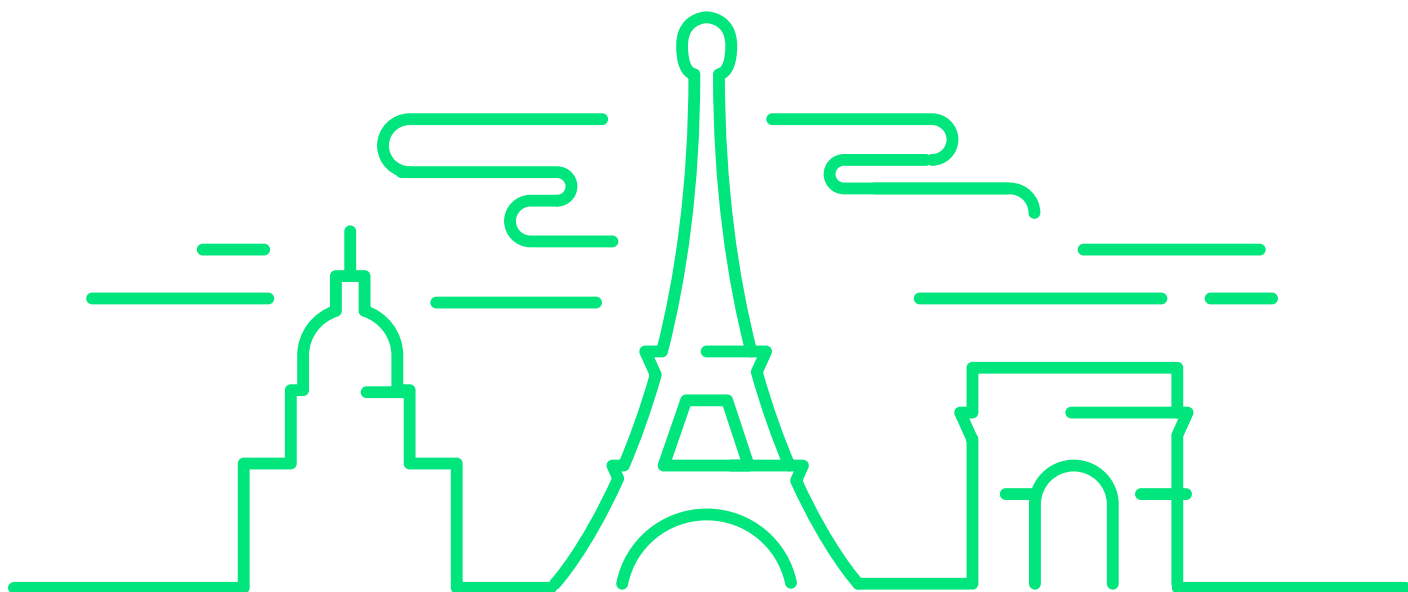


# The Future of Direct Selling



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# Introduction

The future belongs to direct selling. Why? Because changes on the labour market, new consumer behavior and technological revolution create the perfect environment for the business. Customers are fed up with bulk messages and mass products - they want one-to-one relationships with real, human salespeople, who can recommend the best products and engage deeply. Also more and more people, especially younger ones, value their independence at work. Millennials prefer self employment and flexible hours, they like the idea of being one's own boss. Working in direct selling business guarantees all that, in contrary to a standard 9-to-5 jobs. Direct selling suits the needs of both the consumer and the worker of tomorrow.

The future of direct selling will be:

- technological
- digital
- robotized
- social
- shared
- emotional
- exciting

Let's talk about it in Paris. During WFDSA we will exchange best practices, discuss the latest trends and inspire each other. [See details](#)

# The era of direct selling is here

Future belongs to direct selling

## The era of direct selling is here

As with all previous industrial revolutions, the one currently underway – fourth overall<sup>1</sup> – will turn the world upside down. There are many signs that this period will be the golden era for direct selling.

Anticipated changes to the labour market structure will mean that direct selling will become an even more attractive form of employment. At the same time, new consumer trends and the expectation of personalized service will raise the attractiveness of purchasing through direct selling companies compared to traditional stores. In addition, technology gives the industry the tools necessary to manage relations with consumers more efficiently and effectively and to facilitate the ordering process. In short, the era of direct selling is upon us.

Although the sales industry has traditionally been extremely conservative and resistant to change, direct selling, positioned right at consumers' fingertips, must react to changes much more quickly.

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1 [https://en.wikipedia.org/wiki/Fourth\\_Industrial\\_Revolution](https://en.wikipedia.org/wiki/Fourth_Industrial_Revolution)

## New face of labour

According to the report prepared by the OECD (Organization for Economic Cooperation and Development), as many as 7 percent of people are currently at risk of technological unemployment<sup>2</sup>, whereas data presented by Adecco employment agency indicates that as many as 50 percent of positions may disappear in the near future, as robots will be able to perform the work efficiently.

Despite the fact that journalists and experts have long been forecasting coming changes related to the automation of labour, evidence indicates that the prediction is only now becoming a reality. We can see such automation being implemented on a large scale for the first time. A Chinese factory in Dongguan has replaced 90 workers with robots, the result of which has been an increase in efficiency by 250 percent<sup>3</sup>.

Among the professions that will be at risk because of this phenomenon in the upcoming years are professional drivers. Autonomous cars produced by Waymo, Google's daughter company, are to enter the commercialization stage no later than 2020.<sup>4</sup> Even now the states of California, Nevada, Florida and Michigan have legalized the tests of autonomous cars on public roads. In practice, this means that driver-free cars are already traversing the roads in those states. The first press reports to this effect appeared as early as 2013 and 2014. It does appear, therefore, that drivers are another group of professionals who may lose their jobs due to the development of technology.

## Not only physical labour

Although it is commonly believed that automation threatens primarily the more repetitive, mechanical activities and physical labour, the reality is that the jobs of white collar workers may be at risk as well. In January, Fukoku Mutual Life, a Japanese insurance com-

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2 [http://admin.polskieforumhr.pl/dir\\_upload/site/70c12353731d477c8cda0204c7564695/raport2017.pdf](http://admin.polskieforumhr.pl/dir_upload/site/70c12353731d477c8cda0204c7564695/raport2017.pdf)

3 <http://tech.wp.pl/farbyka-zastapila-90-procent-pracownikow-robotami-produktywnosc-wzrosla-o-250-procent-6087155606073985a>

4 <https://en.wikipedia.org/wiki/Waymo#Commercialization>

pany, replaced 34 analysts with an IBM Watson cognitive machine<sup>5</sup>. In the company's opinion, its implementation will improve productivity by 30 percent and save YEN 140 million (approx. USD 1.250 million) per annum. According to a survey conducted at the economic forum in Davos in 2014, 80 percent of attending experts believe that technology is currently the most important factor affecting the availability of jobs.

We have seen, then, that both blue collar and white collar workers are currently at risk of technological unemployment. By its very nature, this is a temporary phenomenon. The introduction of a steam weaving machine and the technological improvements that followed has not led to majority unemployment today. On the contrary, in many countries less than 1 in 10 people fit for work is looking for employment. Eurostat data indicates that unemployment in the euro zone is at 9.6 percent, and in the entire European Union even lower – 8.1 percent. In Poland, 8.6 percent of all those fit for work were unemployed in January<sup>6</sup>. However, the temporary loss of work to many can be expected from onset of any significant technological revolution.

