



The Business Value of Upgrading from Magento Open Source to Adobe Commerce

RESEARCH BY:



Mickey North Rizza
Program Vice President, Enterprise
Applications and Digital Commerce, IDC



Megan Szurley
Senior Research Analyst,
Business Value Strategy Practice, IDC



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BUSINESS VALUE HIGHLIGHTS



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\$45,000
per 10,000 transactions

516%
three-year ROI

9 months
to payback

18%
improvement in customer
satisfaction scores

18%
increase in average order values

15%
rise in customer conversion rates

70%
reduction in risk

6%
increase in security
team productivity

Executive Summary

Over the past couple of years, practically every business-to-consumer (B2C) and business-to-business (B2B) organization has seen digital commerce shift from being a “nice to have” to being the engine driving their business forward. The proliferation of digital channels, ongoing impacts of the COVID-19 pandemic, and dramatic improvements in commerce experiences have led to an accelerated growth in digital sales that shows no sign of slowing down. In this digital-first economy, success on the digital shelf must be viewed as paramount to succeed, with digital commerce platforms acting as a backbone to a successful digital commerce strategy.

Having a digital storefront is no longer enough to win share from competitors. Instead, brands and retailers must also task themselves with differentiating the digital commerce experiences they deliver to the customer. Highly templated “commerce in a box” online stores cannot support future customers; instead, merchants must deliver commerce experiences that are on par with or better than popular social media apps and marketplaces while also getting more productivity out of the employees working on the commerce technology stack. Faced with these requirements, many B2B and B2C merchants we speak with have realized that the systems in place won’t suffice to support the future of commerce.

Adobe has set out to support B2C and B2B merchants on that journey with Adobe Commerce, the enterprise-grade version of its digital commerce system built on the same platform as Magento Open Source. Adobe Commerce is offered as part of the Adobe Experience Cloud product portfolio and is an upgrade over the Magento Open Source application. Adobe Commerce has integrations with Adobe Experience Manager (AEM), Adobe Target, and Adobe Analytics. The solution provides a full-featured digital commerce platform for both B2C and B2B commerce, as well as business intelligence (BI) services and Adobe Sensei–powered machine learning and

personalization capabilities offered as software as a service (SaaS). Adobe Commerce also provides native services that enable customers to access and monitor a single repository of orders (including order generation and receipt, inventory availability, shipment, delivery tracking, returns, and payments).

IDC explored the value and benefits for organizations that upgraded to Adobe Commerce from Magento Open Source to run and support their digital commerce operations. The study included 11 interviews with organizations that had upgraded to Adobe Commerce and had in-depth experience and/or knowledge about the benefits and costs associated with usage.

Based on these extensive qualitative and quantitative interviews, IDC calculates that study participants will realize business value worth an annual average of \$1.5 million (\$45,000 per 10,000 transactions) by:

- ▶ Providing a digital commerce platform that increased the effectiveness of IT staff, day-to-day management, and order fulfillment teams
- ▶ Increasing access to robust reports to enable organizations to make informed decisions
- ▶ Improving customization, extension, and mobile experiences for customers, resulting in increased order values, satisfaction scores, and conversion rates
- ▶ Reducing the risk of unplanned downtime through improved platform stability

Situation Overview

With more consumer and business buyers conducting purchases online than ever before, both B2C and B2B merchants have been tasked with supporting record-breaking demand on digital channels while also refining their commerce strategy for the future. This is much easier said than done for most brands, whose strategic differentiation is in delivering excellent products and experiences, not in building and maintaining technology.

IDC frequently encounters B2C and B2B merchants facing the following hurdles while building and operating their digital commerce businesses:

- ▶ **Delivering engaging content:** Today's customers expect intuitive, personalized, and speedy commerce experiences when interacting with brands. However, merchants struggle delivering modern experiences that meet those expectations. To assist in this effort, merchants need to make use of modern technologies including GraphQL, progressive web applications (PWAs), and headless commerce.
- ▶ **Business model flexibility:** Many of the most successful brands have made use of unique business models — such as B2B and B2C, subscription business models, and tapping into marketplaces — to differentiate from the competition and expand revenue streams. While a business model like subscriptions may not be right for every company, it is essential that every online merchant has the flexibility to experiment with new business models to remain relevant to customers.

