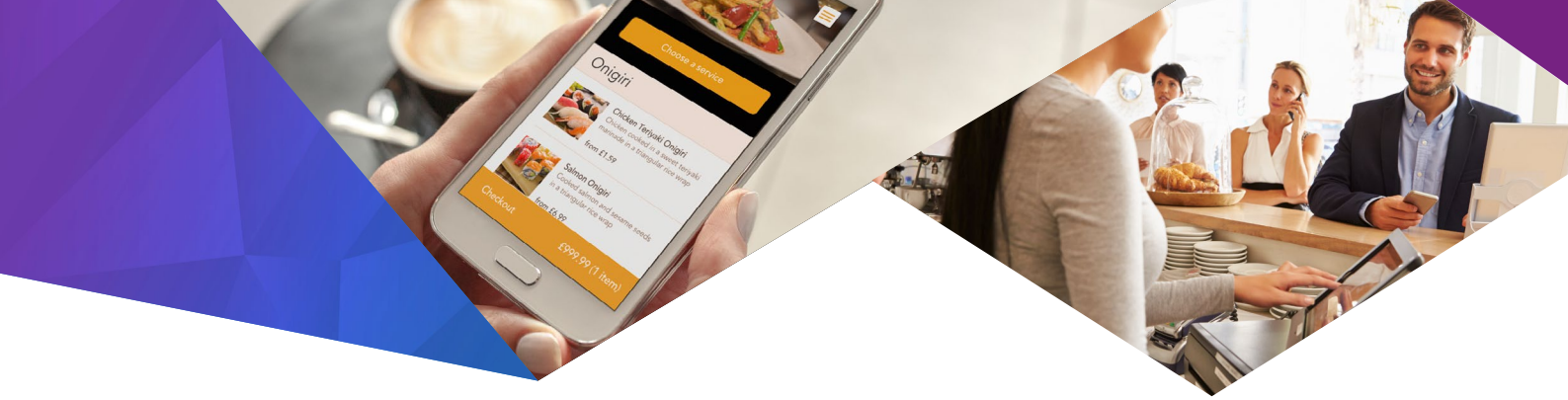


E-Commerce Strategy Template

preoday

How to use this template

What follows is a structured template that, when completed, will form the backbone of your e-commerce strategy. To accompany this we have included detailed instructions that will guide you through the process.

And if I need help?

You may decide that you do not have the resource in-house to develop a successful e-commerce strategy, in which case there are a large number of consultancies who will be able to assist you.

Preoday also can help. Our strategic solutions service assists customers in developing their e-commerce strategies and implementation plans. We offer this on an impartial basis, i.e. it is not tied to our software solution. Customers receive professional help to develop a strategy and go-to-market plan in this rapidly changing market, to avoid pitfalls and to secure competitive advantage.

If you would like to discuss our strategic service, please feel free to contact me.

Steve Hawkins
Head of Channel & Partnerships
+44 (0)7710 565 496

Contents

1. Executive Summary 4
2. Introduction, Vision and Objectives 4
3 Market 5
   3.1 Market Overview 5
   3.2 Customer Needs 5
   3.3 Market Size and Growth 6
   3.4 Competition and Opportunity Analysis 7
4. Technology 8
   4.1 Technology Overview 8
   4.2 Technology Landscape 8
   4.3 Requirements 8
   4.4 Providers 8
5 Implementation 9
6. Financials 11
   6.1 Key Figures 11
   6.2 Chosen Business Model and Variants 11
   6.3 Primary Revenue Streams 11
   6.4 Capex 11
   6.5 Operational Costs 11
   6.6 Principal Assumptions 11
   6.7 Key Sensitivities 11
   6.8 Funding Needs 11
   6.9 Sources of Funding 11
7. Resources 11
8. Appendices 11

preoday

1. Executive Summary

We always recommend to our clients that they start by writing the executive summary. This may seem counterintuitive
but in beginning here, and using dummy numbers where necessary, companies will quickly establish what they currently know and what information is missing and can set actions to fill the gaps.
The e-commerce strategy must be aligned with the company's corporate strategy, and this section is a good place to describe that alignment.
This section should summarise the entire strategy and will likely be one or two pages long. It should contain sufficient numbers and evidence.