## A silver hair revolution

Labour market is also affected by demographic trends, primarily those related to the development of medicine and the ageing of the population. A report prepared by the UN indicates that in the years 2015-2030 the number of people over the age of 60 will increase by 56 percent (from 901 million to 1.4 billion), whereas by 2050 it will nearly double to 2.1 billion. For countries which base their pension systems on ideas developed and implemented in the 19th century by Otto von Bismarck<sup>7</sup>, this means the need for extreme, often painful changes. A clear illustration of this point can be seen in Poland's, last presidential campaign, in which a change of retirement age was a key issue.

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5 <https://www.theguardian.com/technology/2017/jan/05/japanese-company-replaces-office-workers-artificial-intelligence-ai-fukoku-mutual-life-insurance>

6 <http://businessinsider.com.pl/finanse/gus-stopa-bezrobocia-bezrobocie-w-styczniu-2017/9ghez7q>

7 [https://pl.wikipedia.org/wiki/Otto\\_von\\_Bismarck](https://pl.wikipedia.org/wiki/Otto_von_Bismarck)

At the same time, thanks to the development of medicine, people continue to have longer lifespans. In Poland in 2000, the average life expectancy was 73.7 years. In 2015, it had increased to nearly 77.5 years.<sup>8</sup> Data for the rest of the world looks similar – life expectancy has increased even in Afghanistan, where in the year 2000 the average life expectancy was 54.8 years, rising by 2015 to 60.5 years. Average life expectancy in Brazil increased by 5 years between the years 2000 and 2015, from 70.1 to 75 years.

In developed countries the lifespans are even higher, and there also we continue to see increases. In the case of Germany, the average life expectancy was 78 years in 2000 and 81 years in 2015. The French live even longer – in 2000, the average life expectancy was 78 years, whereas in 2015 – 82.4 years. In the USA, the average life expectancy increased from 76.8 years in 2000 to 79.3 years in 2015. The British increased their average life expectancy from 77.8 years in 2000 to 81.2 years in 2015. The trend is also visible in Russia, where the average life expectancy increased from 65 years in 2000 to 70.5 years in 2015.

With the current model in place, the number of seniors to be supported by those of working age will grow dramatically. It is a difficult challenge for declining populations; therefore the global trend is to increase the retirement age and encourage seniors to remain professionally active as long as possible.

However, the perspective of longer employment of seniors is often a welcome prospect for employers, who view the work ethic and behaviour of members of generation Y as a challenge to the traditional model of operating a business.

## Millennials – who is afraid of whom

Raised in the world of new technologies and social media, Millennials (the generation born between 1980 and 1994<sup>9</sup>) are viewed as a generation with a demanding attitude, but also one marked by creativity, bringing a breath of fresh air to the labour market.

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8 <http://apps.who.int/gho/data/node.main.688>

9 <http://www.newsweek.pl/polska/kim-sa-milleniarsi-jacy-sa-mlodzi-polacy-artykuly,359588,1.html>

Studies conducted by MSLGroup<sup>10</sup> indicate that this generation has been turning many paradigms on their heads and instead of arguing over ideas and global problems (such as healthcare), faces the small challenges of the surrounding world (such as voting to ban sweets in school shops).

Millennials shift the sense of empowerment to the professional arena. Data obtained by Forbes indicates that even as many as 72 percent of members of this generation do not wish to have a career within the traditional meaning of the word, associated with a hierarchy of positions, 8-hour work day, and brew from the coffee machine in the company kitchen. Instead, they prefer lower wages and the freedom that comes with professional autonomy and work as a freelancer or independent contractor<sup>11</sup>. Due to the lower entry barrier and direct correlation between work put in, wages earned and flexibility, millennials more and more often tie their future to direct selling.

## Universal career

Due to close, interpersonal relations on which it is based, direct selling is a business resistant to automation. At the same time, the low entry barrier can be encouraging to those whose employment is threatened or has ended due to job qualifications which do not meet the demand of the labour market. Both the analyst fired from a bank and the 60-year-old employee whose job has been terminated prior to his or her ability to retire may become involved in direct selling.

Direct selling requires empathy above all, not necessarily physical strength or special skills. The flexibility it provides is appreciated by both young people and, for example, single mothers who need work hours to accommodate their children's schedule.

The openness of this form of employment is appreciated by traditionally excluded groups,

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10 <http://www.mslgroup.com/news/2014/20140916-future-of-biz-citizenship.aspx>

11 <https://www.forbes.com/sites/louisefron/2015/12/13/why-millennials-dont-want-to-work-for-you/#7808820b1bef>



e.g. immigrants. The Financial Times notes that in 2012 even as many as 90 percent of new Amway distributors in Great Britain used English as a second language<sup>12</sup>.

The popularity of direct selling grows among millennials as well. According to the data presented by the Direct Selling Association, between the years 2013 and 2015 the number of workers under the age of 25 in the direct selling industry has grown by 16 percent and represents as much as 22 percent of all sales agents<sup>13</sup>.

In this context, it is worth noting that millennials are not only employees, but also customers.

## The time of dissatisfied customers

According to a Walker study, by the year 2020 customer experience is to overtake price and product as the key decision-making factors.<sup>14</sup>

Traditional retail has already noticed this trend and intensively tries to make up for its past failure to exploit modern technologies for the purpose of improving the customer experience. Data obtained by Business2Community indicates that the majority of companies manage to turn only 33 percent of buyers into regular customers. For companies that operate based on the omnichannel model, however, this percentage increases up to 89 percent.

One of the key methods for building the omnichannel experience is personalization through the appropriate choice of tools. Accenture data shows that 56 percent of clients are much more likely to make a purchase from a retailer whom they recognize by name, who recommends products based on past purchases (58-65 percent) or even offers several options based on purchase history<sup>15</sup>.

At the same time, 74 percent of customers feel frustrated when content is not personalized,

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12 <https://www.ft.com/content/c0176c2e-9dfc-11e2-9ccc-00144feabdc0>

13 <http://smallbusiness.co.uk/more-young-people-getting-involved-in-direct-selling-2493426/>

14 <http://www.superoffice.com/blog/customer-experience-statistics/>

15 <http://www.evergage.com/blog/consumers-want-personalization-stats-roundup/>

and 77 percent are willing to pay more for a better purchasing experience than offered by the competition<sup>16</sup>.

All technological solutions in this field are aimed at simulating, to the greatest possible extent, direct contact with a retailer who has good knowledge of offered products and is able to advise the customer. This aspect is probably the most important element of direct selling – direct and real contact of customer with retailer. Therefore, the offer is always personalized and suited to the customer, thanks to a conversation and personal interaction.

Changes in the labor market, changes in the workforce demographic, changes in customer expectations, changes in technologies: all of these together signal a major change in marketing and sales. The sum of all these factors unequivocally indicates that the golden age of direct selling has arrived.

## Technology changes the face of direct selling

The key to success are new technologies. Tech-savvy Millennials are well prepared to build their networks using such tools as Facebook or Snapchat. More and more instruction videos on direct selling, customer acquisition, sales techniques and distributor network management continue to be uploaded to YouTube.

In order to reach and serve millennials and their successors, businesses must develop the same technological savvy. It has become necessary to create sales platforms that are convenient to this demographic: immersed in modern technologies, engaging, intuitive, connected with social media and omnichannel.

