FINAL REPORT

IMPROVING SALES FOR HI-MEDIA LABS

TEAM 10- WALL STREET WIZARDS

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EXECUTIVE SUMMARY

Opportunity:
HM Labs wants to expand their business into the B2C market from their existing B2B market. The company senses an opportunity in the B2C market to grow their business and extend their reach to their potential customers who buy their products from 3rd party vendors. They are very sure of their monopoly in India as their products are of the best quality and price for over a decade now, thus looking confident to enter into the B2C world. The fastest way to do so would be through the Digital medium. They have opened a new branch in US recently and the best way to carry business online would be the E-commerce way. This would increase their sales and revenue in return. In order to achieve this HM Labs opened an online E-commerce store on the Amazon Platform (EC2).

Problems:
- Amazon web store proved to be costly as according to the EC2 package which HM Labs opted for all the facilities such as unlimited bandwidth, unlimited storage, transaction fees, payment security, entire supply chain management. It was observed that there were negligible amount of sales taking place through the web store. Only 10 orders / month on an average were placed on the web store. These orders produced a revenue between 500-1000$ / month. These numbers were very few and negligible compared to the actual number of sales and amount of revenue HM Labs generated per month.
- HM Labs had no other E-commerce platform during this time. Also their company was new in the B2C E-commerce market. It was difficult for them to switch to E-commerce as they did not have an in house technical team who could develop, monitor and maintain the E-commerce website hence they opted to go with Amazon.
- Also since this was the first time HM Labs carried their business completely online they had no data of Sales through an online website. So the company was unable to draw Sales estimates.
- In the midst of all these Business process innovations taking place in HM Labs, there was no CRM taking place through a feedback mechanism.
- Also if HM Labs wanted to go with an E-commerce store of their own, they now needed Technical experts to Develop and maintain the website.
Improvements:
1. Change the means of conducting E-Commerce.
2. Integrate and make use of existing Technologies.
3. Perform Data Analysis to analyze, improvise and solve mistakes.
4. Enable CRM mechanisms.

Recommendations:
1. Remove the existing Amazon web store used to carry E-commerce.
2. Add E-commerce features to existing Website and carry on the online business through it.
3. Monitor the traffic, Sales and Revenue through Google Analytics and perform Data Analysis weekly to bring the necessary change for improvements in the corresponding sector.
4. Add CRM through the Website by implementing a feedback mechanism connecting it through the existing Salesforce system.

Business Impact:
The decision to go with Amazon had a bad impact on HM Labs’ business as the ROI was least than expected. The company never expected such less number of Sales on the Amazon store. It also affected the mindset of the investors and managers as to whether the decision to go into B2C market via E-commerce was a correct one or not since it involved a lot of planning and investment. After which there were few improvements made in the mode of conducting the E-commerce which saw a respectable amount of Sales taking place per month.
There were almost 1000 orders placed on an average per month observed for around 6 months which increased the revenue by 100,000$ on an average per month. This was a considerable amount of improvement compared from the Amazon store. There were ups and downs in HM Labs for almost a year after which these numbers finally ensured the investors that their decision for making the business online was indeed a good one.
II. INTRODUCTION

HM labs is a large Bioscience and pharmaceutical company with products ranging from peptones, agars, dyes, biochemical, acids, solvents, disinfectants to many other microbiological products. The company’s internal technical structure consists of sophisticated contemporary technologies like Salesforce and SAP HANA.

Background:
HM Labs is a B2B company, it has regular customers that are vendors or other regular business firms whose order in bulk. For years long HM Labs followed traditional method for their sales. Sales were done through their sales representative. Clients contact their salesperson on telephone and place their order. With advance Technologies like Salesforce and SAP HANA orders were received and further punched into the SAP system which also managed the entire inventory of the company.

HM Labs also has an official Website, but it was used as a static website to display features like the product catalogue, Contact us, customer support and white papers. The Website didn’t have an E-commerce feature. So for stepping inside E-commerce market and grab B2C orders, HM Labs decided to open an online web store on Amazon which could facilitate orders from peer customers. Amazon web store cost them a hefty rental charge for their facilities. More importantly the sales were barely improving even after the Amazon web store started to operate.

Organizational problems:
After the company rented the web store on Amazon, it was expected that ordering process will be improved but the opposite happened. Sales didn’t increase as expected, on the contrary sales on the Amazon web store were meagre. Search engine optimization for the web store was not at all good, as Amazon didn’t allow its JavaScript libraries to be accessed, hence the technical structure of the website could not be enhanced for better search engine optimization. Due to which the visibility of the Amazon Web store on search engines was very bad and potential customers searching for the products that existed on the Amazon web store could not reach to the store which saw the downfall in the number of online sales. Even with the Amazon web store operating, customers were still using the previous method of ordering as they never got to the Amazon web store. Along with this there was another flaw in process sequence flow. Whenever the product was available in the inventory, salesperson would again contact the
customer and confirm the product availability and ask whether the customer wants to proceed with the order or not. This was a fuzzy situation because resources were not utilized efficiently.

