B2Bec**NEWS**

strategic intelligence for business-to-business professionals

PROCESSING DISRUPTION

Digital disruption is an ongoing process, as manufacturers and distributors of all types and sizes find ways to refresh their business and stand out among the competition.

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INTRODUCTION
THE DISRUPTION JOURNEY

If there's one thing common among B2B companies forging ahead with digital transformations, it's a passion for the journey.

In digital commerce, some companies are far ahead of others, operating on the technology edge, setting the pace for others—and more often than not, instilling in others the fear of falling behind as irrelevant players.

But even among those relatively far behind, there's the passion for identifying—and taking—the steps their particular company must take to travel the road to digital transformation.

This report looks at companies along several stages of that process. In the business of distributing food products, equipment and services, US Foods Inc. is at, well, the top of the food chain. And it's forging ahead with a digital commerce strategy designed to grow its already large market share.

While other distributors may be far off of US Foods' pace, they're taking steps that are right for their own business to disrupt their old ways of doing things and setting the stage for an ongoing process of change.

But this report isn't just about how huge companies are leading the way. It's also about

how far smaller ones are still innovating better ways to serve their customers well and stand out among their competition. Read about what's up at family-owned distributor Hill & Markes, which operates in some of the same space as US Foods and is developing several ways to bring value to its customers.

On the manufacturing front, more companies are taking advantage of the latest in technologies like 3D printing and other forms of on-demand manufacturing. A good example of a business grabbing attention in this space is Xometry, profiled in these pages.

Also important to innovative growth strategies is developing new ways to mix technology and cooperation among sales channel partners. Read about how manufacturer Brady Corp. and distributor Conney Safety Products are deploying a shared product-customizing tool to smooth out online purchasing by their end-customers.

We trust readers will find these reports insightful – and share with us leads on other disruptive innovations in B2B e-commerce.

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CASE STUDIES

RECIPE FOR DIGITAL SUCCESS

It seems simple: Serve up what chefs need to run a kitchen, and let them whip up their own success.

But there's much behind the scenes to give chefs—and legions of other buyers at restaurants and food-service operations in hospitals, universities and hotels—what they need and are willing to purchase. It's a process that keeps the folks in charge of digital operations at US Foods Inc., the $24 billion distributor of all things needed to stock and run a food-service business, continually improving on what they do.

"How we make it easy for customers to do business with us—and better manage their own business—dovetails into e-commerce as being our key component in helping them with that process," says Diane Hund, senior vice president of marketing, who oversees the Rosemont, Ill.-based company's digital commerce and marketing.

In a recent interview at US Foods headquarters in Rosemont, Ill., Hund and Gene Carbonara, vice president, e-commerce and digital, dived

into the details and intricacies of what it takes the company to live up to its slogan—"Great Food. Made Easy"—which is often repeated in company literature, discussions and presentations. It's almost as if the company—with its 350,000 SKUs of food and non-food products and more than 250,000 customers—is setting itself up to over-promise on making life easy for buyers who must withstand the real heat of the kitchen to get their jobs done.

But US Foods appears to be making good on that promise. It has learned much about how to match its many products and services to the whims of customers—and down to the needs of individuals, not just broader groups or segments, Hund says. Moreover, the support for a core digital commerce strategy comes from the top executives—as CEO Pietro Satriano underscored in a conference call with stock analysts for the company's fiscal third quarter ended Sept. 29, 2018:

"We continue to grow our penetration of sales going through our industry-leading e-commerce platform," Satriano said, according to a

At US Foods, with

$24 billon

in sales, digital commerce is at the core of its strategy to grow market share.

'We intend to continue to be a leader in this area.'

Diane Hund, senior vice president, marketing, US Foods

transcript of the call from Seeking Alpha. "And we continue to see greater adoption of our value-added solutions on the part of customers. Both reinforce our positioning as being easy to do business with and helping our customers be successful. The benefit for us here is the increased order size and stickiness that comes with customers using our technology."

Expecting big growth in e-commerce

To Hund and Carbonara, the critical thing is investing in the technology and processes that cater to the needs of food-service industry customers and "makes it easy" for them to find and purchase what they need. Although US Foods doesn't say how much it invests in digital or other forms of technology, it has repeatedly mentioned e-commerce technology and strategies as among its most important growth drivers. In its annual financial report for 2017, it listed the "growing importance of e-commerce" among a few core growth trends.

"We see significant future growth in e-commerce and in the adoption of mobile technology solutions by foodservice operators," the company said in that report. "E-commerce solutions

increase customer retention. They also deepen the relationship between foodservice distributors and customers, creating new insights and services that can make both more efficient. We think deeper, technology-enabled relationships with customers will accelerate the adoption of new products and increase customer loyalty.

"As a result, distributors that have invested in creating these capabilities have a competitive edge. We believe this trend will accelerate, as millennials become key influencers and decision-makers within the industry, particularly at the customer level. We believe food-service distributors will need to strengthen technology, data analytics, and related capabilities to address these changes."

Indeed, investing in a system for operating with such a customer-focused strategy is more important than ever before in an industry that is being increasingly dominated by the largest distributors with the most resources. According to market figures US Foods compiled in its March 2018 Investor Day report, the top five food-service distributors as a group accounted for 35% of U.S. market share in 2017, up from 24%

Manufacturers and distributors need a digital-ready business model

In today's fast-moving e-commerce environment, B2B buyers have high expectations. They want fast and easy access to relevant product information, and they want the ability to buy at any time, from whomever they choose. While this has been the norm for B2C e-commerce companies for years, B2B businesses, such as manufacturers, are only now trying to get on board.

"Manufacturers used to be able to count on customer loyalty to their brand or product to succeed," says Karie Daudt, vice president of marketing and customer experience at Insite Software, a B2B e-commerce software provider. "But the new generation of customers is more willing to take risks and tap into new channels that deliver more seamless buying experiences."

