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For and on behalf of
China Insights Consultancy

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灼识咨询

China Insights Consultancy

Industry Report on China's E-commerce SaaS ERP Market

October 13, 2025

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CIC introduction, methodologies and assumptions

China Insights Consultancy was commissioned to conduct research, provide an analysis of, and to produce a report on China's E-commerce SaaS ERP market, and other related economic data, at a fee of RMB1,320,000. The commissioned report has been prepared by China Insights Consultancy independent of the influence of The Company and other interested parties.

China Insights Consultancy is an investment consulting company originally established in Hong Kong. Its services include industry consulting services, commercial due diligence, strategic consulting, and so on. Its consultant team has been tracking the latest market trends in e-commerce, TMT, marketing and advertising, culture and entertainment, cloud communication, IT, chemicals, consumer goods, agriculture, and industry, finance and services, healthcare, transportation, etc., and possesses the most relevant and insightful market intelligence regarding these industries.

China Insights Consultancy undertook both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, including the National Bureau of Statistics of China, Chinese Government releases, annual reports published by relevant industry participants, industry associations, China Insights Consultancy's own internal database, etc.

The market projections in the commissioned report are based on the following key assumptions: (i) the overall global social, economic, and political environment is expected to maintain a stable trend during the forecast period; (ii) certain key industry drivers, including development of China's e-commerce market, increasing demands for cross-platform management from e-commerce merchant, and development of technology, are likely to continue to drive market growth during the forecast period; and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected either dramatically or fundamentally during the forecast period.

All statistics are reliable and based on information available as of the date of this report. Other sources of information, including those from the government, industry associations, or market participants, may have provided some of the information on which the analysis or its data is based.

All the information about Jushuitan is sourced from Jushuitan's own audited report or management interviews. China Insights Consultancy is not responsible for verifying the information obtained from Jushuitan.