It is the application of new technologies that makes it possible for businesses to realize the enormous potential that is open today to the direct selling industry, by adopting a strategy which employs the best of both worlds – traditional sales based on close, direct relations and modern e-commerce solutions.

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16 <http://www.evergage.com/blog/consumers-want-personalization-stats-roundup/>

# 2017 and beyond direct selling trends: insights from 5 world-class experts

We have invited five direct selling experts to share their insights on the future of the sector. How will it? What trends are shaping it? What are the greatest challenges it faces?

All our interviewees agreed on several issues. Most importantly, new technologies and social media exert an immense impact on direct selling, as they take the process of building and maintaining relations (i.e. the eternal and invariable core of direct selling) to a new level. Simultaneously, the situation requires sellers to change their approach to managing their image, as it comprises what they publish online, even privately, as well as what the customers write about the products they offer.

Personalization seems to be the greatest challenge faced by direct selling. Contemporary tools allow for collecting more information about the customers, to get to know them better and to adjust the offering, forms and channels of communication, and even the product itself, to the preferences and needs of a specific person.



## Vito Casetti

Businessman and networker with 20 years of experience

**“Technologies are changing the world”**

### **How will direct selling evolve in 2017?**

The growth of social selling, i.e. sales based on a relationship established with a customer, will be a very important aspect. In this case, a strong personal brand is essential, as is using content that is properly adapted to the customer's individual needs.

### **What business tactics will succeed and which ones will fail?**

In my opinion, personalized communications will be more effective, while selling on a completely cold market and relying on traditional telemarketing will prove less successful.

### **How will direct sellers build relationships with customers?**

The modern salesperson should keep developing all the time, especially as far as their interpersonal skills are concerned. Only the ability to quickly assess another person and their needs, as well as the added value, such as educating the customer, will create a more lasting relationship with the brand.

### **How will new technologies impact direct selling?**

Technologies are changing the world. Modern software makes it easier for sellers to reach customers online versus the standard “door to door” approach. Apps will also make it possible to build and establish, in a more efficient manner, relations with a larger number of customers.



## **Hakki Ozmorali**

Principal at WDS Consultancy, publisher of The World of Direct Selling

**“Digitalization, compliance and public image are the top-priority issues”**

### **How will direct selling evolve in 2017?**

Over time, direct selling certainly has evolved in a positive direction and my expectation is that it will continue to do so in 2017 as well. That being said, digitalization, compliance and public image will still be the top-priority issues, as they have been during the past few years.

### **What business tactics will succeed and which ones will fail?**

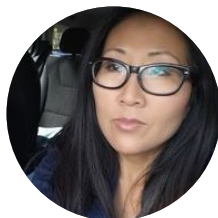
In my opinion, any strategy or tactic will be bound to fail if it does not take into account those three important issues: digitalization, compliance and public image.

### **How will direct sellers build relationships with their customers?**

I would prefer to address this as “how we should”. And that is, we need to know our customers, both our consultants and non-affiliated end-users, much better and we need to find the ways to establish long-term relations with them. At the end of the day, the industry has all the data, the tools and the methods on hand to achieve this. It is only a matter of commitment.

## **How will new technologies impact direct selling?**

Immensely! What we talk about is a paradigm shift. The Internet has been providing the platforms and the tools to expand the relationship building and direct selling activity into the virtual world. This obviously impacts doing business both at home offices and in the field.



**Lotta Spjut**  
OneLife IMA

## “Have a strong brand”

### **How will direct selling evolve in 2017?**

Network marketing is already a very big business and it will continue to grow. I don't have any political thoughts about the new US president Trump. What I do think is that network marketing will grow in the US because Trump is really positive towards this kind of business. In Sweden for example there is a long way to go to for direct selling to gain acceptance as a „real“ business and profession. People here lack knowledge in the area and don't want to learn. It is too bad because direct selling is a great opportunity for many people without work. People often associate direct selling with pyramid schemes, which is a bit of a Stone Age belief. All companies are structured like a pyramid and few people want to acknowledge that. With new generations I believe this feeling will change.

### **What business tactics will succeed and which ones will fail?**

Social media is a huge part of our lives and is here to stay but the most important thing is to build relationships. You can connect with more people with social media but it will still be important to establish personal relationships with the people you meet. Also it will be more and more crucial to have a strong brand. To build faith in your brand and don't have a product that is one in a million.

### **How will direct sellers build relationships with customers?**

As always, give information and facts and understand customer's needs. Find the needs

and make the customers feel that you have a solution if they want it. If not, it is their choice.

### **How will new technologies impact direct selling?**

Whether we want it or not, technologies are here to stay. Internet shopping is increasing and the network companies that understand that together with building relationships will be the winners. Mobile applications will be the next homepages and companies with a great app are prepared for the future.





## **Ewa Knotz**

Independent Sales Director, awarded in all loyalty programs, has been working for the same company for 13 years now:

**“Customers prefer to buy online because they are short on time”**

I have been working in the direct selling sector for 13 years now. My professional life is tied to an American beauty products company, and I am faithful towards my employer. I rely on the belief that being faithful to one brand is the best advertisement of my product. When I was beginning my professional career, direct selling was not very well known. Selling a new brand that was not backed by a TV and press advertising campaign was a real challenge. The direct selling market has changed a lot over those 13 years. Sales depend on the economic situation in Poland and abroad, and on many other factors. I remember a big slowdown in 2008. Even then, the business group I was the head of recorded one of the best results. I quickly grasped that given the stock exchange plunge, people were not willing to spend too much on cosmetics, but are able to spend small amounts of money to make them feel better, e.g. by buying a lip gloss.

### **How will direct selling evolve in 2017?**

My forecasts concerning the shape of direct selling in 2017 are quite obviously based on 2016. I have been observing, for over a year now, how deeply the Internet affects our lives, not only in terms of sales, but most importantly, in terms of seeking opinions. Lack of time is another factor that affects sales. The sheer amount of work and other duties customers are faced with means that customers prefer to shop online. The products they order are delivered to their homes and can be sent back if necessary. The money back guarantee is

a strong stimulus encouraging compulsive shopping. Direct sales companies guarantee to refund your money should the customer be dissatisfied.

A large number of my female customers who love our products are looking for ways to save. They buy less because of money shortages, but they have also become more minimalistic due to time constraints. They are looking rather for one creme instead of a complete line of cosmetics. On the other hand, I have been observing, for a few years now, that people no longer are equally interested in taking up another job. This impacts the revenues of our sector the most.

With that said, I think that 2017 will be a year where businesses that will be willing to share their profits by taking on board more consultants than they were employing previously.

### **What business tactics will succeed and which ones will fail?**

Based on my experience, a lot of women who joined my company had not been willing to work more hours initially, claiming lack of time as the main reason. Once hired, trained and equipped with proper knowledge about our beauty products, they often became better sellers than those who were focusing on working hard from the very beginning. The biggest challenge faced by sales people will consist in explaining why it is worth “entering” a given company. It is important to be able to explain that the advantages of belonging to a specific group, such as for instance the possibility to exchange products, getting cheaper products without sacrificing quality, being cared for by a senior consultant, as well as getting trained and educated according to current needs, by far outweigh the ability to make money.



