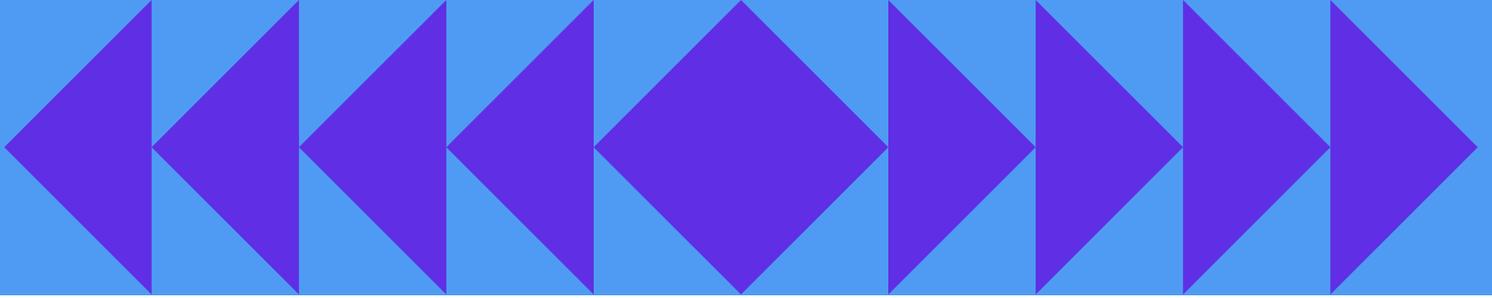




pilot

# Technology for Retail:

The Systems You Need  
for Growth



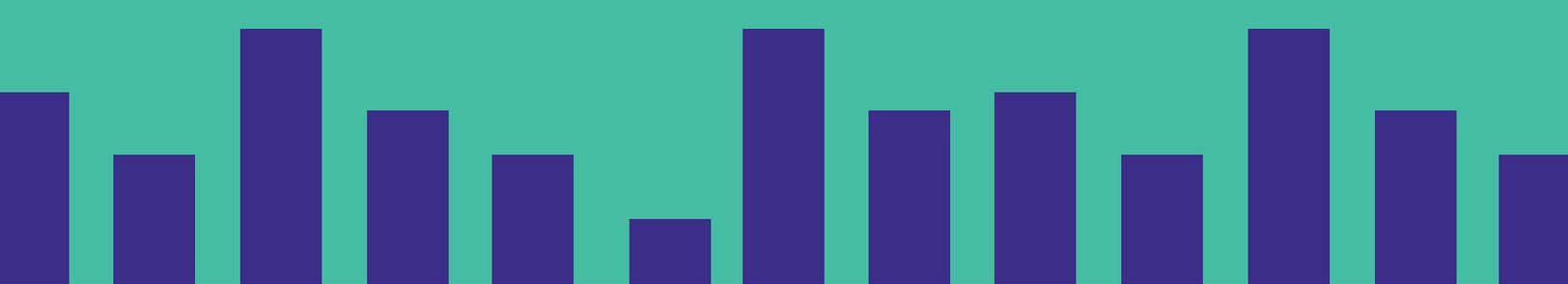
# Introduction

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As your retail business grows, your systems and processes have to grow too - or else they start holding your company back. Regardless of your business's current size, setting a foundation for scalability and sustainable growth will help ensure you keep things running smoothly in the future.

In fact, the ideal time to start planning for scale is when your company is still small. Starting off with the right systems from the beginning will save you the headaches of fixing them once your business has become larger and more complex.

This guide is designed to walk you through the elements of a comprehensive, scalable back office technology stack for a growing retail company. You probably have some of these elements already in place, but this is a good time to examine if your current systems are still working for your business needs. Other systems in this guide may become new requirements for efficiently, effectively managing your business, as it increases in scale and complexity.



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# Operational Systems

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Your operational systems form the backbone of your business, enabling you to process orders, track inventory, ship product, and more.