2. Introduction, Vision and Objectives

One good way of introducing the strategy document is to write two or three paragraphs explaining:

a) the situation your company is in with respect to provision of e-commerce services to your customers;
b) the complication, which is normally a market development that has destabilised the situation in some way; and
c) the key issues for your company arising from the situation and the complication.

The vision statement will be one or two sentences outlining what your company would like to achieve or accomplish through its e-commerce strategy, and the objectives should be a few bullet points detailing your strategic objectives.

This Introduction, Vision and Objectives section will

1. Executive Summary

3.1 Market Overview

We recommend companies start by writing the market overview, which should summarise the entire market section. Again, you should use dummy numbers where necessary.

3.2 Customer Needs

This sub-section focuses on customer needs now and in the future. It is critical and we suggest considerable effort is expended on it.

The following questions may help here:

- Which digital experiences are consumers being offered, and how do these experiences
- How are consumers engaging with my leading direct and indirect competitors? Companies to look at include Domino's Pizza Inc., Panera Bread and Starbucks.
- What could be done in future to further enrich consumers' digital experiences and delight them more?

You may find it useful to list out the Customer Experience Elements (CEEs), which are the digital experiences that will delight your customers. A simple table can help crystallise your thinking here. See Table 1 below.

Table 1. Analysis of Customer Experience Element groups

	Transaction	Loyalty	Customer Journey	Social Media	Customer Engagement	Information	Other
Currently offered by us	✗	✓	✓	✓	✗	✓	✓
Currently offered by competition	✓	✗	✗	✓	✓	✓	✗
Future offer, next 0.5-1.5 years	✗	✓	✓	✓	✗	✓	✓
Future offer, 0.5-1.5 years	✓	✗	✗	✓	✓	✓	✓