Terms and abbreviations

3PL: Third-Party Logistics 第三方物流

5G: 5th Generation Mobile Networks 第五代移动通信技术

AI: Artificial Intelligence 人工智能

API: Application Programming Interface 应用程序编程接口

B2B: Business-to-Business 企业对企业

B2C: Business-to-Customer 企业对个人

BI: Business Intelligence 商业智能

BOM: Bill of Materials 物料清单

C2C: Customer-to-Customer 个人对个人

CAGR: Compound Annual Growth Rate 复合年均增长率

COVID-19: Coronavirus 新冠病毒肺炎

CRM: Customer Relationship Management 客户关系管理

E-commerce: Electronic Commerce 电子商务

EDC: Enterprise Data Center 企业数据中心

ERP: Enterprise Resource Planning 企业资源计划

FBA: Fulfillment By Amazon 亚马逊物流

GMV: Gross Merchandise Volume 商品交易总额

H5: Hyper Text Markup Language 5 (HTML5) 第5版超文本标记语言

HCM: Human Capital Management 人力资本管理

HDFS: Hadoop Distribution File System 分布式文件系统

HRM: Human Resource Management 人力资源管理

IaaS: Infrastructure as a Service 基础设施即服务

IDC: Internet Data Center 互联网数据中心

IoT: Internet of Things 物联网

ISV: Independent Software Vendor 独立软件开发商

IT: Information Technology 信息技术

KVM: Kernel-based Virtual Machine 基于内核的虚拟机

NYSE: New York Stock Exchange 纽约证券交易所

OA: Office Automation 办公自动化

OMS: Order Management System 订单管理系统

PaaS: Platform as a Service 平台即服务

PMS: Purchase Management System 采购管理系统

RCEP: Regional Comprehensive Economic Partnership 区域全面经济伙伴关系协定

R&D: Research and Development 研发

SaaS: Software as a Service 软件即服务

SDN: Software Defined Network 软件定义网络

SKU: Stock Keeping Unit 库存量单位

SME: Small and Medium Enterprises 中小企业

SPU: Standard Product Unit 标准化产品单位

Tmall: 天猫

TMS: Transport Management System 运输管理系统

UPS: United Parcel Service, Inc. 美国联合包裹运送服务公司

USPS: United States Postal Service 美国邮政署

WMS: Warehouse Manager System 仓库管理系统



I. Overview of China's SaaS market

II. Overview of China's e-commerce industry

III. Overview of China's e-commerce SaaS market

IV. Overview of China's e-commerce SaaS ERP market

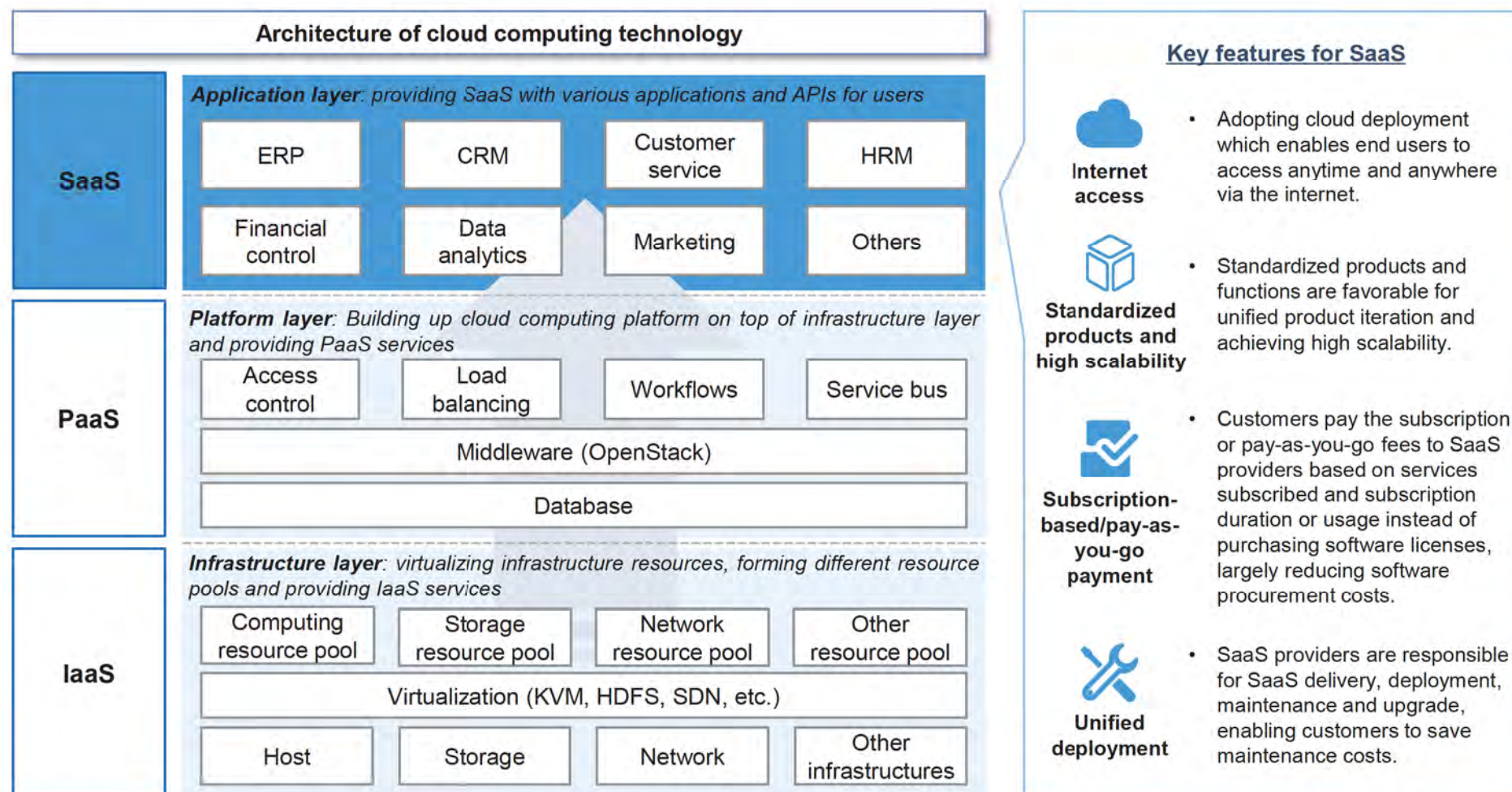
V. Competitive landscape of China's e-commerce SaaS ERP market

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SaaS provides internet access, standardized functions, subscription-based/pay-as-you-go payment and unified deployment for customers to easily access to different functions and largely reduce cost and increase operating efficiency.






Definition and value proposition of China's SaaS market

- Software as a service (SaaS) is a cloud-based software delivery model in which the software provider develops and maintains cloud application software, provides automatic software updates, and makes software available to its customers via the internet on a pay-as-you-go or subscription basis.













































































Compared to traditional enterprise software, enterprise SaaS allows enterprises to reduce procurement and maintenance costs and while enhancing use efficiency and convenience.