# Sales Platform

A single platform for all your direct-to-consumer sales.



## Why you need it

Customer expectations for online shopping experiences have never been higher, but building and maintaining a high-quality storefront is expensive and time-consuming. A sales platform allows you to quickly and easily create a great shopping experience for your customers.

## What to look for

- **Integrations.** This platform will need to work with many other systems in your tech stack. Make sure any solution you consider can integrate well with your other tools.
- **Variety of themes.** As a central part of your customers' buying experience, you want to be sure that your sales platform can accurately reflect your brand (and not look like all your competitors). Look for a platform with a large selection of flexible themes.
- **Industry-standard payment processing.** Your payment processing is an integral part of your business, so you'll want a sales platform that follows industry best practices and standards. Your solution should also offer multiple payment processing options, so that you can reach more customers.
- **Reasonable fees.** Protect your margins by looking for a sales platform with a transparent, business-friendly fee structure.

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## Recommendation: Shopify

- Single platform for sales across web, physical POS, social media, and content platforms
- Easy to get started
- Good integrations across tools like marketing, supply chain, and fulfillment
- Robust analytics

# Payment Processing

Essential infrastructure to accept credit card payments.



## Why you need it

This goes without saying - it's hard to run an online business if you have no way of accepting credit card payments. Service offerings and costs can vary between providers, however.

## What to look for

- **Ease of integration.** The last thing you want is for a critical function on your site to be tied up with technical difficulties - or creating a disjointed experience for your customers. Look for a processor whose product can be integrated into your site without significant friction.
- **Fee transparency.** Few things are worse than discovering your costs are going to be higher than planned, because your vendors' fees didn't match what it said in the brochure. A good processor is upfront about costs, and what you'll be charged when.
- **Security & compliance.** With the series of high-profile data breaches in recent years, it's never been more important to make sure your payments are secure. Your processing vendor should be compliant with all relevant industry and security standards.

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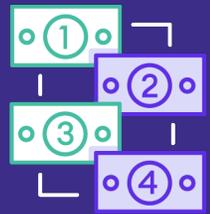
## Recommendation: Stripe

- Extremely easy to integrate
- Reasonable, transparent fees
- Robust integrations
- Good subscriptions support
- PCI compliant

## Runner-up: PayPal

# Buy Now, Pay Later (BNPL)

Service that allows customers to pay in installments over time.



## Why you need it

Buy Now, Pay Later (BNPL) services can reduce cart abandonment and improve conversion rates and AOV by allowing your customers to spread large purchase costs over time. Debt-wary consumers may also be more willing to use BNPL, with its clear, predictable payments, rather than risk putting a large purchase on a credit card.

## What to look for

- **Fees similar to a credit card processor.** If a customer makes a purchase from you through BNPL, your provider will take a certain percentage in fees just like a credit card. It's a good idea to look for a comparable fee structure to keep your costs consistent.
- **US market penetration.** BNPL is popular worldwide, but some of the global market leaders have limited presence in the US. It's worth checking how widely available a potential BNPL solution is in your area.

This is a rapidly growing area in the US, and no clear winner has emerged yet. **Afterpay, Affirm, and Klarna** are three players gaining the most traction in recent months. Affirm has enjoyed significant press thanks to a successful IPO, but Afterpay boasts the largest network of US merchants to-date. When it comes to fee structures, all three take different approaches, but each results in a reasonable investment for merchants. We recommend researching the structures and features of each provider in more depth before committing to an option.

# Inventory Management

Software platform for tracking and reporting on inventory.



## Why you need it

If you have more than a single product or warehouse, tracking your inventory by hand quickly becomes untenable. An inventory management system (IMS) offers a centralized, granular, real-time view of your stock levels, and gives you a single location to manage ordering, receiving, and fulfillment. A good IMS also offers reporting functions to help drive your business decisions. If you use a 3PL for your fulfillment, you may think they will track this information for you, but keep in mind that many will track only inventory volume (quantities of goods) rather than inventory value (dollar value of that inventory), which you'll need for cash planning and forecasting.

