

Building Your Infrastructure: E-Commerce for the Imaging Supplies Industry

by Dr. Dimitris Constantinou • Easy Group LLC

This article is the final installment of my three-part article series on the topic of “Ecommerce for the Imaging Supplies Industry.” In the previous two Recharger articles (October and November 2009), I identified and discussed what I consider the main ‘building blocks’ of a successful e-commerce-driven company (Market, Pre-Sale Marketing, Conversion and Post-Sale Marketing

This article will focus on the final and most central building block, “Infrastructure.”

I am defining “Infrastructure” as the systems and resources that form the underlying base for an e-commerce-centric organization and which are needed for the



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efficient functioning of your business.

As I look back on my own organization, I am able to identify the main parts of my company's Infrastructure which make it "tick" as an ecommerce entity within the imaging consumables industry. As I reflect on my own experiences, it also reminds me that building a successful Infrastructure is not easy and that there are many moving parts, and that these parts are all interrelated and interdependent. I think of these parts like gears, if one of them does not flow, it can cripple the entire system.

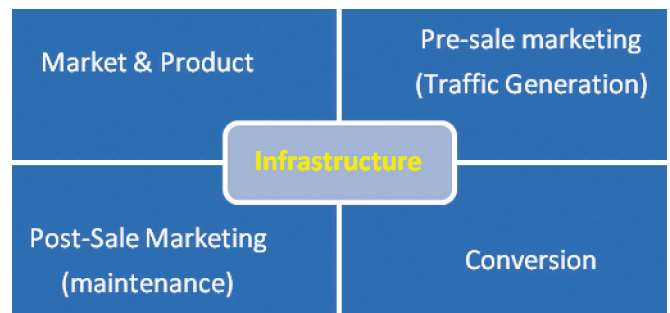


1. Marketing
2. Product (sourcing and control)
3. Web site Maintenance
4. Order Processing
5. Pre-Order and Post-Order Support
6. Other

Infrastructure: Marketing

Your business can't survive without marketing. No matter how good your products or services are, you can't make a sale until your customer knows you're there. I find that most companies focus too much on marketing "products." People do not buy products, they buy solutions. So market your products as solutions and that will make all the difference.

You need to carefully evaluate the resources that you allocate toward the marketing arm of your company.



Whether you plan on generating your traffic through Pay-Per-Click, banner or text link advertising, articles or forums, social networking, video, blogs, SEO or other means, you need to consider the costs (money, time and human resource costs) required to manage an effective marketing campaign. The best advice I would offer anyone is to 'focus on your core competency'. In many businesses, especially startups, there is the necessity to do everything yourself. That's how I started my business as well — doing everything from marketing, to customer service, to shipping, to purchasing all on my own. By necessity, some business owners need to do most of the company tasks themselves, but at some point you will need to delegate responsibilities and focus on your core competency, whatever that may be. If your competency is not in marketing, then consider outside help such as the Google Adwords Team or Yahoo's Advertising and Business Solutions' departments. Both these departments will offer free marketing services in exchange for a commitment to monthly spend on advertising through their networks. There are, of course, other outside marketing services, but these two are ones that I would recommend to help you get started on building a targeted marketing campaign on the Web.

Infrastructure: Product Sourcing and Quality Control

Your purchasing arm is fundamental to the success or failure of your establishment, especially in our industry

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where there is a plethora of what could otherwise be perceived as 'homogeneous' products.

Focus on quality. It is all too easy for a vendor to cut corners on quality without you noticing it until it is too late. Take for example a remanufactured toner cartridge. One vendor may just add toner, a second may add toner and replace the OPC drum and a third may add toner and replace all components including drum, blades and rollers. All three vendors will sell you a "remanufactured cartridge," but clearly the third vendor has done a better job at ensuring a better quality product for the long term. So be careful of where and how you purchase your products. Given the current economic climate, price is critically important, but don't sacrifice long term customer retention and business survivability for short-term profits.

There are other considerations for your company's purchasing arm besides price and quality. Patent and other legal considerations abound, as do efficiency of sourcing and delivery. You may be better off paying a slightly higher price on some items, but procuring them from the same vendor, than by cutting multiple POs to different vendors. Consider the extra shipping and administrative costs of multiple PO's as compared to a consolidated purchasing effort. Consolidated purchasing is generally better for your business, assuming that you have selected a good vendor who is focused on quality and service, is fast to market with new products, and is competitive on price. Use consolidation as a bargaining tool; the more volume you can give the same vendor, the better prices they may be able to offer you. Every company sees benefits in economies of scale, and it's a win-win scenario that you should be looking at when dealing with and consolidating your vendors.