Comparison between traditional enterprise software and enterprise SaaS

	Traditional enterprise software	Enterprise SaaS	Value proposition for enterprise SaaS
 Procurement methods	<ul style="list-style-type: none"> Enterprise software is generally installed or deployed on premise. The essence is to buy out the perpetual license of the software with the associated hardware. 	<ul style="list-style-type: none"> Enterprise SaaS is delivered over the Internet instead of consuming the space of disks and servers. The essence is to subscribe to software modules provided by SaaS providers. 	<ul style="list-style-type: none"> ✓ Enterprise SaaS can lower the threshold of use and the trial-and-error cost for enterprises.
 Procurement cost	<ul style="list-style-type: none"> Enterprises need to bear the purchasing cost upfront and all at once. 	<ul style="list-style-type: none"> Enterprise customers pay for the software based on the subscription duration or actual usage. 	<ul style="list-style-type: none"> ✓ Enterprise SaaS enables enterprises to use services with high efficiency and convenience.
 Ease of use	<ul style="list-style-type: none"> The use of traditional software is limited by space and location and must be used on premise. The deployment and the delivery of software requires labor and time. Future maintenance and updates must be conducted on premise as well. 	<ul style="list-style-type: none"> Enterprise customers can access SaaS via the internet without the limitation of space and time. The deployment time of SaaS is normally less than 30 days. Future maintenance and updates could be done via the internet as well. 	<ul style="list-style-type: none"> ✓ Enterprise SaaS allows enterprises to largely reduce procurement and maintenance costs.
 Data Security	<ul style="list-style-type: none"> Data is stored in locally deployed servers of enterprises with the restriction of enterprise intranet usage. Enterprise can control the security, privacy and stability of data. 	<ul style="list-style-type: none"> Data is delivered to SaaS providers for processing and storage. Thus, users might concern about the data security issue. 	<ul style="list-style-type: none"> ✓ The data security relies on data security and protection capabilities of SaaS providers.
 Product positioning	<ul style="list-style-type: none"> Customized services for consulting, installation and deployment are provided by traditional software providers. 	<ul style="list-style-type: none"> SaaS providers normally provides standardized products via the internet, as well as customized modules in certain occasions. 	<ul style="list-style-type: none"> ✓ Enterprise SaaS is suitable for start-ups and small-and-medium-sized enterprises with low digitalization level and low IT budget.

Enterprise SaaS services mainly comprise CRM, ERP, HCM, financial management, and collaborative applications.

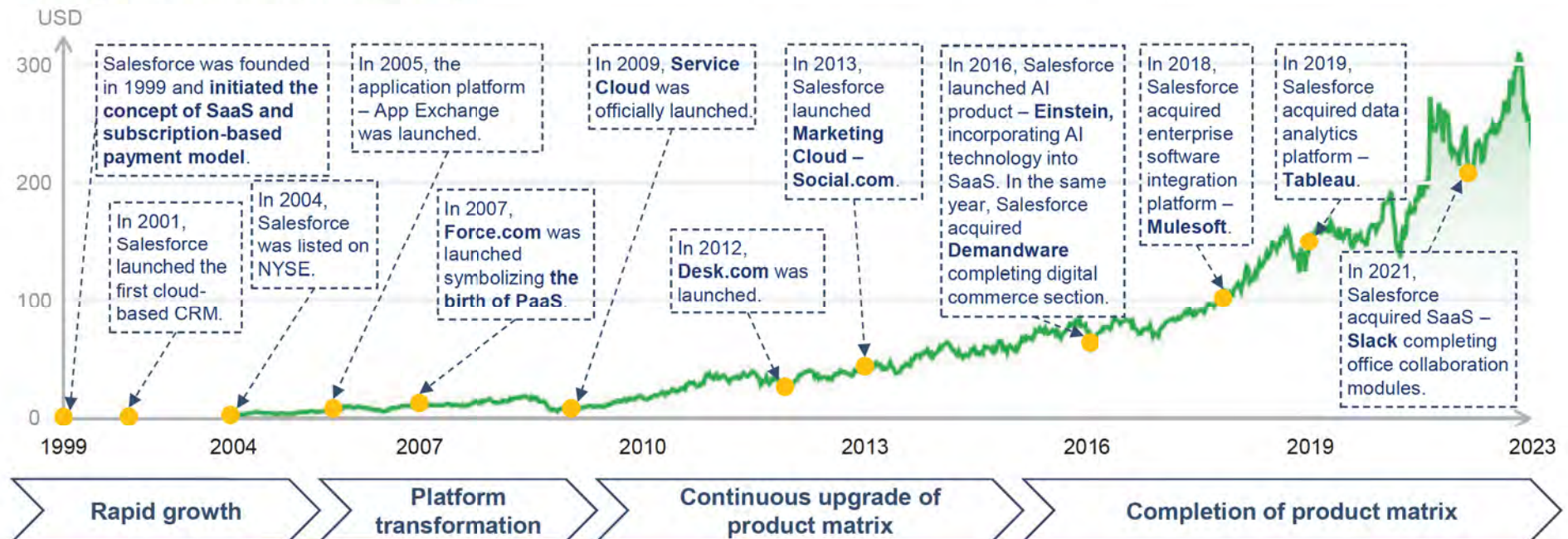
Overview of major categories for enterprise SaaS, China

