



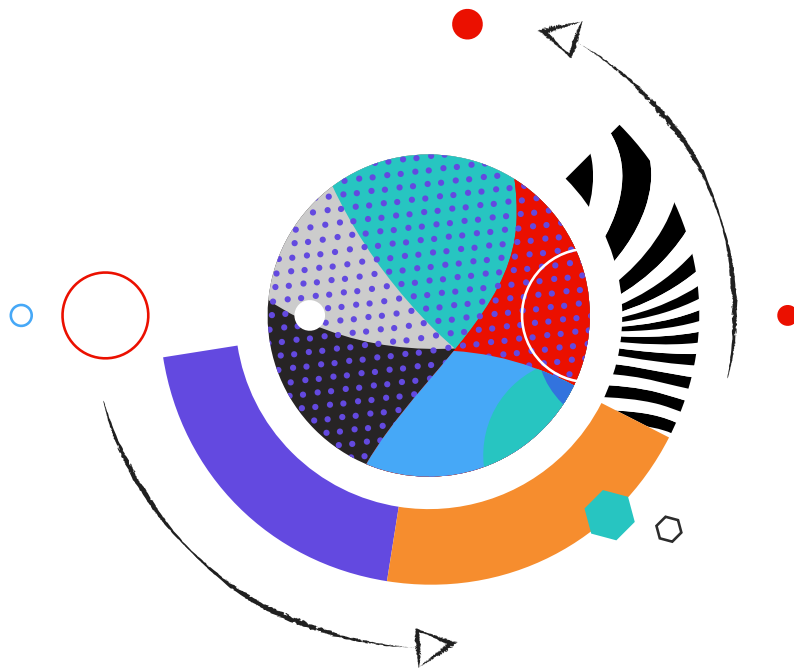
# Everything you wanted to know about TCO for Adobe Commerce.

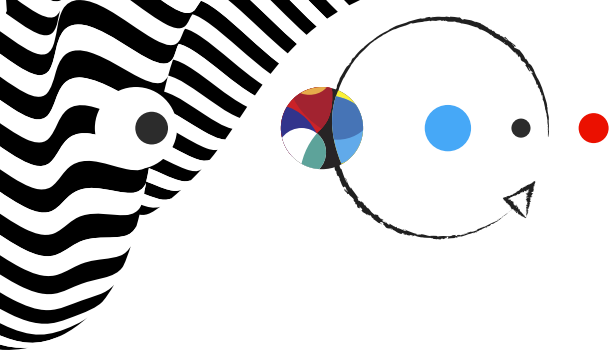
Advice for estimating and reducing the TCO of Adobe Commerce—no matter where you are on your ecommerce journey.



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## IT teams care about TCO— and so does Adobe.

Information technology (IT) at most mid-sized and enterprise companies has lots of moving pieces. Keeping track of costs can be difficult, as it can involve invoices and complex licensing and usage contracts with multiple vendors. According to research by Gartner, 62 percent of CIOs do not believe there is adequate transparency of IT costs, contributions, and performance.

When it comes to understanding the total cost of ownership (TCO) of your commerce platform, there are many different types of costs to consider—software licensing, development, integration, hosting, and more. It can be a time-consuming process, especially if you run your platform on premises or on a DIY cloud infrastructure.

But estimating TCO is worth the effort. Once you understand it—and where your costs are coming from—you can take active steps to drive it even lower. Our customers have found that replacing extensions and customizations with core platform functionality, keeping current with system updates, and moving from on-premises or DIY cloud to managed cloud are all great strategies for managing costs over time.

Because TCO is top-of-mind for our commerce customers, Adobe is committed to ensuring our ecommerce platform supports seamless and cost-effective development, deployment, and operation. We also work with Adobe solution partners to refine best practices around TCO, and we listen continually to customer feedback.

We developed this eBook in collaboration with three of our solution partners to share our latest thinking on estimating and managing the TCO of Adobe Commerce powered by Magento. Its aim is to provide helpful insights, whether you are new to ecommerce and Adobe, are looking at adopting Adobe Commerce, or have been using Adobe Commerce for years.