## What to look for

- **Ease of use.** The IMS is one of the backbones of your tech stack (and your business). Look for an intuitive interface - preferably one that lets you manage your business on the go.
- **Integrations.** Like your sales platform, your IMS will need to interact with many other systems in your tech stack. Avoid headaches by making sure that your potential IMS will be able to work well with your existing technology.
- **Mobile functionality.** Many of your stakeholders will be relying on your IMS on the warehouse floor, rather than at a desk. Your IMS should allow them to easily access the information they need, when they need it, right from their mobile device.
- **Comprehensive reporting functions.** With the right reporting tools, your IMS can help control costs by reporting SKU-level costs and profit margins, and improve working capital and cashflow by enabling better planning and forecasting.

# Inventory Management

(Continued)



## **Recommendation: Quickbooks Commerce (formerly TradeGecko)**

- Complete inventory management, including tracking of sales, manufacturing, and fulfillment
- Manage orders from materials purchasing through end-customer fulfillment
- Supports multiple locations, channels, and warehouses
- User-friendly interface, including on mobile
- Robust reporting to generate ongoing quantitative insights

**Runners-up: Skubana or NetSuite, particularly for businesses with 10k+ monthly transactions**

# Shipping & Fulfillment Solution

Software tool to manage the shipping and returns process.



## Why you need it

With consumer expectations continually on the rise, a fast and seamless delivery experience is now required to stay competitive. A shipping & fulfillment solution offers faster shipping, package tracking, and streamlined returns for your customers. The best providers also offer brand-enhancing options, such as including your logo on your shipping labels, and package tracking that links to a branded page on your website instead of a carrier.

## What to look for

- **Negotiated shipping rates.** In addition to speeding up your shipping, top solutions also lower your costs through special rates with shipping carriers.
- **High-quality customer experience.** Unlike most of your tech stack, your shipping and fulfillment solution may be partially customer-facing. Look for a solution with a good tracking and returns experience for your end customers.
- **Analytics and reporting.** Data from your shipping and fulfillment solution can help you make better decisions around inventory, channels, and carriers.

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## Recommendation: ShipStation