## Marek Sodolski

Sales & Marketing Vice President, e-point:

**“Times of transparency and social media - a new level of personal brand management”**

### How will direct selling evolve in 2017?

I am convinced that our sector is in for quick growth and that the number of businesses active in the direct selling industry will grow. It is much easier to enter the market today than it was in the past. The IT tools that make the market debut possible are readily available. One may choose from a wide array of options and find software that will ideally support our business model by suiting its exact needs and without exceeding the budget.

The approach to products has changed as well - they have become more personalized these days. It is easier to find individualized product lines, with lot sizes being as small as one exclusive piece only. This means that it is easier to test new products by launching pilot lines and by quickly collecting reliable market feedback. It was impossible to conduct a survey among all of your customers a little more than a decade ago. Today, tools are available that allow us to send an automated e-mail message following a purchase, as well as to conduct a customer satisfaction survey and collect opinions on what aspects of the product or of the shopping experience may be improved.

Social media is the third important factor that stimulates the growth of the sector, as it makes it easier for us to reach our customers and consultants. According to the Direct Selling Association, 68 per cent of American consumers cannot come to terms with the fact that e-commerce does not allow them to touch, see or try out the product before the

purchase. On the other hand, 40 per cent of customers learn about new products from social media. The solution is obvious - customers should be found online, and arrangements should be made to hold a presentation.

### **What business tactics will succeed and which ones will fail?**

Relationship building has always been the foundation of direct selling, although the methods by means of which customers are reached are changing. It is necessary to get to know the customer, their habits and preferences better. Therefore, sending the same catalogs or mailing messages with unmatched content to all of them makes no sense. Simple CRM systems enabling businesses to collect customer and supplier data are available free of charge. So, why not use them?

A separate method and a different narrative have to be worked out for each generation, for each group. This will not be possible without collecting relevant data.

### **How will direct sellers build relationships with customers?**

We live in a time of complete transparency - information about the product or salesperson's promises may be verified with a few clicks on a smartphone.

Opinions about us, our own statements and declarations, products that we guarantee with our names - all that is preserved online. That is why managing your personal brand rises to a completely new level and becomes the foundation of business in direct selling. A salesperson notifying followers about their meetings via Instagram, discussing products on YouTube and supporting customers on Facebook? It is a necessity in this business.

### **How will new technologies impact direct selling?**

We will experience current trends (such as distance learning, social media as a tool for conducting research and recommending products, or mobile shopping) gaining in importance.

Tests are under way in which drones are used to deliver products - shortening waiting times and reducing cost. During a video conference on Skype, a consultant may send a few samples to a customer, and these will be delivered before the conversation ends.

Product personalization will be deepening as well. Amway already offers a line of diet supplements that are perfectly suited to your genetic profile. 3D printers may offer a real breakthrough here - the customer will be able to quickly print a prototype or the final product.

The trends involving our working habits will be important as well. The degree of work automation increases, meaning that a standard 9-to-5 job may become a thing of the past. According to Adecco, 30% of EU and US employees are freelancers. For such people, direct selling is simply another source of income used to boost their regular budgets.

## To sum up

2017 forecasts for the direct selling sector are optimistic: one should expect that the business will keep growing by skillfully relying on new technologies, as well as on personalization data and tools.

Those businesses that will find a way to create added value, not only for customers, but also for consultants, will grow as well. However, a different narrative, separate tools and reach methods have to be sought for each of those groups. The more information about our customers we are capable of collecting, the easier it becomes to get to know and to understand them. That is why the need of personalization is increasing, not only as far as communications, but also where the products themselves are concerned. Technical advances facilitate short production lots and allow sellers to adapt the products, as much as possible, to the needs of a specific recipient. Such an in-depth 1-to-1 approach has been the factor distinguishing this sector for a long time now.

Customers are shopping differently. They have less time and are looking for quick, simple, comfortable solutions that most importantly must be suited to their individual needs.

Working on their own image in the era of social media, user-generated content and easy access to information will be the greatest challenge faced by salespeople. Customers will be able to easily verify each person or product simply by looking at reviews posted by other users.

# How to attract millennials to your direct selling business

Recruiting new customers and distributors is the lifeblood of every direct selling business. So why not expand your network by adding more millennials?

They participate in the market both as consumers with increasing buying power and as potential employees who will comprise up to 75% of the workforce by the end of 2025. Companies - not only in the direct selling business - must adapt to the changing demographics.

Maybe you've tried to address this group before and failed. Maybe you're scared of Generation Y's bad reputation - they're considered lazy, entitled, disrespectful towards authority, and disregarding of work culture. Millennials, on the other hand, are always online and connected, are digital natives fluent in technologies, and are the generation of entrepreneurs who can help you conquer new territories. But first you have to reach them. Here's how.

## 1. Learn their language

Do you understand the millennials' style? Playful and immersed in technologies. Young people enjoy tech novelties, digital gadgets, instant messengers, mobile apps, and gaming. That's their natural environment for interacting with brands and friends. 87%<sup>17</sup> have their smartphone constantly within arm's reach, spending on average 25 hours per week online<sup>18</sup>. Truly, the most digitally obsessed demographic!

Also, research shows that they prefer to text, not talk, so when you want to engage in

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17 <https://www.thinkwithgoogle.com/articles/win-every-micromoment-with-better-mobile-strategy.html>

18 <http://harvardpolitics.com/books-arts/grown-stay-next-generation-small-screen/>

direct conversation with a millennial, write! Instant messengers or chat apps are less intrusive and correspond better with the millennials lifestyle. According to a 2014 Gallup's poll<sup>19</sup>, text messages are outranking phone calls as the dominant form of communication between young people. About 68 % of people aged 18-29 texted "a lot" on the day before the poll, compared to 47 % in a group of 30 to 49-year-olds. Among millennial workers, text or email is preferred mainly because of a much lower risk of misinterpretation. What's more, text can be stored and re-read later.

This generation wants to be engaged in discussions with the brands they like. They want to be active co-creators, not just passive recipients who consume marketing messages and then buy what they are told to buy. As Forbes points out, 62% of millennials claim that they are more likely to buy products if the brand engages with them in social networks like Facebook.<sup>20</sup> It is a challenge for companies to rethink their strategy and talk with customers on an equal position, but it is definitely worth it.

When you use polls to ask a millennial's opinion, listen to what he or she has to say, react to it, and show that you care. Just let them know that as consumers or as sellers they co-produce, not just follow the beaten path. They'll be happy to give you their feedback and help you innovate your business. Inspiring success-stories of crowdfunding platforms like Kickstarter are the best examples of high engagement of millennials into product and service development, even from the very beginning.

## 2. Understand how they shop

Millennials are going to be the most dominant group of shoppers in the upcoming decade. They buy online, using price comparison engines and social recommendations (real people's feedback seems more reliable than official company websites). Most essentially, they hate being sold to. Having been bombarded with omnipresent ads all of their lifeti-

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19 <http://www.gallup.com/poll/179288/new-era-communication-americans.aspx>

20 <http://www.forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennial-consumer/2/#61ae5ca42b82>



me, they grew immune to the salespeople buzzwords.

Millennials research products before they pay and tend to buy on an impulse. Does this sound like a paradox? Not necessarily: when they need something, they just search for it, read a couple of reviews and buy instantly. Because millennials value bargains and are a very price-sensitive group, they shop right now when they see a good offer. Wherever they are - the shopping process, or at least a part of it, often occurs on mobile devices. Almost half of the generation has downloaded a shopping app on their smartphone<sup>21</sup>. In fact, 87% of them use between two and three tech devices on a daily basis and 39% are going to purchase a tablet computer in the next five years.