- ▶ **Time to market:** The speed of change in the digital commerce market is at an all-time high, with buying trends evolving on a weekly basis. Despite this, many legacy digital commerce systems are known to take over a year to fully implement and often months to modify or customize. These systems significantly restrict online merchants' ability to iterate the commerce platform, resulting in subpar, outdated commerce experiences.
- ▶ **Cross-channel selling:** Channel explosion, or the proliferation of commerce interfaces that buyers interact with, has also resulted in a proliferation of headaches for ecommerce managers and marketers across industries and geographies. Many commerce systems in use today were built for just desktop browsers, let alone mobile and future-looking channels such as IoT, smart devices, video games, voice commerce, and social commerce.
- ▶ **Making informed decisions with customer data:** Many merchants struggle to invest in the right systems and talent to capture, organize, and analyze customer data to effectively personalize experiences and make informed merchandizing decisions. Organizations that do not make use of customer data and commerce analytics tools will fail to make informed decisions for their business.
- ▶ **Scaling to support peak demand:** Prior to COVID-19, many merchants would struggle to support peak sales periods, such as Black Friday and Cyber Week. In 2020 and 2021, many merchants experienced this amount of "peak" demand on a weekly or even daily basis, due to the shift toward digital channels. Many brands struggle with scalability from both an infrastructure and operational standpoint.
- ▶ **Selling internationally:** In addition to scaling commerce infrastructure and operations, merchants also struggle to effectively meet demand across borders. Specifically, some of the main pain points merchants run into when selling internationally include accepting regional payment methods, maintaining multiple stores across countries and regions, and integrating with local technology and order fulfillment providers.

The Business Value of Adobe Commerce

Study Firmographics

IDC interviewed 11 organizations that upgraded from Magento Open Source to Adobe Commerce. To participate in this research, the organizations had to have experience with or knowledge about the benefits and costs associated with Adobe Commerce. Organizations were asked a wide variety of quantitative and qualitative questions about the impact of upgrading to Adobe Commerce on their core business, staff productivity, and costs.

Table 1 presents the aggregated firmographics of the organizations that participated in the interviews. The organizations that IDC spoke with had a range of sizes spanning from 1 to 17,000 employees, with an average number of employees of 2,132. Likewise, these organizations reported total yearly revenue that matched their employee sizes, spanning from \$800,000 to \$17 billion, averaging at \$1.9 billion per organization. Participants were largely from the United States, with one located in the Netherlands. The organizations represented the following markets: retail/wholesale, automotive/transportation, financial services, professional services, and manufacturing. (Note: All numbers cited represent averages.)

TABLE 1
Firmographics of Interviewed Organizations

Firmographics	Average	Median	Range
Number of employees	2,132	500	1–17,000
Total revenue per year	\$1.9B	\$75.0M	\$800,000 to \$17.0B
Countries	United States (10), the Netherlands (1)		
Industries	Retail/wholesale (6), automotive/transportation (2), financial services, professional services, manufacturing		

Source: IDC, December 2021

Choice and Use of Adobe Commerce

The organizations we interviewed indicated several key reasons for upgrading from Magento Open Source to Adobe Commerce in support of their digital commerce operations and business goals. Adobe Commerce gave organizations a more feature-rich platform that they could customize to the unique needs of their customers. In addition, merchants needed a customizable platform with far fewer plug-ins than they were running on Magento Open Source to increase stability. It was also notable that merchants we interviewed needed a higher level of analytics capabilities than what Magento Open Source provided to drive their business forward and make smarter decisions.

Specifically, customers noted:

▶ **Adobe support for infrastructure issues and downtime (combination of B2B and B2C company):**

“We believed it [Adobe Commerce] would be a stronger platform and that we would have support if something happened so our site wouldn’t be down for long because they could bring in people and fix it.”

▶ **Stable B2B environment rich with features (B2B company):**

“The reason we specifically chose Magento is because of the B2B commerce section that is included now with Adobe Commerce. We want to really offer this for a professional B2B environment, so we needed to have all of these different accounts, roles, and permissions. We needed to have a lot more in-depth capability, and it was a lot more stable in the B2B commerce environment because we didn’t have to work with as many plug-ins.”

▶ **Multistore capabilities in one platform (B2C company):**

“We compared the Adobe Commerce model with outsourced hosting, and in the end, it came to more or less the same cost, so we went with Adobe Commerce just to have it all in one hand and Adobe Commerce had a multistore option right from the gate, which was so handy.”

▶ **The ability to cater the platform to specific needs (B2C company):**

“A development partner that we are still working with was very convincing about adopting Adobe Commerce. I checked all the features and capabilities of what Adobe Commerce can do and what competitors can do. The competitors definitely had restrictions that made it [Adobe Commerce] seem more feasible to what we need and cater to our special needs.”

▶ **Customization and agility needed to track business (B2B company):**

“Adobe Commerce gives you a skeleton that you can develop to what you need and what you want, and it works with other products ... and gives you the agility to track stuff. The open source version did not do that.”

▶ **End-to-end commerce capabilities (combination of B2B and B2C company):**

“We’re familiar with Adobe products, and we like the end-to-end capabilities of Adobe Commerce.”