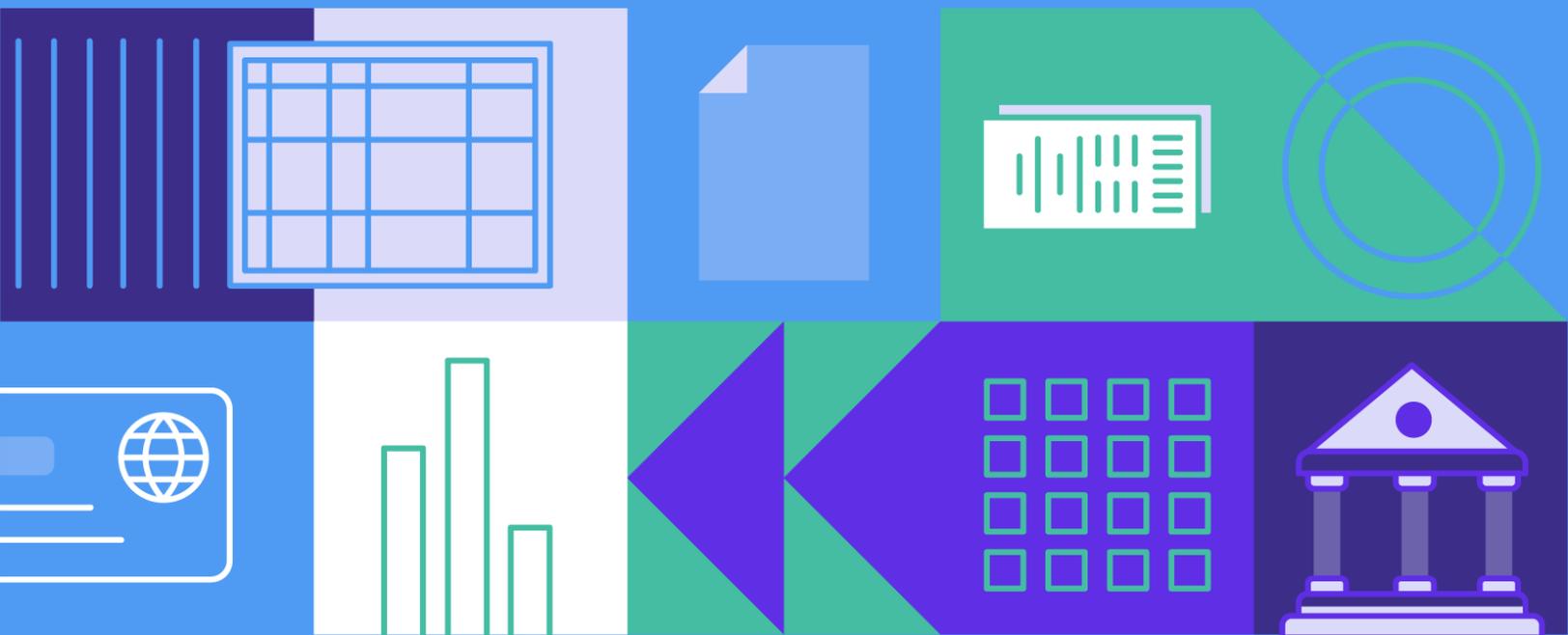
- Simple integration with all major sales channels
- Negotiated rates with a wide range of carriers
- Easy returns management
- Robust reporting
- Branded offerings

**Runners-up: Shipbob, for companies that also require a warehousing solution.**

# Financial Back Office Essentials

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Certain back-office functions are critical to running a business, regardless of size. These systems deal with those essential requirements.



# Banking

More than just a place to store your money, your bank is also your lending (and sometimes investing) partner.



## Why you need it

Access to capital is vital for any business - particularly when you're trying to grow. It's important to have a banking partner whose policies and offerings align well with your business goals.

## What to look for

- **Understanding of your business model.** Whether it's expanding into a new category or increasing your fulfillment capabilities, at some point you'll probably consider a bank loan. You'll have a smoother loan experience if your bank understands how your business differs from a traditional brick-and-mortar retailer or software company.
- **Ease of management.** It's the 21st century - you don't have time to visit a branch every time you need to interact with your bank. Look for modern online options for accessing services.
- **Fees.** Some banks charge higher fees than others; make sure you're getting the best value for your money.

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## Recommendation: Silicon Valley Bank

- Startup-friendly
- Good reporting options
- User-friendly online interface
- Reasonable fees

**Runners-up: Mercury, FirstRepublic, Chase**

# Corporate Card

Credit cards dedicated to, and managed by, your business.



## Why you need it

Commingling - mixing your business and personal money - is an all-around bad idea. From tax liability to accurate expense tracking, there's a million reasons why your business should have its own separate accounts and credit lines, from day one.

## What to look for

- **Ease of use.** You don't have time to manage onerous approval processes, or jump through hoops when you need to issue or revoke cards to your employees. Look for cards with simple startup and management processes.
- **No personal guarantees.** If your business runs short of funds, a personal guarantee requirement can make you as an individual liable for any of the business's debts. Look for cards without this requirement.

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## Recommendation: Brex

- Designed for startups, with higher limits than traditional business cards
- No personal guarantee required
- Super simple to get started

## Runners-up: Chase Ink, Amex

Brex is a Pilot partner, and new customers who sign up through our referral can receive a **signup bonus of 50,000 points, plus waived card fees for life.** Contact us at [partners@pilot.com](mailto:partners@pilot.com) for details and to get started.