Millennials are impatient and have a short attention span - if they don't buy now, they won't buy at all. Long buying cycles don't happen - if the need fades away or is handled otherwise, the purchase becomes irrelevant. It's either instant gratification or nothing.

So are they brand-hoppers with only current need in mind? Not really. According to Forbes, 60% of them are loyal to brands that they use or purchase frequently. They are going to buy the same brands as they grow up and get better jobs, so if you would like to connect with them, there is no time to waste.

### 3. Appeal to their values

Millennials are natural born direct sellers - all you have to do is to make them realize it. This generation looks up to startup founders and freelancers who working flexible hours without a boss over their heads. Raised on the stories of disruptive entrepreneurs who questioned the status quo, they want independence and freedom, not rules. As a Bentley University study reveals, 66% of millennials want to start their own business, and 37% want to work on their own. They don't believe in climbing the corporate ladder till the retirement.

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21 <http://www.forbes.com/sites/kylewong/2015/07/08/what-mobile-shopping-apps-are-most-popular-with-millennials/#7faaab104de6>

According to recent PwC study about millennials reshaping workplaces, independence is one of the most important values for young adults. They are interested in gaining interesting experiences like working in less developed country (53% globally) or changing the country they live in (71% globally). What's more, they are interested in flexible work hours (38%) and choosing places to work remotely (more than 20%).

Thus, direct selling is a perfect option for them: low entry barrier, training offered, and the possibility to work part-time, from home, online, and using social media which is their natural environment. It can become a vital career step: they can learn entrepreneurship without taking on any risks associated with funding and running their own company. And they gain knowledge without having to get involved in traditional, corporate company structures, which they can't stand.

A direct selling business offers millennials the independence they crave and resonates with their idea of the perfect job!

## 4. Sharing, not selling

Young people might associate direct selling business with someone going from door to door with a suitcase; an odd figure they remember from their childhood. Show them that these times are long gone and today sales happen mostly in social media and online since these are now the most effective channels.

For millennials, sharing their findings in social media is a natural reaction - if they like something, they instinctively share, pin, like, tweet, snap, forward, or comment to tell the world about it. So a direct selling business actually lets them get paid for doing what they already do - spreading the news about the products they like. Millennials define themselves by their social media presence<sup>22</sup>. As their parents used to look into photo albums to remember key events in life, millennials simply scroll down their Facebook feed. They keep

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22 <https://www.ama.org/publications/MarketingNews/Pages/What-Marketers-Need-to-Know-About-Millennials-in-2016.aspx>

and share their resumes (via LinkedIn) or information about music preferences (using Last.fm or SoundCloud).

How do you leverage millennials' willingness to share in your direct selling business? Firstly, your website has to be social-media friendly. Put integrations that enable content sharing in one place - make it easy to publish products or offers on social media instantly. Secondly, you need to produce valuable content your millennial audience will want to share because it's useful, relevant or funny. Instead of dry product descriptions, add some how-to posts including your offerings or infographics that involve the need your products addresses. Focus on your customers' needs and problems, things they want to learn more about, not on talking louder and louder about yourself. It is essential to share something, for example, knowledge, before you try to sell something. According to consulting company PwC, access to service is equal to ownership for 57% of American adults<sup>23</sup>. Create materials that will be a good starting point for the discussion and encourage your users to generate content (think of contests or rewarding product rating and reviews).

Imagine you sell cosmetics. Publish make-up tips, video tutorials, polls about celebrities' recent looks, educational blog posts about how cosmetics are made, quizzes that help someone choose the perfect eyeshadow. Ask for photos of your customers' make-up, for their beauty routine tips, feature them and promote them in your channels so your followers feel acknowledged and recognized.

This philosophy extends to other areas as well. Your communication must be about a true relationship, trying to help your audience and listening to their feedback. No millennial will enter an organization that encourages them to sell hard and bombard their friends or followers with the most-hated salespeople talk. In other words, you need valuable content and social presence not only for your millennial customers, but also millennial sellers who want to participate in a community, contribute actively and identify with brand messages.

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23 <https://www.pwc.com/us/en/technology/publications/assets/pwc-consumer-intelligence-series-the-sharing-economy.pdf>

If you don't feel social media and can't establish a meaningful connection with the audience in this channel, try to hand your accounts to someone else. For example, maybe an influencer can take over your channels for a week? Just research him/ her well before reaching out.

## 5. Don't forget about mobile

As the most mobile generation<sup>24</sup>, millennials will most likely visit your website on their mobile devices, so responsive web design (RWD) is vital. And remember that it applies not only to your website, but also to landing pages and emails.

Also think of tools that simplify and streamline work, such as a direct seller's mobile app equipped with business features. With the app, sellers can build their distribution network by adding new downlines, just as they add friends in social media. In the app they could also add products to a shopping cart and place orders, check bonus points and statuses of orders, manage invitations to their network, and send messages. The app could also be used to present products to their customers during face-to-face meetings. In the next step, the seller's app can be integrated with contacts in the smartphone and social media networks.

Not to mention that such an app is a great area to implement gamification techniques - a concept that millennials love. Well known games designer Jane McGonigal<sup>25</sup> estimates that the average 21-old has spent more than 10,000 hours gaming, about as much as he spent in school from 5th to 12th grade. The difference was in motivation. He HAD to go to school, while gaming was not obligatory. It was just fun.

Yet you shouldn't oversimplify the way millennials use their mobile phones. According to ComScore MobiLens<sup>26</sup> nearly a quarter of millennials use their mobile phones to take pic

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24 <https://www.comscore.com/ita/Insights/Blog/Why-Are-Millennials-So-Mobile>

25 <https://hbr.org/2011/12/millennials-are-playing-with-y>

26 <https://www.comscore.com/Products/Audience-Analytics/MobiLens>

tures of products in a store while shopping. What's more, about 13.9% of them are actively comparing prices during a trip to the store and 14.7% are actively texting with family while shopping. This is really disruptive for retailers, who are usually convinced that a customer is "won" once he or she enters the shop. Not anymore.

## What can you gain?

Although it will require additional effort (creating informative and shareable content, optimizing your website and communication for social media and mobile devices, possibly developing a mobile app and creating a mobile strategy), the process doesn't mean that your direct selling business will have to change its identity or values. On the contrary, addressing millennials will help you go back to the basics and focus on relationships, independence and flexibility, the core of this profession. When opening your business to millennials, try not to rely on stereotypes and buzzwords about the group, but find aspects of your culture that could appeal to Generation Y and approach them in their channels of choice. Be honest - nothing feels more phony than desperate attempts to dress up as urbanite hipster.

In return, you get not only new customers, but also a lot of business inspirations. They're called the most entrepreneurial generation because they don't want fixed corporate structures and procedures, but real business results, and are ready to experiment with new ways to achieve their aims.

# Data-driven marketing: the new paradigm

A lot has been told about how technology changes direct selling business. It helps you better understand your audience and operate more efficiently, especially due to large amounts of data we can collect, process and use today.

That's why I'd like to tell more about transformative power of Big Data. What do the American division of SAP and the largest German teleshopping channel HSE24 have in common? Both have identified solutions to their problems in the data to which they already have access. This is a global trend – as many as 78 percent of marketers believe that analytics-based decisions are of strategic significance to further development of their business. Marketing is a field which has changed and will continue to see dramatic change due to the influence of data.

