The Real Total Cost of Ownership of eCommerce Platforms

A Strategic Guide for Decision-Makers

VIRTO COMMERCE

Why You Should Read This Guide

When selecting an ecommerce platform, most enterprises focus on upfront implementation costs but often overlook the long-term expenses of adapting the solution to future business and technology changes. Few platform vendors openly disclose the real costs a business will pay to modify and improve an existing solution throughout the years of using the platform. This crucial factor is often ignored in the evaluation of the total cost of ownership and is what we call ***the cost of innovation***.

The cost of innovation grows exponentially with ***static platforms***, representing a collection of pre-composed services and integrations a vendor uses as a complete ecommerce solution. In contrast, an ***adaptable platform*** is built for continuous change, significantly reducing the cost of innovation and future-proofing business investment in ecommerce. Choosing a truly flexible, adaptable ecommerce platform not only ensures scalability but also delivers sustained cost efficiency, breaking the expensive cycle of constant replatforming.

In this guide, business decision-makers and ecommerce project leaders will get a breakdown of factors influencing the total cost of ownership of ecommerce platforms, explanations of static and adaptable platforms, and a list of vital questions to ask potential vendors.

Total Cost of Ownership (TCO)

What's Hidden Under the Hood?

The traditional definition of Total Cost of Ownership, or TCO, refers to the overall cost of a product or service throughout its life cycle.

With ecommerce platforms, TCO is usually simplified to solution acquisition costs, licensing, and IT fees. In this scenario, enterprises pay a fixed one-time cost for solution implementation and then ongoing IT and license fees throughout the use of the platform. As a result, many enterprises focus on solutions with the lowest upfront costs and the most out-of-the-box features.

The reality of owning a solution, however, requires businesses to think beyond the initial setup and implementation costs to be able to continue using and benefiting from the platform in the long run. In practice, after launching an ecommerce platform, the need for it to improve and adapt to changing market expectations and increasing competition rises exponentially.

If your ecommerce strategy isn't driving change, it may not be impactful at all, but in a competitive and evolving market, standing still isn't an option. To stay ahead and effectively respond to growing customer expectations and ongoing technological progress, your ecommerce must continuously adapt and innovate with digital channels.

This hidden factor usually overlooked in a traditional TCO definition is ***the cost of innovation*** or, in other words, ***the cost of change.***

TCO: Breakdown of Costs

The actual total cost of owning and operating a digital commerce solution comes down to the following components:

01 Solution acquisition costs

Software development, initial integrations with third-party services, data migration, and deployment.

02 Licensing and IT fees

Subscription fees, hosting services, IT maintenance and support.

03 Cost of innovation

All costs associated with modifying the solution after implementation.

Most platform vendors are transparent with the costs associated with solution acquisition, its implementation, and subsequent IT and subscription fees. Very few vendors, however, openly state what percentage of the initial cost will be required to innovate with the current platform in the coming years.

The truth is that the cost of change grows exponentially with static platforms. An adaptable digital commerce platform, on the other hand, is designed for continuous change.

Adaptable vs. Static Platforms

The Best Fit for Predictable TCO

A ***static platform*** is a collection of services, business scenarios, and integrations a vendor uses to provide a client with a complete solution.

Static platforms can meet the enterprise's initial requirements with out-of-the-box features but assume that new requirements won't arise. These new and commonly occurring requirements or business scenarios for enterprises may include but are not limited to:

Scenario 1

Increasing your catalog size and doubling website traffic.
Growing digital business 2x, 10x, or more can require:

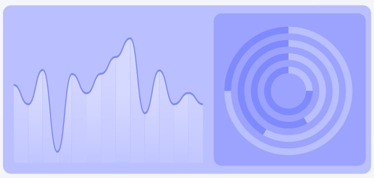
- Expanding a catalog from thousands to millions of products.
- Increasing website traffic and order processing speed 5x or more during sales, all without sacrificing performance and key metrics (Add-to-Cart Response Time, Product Page Load Speed).

Scenario 2

Enhancing your website performance and usability.
Improving customer experience can require:

- Adding third-party integrations with search engines to deliver fast, accurate, and personalized product search results.
- Adding integrations with content management systems to create content-rich digital experiences.
- Integrating advanced AI assistants or other latest tech for convenient order processing to avoid falling behind competitors who have adopted this technology.