# How to calculate TCO for an ecommerce platform implementation.

By Emily Wilhoit, VP Commerce Growth, Blue Acorn iCi

As you make the pivotal decision of choosing an ecommerce solution, you want to ensure there are no surprises or hidden costs during or after the implementation. From third-party apps and ongoing maintenance to solution partners, optimization, and more, the cost goes far beyond the licensing fee.

In this chapter, we'll walk you through some of the aspects of your ecommerce solution and provide insights into achieving a better TCO.

## What TCO is and what it includes.

TCO is the sum of all costs and expenses associated with buying, implementing, and managing your ecommerce solution. From a technical and fee perspective, this includes licensing fees, hosting, extensions, third-party apps, feature development, design, and ongoing maintenance. It's not uncommon for platform licensing fees to change as a business grows. Ask each potential platform about its pricing structure and how it evolves as online revenue increases.

From a resource perspective, consider what mix of skills you need to successfully launch and maintain the platform. Calculating the TCO for each potential ecommerce platform will help you stay on budget and minimize any surprises further along in the process.

Opportunity cost also plays a key role in the TCO analysis. The opportunity cost is the measure of potential loss when choosing one platform over alternatives. For example, one platform may be cheaper but have a history of going down, resulting in lost revenue. Or you may find a platform that works for your company now but won't be able to scale as your business grows.

[Click here](#) to download a TCO template.

## A word from Adobe

**Understand what you're getting into—and what you'll pay.**

At Adobe, we believe transparency is the cornerstone of every customer relationship. We want our customers to know exactly what Adobe Commerce will cost to customize, deploy, and maintain well before they make a commitment. That's why we encourage them to make a TCO analysis part of their platform selection process.

This chapter from Blue Acorn iCi, an Infosys company, provides a blueprint for understanding all the costs of an Adobe Commerce implementation or migration while you're still in the discovery stage. If you're already shopping for a new ecommerce platform—or just thinking about it—we suggest starting here.



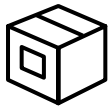
## Understanding your options.

We recommend involving key stakeholders, such as team members from ecommerce, marketing, sales, and operations, in the process of choosing a platform from the very beginning. Working together to outline the project strategy, functionality must-haves, and platform requirements will help you avoid any unforeseen issues down the line.

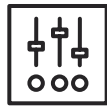
### As you explore platforms, these questions will help you narrow down your options:



How does the platform scale for future growth?



What are the native out-of-the-box features?



Can the platform accommodate heavy customization to meet our business requirements?



What is the support offering?



How does the platform handle peaks in our business?



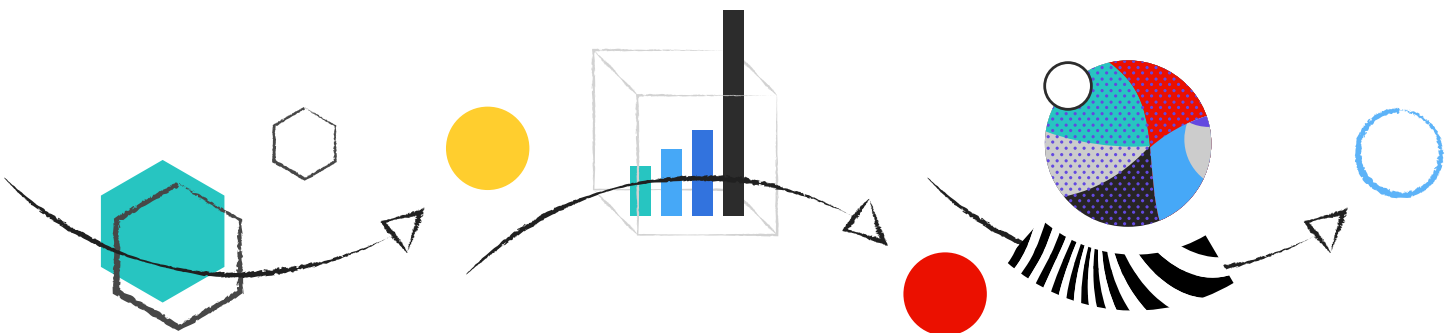
Can the platform meet the business needs of both B2B and B2C markets?