## What is data-driven marketing?

With the advent of more advanced technologies, marketing has become measurable: we can control campaign outcomes and optimize promotional activities based on information which we already have available. For this reason, customer and related data represent a key corporate resource.

This approach to marketing, in which our previously collected data determines or helps to determine current marketing strategies and decisions, is referred to as data-driven marketing. In data-driven marketing, promotional activities are determined by available information (in the form of data), and outcomes are controlled through the application of appropriate tools to the automatic, real-time collection of data on performance, customer behaviour, and business results. A possible example of data-driven marketing is the analysis of data tracking which email messages customers opened and clicked to prepare more effective communications on that basis.

This involves a number of benefits. In the opinion of 67 percent of marketers, speed is the greatest gain from data-based operations. Due to the availability of precise information and to analytical capabilities, future marketing moves can be planned much more effectively. Furthermore, the iterative, real time approach significantly reduces the time needed to experiment. 53 percent of marketers find that the delivery of best-tailored content, effectively addressing their precisely targeted customer(s) is the requirement most dependent upon access to and analysis of information resources.

## Internal and external data sources

The basic challenge in data-driven marketing is data acquisition. Each organization has its own internal data – information on products and customers, transaction histories, etc. Today enterprises have available to them hundreds of options from which to choose for their data collection, organization and processing.

Apart from their own resources, such as transaction history or CRM information, companies have access to their business partners' resources and external data. Partner information includes data acquired by third-party service providers, such as loyalty programme operators.

Third-party suppliers include sellers of mailing databases, leads, and other customer information which is not acquired directly by the company needing access to the data or its trusted subcontractors. In such a situation, however, doubts may arise concerning the quality of information provided. As many as 69 percent of retailers are of the opinion that poor-quality databases adversely affect business and may even operate to its detriment.

In spite of the aforementioned concerns, many companies continue to purchase access to third-party data while others may choose to do without, failing to recognize how much they could achieve simply by drawing on the already-existing internal information resources! What's more, this (internal) information can easily be checked for quality and improved, in-house.

## SAP Hybris Marketing in B2C, or data-driven marketing practice

The German company HSE24, operator of three television channels (HSE24, HSE24 Extra, HSE24 Trend) and an online store, reaches 42 million customers to whom it sends 32,000 products daily. The company's business model calls for the address of their offers to customers who are selected as carefully as possible (for likelihood of interest the product) and sufficient familiarity with the brand to opt for purchase. In order to meet those challenges, the organization needed to target its advertisements much more precisely than before and to launch them within shorter campaigns.

At the same time, it was important to provide the marketers with tools that would make them independent on Business Intelligence. All necessary data was already available within the organization; all that was needed was its appropriate preparation and processing. For this reason, HSE24 opted for SAP Hybris Marketing.

The deployment of the solution made it possible to combine all the information existing within the organization, collecting it from its various sources such as CRM (also supplied by SAP) and data warehouse (prepared by another supplier). The capability to process all available data enabled the Marketing team to develop campaigns that were tailored much better and took less time to create. The effect was immediate.

The deployment of an advanced marketing solution made it possible to reduce the time for preparation and launch of promotional campaigns by 20 percent. What's more, the number of customers returning to the company for purchases increased by 4 percent, which, given the scale of operation, means thousands of additional purchases generating an additional 30 percent of net sales.

All information resources necessary to make the above changes was already available within the organization, but Marketing had no access to them. The data previously had to be requested from Business Intelligence, whose job it was to answer hundreds of queries from multiple sources, among whom Marketing was not always their top priority.



Equally impressive effects to those seen by HSE24 can be achieved by applying the data-driven marketing paradigm in the B2B segment.

## Data-driven marketing in B2B

Data also made it possible for SAP to create a new level of communication with customers of its North American branch. To achieve the ultimate objective of each enterprise – business excellence – the company decided to draw on its internal resources in the form of data collected on its customer base.

The company's 5 strategic customers were selected through tests, in-depth examination of their profiles, and in-depth interviews with the customers. Based on the history of interactions, it was determined what long and short-term objectives these customers pursued and how they wanted to achieve them with SAP products. Starting with this accurate, detailed understanding of their customers, individualized campaigns were developed.

This meant that in the case of key customers the company decided to refrain from personalization based on statistical and quantitative data in favour of individualization of contact. In this case, offers were based both on quantitative and qualitative data concerning the customer which the company managed to collect the course of the relationship. Consequently, the performance of the 1-to-1 marketing model implemented was satisfactory enough for the organization to expand its strategy of relying on in-depth study of its existing resources, which allowed the purchasing potential of those customers to be increased by 27 million dollars. All this was achieved through the use and skilful processing of information already available within the organization.

## Good data is your own data

In each of the above described cases, spectacular results were achieved through the smarter, more specific application of the company's own, existing resources. Hidden in distributed systems, unavailable to Marketing departments for a variety of reasons, the-

se resources cannot be used either to accelerate and fine-tune a campaign or to individualize contacts with key customers.

While as many as 54 percent of management staff recognize as hindrances both the lack of quality data and its incompleteness, only 35 percent of organizations reach for big data in marketing activities, and 92 percent have yet to develop a uniform view of their customer which is available to everyone throughout in the organization .All these challenges can be addressed by appropriate organizational and/or technological solutions: in the former case, preparation of an appropriate internal policy that includes access to internal information and those responsible for it (data stewards) and inn the latter, a platform supporting data processing without specialist knowledge.

# Amway's e-commerce platform

for 31 countries

## Key challenges:

- building digital capabilities in the organization
- digitalization of the B2B models of cooperation with Amway Business Owners
- bridging the gap between online and offline experience with the business

## Key benefits

- increase in online orders from **30%** to **80%** of the total value of orders after the implementation of the digital platform in Europe
- **sixfold** decrease in operating costs comparing to the previous solutions after the introduction of the new platform and key sales and support processes optimization
- increase in the success rate of online registrations among Amway Business Owners from **70%** to nearly **90%**, as an effect of the customer experience (CX) improvements in the Pain Points Removal Project

# Amway's First Steps into e-commerce

Amway is the world leader in direct selling and operates in 80 countries. Amway lets anyone start their own company and sell high quality products and offer others the opportunity to sell too. More than 3 million Independent Business Owners (IBOs) currently work with Amway worldwide. Amway offered its IBOs in Eastern Europe the opportunity to order and sell products online in 2001- first in Hungary, then Croatia, the Czech Republic, Poland, Romania, Slovakia, Slovenia, and Turkey. The system was a huge success with 126,000 users by the beginning of 2006. The company decided to build a completely new online system that could handle significantly more Users, offer new functionalities, and allow for flexible functionality changes to keep pace with the ever changing business environment. An important aim of the new project was to deliver a new, clear and attractive tool to facilitate placing orders, aid daily business operations and attract people to Amway.

## Implementation in Eastern Europe

Ukraine, Russia, Turkey, Poland, Hungary, Croatia, Czech Republic, Romania, Slovakia, Slovenia

In order to better understand the future solution, we prepared a system prototype. This was then used to conduct sessions with selected Amway IBOs in Warsaw, Prague, and Budapest. The prototype enabled us to collect valuable feedback and the client to prepare for the upcoming changes.

The system was first implemented in Ukraine, which did not have an e-commerce system at the time, so this was a pioneering enterprise for that country.