Scenario 3



Expanding your business globally at a fast pace.
Entering new markets and countries can require:

- Launching multi-regional operations, including localized product catalogs, pricing information, tax policies, and compliance.

The list of scenarios can go on, and even if your business hasn't faced these challenges yet, it doesn't mean the examples above—or others—won't disrupt your ecommerce operations in the coming years.

Static platforms make addressing these changes costly and time-consuming. Often, the high interdependency between business functions of these platforms means even minor changes can disrupt the entire system, leading to months-long implementation timelines and higher innovation fees. Over time, a viable static platform fails to meet business demands and accumulates technical debt. A static solution lacks adaptability and continues to exist in an unchanged form till an inevitable costly replatforming.

Most of the current ecommerce vendors verified by Gartner and Forrester offer static platforms

An ***adaptable platform***, on the other hand, is designed to easily adapt to rapidly changing market conditions and business scenarios. This platform allows small teams of two to three developers to add new features (e.g., services, integrations, business scenarios) every sprint or two for at least five years.

With low dependency between functional modules, changes can be implemented and tested within weeks. Moreover, an adaptable platform provides extensive framework and architectural guidance that empowers developers on the client side to make feasible changes independently.

Adaptable ecommerce platforms are ideal for enterprises looking beyond the mere cost of implementation and it allows vendors to deliver continuous improvements with fast-to-market innovations at predictable costs.

How to Identify an Adaptable eCommerce Platform

The adaptability of a platform isn't necessarily determined by markers such as ***modularity, headless, microservices, composable, cloud-based, or API-first***. Instead, true adaptability lies in how these technological properties are implemented within a flexible architecture. Platform adaptability is also characterized by the availability of clear guidance that empowers businesses to implement changes independently from a platform vendor.

In other words, every adaptable platform has microservices architecture, but not every microservices-based platform is adaptable. The best way to determine a digital platform's adaptability is to involve technical specialists in decision-making.

That being said, for business decision-makers, we've compiled a list of essential questions to ask potential vendors to assess a platform's adaptability. You can find the full list on page 12.

Virto's Commerce Innovation Platform is an adaptable digital commerce platform powered by a proprietary Atomic Architecture™ and designed to create adaptable solutions. Ask your CTO to check out Virto's architectural guide for an in-depth technical look at the platform's design.

How to Dodge an Infinite Replatforming Trap

With a static platform, the cost of innovation grows exponentially. After two to three years of utilizing a static platform, enterprises typically face a critical decision: continue pouring resources into a solution that's no longer sustainable and hinders innovations (the sunk cost fallacy) or migrate to a new platform.

While platform migration seems like the rational choice, replacing one static solution with another often leads to a cycle of repeated replatforming—an expensive trap.

Choosing a truly flexible ecommerce platform with infinite adaptability breaks this cycle, acting as a major cost-saving measure for enterprises finding themselves at the crossroads.

Infinite platform adaptability includes:

01

Functional adaptability

Add new and modify existing services fast and at a predictable, stable cost.

02

Non-functional adaptability

Adapt an enterprise's system to meet rising customer expectations for speed and stability in response to growing volume of orders or other factors.

03

Usability adaptability

Continuously improve platform usability to meet new trends without changing the data flows of the service.

04

Industry adaptability

Create digital channels tailored to new markets or target audiences by reusing existing components and services.

05

Regional adaptability

Quickly scale an ecommerce solution to new regions by reusing components & adding new ones specific to a region.

06

Integration adaptability

Improve customer experience by combining any platform function with external services such as invoice and accounting automation software.

07

Component adaptability

Replace native services with external ones for efficiency and accuracy at the client's request.

08

Adaptability of development resources

Balance development speed and cost by increasing or decreasing the number of teams working on the ecommerce solution at peak times.