## Third-party applications vs. out-of-the-box functionality.

We often see brands try to reuse their original third-party applications without learning what functionality comes prebuilt with an ecommerce platform. In reality, it can be more expensive to replicate the same applications in your new ecommerce solution. For example, Adobe Commerce comes with out-of-the-box features like wish lists, gift cards, and loyalty, and it has more than 150 extensions to solve any business need.

Start by evaluating which third-party applications you need based on how much revenue each one drives. This will help you determine which ones to drop, consolidate, or replace with better solutions. Working with a certified solutions specialist will help you understand how native features could replace the additional fees that come with third-party applications or help you find an application that works with the ecommerce solution. Keep in mind that evaluating your third-party applications is an ongoing effort. Ecommerce platforms evolve, and you want to make sure your applications don't overlap with native functionality.

Third-party applications have various types of pricing structures. Some applications are free upfront but have monthly recurring costs, while others have a one-time fee. There are also additional costs if you need to customize any of the modules.



## Choosing a Certified Solution Partner.

Re-platforming your current ecommerce site or launching a new ecommerce initiative requires a unique set of skills, such as project management, front- and back-end development, user experience (UX), design, optimization, and business analysis. To calculate your TCO accurately, you need to determine whether you'll bring these skills in-house or hire a Certified Solution Partner.

Working with a solution partner has its benefits. Partners that specialize in a specific platform, such as Adobe Commerce, have certified developers with extensive platform knowledge and experience. They have established processes to help you stay on time and budget. And they typically have years of experience that informs the technical and strategic guidance they offer.

Choosing a solution partner solely based on price can cost you more in the long run. As you're vetting partners, ask the right questions:

- Are they a platform-certified partner?
- Can they meet both your immediate and long-term requirements?
- Have they worked with engagements similar to yours?
- What's their typical timeline?
- Do they have success stories?
- Where are their resources located?
- What types of quality assurance and testing do they do?

If you prefer to have an ecommerce team in-house but don't want to spend a significant amount of time training, you can use staff augmentation to fill front- and back-end developer and project management roles. Staff augmentation gives you the ability to hire experienced staff that can quickly ramp up and add value to your project. Either option you choose—staff augmentation or solution partner—will affect your TCO.

## Plotting a long-term strategy.

Finally, you need to define your five-plus-year roadmap and consider how the ecommerce platform aligns with that vision. If you plan to grow online sales and traffic in the next five years, will the platform be able to scale? Is the platform flexible enough to adapt to changing customer behaviors? How often does the platform release new functionality? If a platform can't align with your long-term vision, it will cost you more in the long run to customize or re-platform.

Once you've chosen your platform and launched the new site, think about what resources you'll need to optimize the customer experience. Optimization is an ongoing process that requires continual evaluation, testing, and updating of the UX and design. You may need an A/B testing platform or a partner to help you run tests and analyze results.

Determining TCO for an ecommerce solution is not as straightforward as comparing licensing fees. Shedding light on all the elements that go into calculating the cost of implementing and maintaining an ecommerce solution will help you eliminate the unknowns and make informed decisions.

### About Blue Acorn iCi

Blue Acorn iCi, an Infosys company, is a leader in digital customer experience, analytics, and experience driven commerce services. We enable clients to navigate digital transformations and master scalability to deliver unprecedented levels of performance and customer delight. With services that include strategy, analytics, design, and technology, we elevate global brands across industries from media and entertainment, consumer goods, and retail to financial services, manufacturing, and technology. For more information, contact Blue Acorn iCi at 877.944.2583 or visit [www.blueacornici.com](http://www.blueacornici.com).

