Key Considerations for Global Ecommerce

Why outsourcing vital processes is your best strategy.
According to industry reports from both Forrester Research and Gartner Inc., the fastest growing and most successful global ecommerce businesses are moving to Software-as-a-Service (SaaS) cloud platforms as their primary technology solution. And with good reason. In a Forrester survey, 75% of North American and European enterprise software decision makers who use or plan to use a SaaS platform rated improved business agility as the top benefit.1 72% rated speed of deployment as a key benefit, followed by 71% saying that delivering new functions faster was an important factor in their firm’s decision to use a SaaS platform.1

At Digital River, we know that starting an ecommerce business, growing your current business or expanding into global markets can be daunting, challenging and costly. There’s a lot for you to think about: ecommerce platforms, vendor contracts, local banking relationships, compliance with local laws and regulations, taxes and fraud. And on top of all that, there’s the time and energy you dedicate to offering the great products or services you’re known for delivering. Read on to learn about the five most important considerations for starting, growing or expanding an ecommerce business.

1. Forrester’s Forrsights Software Survey, Q4 2013

“SaaS is eating traditional licensing’s lunch”
– Forrester’s Business Technographic Global Software Survey, 2014

“SaaS is growing faster than the market and was 25% of all ecommerce deployments in 2015.”
– Gartner Hype Cycle for Software-as-a-Service 2015

“18 – 25% of firms plan to replace their ecommerce platform with a SaaS platform over the next two years.”
– Gartner Hype Cycle for Software-as-a-Service 2015
Choosing the right global ecommerce partner can be overwhelming. With so many complexities and offerings from various vendors, choosing an accountable partner with end-to-end ecommerce capabilities is your best route to achieving improved agility, faster speed to market, and lower cost of ownership. With that in mind, here are five things for you to consider when choosing your global ecommerce partner.

1. **Leverage the benefits of a cloud-based SaaS enterprise ecommerce solution**

Implementing and managing the IT side of a global ecommerce business can be complex and costly, particularly if you decide to go with multiple vendors or manage an on-premise solution. In these scenarios, you either end up managing multiple contracts and vendor relationships, or you invest significant IT resources in technology upkeep. A SaaS platform alleviates the IT complexity of global ecommerce and provides significant advantages over multi-vendor or on-premise solutions:

- **Improves your business agility.** SaaS solutions are faster to evolve and offer continual development cycles. They’ll quickly adapt to meet your changing business needs.

- **Accelerates your time to market.** A SaaS solution will drastically reduce your deployment time. SaaS solutions are ready to launch before you buy them, with no infrastructure setup or configuration required. This will be a significant benefit as you get started and as you grow.

- **Reduces the headache of upgrades.** With a cloud-based SaaS solution, upgrades are automatic, eliminating time-consuming IT work. Plus, SaaS vendors typically roll out multiple upgrades a year, giving you access to the latest features and functionality on a regular basis.

- **Lowers your total cost of ownership.** SaaS solutions remove the need to implement internal IT infrastructure, which can be an expensive, complex and resource-heavy process. With a SaaS ecommerce platform, your upfront costs will be much lower.
Digital River’s scalable, cloud-based, multi-tenant SaaS enterprise ecommerce solution, backed by 22+ years of global ecommerce experience, will help you take your ecommerce business to the global market quickly, effectively and with a low initial investment.

**Added benefits of Digital River’s SaaS solution:**

- A growing ecosystem of integrated partner plug-ins to optimize shopper experience and conversion on your web store (i.e. product videos, chat, ratings and reviews)
- The ability to grow online revenue and execute your sales and marketing strategies with our powerful, self-service marketing tools, such as flexible offers, A/B testing and search engine optimization
- Can accommodate the highest levels of transaction volume with our triple-redundant, global cloud-based infrastructure
- Makes it easy to handle traffic spikes and share infrastructure and load balance stores based on your needs

Industry-leading **99.997% + uptime**, delivering an always-on shopping experience

More than **2.3 billion** API calls each day
Offer the right payment methods

Payment preferences vary from country to country, and understanding cultural nuances and offering localized payment options with secured processing will put your consumers at ease and boost your sales around the world.

Managing global payments can be challenging

More than 50% of all online card transactions in Brazil use installment credits²

17% of transactions in Germany are settled by credit card³

35% of metropolitan Russians ages 18-35 use bank cards

27% of metropolitan Russians ages 18-45 use e-money for at least one payment per year⁴

To offer e-money payment options in Russia, installment plans in Brazil and electronic cash payments in Germany, you’d need to:

1. Find vendors who can offer and process those payment methods.

2. Establish local entities in each of those countries.

That’s where Digital River comes in. We offer 108 display currencies and 190 bank connections, so you can customize your payment options to meet the preferences of cultures around the world. Plus, Digital River will act as your Merchant of Record so you don’t need to create your own legal entities in the countries where you do business. When you partner with us, you’re getting access to 14 local acquirers with country-specific payment expertise.

Reduce risk by properly managing global taxes

Tax laws vary around the world, and the ability to quickly and accurately calculate and collect taxes is critical. In fact, you have less than 1/10th of a second to accurately calculate tax on a transaction before you risk losing the customer. Add the legal risk of collecting and filing global taxes and you begin to see why many companies outsource these operations.

Digital River provides tax management services you can trust. As your ecommerce partner we remove both the burden of tax compliance and the financial costs of tax risk.

What are the benefits?

1. We act as the Seller of Record on your behalf. That means we incur all audit risk and assume responsibility for the correct tax on all online transactions.

