub through EDI connections and enabling grocers to place orders through the marketplace using their existing ERP and material requirement planning systems. Grocers' orders are then sent to the respective suppliers through an EDI spoke within the Vori marketplace hub. In addition, suppliers can automatically update their catalogs on the marketplace so grocers can see the latest inventory counts, products, and pricing.

After attempting to build EDI connections to suppliers in-house for its marketplace, Vori realized it needed a third-party service to provide EDI connectivity to the marketplace for both suppliers and grocers, says Vori co-founder and chief technology officer Robert Pinkerton. The grocers making purchases on the marketplace, he adds, needed application programming interfaces (APIs) to integrate the Vori mobile app with their enterprise resource planning (ERP) systems. After vetting several potential technology partners, Vori worked with TrueCommerce Inc. to provide the technology integrations for both suppliers and grocers.

"EDI can be ERP-agnostic, and APIs can be ERP-specific, but some ERPs don't have built-in EDI connectivity, and many grocers are not on EDI," Pinkerton says. But these capabilities, he adds, "allow us to facilitate robust, secure and automated transactions like purchase orders, catalog and inventory updates, as well as invoices between retailers and suppliers on the Vori platform, so that both parties can get the most accurate information."

In addition to enabling grocers to place orders through its marketplace, Vori enables suppliers to update their product catalog in their own technology platform and have those updates automatically reflected in their catalog on the marketplace. Without this automation, suppliers would have to send updated product information to Vori, which would then manually rekey the data into the supplier's catalog on the marketplace. The process can be time-consuming and error-prone, Pinkerton says.

'We joined Vori to not only help our retail customers have an easier time ordering, but to allow our internal business operations to fulfill our customers' needs more seamlessly.'

—**Louis D'Angelo,** CEO, Foundation Foods

SCANNING PRODUCTS TO PLACE ORDERS

To initiate an order through Vori, grocers scan a product on the shelf with a mobile device running the Vori app. After the app identifies the product's supplier, retailers tap on the supplier's name to access its catalog, which includes product images and descriptions. Grocers can also view past order history, and they have the option to hit a reorder button or place an order for a different amount. If an item is listed as out-of-stock, the Vori app will suggest alternative products to improve fill rates and keep the grocer's shelves stocked.

"Large grocers can grab products from suppliers at the expense of smaller ones, and our marketplace helps grocers identify where products are in the supply chain, which reduces gaps in sales due to gaps in the supply chain," Pinkerton says.

The ability to pull up a supplier's catalog simply by scanning a product barcode helps streamline the order process, as grocers don't always remember which wholesaler or distributor supplied the product, Pinkerton says. The Vori app's dashboard also provides grocers with the latest promotions a supplier may be offering and highlights new products.

"It's tough for grocers to remember every supplier they work with and what products they supply; Vori simplifies the process," he says.

'Our marketplace helps grocers identify where products are in the supply chain, which reduces gaps in sales.'

—**Robert Pinkerton,** chief technology officer, Vori Inc.

ACCESS TO HUNDREDS OF SUPPLIER CATALOGS

In addition to providing grocers access to more than 350 supplier catalogs, the Vori marketplace includes some of the largest distributors in the industry, such as KeHe Distributors LLC and United Natural Foods Inc. Many small, mid-sized and independent grocers don't do business with large suppliers if they require an EDI connection.

"Our ability to now bring these mainline vendors and distributors onto the Vori platform makes us a full-store solution for ordering," says Pinkerton. He adds that, through TrueCommerce, grocers of all sizes are able to communicate with the industry's largest suppliers.

On the supplier side, Vori streamlines order management by enabling suppliers to digitally receive orders and payment from retailers that are not communicating through an EDI connection, which reduces customer service representatives' workloads. Rock Island Refrigerated Distributors, a Petaluma, California-based food supplier, says that, by taking orders through Vori, Rock Island has cut order-desk call volume and labor requirements by 50%.

About 20% of total order volume on the Vori platform is now transacted via TrueCommerce, but that percentage is expected to increase significantly, Vori says.