Daudt says B2B customers today are putting pressure on manufacturers to sell to them directly—placing strain on the relationship between the manufacturer and their channel partners, such as distributors. "Manufacturers expect the channel to provide value to the customer. If the channel is not providing the value customers expect, they create a barrier between the manufacturer and the customer," she says.

As a result, manufacturers need to ensure their distribution partners are keeping up with these demands. "Manufacturers are assessing whether their distributors are digitally enabled and easy to do business with," she says. "If they aren't modernizing their tools or adjusting to how customers want to buy, it could ultimately be detrimental to the business. The channel needs to move toward a digital-ready business model to keep up with pressure they are seeing from their manufacturer."

Collecting and understanding data is a central component to successfully adopting a digital-ready business model, Daudt says. "Manufacturers have always faced the challenge of collecting data, about the users of their products, but they can start by implementing technology that allows them to collect and analyze data through forms, "where to buy" and other real-time

website traffic tools," she says. "With that information, they can better understand the end-customer and make better business decisions, which will lead to increased customer satisfaction and more sales."

Daudt says manufacturers and distributors should have a hybrid digital-ready business model in place—and they should be constantly adapting to changing market conditions to address the issues customers are facing. "Manufacturers and distributors need B2B e-commerce solutions that serve them correctly—helping them identify goals and understand the complexities of B2B," she says. "The ability to interact and collect data is just one of many valuable aspects of a digital commerce solution."

When searching for the right solution, B2B businesses should ensure it delivers relevant digital experiences designed for the complexities of B2B. "The ability for a commerce solution to bridge the gap between the people and the data is what matters," Daudt says. "The best digital commerce solutions bring the data together and deliver it to the right people, at the right time and in the right experience."

Global pet food manufacturer Royal Canin, for example, noticed that its customers—veterinarians, breeders and pet specialty retailers—were shifting to online purchasing, and the company needed to better support its referral and direct sale business online. So it implemented Insite Software's B2B e-commerce technology to process online referrals and sell directly to breeders and veterinarians.

One year later, Daudt says, Royal Canin had achieved 49% growth on the platform with a 54% increase in orders.

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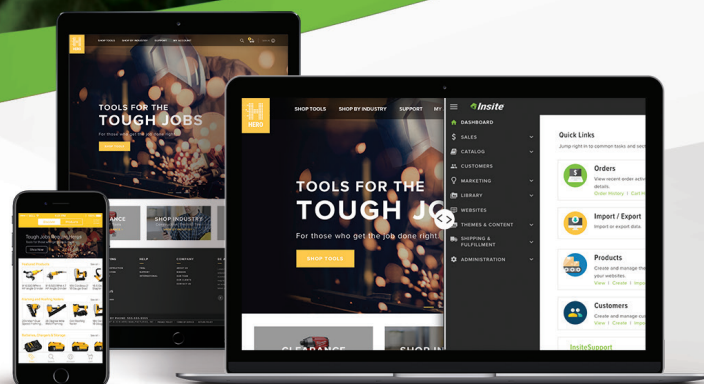
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'We make our technology available to customers wherever they are, including a walk-in cooler.'

Gene Carbonara, vice president, e-commerce and digital, US Foods

in 2002. A member of that top five, US Foods is determined to stay atop the latest trends in serving customers.

"We intend to continue to be a leader in this area," Hund says.

The details of that strategy are rooted in several core areas of technology as well as corporate policy. They include:

▶ A comprehensive technology platform developed and supported by a substantial in-house I.T. department, which makes consistent information and online features available across desktop and mobile devices to customers and sales reps;

▶ The use of artificial intelligence and personalization technology to better understand and anticipate customer needs, and letting customers choose among the best available alternatives when preferred products are out of stock;

▶ A mobile technology platform designed for

specific needs of buyers, including the ability to take orders under extreme conditions such as walk-in freezers without web access;

▶ A digital commerce team that constantly works toward improving how it interacts with and serves customers.

"We're constantly reiterating our designs," says Carbonara, who has a background in both business and technology.

That strategy is key to the company's growth plans, Hund says, which is focused on coming up with new ways to help its customers better manage their overall operations as well as their purchasing of food-service products. This applies especially to independent restaurants that—without the corporate support structures of large chains and corporations—need the kind of extra assistance US Foods can provide in helping them manage their business with e-commerce and mobile applications, Hund and Carbonara say.

Indeed, there's plenty of room to grow in the independent restaurant market, where US Foods

'We continue to grow our penetration of sales going through our industry-leading e-commerce platform.'

Pietro Satriano, CEO, US Foods

is targeting 4% to 6% growth between 2018 and 2020. US Foods figures its independent restaurant customers—all 87,000 of them—make up about 19% of the independent restaurant market, leaving more than 80% of the pie, or more than 360,000 businesses, left for it to pursue.

A turning point for growth

The food-service distributor says 55% of its independent restaurant customers order from it through self-service e-commerce, up from just over 10% in 2013. That has led to a 7% increase in average order value and a 5% increase in customer retention. US Foods reports a much larger percentage of enterprise customers including restaurant chains ordering electronically. Although it doesn't break out e-commerce percentages for its largest customers, US Foods says its overall e-commerce penetration among customers was over 70% in 2017, more than 10 percentage points higher than 2013.

2013, in fact, marked an important turning point for the company. That's also when it launched its mobile app, which it developed in-house to meet

the needs of its customers in getting product information and placing orders from wherever they happen to be—a capability particularly crucial to the independent restaurant operators it's targeting for growth.

"Mobile is an essential part of where the restaurant business is going," Carbonara says. "We make our technology available to customers wherever they are, including a basement restaurant or a walk-in cooler." The app, he adds, has continued to evolve since debuting in 2013. "We haven't stopped innovating it since then," he says. "We work on it all day, every day, all year—we never rest."