# Why early adopters take the lead.

By Isaiah Bollinger, CEO, Trellis

Adopting technology early is a challenge every business may face at some point in its growth and development. However, technology is now moving so fast that what might have seemed risky in the past might actually be the safer bet today—both to stay ahead of the curve and to reduce TCO.

In fact, moving early into a new technology that is here to stay is one of the most effective strategies for minimizing TCO over the long run.

## The benefits of adopting technology early.

Adopting technology early has many benefits—some of them easily overlooked—such as:

- Delivering more innovative customer experiences that stand out in a crowded market
- Becoming more efficient and cost-effective
- Keeping high-performing employees engaged with cutting-edge technologies
- Extending the technology lifecycle for a higher return on investment
- Ensuring scalability for future growth

For example, one of the next big trends in ecommerce is the move to headless deployments. This means the front end of your website is decoupled from its back end. This can be advantageous because it offers more flexibility for scaling your website and supporting customers across multiple touchpoints.

## A word from Adobe

**Choosing the most innovative technology can increase the longevity—and reduce the TCO—of your ecommerce solution.**

One common misconception we hear all the time is that choosing a well-established technology is always the best way to minimize TCO. While it is true that mature solutions have certain advantages—such as a large pool of developers that already know them—innovative technologies can often deliver breakthroughs that reduce costs across the board.

This chapter from Trellis looks at the advantages of becoming an early adopter—and highlights how one Adobe Commerce customer won big by choosing to build Progressive Web Apps (PWAs) instead of a traditional website. If you're evaluating new or somewhat less mature technologies for your next ecommerce deployment, this is a great place to start.



One of the major drivers of headless commerce is the rise of Progressive Web Applications (PWAs), which provide users with a rich interactive experience without the usual barriers of native mobile applications. Because you can use the same code to power all mobile and desktop devices, you eliminate the need to build and maintain code for each device and operating system, which helps minimize TCO.

**When PWAs were first introduced to ecommerce platforms five or six years ago, the technology wasn't fully mature. However, even back then, the long-term value was clear:**



Richer user experiences



Lower deployment and management costs than native apps



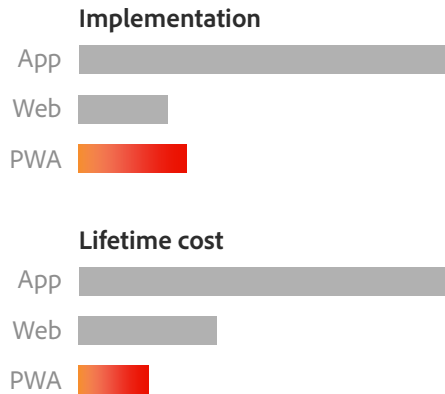
Improved agility and flexibility



No dependence on app stores

Beta Brand is one of the early adopters of PWAs on Adobe Commerce. They decided to use Angular as their web development framework and built their storefront as a PWA back when most ecommerce companies weren't even thinking about PWAs. As a result, they attracted quality development talent and built a strong technical foundation that has positioned them for growth now and in the future.

As Adobe partner JH found, the lifetime cost of a PWA is significantly lower than that of a traditional website build. In addition, companies that implement PWAs get other benefits, such as more flexibility, a better user experience, and faster load times.



If adopting technology early has so many benefits, then why shouldn't everyone do it? Well, adopting too early can have risks.





## Signs that it may be too early:

**You can't get a reliable quote.** If you're getting varying quotes from multiple vendors, it might be a sign that they don't yet know how to accurately price the new technology, which could result in unexpected costs.

**It's not clear if it will be a long-term winner.** Some new technology could be a fad. In that case, you could be stuck with a platform that will be hard to find service or talent for.

**You can't afford the learning curve.** Early adoption can come with some additional costs, such as acquiring talent that is scarce—or even training on the new technology. There may be more bugs or issues in the early stages. The technology may lack third-party add-ons or integrations that you are not prepared to build and support yourself. All of these issues can contribute to higher TCO.