III. PROBLEM/OPPORTUNITIES

Company have sophisticated technological resources like SAP HANA and Salesforce for their operations, they have an online website, they have direct order placing facility using their sales representatives and now they have an Amazon web store to accommodate E-commerce operations, but their online sales level even plummeted. So this dilemma of sales was pondered to get an elegant solution of the problem. The project objective was to ‘effectively use available resources’, come up with new solution to ‘effectively expand business from B2B to B2C’ and ultimately ‘improve sales’. HM Labs were investing huge amount of money on Amazon’s web store but still there was no improvement in online sales additionally they had all the resources in their company and they have good number of visitors & clicks on their website itself, so these things acted as the main points. Therefore to add E-commerce features on their existing website was found to be the most effective solution. This will also ensure proper utilization of all the resources in the company, save the huge rental charges for hiring any third party services and will decrease the work load inside the company that deals with order placing and checking inventory etc.

The main stakeholders here are the customer and the company (HM Labs) itself. Customer will be largely benefited as ordering placing will now be easy, purchasing will be in less time, customer now would be able to track his orders. For bulk orders (B2B) they still have to go through same process but for those who have small orders (B2C) it will be much easier. Company is a major stakeholder as their services improved by expanding their business from B2B to B2C effectively.

IV. ALTERNATIVES CONSIDERED AND THE RECOMMENDED SOLUTIONS

 Alternatives:
During the process of finding most feasible solution to the existing problems of our AS- IS business model, we came across several alternatives. The alternative solutions are as follows:
- The Salesperson could directly check in the SAP System by logging in rather than asking the inventory department person. This would mainly reduce the time taken for enquiring about the particular requested product which in turn would allow faster order processing and enhance Sales.
- In case of the product availability and prices the customer could have an account wherein he can check for himself for the availability of the product. This would basically create a transparency for the end user himself and reduce the waiting time for the customer where he awaits for the availability of the product from the salesperson.
- The amazon web store should be removed and an E-commerce feature should be added to the existing website of HM Labs. This would eliminate the involvement of a third party which would mean reduced cost and full control of the website and DATA. The company can expand its business into B2C market by making their sales online and having their own website handling the same. This would earmark individuality as well which would increase the trust with the customer. Also CRM mechanisms should be implemented to improve customer relationship and feedback.

**Recommended Solutions:**

All the above solutions did have their own benefits. However we decided to go on with the third solution. The following points are the basis of our TO-BE model:
- Remove the amazon web store. Now HM labs will be dealing with the sales through it’s own website.
- Add E-commerce features to existing website. HM labs need to only invest on their existing website instead of paying extra for the third party Amazon.
- Sales and revenue to be monitored through Google Analytics which is already set on their current website. The reports and the charts will give an idea about the business sales trends and whether there is due improvement or not.
- Add CRM to the website by implementing a feedback mechanism. This would improve the customer relationship and also provide the company with various suggestions of how to further improve their sales process as improvement is a change that needs to evolve constantly.
V. BENEFITS, ESTIMATES AND ASSUMPTIONS

Benefits:

-Cost Reduction
Implement E-commerce as we are planning to implement it on our current website. This helps in cutting out the expense for Amazon Web store, which is approximately 5000$ / month (includes unlimited bandwidth, unlimited storage, entire supply chain management, transaction fees and security)

-Lesser Errors in Data Processing:
Lesser errors and saves time due to reduction in manual process thus making the process more efficient and improving sales.

-More Customers:
Previously, Amazon web store was not easily accessible on search engines as Amazon did not allow to modify the technical structure and code to improve the website rankings due to which the visibility of the web store was hampered resulting into a negligible amount of traffic as compared to the traffic observed on its Official website, SEO could not be performed on the Amazon web store which led to fewer number of sales. However, visits on HM Labs’ own website was very high as more than 100000 / month, which indicates more sales can be generated from their own website, simply by implementing E-commerce.

-Timeliness:
Previously, customers had to wait for the sales representative in order to get the availability of their orders, but now the customers can directly check the stock details online and quickly place an order if the product is available. This will reduce the total time between order placement and purchase.