The constant focus on improving its technology has brought US Foods's customers several new areas of operating help. For example: the ability to manage inventory and orders according to multiple lists on its e-commerce site.

Buyers and purchasing managers can view and manage in-stock inventory levels, orders and invoices in separate lists dedicated to individual

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operating departments, storage facilities and product categories. "They may have multiple buyers, and they can see what buyers have ordered, view invoices, and make sure they're not over-ordering," Carbonara says.

Getting personal, fixing out-of-stocks

In situations where US Foods is out of stock of product, it will quickly recommend on its website and mobile app alternative products, letting the customer choose among the options. Carbonara says that avoids a technique, common in the distribution industry, to deliver unrequested alternative products that customers may reject, resulting in invoices that need to be corrected.

US Foods also provides a menu-planning service, Menu Profit Pro, which its customers

can access via USFoods.com or through a sales rep to get information on purchasing the best mix of food ingredients to suit the demand from their own customers and meet their expected profit margins.

Sales reps are also using other digital technology applications to improve how they help customers. The reps have long advised customers on the timing of orders to benefit from promotions or timely purchases for special events like the Super Bowl. "In the past, a rep might have to text 35 customers individually to remind them to place an order by 4 p.m.; now both the customer and the rep get an automated alert," Hund says.

The importance to US Foods of operating efficiently was noted in the company's third-
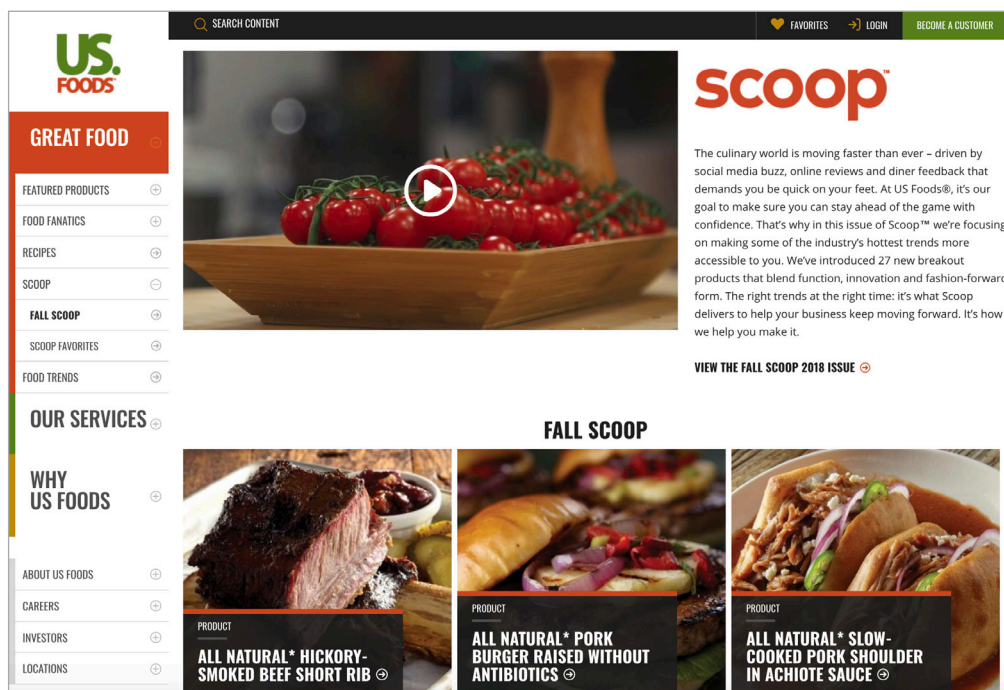
Restaurant chefs and other buyers can find inspiration for menus on the US Foods site.

quarter 2018 financial statement, where it reported that it gained in gross profit and net income even while net sales declined slightly during both the quarter and the 39 weeks ended Sept. 29, 2018. While net sales dipped 0.8% during Q3 to $6.15 billion from $6.20 billion in the year-earlier quarter, gross profit margin inched up to 18.0% from 17.7% as net income increased 19.6% to $114.29 million from $95.55 million.

At the same time, US Foods is using the information it compiles and analyzes on its customers' purchasing records—as well as information on what they display on their own e-commerce sites and mobile apps—to make

A "Forgotten Products" feature in the order-review process helps US Foods customers place complete orders.

personalized product recommendations to both boost sales and generate cost savings. It may recommend in digital alerts to a customer known for spikes in sales during the Super Bowl, for example, to place a bulk order of chicken wings ahead of schedule to store in a freezer and lock in a special discount price.

A "Forgotten Products" feature in an online order-review form uses data on what customers have routinely purchased to list items needed to complete an order, such as boxes of onions and eggplants to fill out an order for bratwurst and related foods.

The value challenge

US Foods also assists its customers in managing their own websites, digital presence and online ordering systems, and by stocking their menus with popular items also helps them to generate traffic to their own sites either directly or through public apps like Yelp.com, Carbonara says.

As US Foods builds out its products and services for restaurants, it also extends what it learns to its other markets through its digital connections with customers, including healthcare and university facilities. "The challenges are different," Carbonara says. Healthcare clients, for example, may require assistance to acquire foods and related equipment to avoid exposure to particular allergens, such as those related to peanut allergies.

"Using digital technology is critical to the value we bring to customers," Carbonara says. ▪

To win online, tailor B2B e-commerce to how you conduct business

B2B companies are experiencing an evolution in their e-commerce efforts. Joining the online selling game later than their B2C peers, many B2B sellers have copied the B2C experience when implementing their own e-commerce presence—taking the "consumerization of B2B" approach.