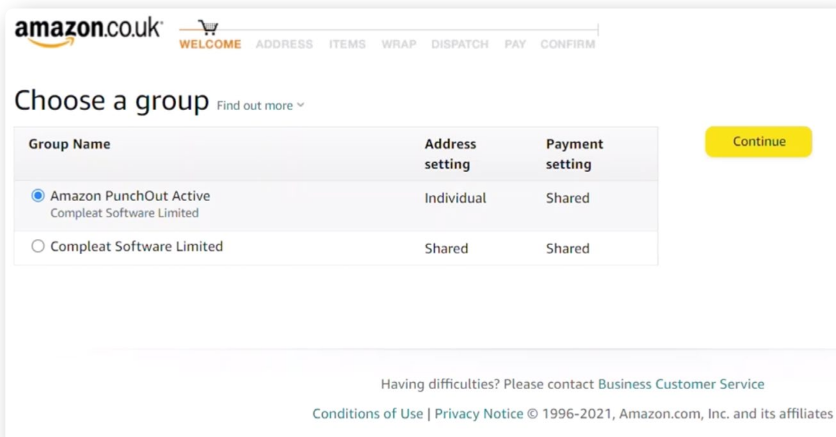
Dozens of Vori users rely on TrueCommerce-based services, including independent retailers such as Berkeley Bowl Marketplace, Rocky's Market and Woodlands Market. Vendors and distributors on the marketplace include Sunrise Farms and San Francisco Naturals Inc.

CASE STUDY

AMAZON BUSINESS LAUNCHES 'PUNCH-IN' PROCUREMENT TOOL

The application lets buyers on Amazon's B2B marketplace submit their online purchases to their company's e-procurement system for spend management purposes.

For the billions of dollars in annual transactions on Amazon Business, many of them are processed when buyers use punch-out software to connect to the marketplace from their company's procurement and spend management software.



With Amazon Business Punch-in, businesses can give their buyers the option to go straight to Amazon Business to make a purchase and "punch in" to their company's procure-to-pay (P2P) spend management software.

Now, businesses can give their buyers the option to go straight to Amazon Business to make a purchase and "punch in" to their company's procure-to-pay (P2P) spend management software to maintain records of their purchasing activity.

Amazon launched in January 2022 Amazon Business Punch-in, an online tool designed to let companies manage their buyers' spending even when they don't start a purchase through their e-procurement software system. Amazon introduced the Punch-in product with procurement technology vendor Compleat Software. Amazon says it is already adding "new partners" yet to be named.

"This new feature will simplify the buying process for many of our customers," says Todd Heimes, global director of Amazon Business.

"For those companies with buyers who enjoy the familiar user interface and functionality of Amazon Business, Punch-in will enable them to start their journey on our website while remaining within their organization's buying policy guidelines."

The Punch-in product was designed in part to take the place of corporate purchasing cards, including P-cards and commercial cards, which typically have built-in controls on how much buyers can spend for approved products from approved suppliers.

Amazon Business and Compleat did not publicly mention the cost to deploy the Punch-in product.

Duncan Jones, a vice president and principal analyst covering procurement technology at Forrester Research Inc., says Amazon's Punch-in should be an attractive option to many but not all corporate procurement departments and chief procurement officers. "This is a good option for Amazon Business to offer … but most chief procurement officers will want more direct control via their procurement tool of what users buy on Amazon Business instead of from suppliers that CPOs have chosen and the contracts they've negotiated," he says.

A stronger option for CPOs, he adds, is when procurement systems are integrated with multiple ecommerce sites and online marketplaces so that, when a buyer makes a pending purchase, the procurement systems show comparable products available from other sellers to let the buyer and their superior choose the best option. "In the punch-in mode, the user never gets to compare Amazon Business's suggestions with what is available from other vendors," Jones says.

Amazon doesn't break out its B2B portal's sales, but it has said that Amazon Business does more than $25 billion annually, and Wall Street analysts forecast far more growth for it ahead.

'Most chief procurement officers will want more direct control via their procurement tool of what users buy on Amazon Business.'

—**Duncan Jones,** vice president and principal analyst covering procurement technology, Forrester Research Inc.

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Paul Demery is editor of Digital Commerce 360 | B2B. Prior to DC360B2B, he was managing editor of Internet Retailer magazine. In earlier work, he was editor-in-chief/associate publisher of Electronic Commerce World magazine, which covered business-to-business applications of internet technology in multiple industries; he also covered various industries for other magazines and newspapers.

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