Table 2 (next page) illustrates the organizational usage attributed to Adobe Commerce. Companies noted that Adobe Commerce had a substantial number of average transactions completed per year that amounted to 337,940 while supporting \$353.5 million in sales per year. Organizations sold an average of 36,628 products or services on the platform in an average of eight countries, supporting five native languages. Participants had on average 197,200 unique customers and attributed 23% of their growth to Adobe Commerce.

TABLE 2

Organizational Usage of Adobe Commerce

	Average	Median
Average number of transactions per year	337,940	51,000
Sales per year supported by Adobe Commerce	\$353.5M	\$3.8M
Number of goods/products/services sold on Adobe Commerce	36,628	2,250
Number of countries supported by Adobe Commerce	8.0	1.0
Number of languages supported by Adobe Commerce	5.0	1.0
Number of unique customers	197,200	17,500
Growth per year	23%	15%

Source: IDC, December 2021

Business Value and Quantified Benefits

Through robust questioning, the IDC Business Value model was able to derive a variety of benefits that organizations achieved when upgrading their digital commerce platform from Magento Open Source to Adobe Commerce. Customers we interviewed appreciated the customization that came with upgrading their platform and portals. In upgrading, they were able to sync their digital commerce platforms with the needs of their customers and business goals efficiently. It was also noted that their platform performed with greater stability and reliability, largely due to the built-in features and functions that came with Adobe Commerce. In addition, a significant benefit of upgrading to Adobe Commerce was easy access to a wide variety of reports and analytics to help leaders make insightful decisions in how to run their commerce operations.

Supporting these assertions, companies attributed the following benefits:

- ▶ **Quicker access to higher-quality information for organization (B2C company):**
“Adobe Commerce is just faster. Much faster with much better information and output.”
- ▶ **Diverse range of plug-ins and developers (B2B company):**
“What we liked about Adobe Commerce, and what we liked about Open Source to a certain extent as well, is that you have a whole range or a community of all the different plug-ins and developers that you can work with.”

- ▶ **Increased traffic due to better site performance (B2C company):**
“Our site performance has increased tremendously. We could onboard certain customer groups to buy online, which we never had the ability to before. We can also easily do discount programs and use lots of different features that increased traffic and site performance tremendously.”
- ▶ **Mobile capabilities driving revenue (combination of B2B and B2C company):**
“Adobe Commerce is definitely way more mobile friendly. As a result, we’ve seen a big uptick in mobile purchases. I’d say that we’re making a lot more revenue because we moved to Adobe Commerce.”
- ▶ **Creation of portals to increase the volume of digital orders (B2B company):**
“We want to transition 33% of customers that are not ordering digitally today to digital orders. With some companies, we still get fax orders. We have a four-tier system. We have platinum customers, gold customers, silver customers, and bronze customers. Our rollout is to convert all bronze and all silver customers to order via the portal.”

Figure 1 illustrates that in upgrading to Adobe Commerce from Magento Open Source, organizations recognized an average annual benefit of \$1.5 million, or \$45,000 per 10,000 transactions. This benefit is further broken into four subcategories: risk mitigation, business enablement, direct staff benefits, and IT cost savings.

FIGURE 1

Average Annual Benefits

(\$ benefits)

■ Risk mitigation ■ Business enablement ■ Direct staff benefits ■ IT cost savings

PER ORGANIZATION:

Average annual benefits: \$1.5M per organization



PER 10,000 TRANSACTIONS:

Average annual benefits: \$45,000 per 10,000 transactions



Source: IDC, December 2021

IT Cost Savings and Staff Benefits Impact from Upgrading to Adobe Commerce

Study participants recognized significant productivity and efficiency gains for employees that operate with and use Adobe Commerce. Notable teams that were impacted included, but were not limited to, platform management, BI, order fulfillment, and developers. In many cases, very manual tasks were automated or digitalized, creating a more streamlined, productive atmosphere for employees. This empowered teams to refocus on higher-value, business-impacting tasks. In other words, Adobe Commerce simplified previously time-intensive tasks.

Participants noted the following operational benefits:

▶ **Shift in focus to high-value tasks (B2C company):**

"We're saving a lot of time for our people with Adobe Commerce. We have reduced our customer service team so that they can now spend more time on other stuff. We had almost 1.5 people just working on order entry; we're saving that."

▶ **Simplification of fulfilling orders (B2B company):**

"Adobe Commerce feeds right into the warehouse, and I'm saving hours of entering orders. It would be a full-time job if all you do is enter orders. We're avoiding hiring a whole person."

▶ **The ability to shift manual to digital order processing (B2B company):**

"Here we have a team of 10 that are working in order processing, of which 66% of our orders come in digitally. I think the United States is about the same, but they did not have Adobe Commerce previously, so they were doing that manually. They have a team of 30 doing all the order entry, and the aim is to convert at least 25% over to digital order entry."