Category	Definition	Major function modules			Typical players
 CRM	<ul style="list-style-type: none"> CRM (customer relationship management) compiles data from customers and uses data analytics to learn more about the target audiences and to better cater to their demands, further contributing to the growth of sales revenue and the increase of customer retention. 	 Contact center	 Sales data collection and analytics	 Customer relationship maintenance	        
 ERP	<ul style="list-style-type: none"> ERP (enterprise resource planning) systems enable enterprises to track business resources – cash, raw materials, product capacity as well as the status of business commitments – orders, procurement and inventory. 	 Purchase, sales and inventory management	 Order Management	 Warehouse Management	        
 HCM	<ul style="list-style-type: none"> HCM (human capital management) is a solution for enterprises to recruit, manage, develop, retain and optimize their talent as well as other related professional services. 	 Recruitment	 Talent evaluation	 Payroll management	        
 Financial management	<ul style="list-style-type: none"> Financial management SaaS enables enterprises to achieve automated bookkeeping, automated generation of financial report, budget management, expense control management and tax filing, etc. 	 Automated Bookkeeping	 Generation of financial report	 Budget management	        
 Collaboration applications	<ul style="list-style-type: none"> Collaborative applications comprise mission management, schedule arrangement, process approval and enterprise internal communication tools. 	 OA system	 Communication tools	 Mission management	       
 Others	<ul style="list-style-type: none"> Other SaaS products comprise data analytics, business intelligence, IT maintenance, security, e-signature, supply chain management, procurement management, etc. 	 Data analytics	 Business intelligence	 IT maintenance	     

As one of the pioneers of SaaS providers, Salesforce expanded and improved its product matrix through acquisition and product innovation.

Business development path of typical SaaS provider – Salesforce

Stock price of Salesforce (NYSE: CRM)



- Salesforce initiated the concept of SaaS and subscription-based payment model. In 2001, it launched the first cloud-based CRM, kicking off the beginning of SaaS journey.
- At this stage, Salesforce entered a phase of platform transformation. It launched application platform – App Exchange and Force.com which symbolized the birth of PaaS. Since then, Salesforce accelerated its path of platform transformation and expansion of product matrix.
- At this stage, Salesforce focused on the upgrade and enrichment of product matrix by frequent acquisitions of companies with related businesses that were not yet in Salesforce's scope then. In 2009, it launched Service Cloud. In 2011, It acquired Jigsaw and transformed it into Data.com. Salesforce has built up a relatively mature CRM product matrix by the end of this stage, including Sales Cloud, Service Cloud and Marketing Cloud.
- With the development of big data and AI technology, Salesforce focused more on the R&D and investment of data and AI products. In 2016, Salesforce launched Einstein which incorporated AI technology into SaaS. In 2019, it acquired Tableau improving the capabilities of data analytics and BI. Until then, Salesforce has formed a completed product matrix with Sales Cloud, Service Cloud, Marketing Cloud, Commerce Cloud, platform and data products.