TCO in Action

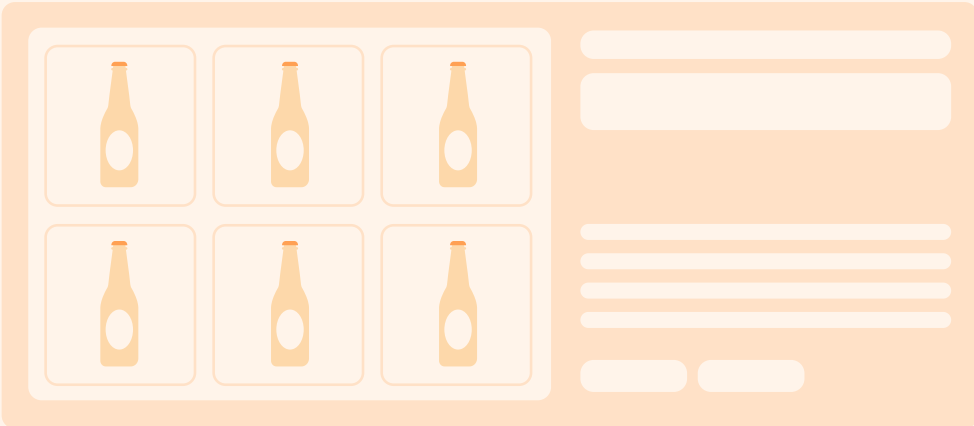
Demonstrating the Value of Adaptability by Example

The decision to migrate to an adaptable, truly flexible ecommerce platform is never made in isolation. It's driven by specific challenges businesses face with their current solutions—challenges that hinder scalability, innovation, and adaptability to change. While not all challenges a company stumbles over can be predicted, the flexibility of an adaptable platform can accommodate new obstacles with ease.

To illustrate this journey, Virto Commerce has four real-world case studies demonstrating how addressing the cost of innovation when choosing a platform can lead to measurable results and predictable, manageable TCO over time.

1. Case of a multinational brewer: localizing global operating companies

With annual sales exceeding €36 billion, a Dutch beverage giant accelerates its digital commerce in 20 countries by implementing tailored, localized solutions for each market.



One of the world's largest brewers struggled to scale its B2B operations in the regions dominated by fragmented retailers (i.e., small grocers). The initial challenge was to establish an ecommerce solution to digitize the road to small grocers and gain insights into their purchasing behavior, data that was previously accessible only to distributors. With Virto Commerce, the company successfully launched the first minimum viable product in a country of nearly 6 million residents and quickly expanded to additional markets in the following months. However, the company faced additional unforeseen challenges when scaling the solution to a market of over 220 million people.

Firstly, this new market was extremely decentralized, with a high volume of micro-orders requiring a B2C-like ecommerce approach. Secondly, limited internet connectivity in the country, coupled with multiple grocers sharing devices for ordering, complicated data collection. Thanks to a truly flexible Virto's Commerce Innovation Platform, the company quickly adapted to the new market conditions by adding a high-performance module that extends existing functionality. The team developed a mobile-first portal using progressive web apps, enabling seamless ordering even with limited internet access.

Virto Commerce facilitated the company's digital transformation and provided the ability to:

01 Gain an all-around view of fragmented retail in the region.

02 Launch new markets and trade online at 35% of the initial implementation cost.

03 Localize the solution with the appropriate corporate livery while adhering to a global standardized platform.

2. Case of a bookstore retailer: expanding product assortment

One of Belgium's oldest and largest bookstore chains, with annual sales of €200 million, successfully expanded and diversified its catalog 4x to stay ahead of the competition.

In 2011, the company launched its first online bookstore with a legacy ecommerce platform. Its ERP system couldn't handle real-time inventory updates across online and offline channels, making it difficult to provide fast and accurate product availability for customers.

To address this omnichannel complexity, Virto's Commerce Innovation Platform was implemented as the primary centralized hub for transaction data, synchronized with the ERP for periodic balance updates. This symbiosis ensured fast, accurate inventory updates.

Later, the bookstore faced an even greater unforeseen challenge when pursuing an ambition to expand its business model beyond traditional retail. The team aimed to allow external merchants (i.e., publishers) to sell directly through their newly launched marketplace and needed to scale its catalog dramatically without sacrificing performance. Thanks to the adaptability of Virto's Commerce Innovation Platform, the company easily handled this business transformation, implementing the necessary changes without disruption or costly system overhauls.

By choosing Virto Commerce, the company unlocked the capability to:

01 Expand product range from 4 million to 15 million SKUs through seamless integrations with new publishers.

02 Cross-sell to increase revenue.

03 Improve customer experience with a faster and more accurate product search.

3. Case of a beverage wholesaler: lowering operating costs

The Netherlands' beverage wholesaler established a self-service portal for B2B customers to combat increasing operating costs.