# Accounting Software

Software platform for tracking your finances.



## Why you need it

Manually tracking your accounts in spreadsheets gets out of hand very quickly. A dedicated software solution reduces the manual labor involved in tracking your finances, and makes it easier to generate reports and extract insights. And when you move to an external solution for things like bookkeeping or taxes, your partner will expect standardized books.

## What to look for

- **Wide adoption.** A niche or proprietary format can lock you into a specific provider, and make it harder to find an external expert to handle your accounts. Look for a platform that's widely used in the accounting world.
- **Integrations.** Wherever possible, pulling in data directly from other sources allows you to cut down on admin time, and eliminate the chances of manual data entry mistakes.

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## Recommendation: Quickbooks Online

- Industry-standard for accountants
- Good integrations with other service providers

# Bookkeeping

An external solution for managing your books.



## Why you need it

High-quality books are foundational to a successful business: they provide the accurate financial data you need to make the right business decisions. Good bookkeeping, however, takes both time and expertise.

This is especially true for consumer and retail companies, which face unique bookkeeping challenges. Dealing with physical goods means complex costs for inventory, COGS, shipping, and fulfillment. You likely also sell through multiple sales channels, which creates additional complexity in the books.

The effort to become an expert e-commerce bookkeeper yourself is probably not the best use of your time - time that could be otherwise spent growing your business. Offloading this area to an outside professional gets you the information you need to run your business, and gives you back your time and focus.

## What to look for

- **Industry specialization.** Since the consumer/retail e-commerce space presents special challenges for bookkeeping, you want your bookkeeper to be someone who knows those challenges well. Your bookkeeper should be well-versed in areas like gross to net revenue, inventory and COGS, multichannel sales, and reconciling order timelines with merchant payout timelines.
- **Thoroughness.** It goes without saying, but this is one area where you really need attention to detail and dedication to getting the job done right. Look for a provider who is able (and willing) to put in the effort to get you highly accurate books.
- **Responsiveness.** Sometimes you'll have questions come up about your financial data, that you need an answer for quickly. When this happens, you need to know your bookkeeper will get back to you promptly.
- **Industry-standard format.** Avoid vendor lock-in by making sure your books will be kept in a standard, commonly-used format like Quickbooks or Netsuite, so that if you switch providers, your data can easily switch too.

# Bookkeeping

(Continued)



## Recommendation: Pilot

- Dedicated account manager that does your books every month, so you can focus on your business
- Specialized expertise in consumer and retail, serving hundreds of companies in the space
- Best-in-class integrations with the rest of your technology stack
- Available via phone and email whenever you have questions
- Built on QuickBooks Online, so there's no lock-in
- Accrual basis
- Humans and software working together, each doing what they do best

# Payroll

Software or service platform for managing payroll and all related administrative requirements.



## Why you need it

Managing payroll is deceptively complex. Besides just ensuring that your employees and contractors are paid on time, you'll need to factor in withholding for tax, insurance, and other considerations. This includes ensuring the right tax amounts are paid at the right time, and mistakes can result in significant fines. Using a professional service to manage payroll significantly lowers the time required - and your risk.

## What to look for

- **Modern interface and usability.** Traditional HR software providers have not always kept up with the times, and some older interfaces can be a significant drain on productivity. Look for a solution designed to work with a modern business.
- **Integration with your accounting software.** For many businesses, employee costs are one of the most significant expenses on their P&L statement. A data connection between your payroll and accounting systems let you save time and reduce errors.