▶ **Richer reports and analytics through Adobe Analytics (combination of B2B and B2C company):**

"The BI team is way more productive because of the integration with Adobe Analytics. They are actually getting consistently good reports that they can dig into and get richer insights."

Cost Avoidances and Efficiencies of Upgrading to Adobe Commerce

Through a robust line of questioning with participants, IDC set out to understand if the operational efficiencies that organizations gained in upgrading to Adobe Commerce could offset the average licensing cost of \$285,171 (see **Table 3**). This is important to understand because, as noted in **Table 3**, Magento Open Source is a free digital commerce platform. Adobe Commerce includes features and functions that Magento Open Source did not; in many cases, organizations that hadn't upgraded needed to spend additional money on tools to customize Magento Open Source to the needs of their organization. In upgrading to Adobe Commerce, organizations avoided spending \$187,333 on additional third-party tools over a three-year period. Not only did organizations avoid spending money on extra tools, but due to the simplified nature of Adobe Commerce, they also gained efficiencies in day-to-day management and support, customization, and extensions. **Table 3** demonstrates that over three years, the cost of using Adobe Commerce proved to be 7% less than Magento Open Source.

TABLE 3
Total Three-Year Cost of Using Adobe Commerce

	Before/with Magento Open Source	With Adobe Commerce	Benefit	Benefit (%)
Licensing	-	\$285,171	(\$285,171)	
Additional tools	\$187,333	-	\$187,333	100
Day-to-day management and support	\$426,559	\$297,586	\$128,973	30
Customization	\$265,415	\$234,052	\$31,363	13
Extensions	\$54,156	\$47,393	\$6,763	14
Total three-year cost	\$933,463	\$864,202	\$69,261	7

Source: IDC, December 2021

IDC further investigated to understand how interviewed organizations were achieving the efficiencies showcased previously in **Table 3**. The day-to-day management team was small in nature, with less than one FTE on average per organization regardless of the platform that they were using. Nevertheless, organizations did recognize a small benefit of \$4,800 for this team when they upgraded to Adobe Commerce, a 24% efficiency gain over Magento Open Source. This was largely due to the fact that Adobe Commerce simplified the way that they did their job, primarily a factor of the integrated nature of the platform (see **Table 4**, next page).

TABLE 4

Day-to-Day Management Team Efficiencies

	Before/with Magento Open Source	With Adobe Commerce	Benefit	Benefit (%)
Total FTE count	0.4	0.3	0.1	24
Value of staff time per year	\$24,800	\$20,000	\$4,800	24

Source: IDC, December 2021

Not only did the day-to-day management team gain efficiency by upgrading to Adobe Commerce, but the digital commerce platform support team gained efficiency as well. The platform support team was also small, but this team did see a large efficiency gain of 33% over Magento Open Source when they upgraded to Adobe Commerce (see **Table 5**). Adobe Commerce gave this team the stability that it needed to work more productively. This helped organizations save just over \$38,000 in value of staff time per year.

TABLE 5

Digital Commerce Platform Supports Team Efficiencies

	Before/with Magento Open Source	With Adobe Commerce	Benefit	Benefit (%)
Total FTE count	1.2	0.8	0.4	33
Value of staff time per year	\$117,386	\$79,195	\$38,191	33

Source: IDC, December 2021

These efficiencies also extended to those working on customizations and extensions. **Table 6** (next page) illustrates that the simplicity that Adobe Commerce gave interviewed organizations helped employees create customizations and extensions with greater agility and speed. Customizations had the biggest impact, with just over \$10,000 in value of staff time per year saved. This is because the team of employees developing customized functionality was slightly bigger than that extending the platform. Those working with extensions were 14% more efficient with Adobe Commerce than they were with Magento Open Source, with just over a \$2,000 value of staff time per year saved.

TABLE 6
Customization and Extension Efficiencies

	Before/with Magento Open Source	With Adobe Commerce	Benefit	Benefit (%)
Customization efficiencies				
Total FTE count	0.9	0.8	0.1	13
Value of staff time per year	\$88,472	\$78,017	\$10,454	13
Extension efficiencies				
Total FTE count	0.2	0.2	0.0	14
Value of staff time per year	\$18,052	\$15,798	\$2,254	14

Source: IDC, December 2021

Staff Productivity Gains from Upgrading to Adobe Commerce

For merchants interviewed, an important aspect of upgrading to Adobe Commerce was to gain deeper access to robust analytics and reporting. BI teams benefited from simplified access to a single source of data (see **Table 7**). This enabled the team to create reports that helped their organization make smarter decisions that drove business results. With Adobe Commerce, BI teams were able to operate with the productivity of 0.6 additional FTEs (see **Table 7**). This amounted to a 20% productivity-level benefit over Magento Open Source and is valued at nearly \$45,000 in staff time per year.