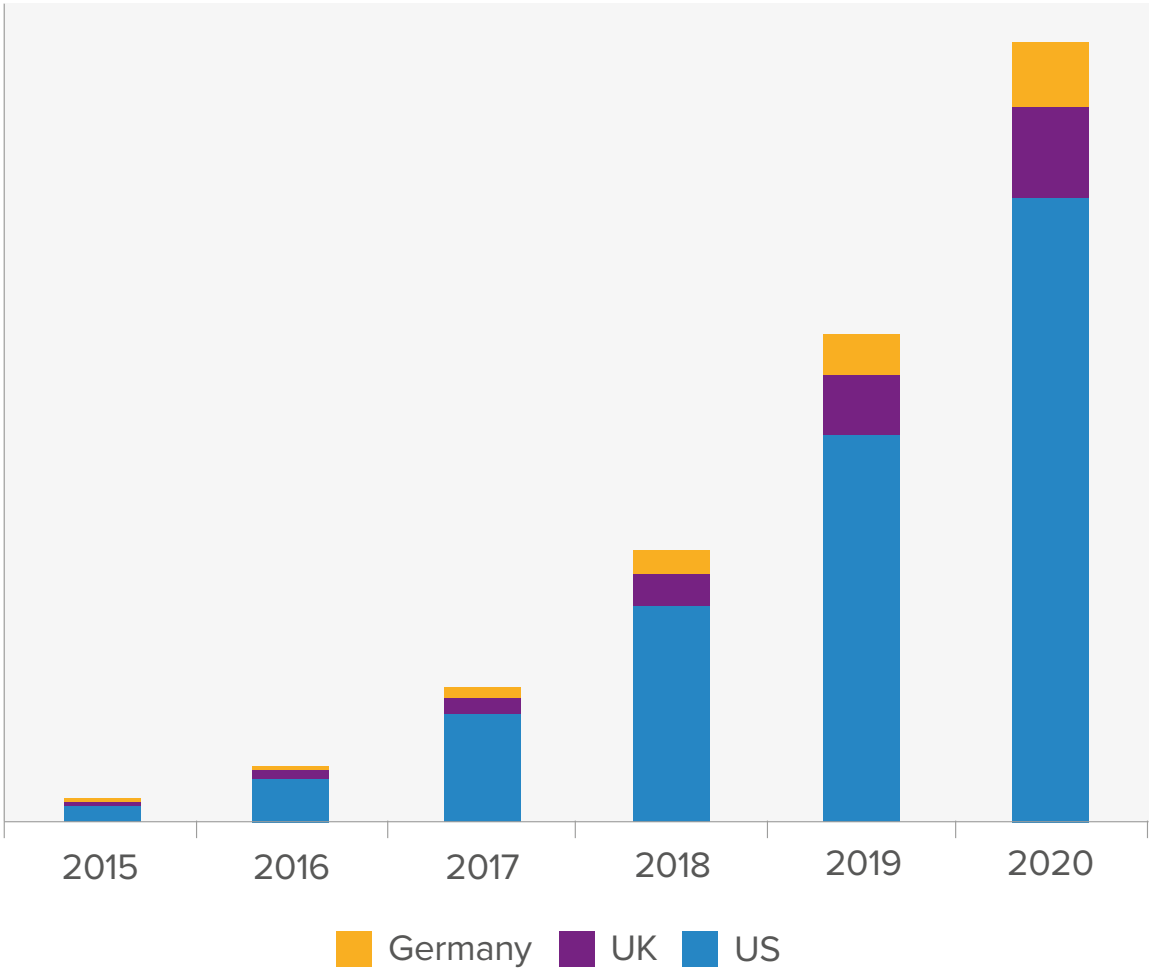
If you find this helpful, we recommend you split each group (transaction, loyalty, etc.) into its constituent CEEs. This would produce a much larger table which could be summarised in this sub-section, with the complete table being included in an appendix.

3.3 E-Commerce Market Size and Growth

This sub-section covers the volume and/or value of e-commerce transactions by country and by channel - i.e. transactions via mobile and online ordering, via new food and beverage delivery companies and via aggregators. Where data is lacking, companies will need to make estimates.

As a start you might estimate the number of outlets with e-commerce for certain major markets, e.g.:

Figure 1. Number of outlets with e-commerce



3.4 Competition and Opportunity Analysis

This sub-section should include reviews of the leading direct and indirect competitors as well as selected other direct competitors. The focus here should of course be on these competitors' e-commerce strategies and implementation success. We find that a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis is useful, with any opportunities for your company highlighted.

Filling out a table for each competitor, such as the table below, will be a helpful start. We recommend you also complete key elements of the table for your company.

Table 2. Competitor information
Competitor name
Type / sector it operates in
Ownership, corporate information
Business model
Revenue
EBITDA
Valuation
Geographies it operates in
Estimated number of customers
Current e-commerce strategy
Results of current e-commerce strategy[1]
Customer Experience Elements offered[2]
Strengths[3]
Weaknesses[3]
Opportunities[3]
Threats[3]

1. If available, these could be adoption rates, transaction values, etc.
2. You can use the CEE groups set out in Table 1 above, or assess against individual elements. These should be split by current and planned (if known).
3. With respect to e-commerce performance.

Using the list of strengths, weaknesses, opportunities and threats for the competitors as inputs, you will define your company's strengths, weaknesses, opportunities and threats in terms of e-commerce strategy and implementation. You should expand on each of your company's opportunities, which should feed into the rest of the e-commerce strategy. We recommend that you also do this for your weaknesses and threats.

4. Technology

4.1 Technology Overview

Again, we recommend writing the technology overview sub-section first, which should summarise the technology landscape, requirements and providers subsections.