Infrastructure: Web Site Maintenance

Your Web site is the focal point for your business. It is the best (and cheapest) tool you have to communicate everything about your business faster and better. It is the best way to give customers access to information and

systems and letting them serve themselves. It is the best way of exchanging information, buying and selling products, establishing and maintaining an ongoing and dynamic relationship with your customer. It is the online equivalent of all forms of communication with your customer, and the efficiency and competitiveness it can bring to your company is extremely powerful if it is managed and maintained effectively.

Maintaining an ink and toner Web site is not easy, as those who may have tried to sell online may have found. The ink and toner market shifts so quickly, that you need to be in touch with new printer and cartridge releases, updates to old models, vendor component compatibilities and many more considerations. These issues are over and above the "basic" Web site maintenance functions such as Web site design, shipping and payment functions, hosting, spam issues and more. So again, to those who may not have the complete infrastructure to manage all parts of Web site maintenance as well as other components of your business, I remind you to always focus on your core competency. Consider vendors or strategic partners that can offer services that would assist your business model.

Infrastructure: Order Processing

Processing orders is the nuts and bolts of your company. Everything from the moment the customer is ready to place an order, to the point when the customer has received what they ordered accurately and timely, is your order processing cycle. This cycle depends on and is affected by your infrastructure tools and systems to manage your online shopping cart, payment verification and fraud controls, importing of orders (if you have multiple orders or a batch order system) and processing those orders from a shipping and administrative perspective to effectively 'close the loop' on paperwork, money flow, and product fulfillment. This all sounds simple enough, but if you haven't thought out the complete order processing cycle, you could jeopardize your entire system because a glitch in order processing can impact everything downstream. Think of your order processing cycle

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It is very difficult to change software systems when your company has grown, so invest in a more versatile system upfront that allows for growth.

as a set of dominos: if one part falls, it could knock down every other part.

It is important to automate your order processing cycle to make it more efficient, but the more you automate the more urgent it will be for you to ensure that all parts are working properly.

My advice would be to select a software solution that covers all aspects of order processing, with a specific focus on your business model. If you are taking web, mail and phone orders, then look for a comprehensive order management system (a few that I have investigated include Netsuite, Order Motion and Mail Order Manager). Consider the costs and the features. Some systems have accounting modules, while some require an outside accounting interface like Quick Books. Some have inventory management modules, some do not. Some are Web based, and some are server (local) based. Finding the right order processing infrastructure for your business is critical, and make sure to consider not only the features of the software you choose, but also how your current business model could benefit and grow with that software. It is very difficult to change software systems when your company has grown, so invest in a more versatile system upfront that allows for growth.

Infrastructure: Pre and Post Order Support

Your company needs a way of handling customer service and tech support requests by both phone and e-mail. Some vendors may be able to offer you a private label customer service arm for your business (assuming you leverage your relationship with them and it's in their interest of course), so consider that as an alternative

Consider strategic relationships with companies that you may otherwise consider competitors, be creative with your business decisions and never lose focus of your 'goals.'

option to doing your support in house. Consider that you will need accounting and purchasing functions. Keep your options open and look for the best overall utilization of resources.

Infrastructure: Other

There are a multitude of other components of your Infrastructure that you need to think about. These include your warehousing and office space, employees, insurances, taxes (sales, federal and city), and many other "general" components that your business needs.

Having a "big picture" view and understanding how all components inter-relate is critical to having a successful foundation. But it is also just as critical to focus your energy and resources on those business components that you are able to execute best yourself, and to keep an open mind to outsourcing those components that you either can't manage well yourself or that may not be worth for you to do directly. Consider strategic relationships with companies that you may otherwise consider competitors, be creative with your business decisions and never lose focus of your "goals." Aim high, always keep the big picture in mind, but be sure that you have a plan to address all the infrastructure building blocks that your business needs to be successful.

I am available if you have a Web site or business that could benefit from some of Easy Group's infrastructure, or even if you would just like to ask for advice, please contact me below. [®]

Contact Dr. Dimitris Constantinou at dimitris@easygroup.us.



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