TABLE 7
BI Team Productivity Gains

	Before/with Magento Open Source	With Adobe Commerce	Benefit	Benefit (%)
Total productivity level (FTEs)	2.6	3.3	0.6	20
Value of staff time per year	\$182,910	\$227,500	\$44,590	20

Source: IDC, December 2021

Development teams also benefited from their organization upgrading to Adobe Commerce. This was largely because they were able to customize Adobe Commerce applications to the specific needs of their company with far greater ease and agility. Merchants benefited from the native functionality that Adobe Commerce offered. As a result, development teams were able to work with the speed of 1.2 additional FTEs in comparison to working on the Magento Open Source platform, a value of \$119,313 per year (see **Table 8**).

TABLE 8
Development Team Productivity Gains

	Before/with Magento Open Source	With Adobe Commerce	Benefit	Benefit (%)
Total FTE count	4.6	5.8	1.2	26
Value of staff time per year	\$460,000	\$579,313	\$119,313	26

Source: IDC, December 2021

Most notably, Adobe Commerce had a great deal of positive impact on traditionally very manual process-oriented order fulfillment teams. Organizations we interviewed noted that this team recognized the greatest benefit in total from the upgrade, mainly related to the end-to-end integrated architecture of Adobe Commerce. The digital commerce platform helped these teams digitalize what had typically been very manual processes. As a result, fulfillment teams were able to streamline how they picked and processed orders, which resulted in a 10% productivity-level benefit (see **Table 9**). In addition, this team was able to work with the effectiveness of nearly five additional FTEs, which amounted to \$341,000 of value of staff time per year.

TABLE 9
Order Fulfillment Team Productivity Gains

	Before/with Magento Open Source	With Adobe Commerce	Benefit	Benefit (%)
Total FTE count	44	49	4.9	10
Value of staff time per year	\$3.1M	\$3.4M	\$341,000	10

Source: IDC, December 2021

Adobe Commerce Risk Mitigation Benefits

Merchants we interviewed indicated that they were able to not just increase productivity and staff efficiencies with Adobe Commerce but also do so with significantly less revenue-impacting downtime. It was noted that organizations benefited from the rich feature set that was standard with Adobe Commerce. This functionality allowed them to run their digital commerce platforms with far fewer third-party plug-ins, better regulatory compliance, and strong support from Adobe. As a result, their commerce sites had greater stability and security.

Customers indicated:

▶ **Simplified payment card industry (PCI) compliance (combination of B2B and B2C company):**

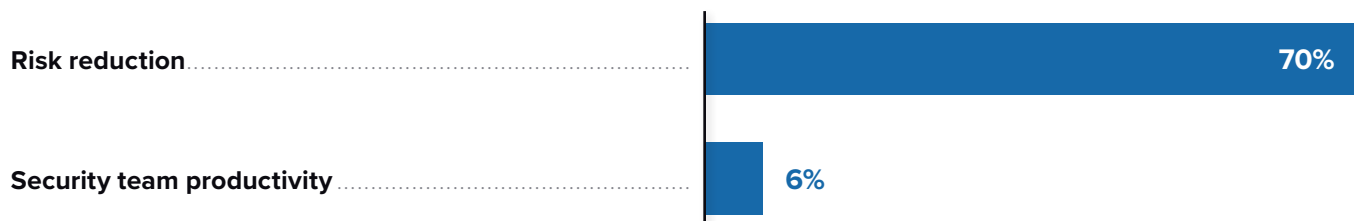
“It was too hard to do PCI compliance on our own and too much cost to maintain even though the product itself was basically free, but we had too much labor to deal with the problems and solutions. Adobe Commerce has taken care of credit card tokenization, which is a must.”

▶ **Decreasing the need of plug-ins to reduce reliance on third parties (B2B company):**

“One of the reasons we ended up going for Adobe Commerce versus Magento Open Source was the list of plug-ins we needed to add to Open Source compared to the standard and native in Adobe Commerce. We’re using seven to eight plug-ins with Adobe Commerce, and I think we were at 45 with Open Source.”

There was strong sentiment that upgrading to Adobe Commerce was paired with risk reduction (see **Figure 2**). Interviewed organizations indicated that they felt their digital commerce platform had a 70% reduction in risk in comparison with their Magento Open Source environment. Adobe Commerce also helped security teams work with greater productivity, likely due to the support that Adobe offers organizations as well as security and compliance features. Organizations benefited from the peace of mind that Adobe Commerce gave them in terms of compliance and support. As one customer noted: *“I assume the security is better on the cloud. I don’t know that for sure, but I assume that is the case because I know there’s a lot more stuff for us to get into it. Security has never been an issue for us, but I feel better that it’s in place and that they’re watching out for that.”*

FIGURE 2
Risk Mitigation KPIs
(% improvement)



Source: IDC, December 2021

Interviewed organizations were able to quantify the stability that the Adobe Commerce platform offered by detailing their unplanned downtime. It is quite clear that with Adobe Commerce, organizations had far fewer revenue-impacting outages than with Magento Open Source. In fact, with Adobe Commerce, interviewed organizations reported 66% fewer outages per year. When an outage did occur, organizations were able to resolve the outage 21% quicker than with Magento Open Source. This resulted in eliminating nearly \$650,000 in lost revenue per year, an 84% benefit over Magento Open Source (see **Table 10**).