These projected risks may—or may not—outweigh the potential benefit right now. Based on this risk assessment, “too early” will differ for every merchant.

## Signs that it may be too late:

**Your competition is way ahead of the curve.** This might seem obvious, but many companies don't realize how far ahead the competition really is. Simply looking at their website isn't enough—their advanced processes and technologies may be on the back end. You may have to do some digging to find out if you're being outpaced.

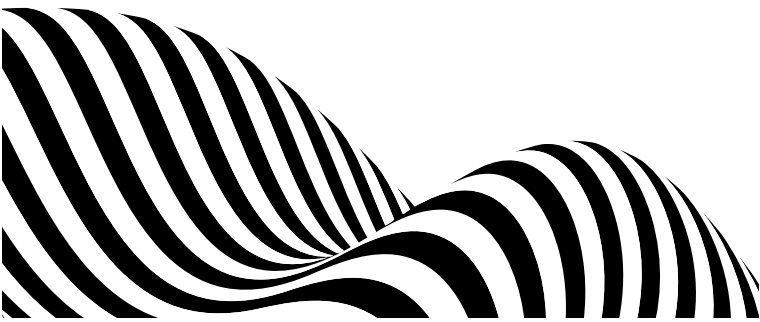
**You're losing market share.** As consumers and businesses gravitate toward better experiences and more efficient companies, you may lose market share due to outdated technology.

**You struggle to attract or keep technical talent.** Developers and other talent want to work with cutting-edge technology, not legacy platforms or coding languages that will soon be obsolete. If you struggle to retain technical talent, you may be adopting new technologies too slowly.

**Your digital presence is limited.** If you have a very modest or nonexistent SEO, social media, and email footprint, your presence is clearly limited. This is closely correlated with failing to adopt digital marketing technologies.

**Most of your processes are manual.** If your organization spends way too much time on manual processes that could be automated—like data entry, document signing, and more—you may not have the technologies you need to stay agile.

**The costs to catch up are very high.** When the costs of modernizing your technology stack seem inordinately high, it's likely you didn't keep your platform up to date and are running legacy systems or components. While skipping upgrades can reduce costs in the short term, it has the opposite effect on TCO.



# How to take the lead as an early adopter.

## Take an iterative approach.

As the saying goes, you can't eat the whole elephant in one bite. You could start by adopting innovative technologies like PWAs on a small scale, or perhaps for only a portion of your business or website. Start small and iterate to grow from there.

## Identify trends that might require new technology.

Customer expectations are ever-evolving and often drive innovative trends in technology. Just as mobile commerce fueled the rise of PWAs, current trends like visual search, Internet of Things (IoT), and immersive commerce are driving groundbreaking design patterns and technologies. Understanding your customers' expectations and behavior can help you identify trends that could give you a competitive advantage.

Is your API flexible enough to support your needs across all your customer touchpoints? The Adobe Commerce [GraphQL](#) API may be able to help. Are you able to surface relevant products to your customers? [Product Recommendations powered by Adobe Sensei](#) and visual recommendations offer leading-edge solutions for eCommerce product discovery.

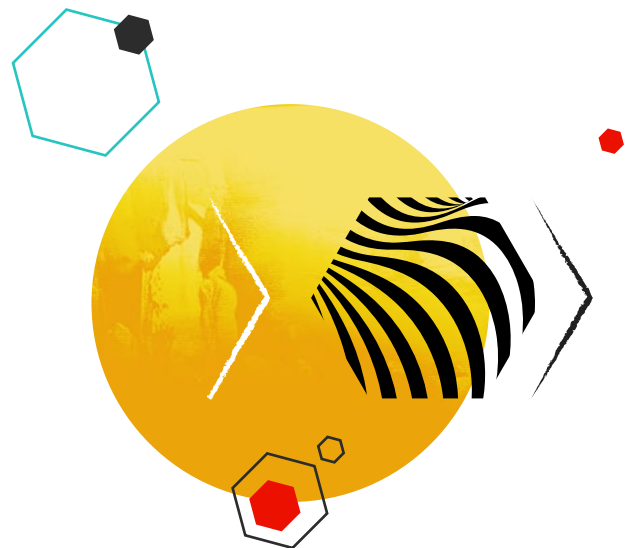
Being an early adopter means making bold decisions to unlock incredible potential. Research new technologies and trends that are paving the way, both in your industry and in adjacent ones. Inspiration can come from anywhere (Tinder was one of the earliest adopters of PWAs, after all). By leading early, you can jumpstart your growth and increase market share while improving efficiency and reducing costs.