As a result of the experience gained from our first implementation, we modified our original project assumptions and decided to make reference visits to each of the countries involved. During those trips, we presented parts of the system specifications, especially

those concerning country specific functions, e.g., ordering and payment options, and customer invoicing. Our system engineers worked on the final system specifications onsite.

We managed implementation of the system in two countries every two months and the users responded enthusiastically in every case. Once the system had been implemented, the value of online orders (as a percentage of the total) increased from 30% to 60% and is now approaching 80%. The number of registered users and orders also rose dramatically.

## Expansion to Western Europe

Austria, Belgium, Denmark, Finland, France, Greece, Spain, the Netherlands, Ireland, Germany, Norway, Portugal, Switzerland, Sweden, the United Kingdom and Italy

The success of the Eastern European implementation, as measured by the volume of orders, the percentage of online orders in the total number of orders, and the significant reduction of operating costs convinced the Management Board of Amway Europe to continue with 16 Western European countries.

## Mobile Strategy

Since 2012 we have observed a growing number of visits to Amway Online from mobile devices – smartphones and tablets. Users, especially the Amway Business Owners (ABOs), started to ask about a mobile version of the system that they could access on their smartphones, while at their clients' location. Therefore, we faced the challenge of devising a mobile strategy for Amway Online. Frequently, mobile projects are understood as mobile applications copying existing functionalities of desktop Internet systems. This understanding could not be more wrong. On the contrary, mobile solutions should take maximum advantage of the capabilities of mobile devices and fit into the overall customer service strategy. Which is why we use the term mobile strategy.

## 2 apps x 2 versions

The mobile solution is comprised of two separate applications, one for the iOS and the other for the Android operating system. Each application has two versions: one version for smartphones and one version for tablets. The information architecture changes accordingly based on the device being used, which allowed us and our client to avoid creating separate applications for tablets.

## Collecting orders

The Amway Business Owner can collect an order for his or her client in the form of a shopping list. This list is then synchronized with Amway Online, where the ABO can eventually confirm the order. Order confirmation is made in Amway Online Light, therefore, also via a smartphone or tablet. As you can see, order collection can be done offline, while placing the order requires an Internet connection and, in fact, happens in the Amway Online system. Thanks to this approach we avoided rewriting the complex process of placing and verifying orders for mobile devices, but still we provided the ABOs with the essential functionality. The ordering process works the same for the ABOs themselves, as well as for other ABOs in their group.

## Managing clients

The mobile app contains a complete list of an Amway Business Owner's clients, the status of registration of new members and, most importantly, the ability to register a new client, which will usually happen at a meeting with the client.

## Sales presentations

The Amway Business Owner has access to multimedia materials in the mobile app that they can use to make an attractive presentation on their smartphone or tablet.

## Sponsoring

An important role of Amway Business Owners is introducing new members to Amway. This process begins with sponsoring – registration of a new ABO by the Amway Business Owner. The mobile app supports this process by providing the Sponsorship Invitations functionality. At a meeting with a candidate an ABO can send him or her an invitation, which starts the registration process.

## Notifications

Notifications take advantage of the specific features of a mobile device. Notifications include important information for ABOs related to their business, such as:

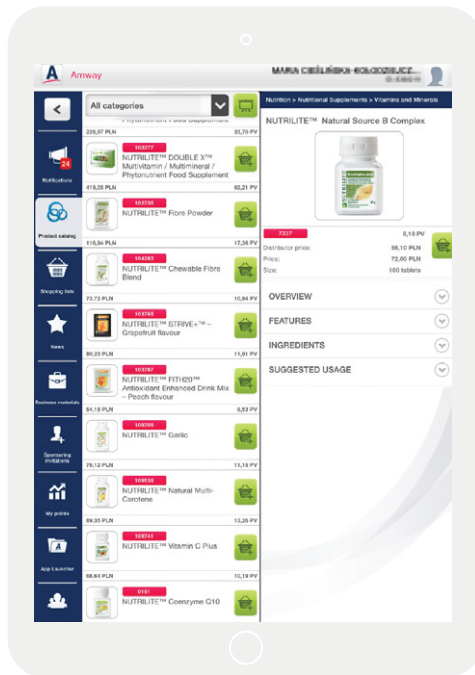
- status of placed orders,
- new orders placed by clients in Amway Online,
- registration of new clients in the Amway Business Owner's profile.

## Sales results

With their mobile device Amway Business Owners can view the current value of the points they collected, which reflect their monthly and global sales results. In this way they can check how orders placed by other ABOs influence their own salary and status.

## Working offline

The mobile app enables working offline. This is really important for Amway Business Owners since they don't always have a stable Internet connection when visiting their clients. In the offline mode ABOs can present Amway products, create an order, or prepare an invitation for a new partner. When they get access to the Internet the data between the mobile app and Amway Online is synchronized.



**Figure 1:**

With the mobile app Amway Business Owners can take advantage of the digital business tools when visiting their clients.

## Light Version

The Light Version complements the mobile strategy of the Amway Online system, serving both customers and Independent Business Owners (IBOs).

- For customers, the frequency of their Amway product purchases did not justify the development of a native mobile application. The customers weren't motivated enough to download it. However, the Light Version fully satisfies the needs of the demanding smartphone user.
- For Amway Independent Business Owners, the Light Version has offered 100% coverage for all functions of the system, which the Mobile Application was unable to provide for technical and cost reasons. Owing to this, the IBO using a smartphone has access to all data and can use all operations in the system in an ergonomic manner.



## Mobile First in Practice

With the Mobile First concept, web-based systems are designed for mobile device users first. Next, solutions created for mobile devices are propagated to the standard version of the system. We have used the Mobile First approach in the Amway Online system design. We identified those processes in the system which needed to be simplified for use with the smartphone. What proved particularly complicated were the registration processes for both Customers and for IBOs. The processes were completely redesigned for smartphones – we divided them into clear steps, concealed fields which were not required, and removed or modified some actions. The result was astonishing – processes that had been difficult to go through even on a desktop proved surprisingly simple on a smartphone. Therefore, we decided to implement them in the standard version of the system.

## Mobile UX Design

In the absence of strict corporate guidelines for mobile services, our UX team could demonstrate all their capabilities, which yielded both an interesting graphical design and unique website ergonomics. Thanks to this, the Light Version delivers a user experience that matches the best mobile applications.



**Figure 2:**

UX design of the Light Version of Amway Online for smartphones ensures mobile app experience.

## Pain Points Removal Project

Our cooperation with Amway has been going on for 11 years now. During this time we have introduced Amway Online to 31 countries in 46 unique language versions to serve 1.5 million users. In 2014 we started the Pain Points Removal project to solicit feedback directly from users to improve the functionality of the system.

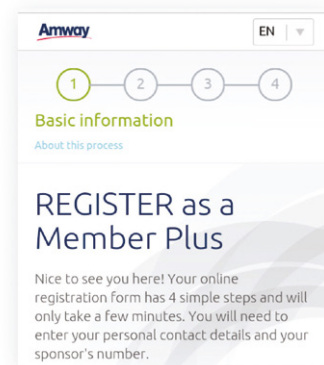
**„You’ve got to start with the customer experience and work back toward the technology – not the other way round.”**

**Steve Jobs**

Amway Business Owners participated in usability tests of their dedicated system which they use on a daily basis. It turned out that certain areas and processes within the system did not aid their job to the extent that could be expected from a business tool. Armed with these findings, we got back to our technological base and gradually modified parts of the system, like the ordering process or the sponsoring module for registering new Amway Business Owners by other ABOs. The design was highly approved by the users, becoming the envy of Amway's other markets.