"It made sense—this idea that the B2B buyer was also a B2C shopper and had come to expect the same consumer-like experience when they were shopping for work," says Troy Cox, vice president, product management at BigCommerce, an e-commerce technology platform provider. "But, in reality, there are inherent differences, and optimizing for those differences is the key to success in B2B ecommerce."

In B2B e-commerce, Cox says, pricing can be more complex. Oftentimes there are multiple buyers who need to go through an approval process, and shipping can be more nuanced because of volume of orders, multiple destinations and freight considerations.

Many B2B companies also tend to overlook the importance of the search function, which Cox says is critical in B2B e-commerce because the buyer is shopping with more purpose than a B2C shopper, who is typically shopping for leisure. "In the world of B2B, products can appear to be very similar—sometimes appearing to vary only by size or color—so buyers need to be able to search by SKUs and part numbers, and search results need to detail key differences," he says.

If a B2B seller hasn't optimized for these unique aspects of their business models, Cox says, they won't see the e-commerce adoption rates they'd expect.

Additionally, many companies have swung the "consumerization of B2B" pendulum too far, he says. "B2B e-commerce promised to drive down cost of sales because it's more efficient, but many B2B sellers became too reliant on the e-commerce experience—losing sight of the value of sales and support people," he adds.

With so many unique business models in the B2B world, Cox says B2B businesses should look toward flexible, cloud-based technologies that support a successful e-commerce experience. "The technology they implement should be open, extensible and customizable," he says. "They should be able to tailor it to their unique business models."

The B2B companies that are excelling at e-commerce, Cox says, are the ones that have implemented a hybrid model of using high-value sales staff combined with robust open technologies to drive efficiencies.

"These businesses are using cloud-based technology to get the search function, pricing, shipping and overall B2B buying experience right," he says. "It's helping them replace low value repetitive tasks and shift support technicians to much higher value, consultative functions in the sales process."

B2B companies winning at e-commerce are arming their teams with tools to do that effectively, Cox says. "They're providing sales teams with mobile apps with the most up-to-date information that they can access anywhere in the field to support their customers and place orders."

Cloud-based technologies can offer a lower cost of ownership, higher return on investment and quicker time to market. "When you're using a cloud-based platform, you can focus on your business and not worry about maintaining it," he says.

Cox says B2B sellers can use technology to disrupt their industry. "Key to that decision is choosing technology partners that are open and extensible so that the technology can adapt to their unique B2B business model," he says. "The power of openness allows the merchant to be competitive and stay competitive."

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PUNCHING ABOVE ITS WEIGHT: HILL & MARKES UPS DIGITAL TO GROW

Serving a 4-state regional market from its base in upstate New York, food-service, office and industrial products distributor Hill & Markes Inc.—a family-owned regional business—is fine-tuning a strategy of competing against giants like US Foods, Amazon Business and Kimberly-Clark.

Core to that strategy is a multifaceted approach to digital commerce and marketing. It's a strategy that Hill & Markes, a company that prides itself on providing personalized customer service for more than a century, is carefully matching to its customers' needs and its own place along the journey of digital transformation.

For e-commerce manager Mike Powers, it's a challenging job. But it's one he relishes—he likes talking about how Hill & Markes is making digital technology work for itself and its customers.

While watching what an industry leader like US Foods is doing—such as providing its customers with mobile apps designed to let them place orders even when inside a walk-in freezer without web access—Hill & Markes is taking similar steps, though ones tailored to a smaller company with fewer resources.

Dealing with 'scary' trends

To be sure, keeping up with technology trends set by large companies can be overwhelming for a relatively small and or mid-sized distributor, he adds. "Margins are tight—it can be scary," Powers says. But by planning well with the right technology platform, he says, a company like Hill & Markes, with less than $100 million in revenue, can be a player.

"US Foods is our benchmark, but we feel we're in a close second in what we're able to do," he says.

In January 2017, Hill & Markes replaced a relatively basic e-commerce site with one running on the CIMM2 technology platform from Unilog Content Solutions, an e-commerce software vendor known for its integration with back-end enterprise software. CIMM2 is designed for integration with back-end enterprise resource planning systems and includes a built-in product information management, or PIM, system for managing consistent product data across multiple selling and marketing channels.

It was a good choice, Powers says, for integrating with Hill & Markes's Infor Distribution SX.e system for managing inventory records and sales transactions; and for providing a website built with responsive web design, which makes content render properly across any mobile or desktop screen.

'In the next two or three years, any type of products we sell in the food service industry will be through a mobile-first transaction.'

Mike Powers, manager of e-commerce and digital marketing, Hill & Markes Inc.

The Unilog platform is also known for its platform's microservices architecture, which uses application programming interfaces, or APIs, to integrate many website functions to any sales channel or third-party application. The cost to deploy the CIMM2 platform from about $50,000 to $250,000 for an annual subscription, according to Unilog CEO Suchit Bachalli.

Mobile orders from the kitchen

In one of its first projects on its new e-commerce platform, Hill & Markes worked with Unilog to develop a mobile app designed to accommodate the way many of its food-service customers need to place orders. "They need a mobile app to place orders from the kitchen, and so we can quickly deliver to them," Powers says.

Providing an electronic and mobile option for ordering under such conditions is becoming the norm expected by buyers, he adds. "I truly believe that, in the next two or three years, any type of products we sell in the food

service industry will be through a mobile-first transaction," he says.

Among many of the company's customers, he adds, ownership is passing over to a new generation that expects the convenience of ordering supplies through mobile commerce. "The new owners ask for the latest technology— everyone's looking for mobile," he says.

Hill & Markes is beta testing the app—including features like ordering by product images—with a few customers and sales reps, and expects to have it in final form ready for download early next year. The cost to deploy the app on the Unilog platform is a one-time fee that ranges from a few thousand to about $30,000, Unilog's Bachalli says.