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## Recommendation: Gusto

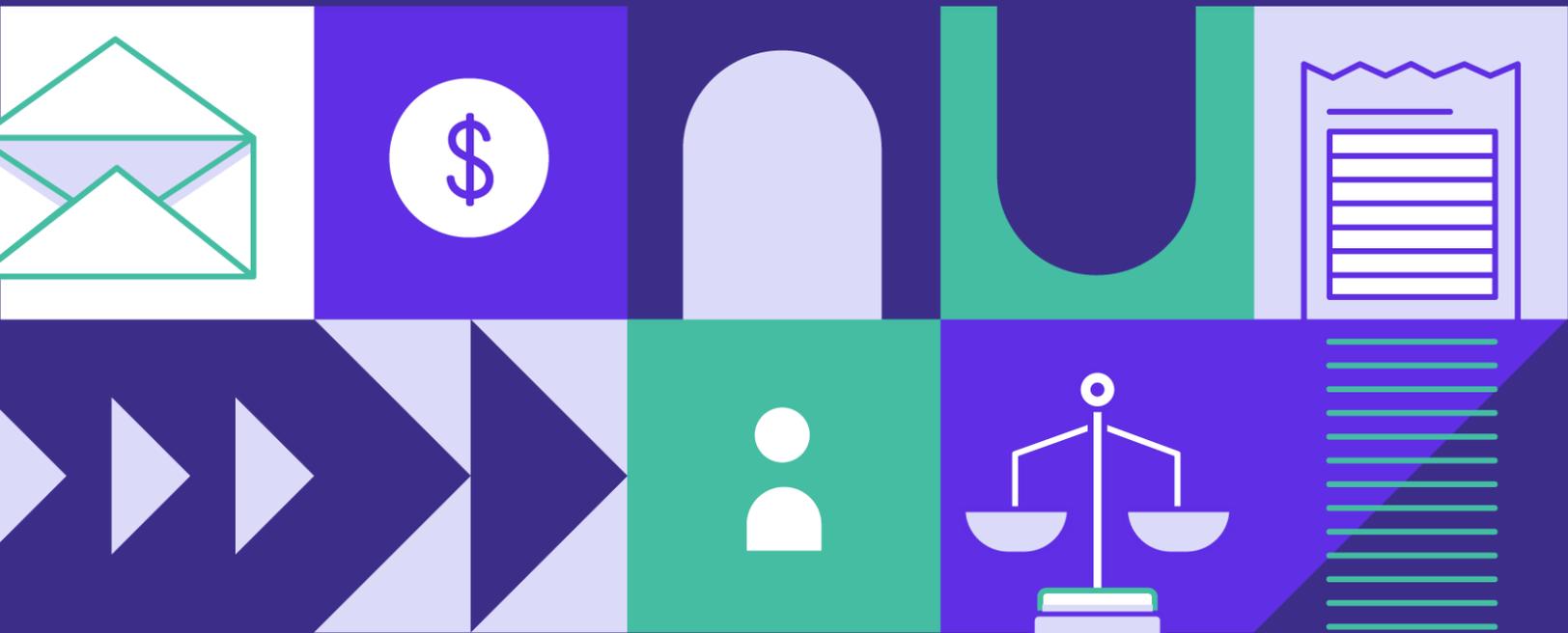
- Modern, highly usable software
- Deep startup knowledge
- Automatically handles payroll taxes
- Can help manage benefits and HR
- Good integration with Quickbooks Online

Gusto also integrates with Pilot for more streamlined bookkeeping. Pilot customers who sign up for Gusto at [gusto.com/partners/invite/pilot](https://gusto.com/partners/invite/pilot) will have Pilot automatically added as their bookkeeper, saving setup time.

# Scaled Financial Back Office

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As your business grows, so do your administrative requirements. These systems address back-office needs for larger-scale e-commerce companies.



# Transaction Aggregator

Software link between your storefront and your books.



## Why you need it

Managing the transaction data generated by your storefront can be a painstaking headache. A transaction aggregator manages this data, including your revenue vs. your payouts, and automatically imports it into your accounting software. This speeds up your bookkeeping across multiple shopping platforms, and gives you a more accurate view of your cash flow.