TABLE 10
Unplanned Downtime — Revenue Benefit

	Before/with Magento Open Source	With Adobe Commerce	Benefit	Benefit (%)
Number of outages per year	4.2	1.4	2.7	66
Time to resolve per outage (hours)	3.3	2.6	0.7	21
Revenue-impacting outages (%)	92	55	37	40
Revenue loss per hour of outage	\$411,967	\$411,967		
Total revenue loss per year per organization — unplanned downtime	\$5.2M	\$838,539	\$4.3M	84
Total net revenue loss per year per organization — unplanned downtime (IDC operating margin)	\$775,503	\$125,781	\$649,722	84

* IDC's operating margin is 15%.

Source: IDC, December 2021

Business Enablement Benefits of Adobe Commerce

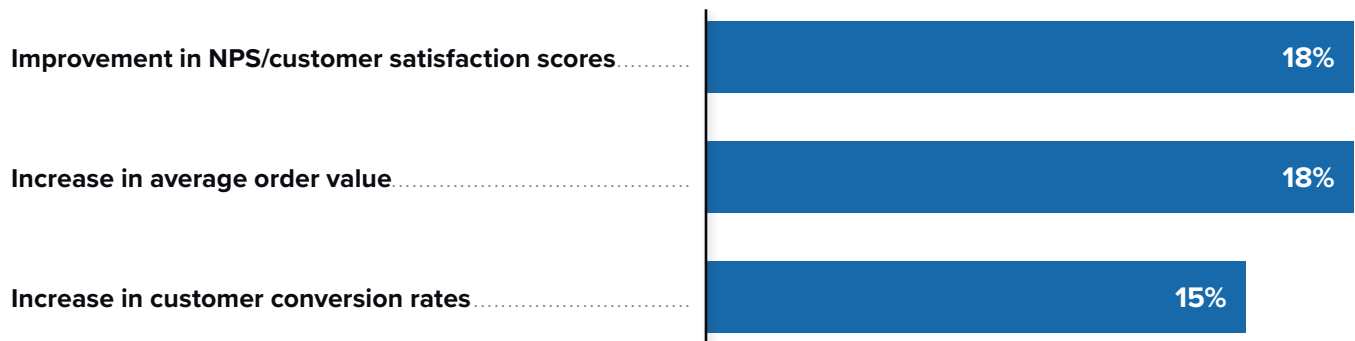
Interviewed merchants made it clear that by upgrading to Adobe Commerce from Magento Open Source, they were able to realize unique business benefits in a measurable manner. This business enablement was largely related to the improved experience that these organizations could give to their customers. Notably, organizations were able to customize the digital experience offered to their customers in a far more efficient manner. They were able to cater to customers that required mobile platforms as well as customize the experience to unique language and time zone needs. Not only did companies benefit from the simplification of creating unique customer experiences, but they were also able to drive their businesses forward in an informed manner.

They applauded the data reporting that resulted from upgrading to Adobe Commerce. Specifically, customers noted:

- ▶ **Simplification of the ordering processes for the customer (B2B company):**
“Most of it is autonomy, especially for time zone and language barriers. The more we can make available to customers on demand, in their own time zone, in their own language with the information they need to make a decision, then that order is done. If that needs to go back and forth with customer service with misinterpretations and mistakes on both sides, the whole order process just takes that much longer and is more error sensitive.”
- ▶ **Informed decision making from BI tools (B2B company):**
“BI tools help because it allows us to understand how our business is working and make more informed decisions for us to grow our ecommerce operations.”
- ▶ **Achieving a better customer experience (combination of B2B and B2C company):**
“It helps to be using the Adobe Suite, which allows us to deliver that world-class experience to our customers.”
- ▶ **Adoption of mobile-friendly capabilities to achieve higher customer satisfaction (combination of B2B and B2C company):**
“We have really adapted to people having iPhones and smartphones. The customer experience has, above and beyond, changed the most and is something that we’re pretty proud of.”

As a result of customization, simplification, and informed decision making, organizations saw improvements in several key performance indicators. **Figure 3** showcases that the ability to adapt to customer needs results in an increased order value (18%), improved customer satisfaction scores (18%), and an increase in customer conversion rates (15%) in comparison with their Magento Open Source digital commerce platform. These key performance indicators (KPIs) are very important, as they illustrate how interviewed organizations were able to attain stronger business results by upgrading to Adobe Commerce from Magento Open Source.