Getting customers online

Not every customer is ready to place more orders online, either through mobile devices or desktops, however, and Hill & Markes is

developing programs to bring them into the digital world.

For now, the distributor receives about 20% of its customer orders via self-serve e-commerce, 32% via field sales reps and 48% through customer service agents. But it's taking a multi-pronged approach to shifting more customers and orders online.

One of its first efforts is focused on its customer service staff, the source of nearly half of customer orders. For several weeks in the fall of 2017, it ran an incentive program—called SPIFF, or sales performance incentive funding formula—that rewarded agents when they persuaded a customer to place an order through Hillnmarkes.com instead of through the agent.

The incentive rewards replaced the typical compensation agents received for manually entering orders received from customers. For the first order a customer placed online, an agent received $10; for each of three subsequent orders by the same customer, the agent received $5.

By extending the program to four consecutive orders per customer, Hill & Markes figured on a frequency that would get customers well-accustomed to ordering online. "We felt confident that the customer would be comfortable with placing orders online after their second order placed," Powers says.

Sparking online orders, cutting costs

The incentive program worked well, he notes. About a fourth of the customers that participated in the SPIFF program converted to online ordering, bringing tens of thousands of orders online since the program started and putting Hill & Markes on a pace to save about 2,000 hours per year of customer service time, he says.

Now the company is moving along with other e-commerce-based efforts to save up to 25% of customer service as well as other operating costs, and increasing both the number of customer leads and the volume of revenue.

In videos posted to its LinkedIn page, for example, a Hill & Markes product specialist demonstrates such items as a Sterno SpeedHeat flameless food-warming system designed for caterers and a Rubbermaid Spill Mop kit for commercial kitchens and dining rooms. Clicking a "see more" link adjacent to the video takes a viewer to a HillnMarkes.com page where they can see more product specifications and place an order.

A Hill & Markes product specialist demonstrates the Rubbermaid Spill Mop kit in a video posted to H&M's LinkedIn page.

To help customers check the availability of products before placing orders—while also providing a good way to build customer relationships—the distributor also offers a "Click to Check Stock" feature customers can use within lists of frequently ordered products. Before placing an order for, say, three cases of detergent for removing calcium and rust in plumbing fixtures, a customer can click to engage in an immediate live chat session with a customer service agent, who will either confirm the product availability and delivery time or suggest an alternative.

New site, surprising benefits

The new e-commerce site, meanwhile, has brought some surprising benefits. "One of the things we didn't expect to happen, was that a lot of customers and prospects are finding us on Google, due to our improved search engine optimization with content including product brochures and videos," Powers says, adding: "Customers are finding us from outside New York State. They come looking for a 3M product safety data sheet, land on a detailed product page, see our SDS PDF and register as a customer."

Such activity is also opening other windows of opportunity, he adds. In several ways, "we're slowly pushing the needle" with new ventures like YouTube marketing videos and automated direct marketing campaigns. For the latter, it recently ran a targeted campaign through Postalytics.com to send printed fliers, offering its products to 652 wineries, breweries and distilleries in New York State. The Postalytics system provides services for printing custom materials, tracking their delivery

through the U.S. Postal Service, and integrates with Hill & Markes's Hubspot marketing system for scheduling campaigns.

It's too soon to comment on results of the campaign, but a custom URL on each printed flier provides recipients with a landing page for getting more information online and Hill & Markes with a way to track campaign responses campaigns, Powers says.

Hill & Markes also is providing its customers with "punchout" connections to its e-commerce site from their procurement software applications, providing them with purchasing features on HillnMarkes.com while also letting them control

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Hill&Markes recently ran a targeted campaign through Postalytics.com to send printed fliers, offering its products to 652 wineries, breweries and distilleries in New York State.

spending according to the parameters set in their procurement policies.

Up next: Driftbots, better mobile app

Among its next improvements to customer experience is the Roadnet Active Alerts service from Omnitracs, an online widget that lets customers enter their order number and location to quickly view an updated estimated delivery time. The Roadnet widget will result in fewer inbound calls to customer service, freeing up agents to focus on more important issues, Powers says.

Sales reps also have more help on the way from software. Hill & Markes is deploying Drift.com Inc.'s "conversational marketing" application, which speeds up to within minutes the time it takes to forward qualified leads to a sales rep, Powers says.

Drift uses a software bot, or "Driftbot," to engage with website visitors and identify through virtual live chat the best prospects to forward as leads to sales reps. It's designed to replace a system, Powers adds, that would typically take from days to weeks for a prospect to mail or email a form request, get processed through the seller's CRM system, then engage in a phone call with a sales rep.

With many individuals among its new customers and prospects, Hill & Markes is taking such steps as deploying sales tax calculation software to help process high volumes of orders from consumers as well as businesses. Although it ships orders to most customers via its own truck fleet within about 260 miles of its base in upstate New York, it will also work with carriers like UPS

and manufacturers willing to drop ship to Hill & Markes's customers outside of that area.

Pacing the big guys

The distributor also expects to win over more customers—and their long-term loyalty—with things like its feature-rich mobile app. Among the features being tested in its beta version is the ability of chefs and other buyers to take a photo of a product and instantly send it to Hill & Markes to place an order. And if the customer is in a room without web access, she can click to place an order and have the app automatically forward it once the app's back online.

Powers says he realizes that many of his customers also order from major billion-dollar companies with much larger product lines and more services supported by the latest developments in technology like US Foods, Amazon Business and Kimberly-Clark.

Kimberly Clark, for instance, provides bathroom towel dispensers equipped with internet-of-things sensors that can trigger reorders when supplies are low. A similar service might not be far off for Hill & Markes, Powers says, as it explores how it might build into its e-commerce platform and mobile app the ability to scan product specs or connect with Internet of Things (IoT) sensors in, say, a floor-scrubbing machine to reorder online scrubber pads and squeegees.

