

# **E-Commerce Automation Guide**

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# Introduction

If you're running a high-growth e-commerce business, chances are you're trying to keep a lot of plates spinning, all at once. Rapid growth often means handling an ever-expanding number of transactions with increasing complexity as you explore ways to bring your product line to multiple channels.

As high-growth merchants deal with this challenge, they often find themselves scrambling to keep up with all the demands they face. This is where automation becomes an attractive option. Automation has a long and storied history in the e-commerce industry, as brands turn to third-party vendors for a huge range of tasks, helping them grow quickly without having to develop new competencies in house.

Because automation is such a common option in the e-commerce sector, there are plenty of divided ideas about where or what to automate. This can create confusion about where to focus your efforts. In a nutshell, our advice is to focus on how a function within your company will drive growth. With that as a compass, let's explore e-commerce automation in more detail.

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# Two rules of thumb for e-commerce automation

As a solution provider serving the e-commerce industry, we've seen and heard a lot. Our experience has given us perspective on where automation works and where it doesn't. Ultimately, success or failure often comes down to two straightforward rules to identify positive opportunities:

- 1. Identify vendors with competencies** that align with how your business operates. If you aren't on the same page as your partner, then the relationship is not set up for success.
- 2. The most valuable automation projects are simple, straightforward** initiatives in which the act of automation provides value on its own.

In general, automation that gives you the opportunity to focus more on revenue-generating tasks is ideal. Rapid e-commerce growth can seem chaotic, leaving your teams with more to do than they have time to accomplish. Automation fundamentally relieves this burden and empowers you to sustain your growth as the scale of your business ramps up.

The underlying key in all of this is to think about what your business is good at doing. How do you create value compared to your competitors? Once you've answered these questions you can focus on automating in a way that strengthens the areas where you are weak and lets you put your in-house resources on what you do best.

## Choosing what to automate

E-commerce companies facing rapid growth have numerous opportunities to automate, but choosing what third-party solution providers to use isn't easy. However, businesses are increasingly finding success in automating complex or time-sensitive tasks that slow the business down otherwise.

In particular, automating specific workflows that are difficult to manage can be invaluable. The strategy isn't flawless, but it can pay dividends. Here's a look at the pros and cons of automating specific business processes, such as tax management, invoicing or integration between your ERP system and web platform.

**Pros:** Specialized tools for processes like order fulfillment management, sales tax management, checkout, currency localization and similar tasks automate what are otherwise time-consuming manual tasks or ones that would take up valuable resources to solve.

**Cons:** When you use a wide range of small-scale tech solutions, management can become overwhelming and costs can escalate. Ultimately, you can automate just about any part of your business. The key is identifying opportunities that will fuel your growth.

## **Automation in action: How sales tax embodies the potential for automation**

Automation is extremely valuable when it lets you automate a task that otherwise doesn't add value to your business. The pass-through activity of sales tax management is a great example of this. It doesn't benefit your growth or bottom line, but it is a time-sensitive requirement that carries ongoing risk. Automation with technology is the best way to mitigate that risk, and ensure a high-level of compliance for your business.

In a perfect world, tax management would reside in the background as something you don't have to think about. But every customer transaction requires a sales tax calculation decision. This decision is complex. Sales tax responsibilities can be impacted by your customer, the product or service being purchased, where the product is shipping from and to, the dollar amount of the purchase and all of the state rates and rules that change frequently. Once you've collected sales tax, there's still work to be done, as you need to report, file and pay the states according to your filing calendar.

Outsourcing your tax management workflows by partnering with a technology provider that handles calculation, reporting, filing and nexus tracking can solve a variety of operational challenges and turn a pain point into something you don't have to think about. With sales tax compliance neutralized, your time can be spent focused on growing your business. For best-in-class e-commerce merchants, the question of sales tax automation has evolved from "should we?" to "how do we?"

# Driving growth through e-commerce automation

High-growth e-commerce businesses have an opportunity to use automation to resolve pain points and sustain their momentum over time. While many automation decisions are complex and require deep analysis to determine their potential, the high value of successful partnerships make the time worthwhile.

Don't let the scope of any e-commerce automation hold your business back. The benefits of a good third-party solution are such that prep work should be minimal, and your return on investment becomes almost immediate.

At TaxJar, we specialize in e-commerce tax management, which includes calculating and reporting the correct sales tax per state, offering options for automatic state filing, and even returning correct tax values to your shopping carts.

We help e-commerce companies continue to grow and become as educated as possible about taxes that affect their profitability.

Find out more about e-commerce sales tax automation.

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