FIGURE 3
Business Enablement KPIs
 (% improvement)



Source: IDC, December 2021

Importantly, IDC quantified the business enablement that occurred for those in non-IT positions. Staff like marketing and sales teams were influenced by the upgrade to Adobe Commerce in a significant way. Adobe Commerce enabled these teams to communicate with customers in a more productive and effective manner. For the organizations that upgraded to Adobe Commerce, these additional staff members achieved 6% greater productivity than with Magento Open Source. This resulted in just over \$90,000 in value of staff time per year added with Adobe Commerce (see **Table 11**).

TABLE 11
Business Enablement — Staff (Non-IT) Productivity Benefit

	Before/with Magento Open Source	With Adobe Commerce	Benefit	Benefit (%)
Total productivity level (FTEs)	131	140	9.0	6
IDC operating margin	15%	15%		
Value of staff time per year	\$1.4M	\$1.5M	\$90,650	6

Source: IDC, 2021

Not only were organizations able to achieve greater business enablement through non-IT staff, but they were also able to achieve higher revenue when they upgraded to Adobe Commerce from Magento Open Source. Organizations stated this was largely because they could make more informed decisions with agility as well as create higher-quality customer experiences. With Adobe Commerce, organizations achieved a total additional net revenue per year of over \$496,400, nearly \$14,700 per 10,000 transactions completed on Adobe Commerce (see **Table 12**).

TABLE 12
Business Enablement — Higher Revenue

	Per Organization	Per 10,000 Transactions on Adobe Commerce
Total additional gross revenue per year	\$3.3M	\$97,920
Assumed operating margin	15%	15%
Total additional net revenue (IDC operating margin)	\$496,367	\$14,688

* IDC's operating margin is 15%.

Source: IDC, 2021

ROI Analysis

Table 13 presents IDC's analysis of the financial and investment benefits related to study participants' use of Adobe Commerce databases. IDC calculates that on a per-organization basis, the interviewed organizations will achieve total discounted three-year benefits of nearly \$3.6 million (nearly \$106,000 per 10,000 transactions) based on improved IT and business staff efficiencies, third-party tool cost avoidances, risk mitigation, and business enablement. These benefits compare with projected total discounted investment costs over three years of over \$581,000 on a per-organization basis (over \$17,000 per 10,000 transactions). With the previously stated benefits and investments, IDC calculates that interviewed organizations will achieve a three-year ROI of 516% and break even on their investment in approximately nine months.

TABLE 13
Three-Year ROI Analysis

	Per Organization	Per 10,000 Transactions on Adobe Commerce
Benefit (discounted)	\$3.6M	\$105,936
Investment (discounted)	\$581,200	\$17,198
Net present value (NPV)	\$3.0M	\$88,738
ROI (NPV/investment)	516%	516%
Payback (months)	9.0	9.0
Discount factor	12%	12%

Source: IDC, December 2021

Challenges/Opportunities

IDC expects the digital commerce technology market will significantly change over the next decade, putting pressure on merchants and technology providers alike. To achieve its ambitions of unlocking better commerce experiences for its merchants, Adobe has to take advantage of opportunities and overcome numerous challenges in the market. The challenges and opportunities that IDC foresees for Adobe Commerce are discussed in the sections that follow.

Challenges

- ▶ **Customer friction to upgrade:** While this white paper has outlined the material benefits that merchants receive by upgrading to Adobe Commerce, many merchants using Magento Open Source are hesitant to make the switch. This friction to upgrade is not just based on the amount of investment required to upgrade but also the short-term disruptions caused when organizations implement new systems. To continue to overcome this challenge, Adobe needs to walk the fine line of encouraging innovation among its Open Source community while continuing to differentiate the functionality of its enterprise product.
- ▶ **Fierce competition:** Because the world of commerce is becoming digital, there are numerous incumbents and market entrants in the digital commerce platform space. In our market sizing research, IDC tracks well over 100 digital commerce software providers in total that compete directly with Adobe Commerce. To beat out the noise, Adobe needs to look to differentiate its messaging and base product decisions off of customer requirements, above all else. For instance, a reference we interviewed for this study, which was considering various platforms alongside Adobe, selected Adobe Commerce because the product had superior features for the wholesale market.
- ▶ **Legacy customers:** Adobe Commerce has a massive customer base, many of which are on older versions of the product. To ensure that customers are successful and benefit from the latest innovations, Adobe will need to continue moving B2C and B2B merchants to the newer versions of its digital commerce platform. This is a people and culture challenge more than a competitive or technology problem.