"As we identify new market opportunities, it helps us keep up with US Foods, Amazon and others— even Kimberly Clark," he says. ▪

XOMETRY TAKES OFF IN ON-DEMAND MANUFACTURING

In more ways than one, Xometry Inc. is using the internet to grow the manufacturing industry.

The marketplace for on-demand manufacturing, which launched in 2014, has more than doubled the number of companies recently that use its portal to buy and sell such services as 3D printing, sheet metal fabrication and other forms of custom manufacturing. Within the past year, the Xometry Manufacturing Partner network has grown to more than 2,400 participating manufacturers that provide on-demand services to a base of more than 10,000 customers, up from fewer than 5,000.

Xometry's customers range from startups to major corporations and large government agencies, including carmaker BMW, diversified manufacturer General Electric Co., the United States Army and NASA, the National Aeronautics and Space Administration. BMW and GE are also investors in Xometry.

3D printing manufacturing

The manufacturers providing services through Xometry's partner network are mostly small to mid-sized companies, some of whom have earned at least $1 million in revenue through the marketplace, Xometry says. PT&R Inc., San Jose, Calif., and Ann Arbor, Mich.-based Zero Hour Parts have each earned $1 million in revenue through the marketplace, Xometry and executives at those companies say.

"There are small machines shops everywhere, but nobody knows they're there," says Randy Altschuler, co-founder and CEO of Xometry. Xometry was founded, he adds, on the idea that it could use the "power of the internet" to help small, as well as mid-size, machine shops grow through a portal that connects buyers and sellers of manufacturing.

It works like this

A customer will upload a 3D computer-aided design model of a product it needs manufactured into Xometry's online quoting engine, choosing several criteria including the manufacturing process, the material such as

aluminum or polycarbonate, and the type of metal finish or other special treatments. Within minutes, Xometry uses its own data on the manufacturing costs to quote a price. Its quoting engine is based on Hoops Communicator and Hoops Exchange software from Tech Soft 3D.

Xometry then forwards the customer's order to a manufacturer in its network that its software platform recognizes as most suitable and available; the manufacturer then decides whether to accept the order.

The system is designed to maximize use of available capacity, helping manufacturers to avoid downtime while also offering buyers a quick response, Xometry says. Xometry also uses CloudSuite Industrial software from Infor to help companies share information and interact on its marketplace.

"Xometry has given us the opportunity to fill gaps in our schedule with jobs that we choose to take on," Brandon Hoag, general manager of Zero Hour Parts, says in a press release issued

Backed by investors including General Electric and BMW, Xometry has more than doubled its number of customers and networked manufacturers in the past year.

'There are small machines shops everywhere, but nobody knows they're there.'

Randy Altschuler, CEO, Xometry

by Xometry. "We are looking forward to the next million."

Xometry's growth surged this summer with its acquisition of on-demand manufacturing company MakeTime, which more than doubled its number of network manufacturers from 1,100 to more than 2,300.

It has also been expanding services to those manufacturers. At the International Manufacturing Technology Show in Chicago in September 2018, Xometry launched its Shop Advantage Program, which enables manufacturers on its network to purchase computer hardware, machine tools, materials and business services.

Suppliers available through the program include computer and I.T. products company Dell Inc., machine tooling company Sandvik Coromat, supply chain services firm Transport Impact, metals and plastics supplier OnlineMetals and financial services firm Manufacturers Capital. At IMTS, Xometry was one of more than 2,500 exhibitors of manufacturing technology and services, including companies like 3D Systems and Proto LabsInc. that were promoting their on-demand manufacturing services.

Xometry has raised $63 million in funding, including $25 million in its most recent funding round announced in July. The latest round came from a group of investment firms comprised of Foundry Group, Almaz Capital, BMW I Ventures and GE Ventures. ■

AN ONLINE CUSTOMIZING TOOL IS HELPING TO SELL SAFETY PRODUCTS

For buyers of industrial safety products, ease of placing orders is essential.

Just ask Missy Taylor, brand manager at Conney Safety Products—a distributor of products ranging from hard hats and safety vests to warning signs and gas-detection equipment.

Customers who need a customized safety product—like a 7-by-10-inch reflective sign warning, "Danger Zone, Hard Hats Required"— don't want to wait through the order and fulfillment process, she says. "They say, 'I just want my sign.'"

But ordering customized items like warning signs and safety vests imprinted with a company logo takes time. It often requires filling out forms detailing a product's criteria—the material it's made of, its dimensions, colors and imprinted messages and logos. That all is passed through multiple departments at a distributor and manufacturer handling sales, customer service and production. In many cases, there's also a third-party company involved to provide message printing or other services.

Now there's another way: Customers can do much, if not all, of that themselves through a new custom product configurator on a self-

service e-commerce site, which instantly forwards the order to the factory floor. That's what Brady Corp., a manufacturer of safety products, and some of its distributors, like Conney Safety Products, are doing.

From custom app to factory floor

On a sprawling factory floor adjacent to Brady's corporate headquarters in Milwaukee, hundreds of machines churn out industrial safety products like "Danger" signs, "lockout tagout" devices for controlling the power source to industrial equipment, and reflective floor-marking tape.

Many of the products are made to order according to customers' specifications, like caution signs imprinted with customized warning messages and illustrations. With the traditional ordering process, a finished

'They say, 'I just want my sign.' '

Missy Taylor, brand manager, Conney Safety Products

customized product would typically arrive at the customer within a handful of days after a buyer placed the order, says Rob Prosser, Brady's director of channel sales.

That might not sound too bad for an order-and-fulfillment process, but as Prosser and Taylor both say, many customers often don't want to wait that long for products that help to ensure safety in the workplace.