-Extension from B2B to B2C:
This will definitely improve sales, since previously it was only a business-to-business model. But now, after implementing E-commerce, the process will add the advantage of a customer-centric B2C model, which will increase and thus improve sales.
VI. COST ESTIMATES AND ASSUMPTIONS

-Development:

As HM Labs have already implemented Salesforce and SAP HANA, the major expense in this project is to implement E-commerce feature on their own website. For this, they need to outsource the work and it will cost approximately $1000.

The technologies to be used are-
- Asp.net framework 4.0 (HM Labs current website framework)
- SAP HANA (Serves as database warehouse and checks inventory level).
- Salesforce (Used for Storing customer records).
- Google Analytics (Provides Data analytics of the website traffic).
- Mobile commerce (Makes the E-commerce process go mobile).
- A secured payment gateway for Online transaction processing.

It is almost a 30-day long project, since they already have their own website, servers and databases.

VII. RISK FACTORS AND MITIGATION

-Sales during E-Commerce development period:

When HM Labs would be incorporating E-commerce into its current website, they have to make sure that the sales are not affected. Since HM Labs current B2B sales take place through orders placed on their website, during the development phase of adding E-commerce features on their website, the contact and order placement pages should not be affected as they are the source point from where the Sales take place. In order to avert this risk it is very important that these pages are replicated on some other server and the new URL’s to be temporarily added in place of the old URL’s so that users/customers can still place their orders through some other server without hampering their sales.

-Website Traffic:

Upon launching E-commerce through their own website, HM Labs will experience a growth in their traffic for which they constantly need to monitor their traffic through google analytics and
keep a check on it so that the traffic does not reach out of their server capacity which in return will crash their website and server halting their operations.

**-Technical Department**

As now the operations will be online the technical department has to do more amount of work for which HM Labs needs to increase the manpower of their Technical Department. Entire maintenance of the website will now be in the hands of Technical Department after it’s developed and put to operation.

**VIII. TRAFFIC CAPTURED VIA GOOGLE ANALYTICS**

**Old Traffic analysis**

![Google Analytics dashboard](Image)
Why the need for ecommerce.

This report requires ecommerce tracking to be set up for the view.

What is ecommerce tracking?
Ecommerce tracking is a snippet of code you can include on your site or app to collect transaction data like product sales, purchase amounts, and billing locations, and connect it to your Google Analytics account.

Why set up ecommerce tracking?
With ecommerce tracking, you can better understand the value of your digital business. Use the Ecommerce Reports to segment and analyze your data, and discover relationships between your marketing campaigns, user engagement, and transactions.

Learn more
## IX. APPENDICES

### Work System Snapshot (AS-IS):

#### CUSTOMERS
- Customer who places the order
- HM Labs (Sales department and the inventory)
- Amazon Web Store

#### PRODUCTS AND SERVICES
- Placing an order
- Maintain customer relationship
- Check stock level
- Responsibility of e-commerce for the company

### WORK PRACTICES (MAJOR ACTIVITIES AND PROCESSES)
- Customer can place an order either directly through salesperson via phone or through amazon which is HM lab's web store.
- A customer places and order.
- HM Labs sales department records the customer details and forwards requirements to inventory.
- The inventory checks for stocks and forwards details to the customer.
- If the stock is available then it is shipped to the customer.
- If the stock is unavailable then the customer is asked whether he wants to wait or not.
- On arrival of new stock, order is fulfilled if the customer waits otherwise the process is terminated.
- Amazon handles the ecommerce part.

#### PARTICIPANTS
- Customer
- HM Lab’s Sales Department
- HM Lab’s Inventory
- Amazon Web store

#### INFORMATION
- Order request details
- Customer details
- Stock status of the product
- Decision whether customer wants to wait for the product or not.

#### TECHNOLOGIES
- Customer’s pc or phone
- Ecommerce Website
- Salesforce database
- Corporate database
**Work System Snapshot (TO-BE):**

### Work System

<table>
<thead>
<tr>
<th>Customers</th>
<th>Products &amp; Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendors</td>
<td>Bioscience and Pharmaceutical</td>
</tr>
<tr>
<td>Research Individuals</td>
<td>E-Commerce</td>
</tr>
</tbody>
</table>

### Major Activities or Processes

- Sales Process
- CRM Process

### Participants

- HM Labs
- Customers

### Information

- Inventory Details
- Google Analytics Data
- Sales Data

### Technologies

- Salesforce
- SAP-HANA
- HM Labs Website
PROJECT SCOPING DIAGRAM
BPMN (TO-BE):

[Diagram of a BPMN process flow showing the steps involved in a sales and inventory process, including customer checks, product review, login, place order, enter billing details, pay bill, wait for delivery, and feedback process.]