## What to look for

- **Automatic reconciliation.** Sifting through your data to reconcile sales against returns and payments is a time-consuming chore. Your transaction aggregator should handle this for you, with little to no manual intervention needed.
- **Flexibility.** As your business grows, your needs may change over time. Look for a solution that can handle a variety of different configurations and scenarios, and grow with you.
- **Granular data reporting.** Your sales data is critical to developing your business. Your transaction aggregator should be able to grant visibility into your data, at a granular enough level to inform how you make decisions.

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## Recommendation: A2X

- Aggregates transactions from multiple e-commerce platforms and builds from gross to net revenue
- Automatically reconciles month end sales vs. payout schedules
- Supports multiple instances per platform (e.g., two Shopify accounts) and transactions in foreign currencies
- Capabilities to break down SKU-level sales data across platforms

# AP/AR Automation

Software platform or service for handling invoices and payments.



## Why you need it

If you aren't generating a significant number of invoices, or paying a large number of bills, you can probably hold off on adding this to your tech stack. However, if you're at the point where invoices and payments are taking up a large amount of time, then AP/AR automation can give you that time back.

## What to look for

- **Security.** AP/AR touches on your (and your customers') sensitive payment information. Be sure your AP/AR vendor has strong data security practices, and a track record of taking infosec seriously.
- **Automated collections/payments.** For recurring costs and invoices, you can save even more time with automation that allows you to set up a program and let it run.

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## Recommendation: Bill.com

- Automatically collects recurring invoices
- Securely stores customer banking information
- Will initiate and move money for you
- Significantly improves the accounts payable process

# Expense Reporting

Software solution for tracking and reimbursing employee expenses.



## Why you need it

Whether it's booking a trip to meet a potential supplier or picking up the tab at a team-building lunch, at some point you or your employees will spend personal money on behalf of the company, and need to be reimbursed. Manually tracking this can be a big headache, and without clear policies and controls in place it's easy for mistakes or improper spending to happen. Software makes it simple to manage and control your expense reports.

## What to look for

- **Ease of use.** The simpler a system is to use, the more likely your employees will stay on top of it. Look for features like automatic receipt processing from photos, that make it easy to report expenses as they happen.
- **Flexibility.** Your expense reporting needs will continue to evolve as your business does. Look for a solution that can adapt as needed to new policies and users.
- **Integration with your accounting software.** In addition to cutting down management time, integrations that pass data directly from your expense reporting system to your accounting software reduce opportunities for manual data entry mistakes.

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## Recommendation: Expensify

- Inexpensive and flexible
- Good integration with QuickBooks Online

# Cap Table Management

A platform for managing equity and valuation.



## Why you need it

Managing a cap table is only a requirement for businesses that have equity financing - but it's an important one. Trying to track your cap table in spreadsheets is not only tricky, it opens you up to potential problems later on if mistakes are made or numbers are disputed. A professional cap table management solution will keep you organized, and ensure everything is tracked and documented.

## What to look for

- **Ease of use.** One of the main perks of using a cap table service instead of DIY is how much easier it is to use. If your vendor has a difficult learning curve, you aren't saving as much time as you could.
- **Electronic documents.** Besides just keeping track of your equity, a good cap table manager can also handle the various associated documentation, taking pressure off your finance and HR teams.

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## Recommendation: Carta

- Easy cap table management
- 409(a) valuation support
- Employees and investors can accept electronic securities, exercise options, and track vesting schedules

Carta is a Pilot partner, and Pilot customers are eligible for a **first-year discount** with this link: [carta.com/referral/pilot](https://carta.com/referral/pilot)



# Closing

As your business continues to grow, it becomes increasingly vital to have good systems in place. The right financial tech stack gives you the tools you need to manage your back office - and the time back that you need to run your business.

Pilot offers financial back-office solutions, including bookkeeping, tax, and CFO services, to thousands of growing retail businesses. To learn more, visit us at [pilot.com/solutions/ecommerce](https://pilot.com/solutions/ecommerce)