In the FMCG wholesale industry, where margins are low, cost efficiency can make or break a business. To address the rising sales costs, the company decided to move from an offline selling model to an online self-service portal. However, their legacy platform proved both costly to adapt and incapable of supporting essential business scenarios, such as linking account managers to specific clients with personalized access rights or using the ERP system directly as a source for price rules to support contract-based pricing. All these hindered a desired 60% digital adoption rate.

Leveraging Virto Commerce, the company tackled these challenges, with development cycles measured in weeks, not months. The company created a portal where sales reps and customers can access personalized information based on their unique contract agreements, streamlining operations.

Years later, when the wholesaler introduced a consignment sales model for major European events, the adaptability of Virto's Commerce Innovation Platform enabled them to implement this new business model and add it to the existing functionality quickly and efficiently without significant additional development costs.

By choosing Virto Commerce, the company gained the ability to:

01 Reduce the rising personnel costs with an online-first purchasing model for B2B customers.

02 Optimize inventory across five warehouses with an advanced multi-channel sales and inventory system.

03 Create a new revenue stream by monetizing customer purchasing data and providing insights to beverage brands.

4. Case of an equipment distributor: increasing client retention

The U.S. distributor of mobile equipment, hydraulic, and pneumatic parts tackled decreasing client retention rates with improved customer experience.

Serving B2B clients, the company struggled with low customer retention rates caused by inaccurate search results and difficulties locating products. These issues directly impacted the company's revenue and growth.

Lacking any prior digital infrastructure, the company placed significant emphasis on selecting the right platform from the outset—one that could meet its current needs while supporting future scalability. With Virto Commerce, the company implemented a wide range of B2B features, including a powerful catalog management system, customer-specific data storage, and the ability to provide a powerful search experience for the end user.

Establishing such a strong ecommerce foundation inspired the company to expand its business model to serve B2C clientele. The adaptability of Virto's Commerce Innovation Platform helped the company evolve through the years and face this new challenge with ease.

With Virto Commerce, the company invested in sustained growth and adaptability in an increasingly competitive market and managed to:

01 Successfully adopt cross-sell functionalities to drive revenue.

02 Improve search engine indexing and catalog management for optimal search and product discovery.

03 Gain flexibility to launch a B2C model in the future.

Eight Essential Questions to Ask Your Vendor

To make an informed decision about an ecommerce platform—whether you're building your first solution or replatforming—engage your CTO in the process and ask potential vendors these critical questions:

How much does it actually cost to implement a solution?

1. What is the estimated budget for the implementation project, and what factors contribute to this calculation?
2. What is the MVP scope and timeline, and how does it align with our business objectives?
3. What expertise and resources will we need for implementation, and what will the associated costs be?

What about licensing and IT costs?

4. What is the licensing model, and how do license fees scale as our business grows or expands to new regions?
5. What additional software or third-party service licenses are required, and how do they impact overall costs?
6. How will hosting and maintenance be managed (vendor, partner, or in-house), and what operational expertise will be required?

Could you tell us more about the cost of long-term innovation?

7. What will it cost to scale the platform if our digital business grows 2x or 10x, or if we expand into new regions?
8. What is the cost of adding new features or innovations for the next three to five years, and what expertise will we need to support this?

Ready to Discuss Your Goals?

Virto Commerce can assist your business with ecommerce scenarios of any complexity, all with a predictable and transparent TCO.

Schedule a personalized discovery session of a truly adaptable platform with Virto's digital experts.

Book a Demo

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About Virto Commerce

Virto Commerce, founded in 2011, is a global leader in B2B ecommerce and marketplace solutions, with offices in Los Angeles, Limassol, and Vilnius.

Virto Commerce specializes in innovative, highly customizable headless commerce platforms. Our mission is to empower businesses with cutting-edge ecommerce solutions through relentless innovation.

At the heart of our offerings is the Commerce Innovation Platform, which enables businesses to build commerce products that drive sustainable business transformation.

Powered by our proprietary Virto Atomic Architecture™ and Virto Cloud, our Commerce Innovation Platform offers unparalleled flexibility, seamless integration, and extensive customization, enabling businesses to create unique, high-performance digital experiences and to drive sustainable business transformation across various industries.