A new online product customization tool is changing the order-and-fulfillment process for the better, Prosser says.

Brady and some of its distributors, like Conney Safety Products, a subsidiary of multibillion-dollar distribution company WESCO Distribution Inc., are beginning to take orders for customized signs and other products through an online ordering application designed to sharply cut the time and cost of processing custom orders.

The online tool has cut the order and fulfillment process by more than half—and they're expecting soon to push that even further after a few more tweaks to the process, Prosser says.

The customized ordering application—built and hosted on the internet by Custom Safety Products Inc.—is an example of how distributors and the manufacturers they represent are using website design and technology to address two pressing concerns in commerce: helping their customers handle the purchasing chores faster and easier, and finding ways to stand out among their competition.

In the case of Brady and its distributors, their new customization application was launched by a firm closely affiliated with their operations. Brad Martell, president and founder of Custom Safety Products, or CSP, used his knowledge of the safety products industry and the manual custom-ordering process to launch CSP with a technology team that built the online customization tool.

Customized safety apparel

Online buyers can also can use the CSP application to customize hard hats, high visibility apparel, safety glasses and many other items that are commonly custom-imprinted. CSP, Martell says, is working with many of the suppliers in the safety products industry to "reinvent expectations" around how long it

Safety product manufacturer Brady Corp.sells about

65,000 SKUs

with about 30% of them suitable for personalizing with the CSP application.

should take configure, get a price quote, proof and order a custom safety product. CSP and its trading partners are working to "reduce the custom lead times in the industry by as much as 80%," he says.

CSP's team also developed application programming interfaces, or APIs, to integrate the application with e-commerce and enterprise resource planning systems that manufacturers use to take orders online and manage financial and inventory records. These APIs can also be used to connect the CSP application with third-party printers, when product manufacturers don't handle their own printing service, Martell says.

Brady and Conney don't publicly comment on their cost to deploy the CSP personalization application. According to Martell, the general cost includes a one-time implementation fee, plus a monthly SaaS subscription fee that starts out at about $500 per month depending on the number of product categories a client makes available to its customers.

Brady, with annual revenue of over $1.1 billion and about 6,300 employees, views the customization application as something that will support its growth plans. The manufacturer sells about

65,000 SKUs, with about 30% of them suitable for personalizing with the CSP application.

Going forward, Brady expects to introduce many new products each year as it strives to provide a broader range of what customers need. Many of these will be available for customers to personalize, resulting in more products that Brady can offer to meet customers' specific needs.

In the safety products business, where many products must abide by government regulations from the Occupational Safety and Health Administration, or OSHA, Brady and its customers must ensure that warning signs and other products meet the latest regulations. Having a tool that lets customers quickly orders signs that meet such requirements helps to set Brady and its distributors apart from their competition. "We're looking to constantly innovate," Prosser says.

At Conney Safety, the personalization service also helps to retain customers, who can more quickly order what they need from a single website rather than having to order from multiple suppliers, Taylor adds. "It differentiates us from the competition, by making the buying experience as easy as possible for customers," she says. ■
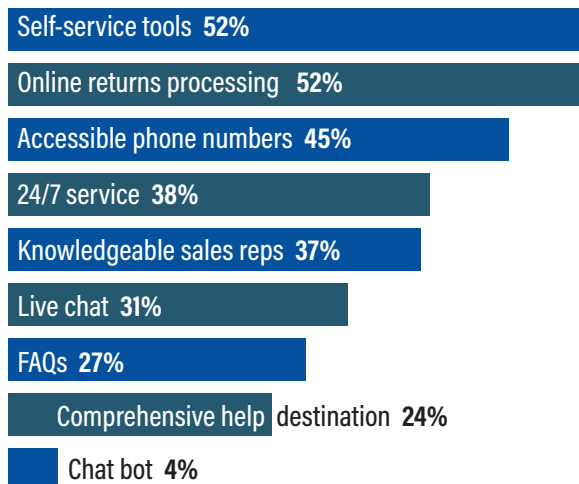
RESEARCH TRENDS

PUTTING A HIGH PRIORITY ON DIY CUSTOMER SERVICE

More than 50% of B2B buyers rate self-service customer service tools as very important. Equally very important to corporate purchasing agents are easy and convenient online returns processing and easy-to-find toll-free phone numbers.
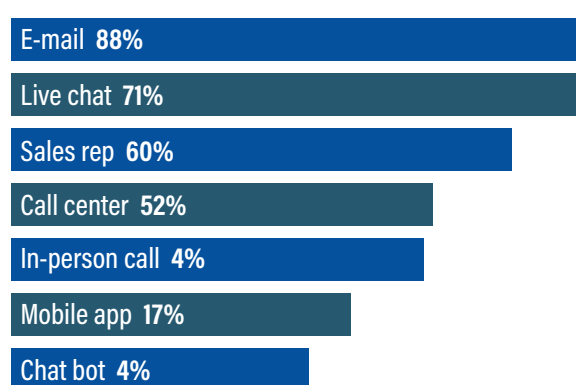
THE B2B CUSTOMER IS ALWAYS RIGHT

How important are each of these features to ensuring a positive customer experience? (Percent of respondents choosing features as "very important.")

- Self-service tools **52%**
- Online returns processing **52%**
- Accessible phone numbers **45%**
- 24/7 service **38%**
- Knowledgeable sales reps **37%**
- Live chat **31%**
- FAQs **27%**
- Comprehensive help destination **24%**
- Chat bot **4%**

Source: B2BecNews B2B Buyer Expectations Survey

BUYERS PREFER E-MAIL FOR SERVICE

How important are these features to ensuring a positive customer experience? (Percent of respondents choosing features as "very important.")