## About Trellis

Trellis is a full-service ecommerce solution provider that specializes in implementing websites based on popular platforms such as Magento, Shopify, WordPress, and BigCommerce. Our capabilities allow us to plan and design a solution that not only meets your specific goals and budget today, but also will scale with you as you grow. Once a site is launched we stick side by side with our clients to help them improve the site and market it to generate more customers.

In order to achieve maximum ROI, it is essential to invest properly in the continual expansion of your online reach while constantly monitoring and improving your website to keep your conversion rate high. Therefore, we work with our clients on an ongoing basis to consistently improve their websites.

We work with a variety of B2B and B2C businesses ranging from startups to the enterprise. We can navigate your industry and business model to ensure you are achieving the best results possible in ecommerce.



# 4 reasons why keeping Adobe Commerce updated drives down TCO.

By: Randy Kohl, Head of Marketing, Gorilla Group

The case for delaying or deferring platform upgrades often comes down to the immediate cost. However, the real cost of running an outdated version of any mission-critical software—not to mention the accumulated technical debt—can have lasting material impact on a business.

## High stakes take high performance.

Today, more ecommerce dollars are up for grabs than ever before. The organizations that deliver the most compelling, frictionless digital experiences will win an outsized portion of that business and grow their market share. Those running the latest ecommerce platform version will have a leg up in that race. For example, Adobe Commerce 2.4 includes [Quick Order add-to-cart improvements](#) that accelerate the add-to-cart process by 24 percent to 30 percent.

Each Adobe Commerce release includes platform performance improvements, and these can have an outsized cumulative impact. Every second of latency has been shown to reduce the conversion rate by 7 percent, and page speed is a leading SEO ranking factor—so taking advantage of each and every release is in the best interest of your business.

As an Adobe Platinum Partner, Gorilla Group emphasizes the importance of continuous innovation and iteration to all of our retail and manufacturing clients, including those running [Adobe Commerce](#).

After Adobe releases a new “minor” version like 2.4, the previous line (2.3) gets only quality fixes and security fixes, and the full product and engineering focus is on the latest line. Keeping Adobe Commerce updated to the latest release enables merchants to take advantage of improved performance and new features, harden their security defenses, simplify future upgrade paths, and deliver richer customer experiences. Over the long term, implementing regular updates can lower TCO significantly.

## A word from Adobe

**Regular maintenance is the unsung hero of managing—and minimizing—TCO.**

When you're shopping for an ecommerce platform or thinking of replacing your existing one, upfront costs often take center stage. Development, licensing, and infrastructure fees may be among the first considerations. But, over the long haul, regular maintenance can have a huge impact on the TCO and longevity of your platform.

This chapter from Gorilla Group provides insight into how promptly deploying updates to Adobe Commerce can help you manage costs over time. If you're a current Adobe Commerce user and you've fallen behind schedule with updates, consider this a timely reminder to catch up.



## Simplify the upgrade path.

It may seem counterintuitive, but performing regular platform updates requires less overall effort than infrequent, intermittent updates. That means lower long-term costs, which impacts TCO. For example, one retail client that moved from ad hoc to regular, quarterly upgrades has saved almost four weeks of cumulative labor and related costs over the past 12 months.