## Increase in online registrations

We have split the uniform, overwhelming Amway Business Owner registration form into step-by-step screens that guide the user through the consecutive registration stages. Therefore, we have replaced a form that resembled paper questionnaires with a simple and clear process adjusted to the digital behaviors of internet users. The registration form itself has been adjusted to facilitate completion on mobile devices. Thanks to these changes the success rate of online registrations among Amway Business Owners has risen from 70% to nearly 90% and remains at this level.

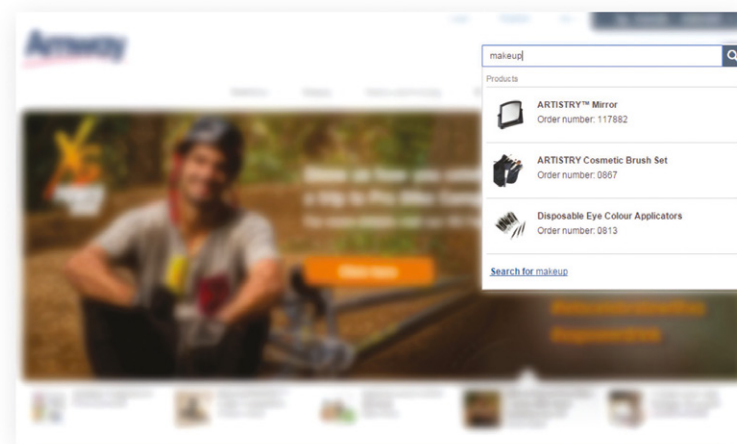


### Figure 3:

Adapting the registration process to digital experience increased the success rate of on-line registrations from 70% to nearly 90%.

## Effective search

Within our latest implementation we have modified several areas of the system, including the search tool. Powered by a new engine and fitted with autocompletion and live search functionalities, it provides users with the kind of experience they are familiar with from everyday web browsing. Due to the increased effectiveness of the search mechanism we want to achieve better conversions for orders initiated from within the search tool. Simply put, we want the user entering a phrase into the Amway Online search engine to receive results that match their inquiry in a way that will make them buy.



**Figure 4:**

The new search mechanism in Amway Online immediately shows products that match an inquiry to drive order placement.

## Streamlined navigation

We have also taken a closer look at the user interface and the database, which was slimmed down to remove excess, heavy PDF files and can now work much more efficiently. The product catalog also underwent a metamorphosis. As a result, product lists are now clearer and more accessible. The filtering mechanism has been modified too. It is more intuitive for users to navigate the catalog and get more quickly to the content they are looking for.

## Delivery costs calculation

We have redesigned the ordering process to reflect delivery costs upfront. Up to now the costs appeared only at the last stage. Therefore the Amway Business Owner did not know how much they would need to pay for the delivery until the very end. We adjusted algorithms that calculate delivery costs to the specifics of 6 countries – Poland, Lithuania, Latvia, Estonia, Turkey and the Czech Republic. As a result users will feel more secure when placing orders. This is of great importance for the whole customer experience.

## Building loyalty

According to statistics, what is most important for building customers' brand loyalty is delivering high quality products and good customer service. When one of these is missing, the chances for consumer loyalty fade away. Therefore we are currently working on an individual customer's registration module. A brand also needs to stay in touch with its customers to build loyalty. Today it means delivering additional, useful value. Our next task will be a creative transformation of the content included in the section for Amway Business Owners.

# Russian Regulations: Ensuring Compliance through Technical Ingenuity

## Situation

At the beginning of September, new regulations on the processing of personal data entered into force in the Russian Federation. According to the new provisions, international companies operating in Russia and Kazakhstan need to save the personal data of Russian and Kazakh citizens on servers located in the Russian Federation. e-point was responsible for ensuring that the client's system complied with this regulation while minimizing the impact to existing hardware and software solutions.

## Challenges

To comply with the personal data regulations, e-point needed to meet the following challenges:

- Extracting the account registration and system activity data associated with citizens of the Russian Federation from the centralized database for Central and Eastern Europe and moving that data to a data center located in Russia.
- Acting on a difficult, unpredictable and changeable market.
- Completing the task in a short timeframe.

**„The project involved launching a new instance of the whole ecommerce environment on the territory of the Russian Federation that would be maximally independent from the infrastructure maintained in Warsaw.”**

**Norbert Pabiś**

Head of Technology at e-point

## Results:

- Compliance with the local regulations concerning the processing of personal data.
- Launching an additional, dedicated data center.
- Designing and obtaining the necessary telecom, network and server infrastructure. Integration with other IT resources from the client's global network.
- Entirely remote configuration of all layers of the environment.

## Benefits:

Not only did this effort keep the client in compliance with personal data handling requirements for users within the Russian Federation, the implementation team gained invaluable experience, contacts, and an operational base within the territory of the Russian Federation. This sets the foundation for subsequent projects in the country.

**"We are ready to launch a similar application environment on a similar physical environment, totally remotely."**

**Norbert Pabiś**

Head of Technology at e-point

## Phase 1: organizing the infrastructure on site

3 possible ways of approaching the challenges were devised:

### **A. Purchasing the hardware in Poland and transporting it to a Russian data center to configure remotely**

This option was abandoned due to concerns about meticulous border control inspections causing the technological infrastructure to arrive too late.

### **B. Cloud computing**

A Dutch hosting company had both the required infrastructure and the physical servers hosted in the Russian Federation. This option was abandoned because, due to the licensing terms, the cost of utilizing the infrastructure would dramatically rise and erode any profits from the implementation.

### **C. Purchasing the hardware in the Russian Federation**

This is the option that was selected.

## Phase 2: software migration

All the necessary work related to the configuration and installation of the new environment was done remotely. Installation of the necessary components was divided into stages. The first step was to configure the network environment so that it could be used for starting the servers. Software migration was completed using epoint's proprietary solutions supporting remote administration and scripts automating the installation of selected components of the application. The production launch of the ecommerce platform was preceded by a test carried out with the client's help, as well as a final audit of the security and stability of the environment.

**"At present clients who access the ecommerce system from the Russian and Kazakh domains are served with a system operating in the Russian Federation."**

**Łukasz Łagudza**

Senior Solutions Architect at e-point



# About the author - Marek Sodolski



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## Career Highlights

### **Sales & Marketing Vice President**

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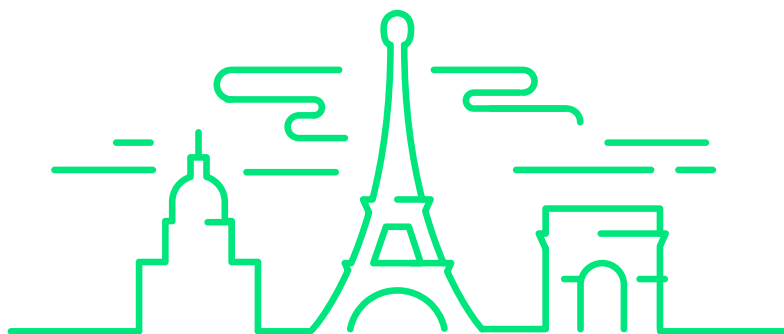
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