4.2 Technology Landscape

In this sub-section you should describe the available platform solutions, the individual point solutions and technology future-proofing options. The platform solutions will each have multiple technology modules whilst the individual point solutions will each have a single module.

4.3 Requirements

The company's high-level technology requirements, one or two options for technology solutions and a technology roadmap should be set out in this subsection.

4.4 Providers

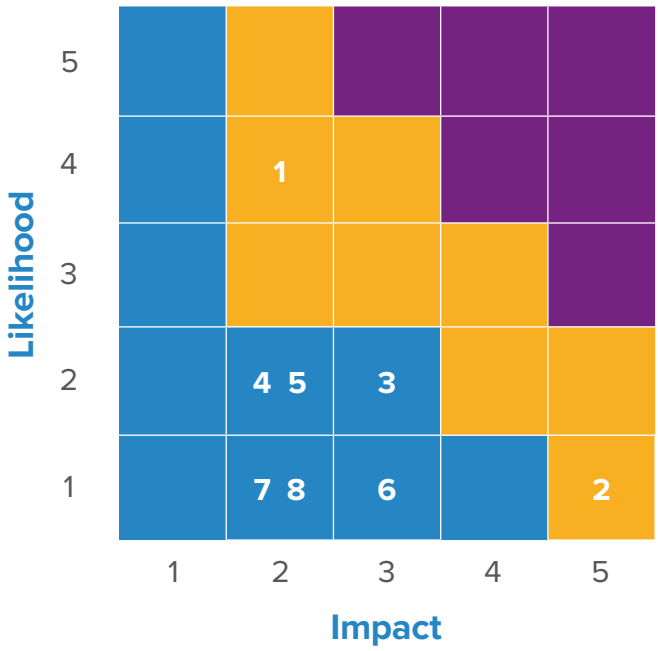
Here the key technology solutions providers should be described. Table 2 above could be adapted for this purpose.

5. Implementation

In this section you should explain how the project roll-out will be managed. This will include Key Performance Indicators (KPIs), how risks and related mitigation actions will be defined and continually re-assessed, financial reporting, project reporting lines, meeting schedules, the project management software used and a project Gantt chart with milestones.

You may find the following charts useful.

Figure 2. Risk management matrix



Rank	Risk ID	Approach	Risk Name
1	TR1	M	
2	TR3	M	
3	TR2	M	
4	CR1	W	
5	CR2	W	
6	CR3	M	
7	TR4	W	
8	MR1	W	