2. We maintain a light tax footprint by treating certain sales as local, expanding currency and offering local fulfillment options because of our global reach.

3. We help your customers avoid assuming Importer of Record responsibilities and the related costs.

4. We manage the tax attributes of sales transactions by providing sequential VAT invoices, verifying VAT registration numbers and preparing accurate tax calculations through our comprehensive address validation tool and robust tax engine. Additionally, tax display options such as VAT-inclusive pricing or “pretty pricing” are tailored to specific geographies.

5. We maintain a world-class tax calculator that handles any indirect taxation from any country in the world based on your supply chain.

Our expertise in global tax laws ensures your business will be current, compliant and shielded from risk. We act as an extension of your back office, ensuring that your customers get the lowest possible tax rate while alleviating the time, money, and added stress of managing your own tax collection and filing.

On average, a business has less than 1/10th of a second to accurately calculate tax on a transaction before they risk losing the customer.

$125,000 estimated cost for a business to set up global tax management on its own.

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Shield your business with strong fraud protection

Strong fraud protection is critical to the ongoing success and health of your global ecommerce business, and many business leaders like yourself are concerned about the risk of fraud in the global ecommerce marketplace. There are many risks and costs associated with fraud. To maintain the trust of your customers and comply with international laws, you need to protect the privacy and security of customer data. Manually reviewing and managing fraud is costly and time-consuming. And high charge back rates cause significant losses.

Digital River is the answer. Our industry-leading fraud prevention tool, Transaction Defender™, employs sophisticated fraud prevention technologies, including device fingerprinting, proxy piercing, IP-geolocation and IP address intelligence. But it’s Transaction Defender’s unique community of data analytics that makes it such a formidable defense against fraud attempts. This feature blocks fraud by combining data gathered from the global community of Transaction Defender clients with an intelligent engine that can learn from past transactions and apply that knowledge to future transactions.

How does it work?

1. When a fraudster attempts to attack a participating client, Transaction Defender quickly identifies the fraudulent activity using an automated, statistical control process.
2. Transaction Defender sends the tagged activity to analysts who review sampled transactions and search deeper into the database to determine where the fraud is coming from and why it is occurring.
3. The analysts can stop the fraud with one click, simultaneously preventing the same fraud pattern from migrating to other online stores in the community.
4. Transaction Defender removes the ability for digital products to be resold in secondary markets through complementary digital entitlement removal processes, lowering future attack rates.

$134,000 is the estimated amount Digital River will save you annually in prevention software, fraud transactions fees, charge backs and penalties, and MRS annuals.

More than $100,000 web stores have implemented Transaction Defender, with transactions in more than 190 countries.

Since 2012, Digital River has protected 145 M transactions and blocked 4.2 M fraudulent transactions.

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Avoid unintended losses by complying with international laws

Compliance with local and international laws, along with understanding and adhering to customs regulations, are major concerns for ecommerce business leaders and can be major challenges for your legal team. In a recent study commissioned by Digital River, compliance came through as the most concerning risk associated with a global ecommerce strategy, with 62% of respondents worried about compliance with the laws that govern ecommerce in the markets they serve. For this reason, more and more growing ecommerce companies are using third party Merchant of Record services. Your Merchant of Record is responsible for legal and regulatory compliance, security and privacy, tax collection and remittance, and is held financially liable by an acquiring bank for customer returns and charge backs.

When you’re relying on a third party to play such an important role in the success of your global ecommerce business, it makes sense to partner with a company that has extensive experience and global reach in the ecommerce industry.

With a deep level of global expertise, Digital River is accountable for keeping your business compliant; shielding you from risk. Our extensive experience with legal compliance ranges from local government compliance to global data security.

Some of our value added services:

- Tracking of restricted products in your target markets
- Screening against government blocks and denied party lists
- Maintaining new compliance regulations (PCI, SOX, SSAE16, WEEE)

$375,000 the annual cost for your mid-market ecommerce business to maintain PCI-compliance, support an IT system and personnel, and arm yourself against potential disaster and third-party audits

$250,000 fines for violating export regulations (even unintentionally), and may include jail time
With Digital River, you’ll have one contract with one trusted partner—offering a tightly integrated ecommerce solution with a proven track record of success in the global ecommerce industry. We can help you go live and reach your market in 90 days or less while assuming all the risk of global ecommerce.

But simplifying global ecommerce is only part of the value we offer. With our end-to-end ecommerce solution, we help you reach new customers, give them a great experience, and convert like you never have before.

**Integrated Commerce Cloud**
The go-to commerce cloud for reaching global markets with speed and confidence. Our solutions are seamless and full spectrum. We make it easy to manage your storefront, product catalog, pricing and orders from beginning to end. There’s unparalleled localization out of the box with tools to personalize your shopper experiences.

**Flexible Monetization and Billing**
Our revenue models range from mainstream must-haves to emerging new billing structures and innovations. Built for B2C and B2B, our commerce cloud is dialed in for subscriptions, accounts and entitlements, micro-transactions, emerging payments and the Internet of Selling your Things. Your monetization is agile enough for every shift in buyer preference.

**Global Commerce Services**
When you sell products all over the world, you need the highest level of protection. We act as your merchant of record, safe guarding your business – and your shoppers – from the risks of fraud. We remove the complexities of international taxes, and untangle global compliance and regulations. You call this peace of mind. We call it accountability.

We’re all-in, fully committed to each facet of your ecommerce business. Contact us today.

E: info@digitalriver.com | US: +1 800 598 7450 | UK: +44 (0) 845 603 5070 | TW: +886 2 8173 1711