



How to Select a Global E-commerce Vendor to Drive Your Online Sales Expansion

As financial and business leaders race to extend and expand digital services in new markets, they frequently underestimate the complexities, resources needed, and business risks of doing so. They can reduce the risks by partnering with a global back-end e-commerce vendor.



Financial, business, and IT leaders in midsize organizations often underestimate, minimize or even ignore the complexities of expanding their online sales initiatives. As a result, those initiatives — and the organization itself — are threatened by more and larger business risks.

These risks are especially evident in four key areas:

- Taxation
- Reconciliation
- Compliance
- International Sales

All four areas require in-depth, detailed knowledge, but that can be difficult when they are constantly changing due to new laws and regulations from numerous jurisdictions. Each new market brings fresh complexity.

For organizations with limited staff and resources and little experience in such complex environments, any attempt to quickly expand online sales can result in a set of interlocking problems:

- Higher-than-expected technology costs to address back-office business processes
- Lack of in-house expertise, regarding each new market's cultural, legal and business environment
- Much longer lead times to deploy new digital services
- Reconciliation issues that can become nightmarish

HARNESS THE RESOURCES OF AN EXPERIENCED E-COMMERCE VENDOR

The resources to address these problems and sustain an aggressive online sales expansion are available. Business leaders can offload these requirements — for back-end merchant services, payment processing, financial reconciliation, tax codes, custom duties, and more — to a global e-commerce vendor with the resources to handle them cost-effectively. Verifying these capabilities — and the vendor's ability to apply them cross-border — creates a foundation for quickly and consistently expanding online sales in new markets without having to learn the ropes of each market. Verification also confirms that the prioritized business risks of online expansion are being addressed.

Financial and business leaders should assess vendors' capabilities that enable digital expansion and manage the associated risks in four areas:

- Knowing when to collect each tax
- Avoiding reconciliation nightmares
- Treating regulatory compliance as a business enabler
- Paying attention to the details of international transactions

KNOW WHEN AND WHEN NOT TO COLLECT EACH TAX

Without a dedicated tax and legal team, keeping up with tax code complexity is almost impossible. There are many business and IT leaders who may not realize the implications of the 2018 [South Dakota v. Wayfair, Inc.](#) ruling by the U.S. Supreme Court that states can require out-of-state sellers to collect and remit sales tax on sales to in-state consumers even if the seller has no physical presence in the consumer's state. The situation becomes even more complicated in international sales: many foreign countries also now have non-resident tax laws that likewise require merchants to collect, remit and file certain taxes.

Other tax nuances include:

- Dealing with tax-exempt buyers, who expect a way to provide their tax ID and exemption certification. The complexity of this makes it difficult for sellers to support
- Potential regulatory fees, such as those levied under copyright and requirements for waste electrical equipment (WEE)
- Variations in tax rates: jurisdictions may change one rate for most items but a lower rate (or no tax at all) on items such as groceries. These rates vary in all locales and are constantly changing.

Globally established and experienced third-party e-commerce vendors can take on these burdens, freeing organizations to devote time, attention, and funds to other priorities. Potential partners should be able to demonstrate a deep familiarity with the tax rules and jurisdictions in each of your target markets. They should also demonstrate the resources they devote to keeping up with a dynamic tax environment, including new technologies and regulatory trends in real-time reporting.

AVOID RECONCILIATION NIGHTMARES

Reconciling the cash you collect via your online merchant account with the revenue you recognize in your accounting system can easily become a complex ordeal. Every payment provider has different reporting systems, and there is no easy way to “match” the cash details with the accounting details. When you consider sales in foreign currencies and the need to convert back to your home currency, the process becomes even more complicated.

A back-office ecommerce partner should demonstrate:

- The ability to “fit” with existing reporting and accounting requirements
- Accuracy and timelines in daily, monthly, and quarterly reconciliation processes
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TREAT REGULATORY COMPLIANCE AS A BUSINESS ENABLER

Compliance involves far more than satisfying a set of regulations from a single government agency. E-commerce compliance can be required by many agencies and governments, and it spans data privacy, trade, credit card brand regulations and much more.

Expanding online sales into new markets can introduce your brand to a nuanced web of complexity and new responsibilities, including:

- Safeguarding personal information is codified in laws such as the European Union's [General Data Protection Regulation](#) (GDPR) and [California's Consumer Privacy Act](#) (CCPA).
- Satisfying card brand regulations, which are massive documents published yearly by brands such as Visa and Mastercard. Violations can lead to a crippling ban on online transactions.
- Understanding international trade laws dealing with export, import, denied parties and more, including trade and economic sanctions administered by entities such as the U.S. Treasury Department's [Office of Foreign Assets Control](#) (OFAC). The penalties for violating these can also be crushing for online sellers.

The right e-commerce partner should demonstrate deep familiarity with these regulatory regimes and have in place systems, certifications, and best practices to guarantee compliance. With this kind of global resource, you can confidently and aggressively expand online sales initiatives to new geographies.



PAY ATTENTION TO THE DETAILS OF INTERNATIONAL TRANSACTIONS

Every foreign market poses an array of challenges for successful, accurate, and swift transactions and delivery. Local knowledge is essential to navigating the numerous pitfalls that can derail digital commerce initiatives.

Localization nuances that are often overlooked include:

- If your website isn't set up to accept local currencies, consumers incur a surprise foreign exchange fee on their credit card statements. The results are uniformly bad, including a negative customer experience and high numbers of refunds and chargebacks.
- Many locally issued credit cards lack authorization for international purchases. If merchants are unaware of this, consumers can't complete transactions.
- Physical products that are shipped cross-border come with duties and taxes. If you don't have the capabilities to display and collect these payments upfront, your customers will get hit with a bill after the fact to pay what is due.

A global e-commerce enabler should have expertise in each of the local markets you target for expanded online sales. It's crucial to find a partner that can demonstrate platform processes and services that enable smooth, localized, and culturally appropriate experiences and checkout flows.

SELECT AN E-COMMERCE PARTNER COMMITTED TO YOUR ORGANIZATION'S SUCCESS

Powering the expansion of the digital services you offer is vital to your organization's future success. Financial and business leaders should strive to partner with an e-commerce vendor that is experienced in expanding their customer's global e-commerce capability and dedicated to helping them grow revenue.

Partners that have adopted a "customer success" model deploy teams that work with your organization for continuous improvement and optimization:

- They bring ideas to your organization about how the vendor's services can be better used and optimized
- They advocate for your organization in internal product enhancement roadmap planning.
- They are armed with information about upcoming changes and new services that will benefit your organization.
- They spend time cultivating relationships with your financial and business leaders, working to understand their pain points and goals.
- They contribute to your organization's quarterly and yearly reviews of digital commerce spending, operations, and planning.
- They have a firm grasp of your organization's most urgent and important business issues digital commerce.



The experience and expertise of an e-commerce vendor are ultimately only useful if they are able and willing to impart both to your organization. Selecting an e-commerce partner that is committed to helping your organization achieve its e-commerce priorities is one of the biggest challenges – and best opportunities – to kickstart your online sales expansion.

Learn how Digital River provides an API-first, ecosystem-connected e-commerce solution for global payment processing, fraud mitigation, tax compliance, and risk management. [Connect with us today](#) to start your ecommerce transformation.

For decades, Digital River has helped brands take control of their destiny by powering global commerce. Established and fast-growing brands rely on our flexible, API-powered solutions to sell direct to their customers, whether they live around the corner or around the world. With unbeatable experience, expansive capabilities and strong partnerships in geographies across the globe, we help brands achieve their commerce goals and increase their revenue.

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