Opportunities

- ▶ **Headless commerce:** Adobe has seen success in recent years offering Adobe Commerce as a headless digital commerce application, where merchants consume commerce functionality as APIs and use any front end, such as Adobe Experience Manager or PWA Studio, a custom-built front end, or a third-party system, for the web store design. Adobe has seen strong traction among customers in the headless commerce segment of the market, and customers that IDC spoke with this year are investing heavily in headless commerce so that they can build unique storefronts on top of Adobe Commerce.

- ▶ **Ecosystem:** Adobe has one of the largest global ecosystems of technology partners, systems integrators, digital agencies, and developers in both the digital commerce and digital experience markets. This ecosystem helps current customers succeed with getting value from the Adobe Commerce platform as well as drawing in net-new customers. In the enterprise applications space, a large ecosystem is reinforcing, as more partners and developers tend to join ecosystems that are active.
- ▶ **Experience management:** Adobe Commerce fits within Adobe's broader Experience Cloud offering. Adobe has a huge opportunity to deliver a more comprehensive digital commerce and experience management platform to merchants. Adobe has a lot of greenfield in this area by allowing merchants to augment their core commerce platform in areas such as web content management, digital asset management, analytics, and marketing automation.

Conclusion

As a record proportion of overall commerce occurs online, organizations that have made the right investments in their digital infrastructure have benefited the most. IDC expects the move to digital only to accelerate in coming years and that the digital commerce platform should be viewed as an essential cog in keeping the business running. To continue to succeed in the years to come, B2C and B2B merchants must double down on their digital commerce platform strategy and partner with technology providers with a proven track record of innovation.

Adobe Commerce customers we interviewed explained how making the leap from Magento Open Source to Adobe Commerce helped them better serve their customers and adapt to future changes with more automation, deeper functionality, and better integration. These merchants saw sizable incremental revenue gains with Adobe Commerce thanks to benefits such as a more robust cloud infrastructure, deeper B2C and B2B functionality, advanced reporting capabilities, more automation, and integration with other Adobe tools. As a result, customers that have upgraded are achieving better business results through their digital commerce operations and are better serving their customers. IDC calculates that interviewed Adobe Commerce customers will achieve overall value worth an average of \$1.5 million (\$45,000 per 10,000 transactions) annually, which would yield an average three-year ROI of 516%.

Appendix

Methodology

IDC's standard ROI methodology was utilized for this project. This methodology is based on gathering data from current users of Adobe Commerce that upgraded from Magento Open Source. Based on interviews with these organizations, IDC performed a three-step process to calculate the ROI and payback period:

- 1. Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of upgrading to Adobe Commerce.** In this study, the benefits included IT cost reductions and avoidances, staff time savings and productivity benefits, and revenue gains.
- 2. Created a complete investment (three-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using Adobe Commerce and can include additional costs related to migrations, planning, consulting, and staff or user training.
- 3. Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of Adobe Commerce over a three-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- ▶ Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and productivity savings. For purposes of this analysis, IDC has used assumptions of an average fully loaded salary of \$100,000 per year for IT staff members and an average fully loaded salary of \$70,000 per year for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).
- ▶ The net present value of the three-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.
- ▶ Further, because Adobe Commerce requires a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

About the Analysts



Mickey North Rizza

Program Vice President, Enterprise Applications and Digital Commerce, IDC

Mickey leads a team of analysts responsible for IDC's coverage of the next generation of enterprise applications including ERP, financial applications, procurement, supply chain automation project and portfolio management, enterprise asset management, services resource planning (SRP) and related project-based solutions software, and the digital commerce business network. In her role, Mickey and her team advise clients on ERP and i-ERP systems, associated applications, and digital commerce with a focus on key trends, opportunities, innovation, and the IT and Business Buyer concerns and requirements.

[More about Mickey North Rizza](#)



Megan Szurley

Senior Research Analyst, Business Value Strategy Practice, IDC

Megan Szurley is a Consulting Manager within IDC's Custom Solutions Division delivering consultative support across every stage of the business lifecycle: business planning and budgeting, sales and marketing, and performance measurement. In her position, Megan partners with IDC analyst teams to support deliverables that focus on thought leadership, business value, custom analytics, buyer behavior and content marketing. These customized deliverables are often derived from primary research and yield content marketing, market models, and customer insights.

[More about Megan Szurley](#)

Message from the Sponsor

Adobe Commerce, part of Adobe Experience Cloud, is the leading commerce solution for businesses across B2C, B2B and B2B2C use cases from a single platform. Adobe Commerce, powered by Magento, boasts a strong portfolio of cloud-based, AI-driven, multichannel solutions that empower businesses to successfully integrate digital and physical buyer experiences. Adobe Commerce is the #1 provider to the Digital Commerce 360 Top 1000 and the Top 500 Guides for Europe and Latin America. Adobe Commerce is supported by a vast global network of solution and technology partners, a highly active global developer community and a wealth of extensions available for download on the Magento Marketplace.

More information can be found at business.adobe.com

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