Criticality

High Medium Low

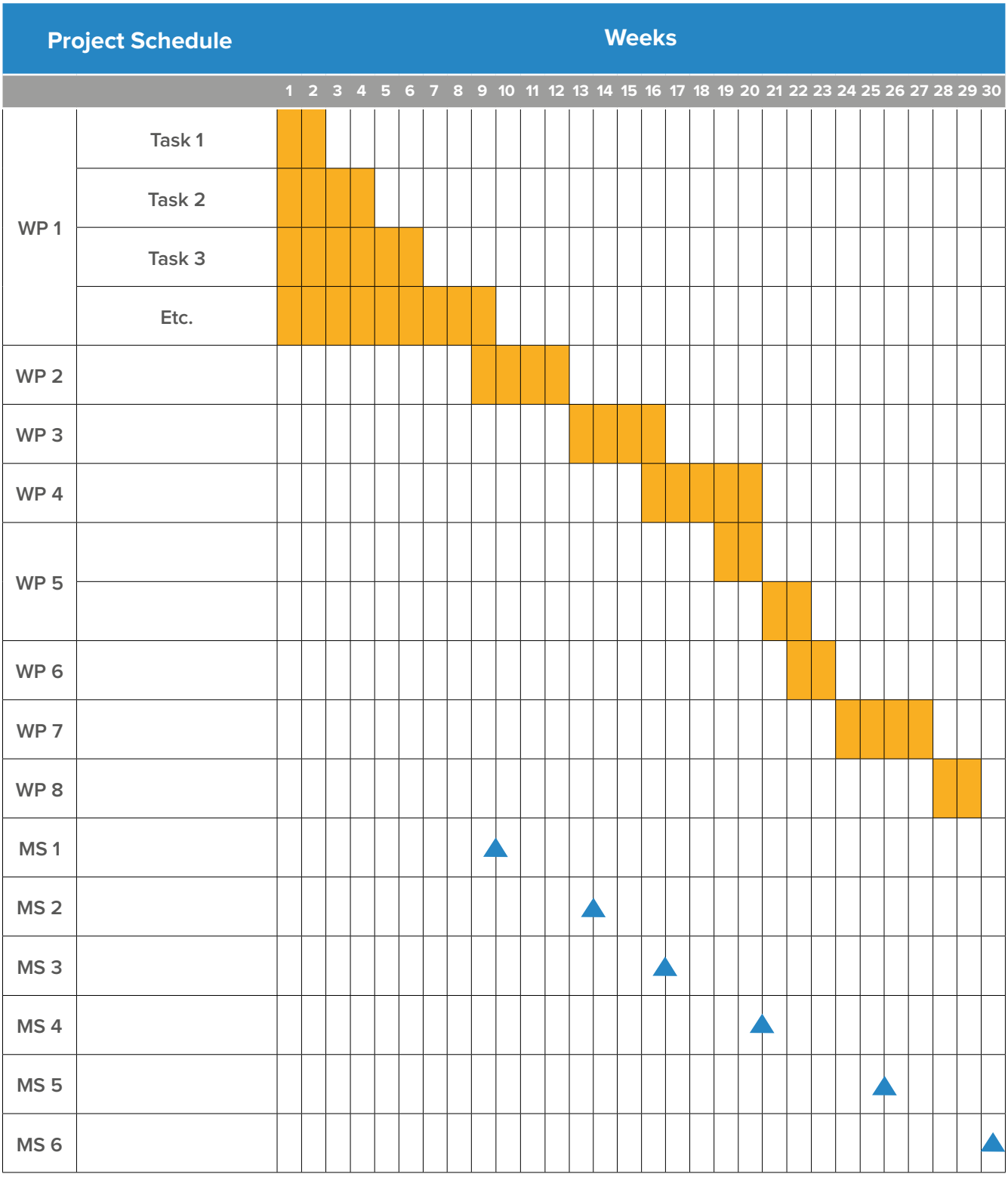
Risk ID

TR = Technical Risk, CR = Commercial Risk, MR = Management Risk

Approach

M = Mitigate W = Watch

Figure 3. Gantt chart with Work Packages (WPs) and Milestones (MSs)



preoday

6. Financials

We suggest this consists of the following sub-sections:

6.1 Key Figures
6.2 Chosen Business Model and Variants
6.3 Primary Revenue Streams
6.4 Capital Expenditure
6.5 Operating Costs
6.6 Principal Assumptions
6.7 Key Sensitivities
6.8 Funding Needs
6.9 Sources of Funding

How you present the information in each of the above sub-sections will in part be determined by your company's reporting style. You should ensure you capture in the above any financial or other benefits of the e-commerce roll-out to the rest of the business.

The project's Internal Rate of Return (IRR) may be shown like this:

Table 3. Internal Rate of Return

£k real, pre tax, no terminal value	Year	2017 0	2018 1	2019 2	2020 3	2021 4	2022 5
Revenue			£50	£100	£150	£200	£250
Operating Costs			£40	£60	£80	£100	£120
EBITDA			£10	£40	£70	£100	£130
Capital Expenditure		-£200					
Free Cash Flow		-£200	£10	£40	£70	£100	£130

Project IRR - 5 year, pre tax	16%

7. Resources

This section should describe the human resources needed for the project. Reference should be made to the Implementation section, and the reporting lines described there.

8. Appendices

Additional information may be included here.
Table 3. Internal Rate of Return