- E-mail **88%**
- Live chat **71%**
- Sales rep **60%**
- Call center **52%**
- In-person call **4%**
- Mobile app **17%**
- Chat bot **4%**

Source: B2BecNews B2B Buyer Expectations Survey

HOW BIG B2B COMPANIES ARE GOING DIGITAL

Services firms are taking the lead among B2B companies in digitizing their commerce operations, followed by manufacturers and distributors. And the larger the company, the faster it's digitizing its commerce operations to personalize and streamline the buying experience for customers. That's according to an international survey of more than 700 executives at B2B companies conducted by Hanover Research for PROS Inc., a provider of digital technology and services.
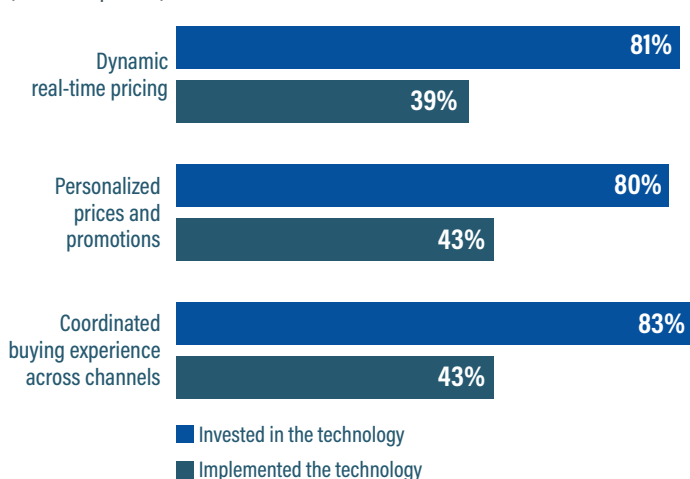
A B2B TIMELINE FOR GOING DIGITAL
(% of companies, by industry)

	Digital transformation underway	Digital transformation planned in next 12 months
Wholesale distribution	50%	43%
Discrete manufacturing	55%	38%
Process manufacturing	56%	40%
Services	71%	23%
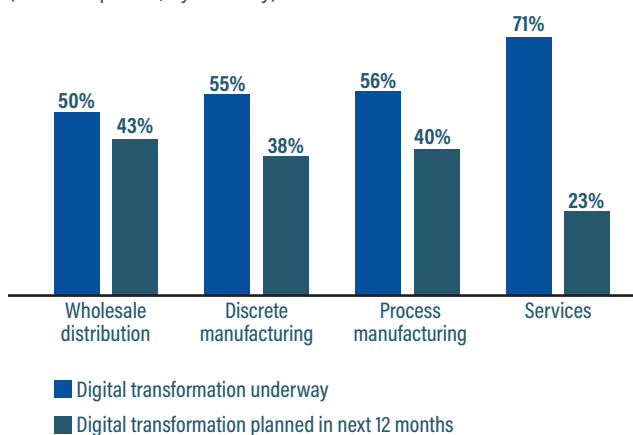
DIGITAL TECHNOLOGY INVESTMENTS
(% of companies)

	Invested in the technology	Implemented the technology
Dynamic real-time pricing	81%	39%
Personalized prices and promotions	80%	43%
Coordinated buying experience across channels	83%	43%

TARGETED GOALS OF GOING DIGITAL
(% of companies, by annual revenue)

	$5 billion+	$1B - <$5B	$500M - <$1B	$250M - <$500M
Streamlining the customer buying experience	87%	81%	75%	70%
Enabling coordinated buying across channels	82%	80%	70%	70%
Reducing costs through automation	81%	79%	75%	68%
Increasing revenue through new channels	81%	79%	75%	68%
Delivering personalized offers to customers	82%	77%	69%	66%
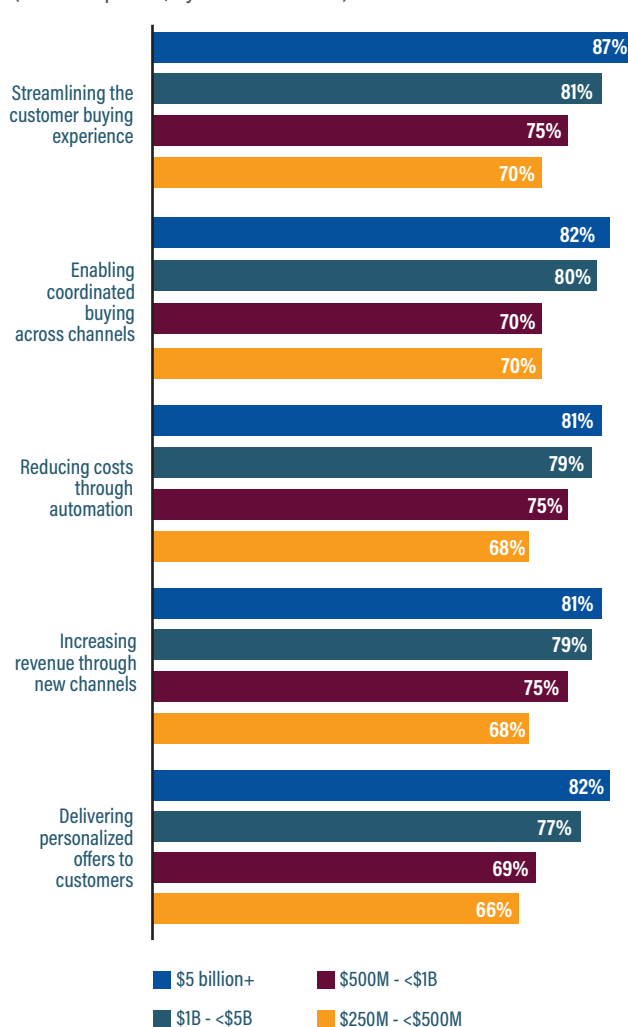
Source: PROS Inc., Hanover Direct

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