When updates occur regularly, changes are incremental, and the related effort required to implement them is minimized. But when platform updates are deferred for an extended period, updating can become a more involved, multi-step process. Extensions from Adobe's Magento Marketplace may be more broadly affected, and third-party integrations can be impacted as well. The time needed to investigate, plan, and perform the upgrade are all extended, adding unnecessary costs and effort.

## Enhance security.

As more revenue shifts online, the number of bad actors looking for new ways to exploit system loopholes is growing exponentially. Adobe understands how important security is to maintaining customer trust. That's why modern, proven security technology is built into the Adobe Commerce architecture, and regular patches and updates are provided.

One example of Adobe's laser focus on security is two-factor authentication for admin users in Adobe Commerce. If an admin user's credentials are compromised—either through phishing or by another means—two-factor authentication will keep attackers from logging in remotely to take control of the site.

Staying current with patches and updates is your first and best defense against a costly data breach or other brand-damaging incident.

## Implement new features first.

Even temporary differentiation is good differentiation. Those that take advantage of regular updates gain a first-mover advantage over their competitors. They are the first to roll out new features and performance improvements, which allows them to deliver better customer experiences. Each Adobe update provides a range of new features and enhancements.

For instance, Adobe Commerce 2.4 includes inventory management support for in-store pickup, which has become vitally important for any brand with retail locations. The added ability to license Adobe stock images directly from the Media Gallery improves efficiency for back-office teams. And the addition of Elasticsearch as the default catalog search engine makes on-site search an increasingly valuable and even more powerful driver of site conversion. With new functionality available in each release, regular upgrades ensure that merchants are delivering best-in-class experiences to their customers.

To get on the path to continual improvement, make platform upgrades a core component of your commerce program. Incorporate regular Adobe Commerce platform upgrades into your ecommerce roadmap. [Proactively plan](#) and budget for them as you do other digital initiatives. This includes timing upgrades and coordinating related activities with your solution partner. Then measure overall performance against historical equivalents. You may be pleasantly surprised how continuous innovation can directly lead to stronger growth, lower operating costs, and better TCO.

### About Gorilla Group

Gorilla Group, a Wunderman Thompson company, is an award-winning agency, consultancy, and tech company in one. Here, strategy, business intelligence, experience design, technology enablement, and support and growth services come together to create innovative, award-winning commerce experiences for enterprise B2B and direct-to-consumer brands across industries. [www.gorillagroup.com](http://www.gorillagroup.com)

# Take the next step.

## Learn more about the TCO of Adobe Commerce.

As ecommerce becomes ever more critical to companywide revenues, the TCO of your ecommerce platform will become an increasingly critical metric. Estimating TCO today provides a helpful benchmark you can monitor over time. Meanwhile, you can manage your TCO by adopting innovative technologies at just the right time and keeping your platform up to date.

We hope this eBook has provided some helpful food for thought and perhaps even inspired you to take a closer look at the TCO of Adobe Commerce. Visit these pages to learn more:

[Select the right commerce platform](#)

[Shoppable experiences with Adobe Commerce](#)



# Adobe Experience Cloud

Adobe Experience Cloud is the most comprehensive suite of customer experience management tools on the market. With solutions for data, content delivery, commerce, personalization, and more, this marketing stack is created with the world's first platform designed specifically to create engaging customer experiences. Each product has built-in artificial intelligence and works seamlessly with other Adobe products. And they integrate with your existing technology and future innovations, so you can consistently deliver the right experience every time.

## Adobe Commerce

Adobe Commerce is the world's leading digital commerce solution for merchants and brands. With Adobe Commerce, you can build engaging shopping experiences for every type of customer—from B2B and B2C to B2B2C. It's built for enterprise on a scalable, open-source platform with unparalleled security, premium performance, and a low total cost of ownership. Businesses of all sizes can use it to reach customers wherever they are, across devices and marketplaces. It's more than a flexible shopping cart system. It's the building block for business growth.

## Sources

"[IT Score for CIOs](#)," Gartner, April 2019.



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