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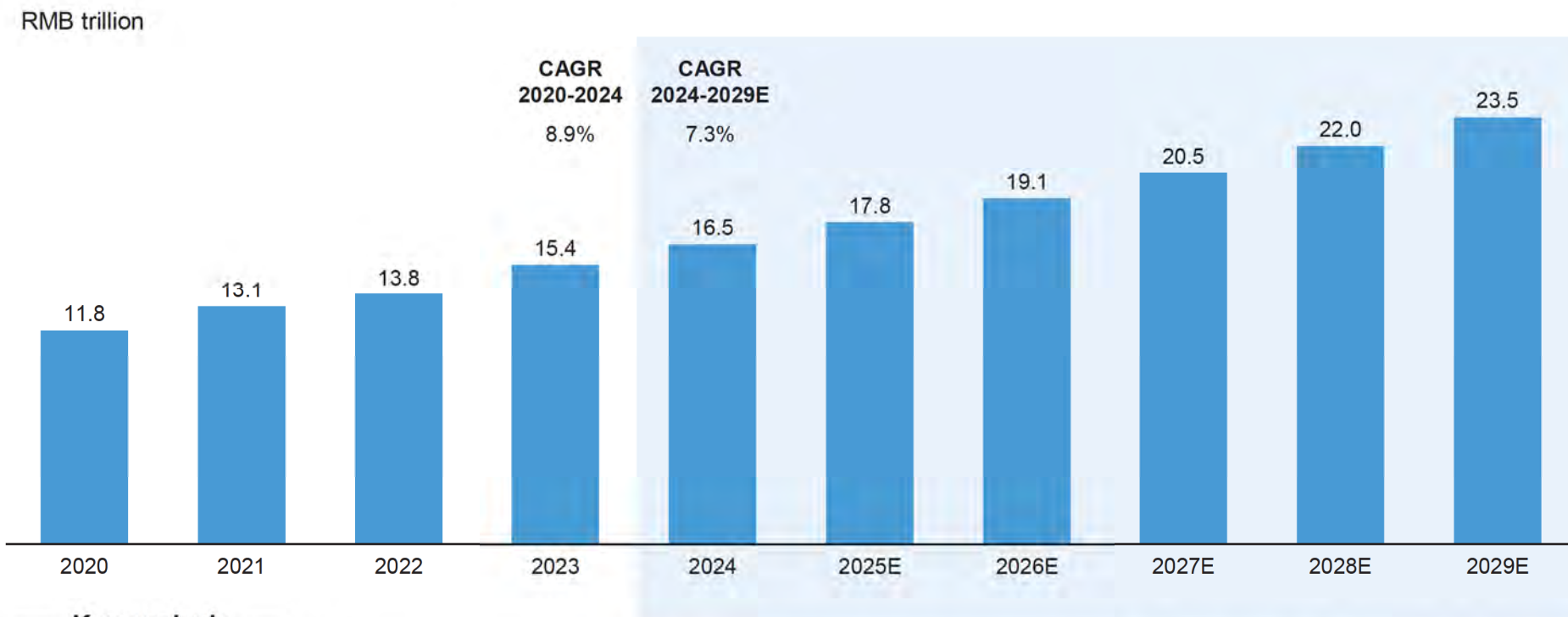
Since the establishment of Taobao, China's e-commerce industry has gone through a rapid development thanks to increasing e-commerce platforms and continuously business model innovation.

Historical development of China's E-commerce industry

Year	Major events	Typical players	Key features
2019	<ul style="list-style-type: none"> Douyin and Kuaishou commenced large scale e-commerce business, further diversified China's e-commerce landscape and promoted the innovation and development of e-commerce. 	 	<p>1 Increasing number of e-commerce platforms and merchants:</p> <ul style="list-style-type: none"> Since the establishment of Taobao in 2003, more and more players entered the market bringing diversified services for merchants and consumers, such as JD, Vipshop, Mogujie, Pinduoduo and Douyin, etc. Meanwhile, the development of e-commerce platforms has attracted a large amount of merchants flushing into the market, promoting the increase of the online penetration rate.
2018	<ul style="list-style-type: none"> Community group buying model has emerged with plenty of players rushing into the market. 	  	
2017	<ul style="list-style-type: none"> Taobao also launched live-streaming business, which experienced exponential growth in the following years. 		<p>2 Continuous business model innovation:</p> <ul style="list-style-type: none"> An increasing number of new e-commerce platforms emerged in recent years, diversifying the market with innovative business models and taking up the market share. The emergence of social e-commerce, community group buying and live-streaming e-commerce models has diversified e-commerce landscape in China. Thanks to the continuously business model innovation, e-commerce platforms are able to reach more audience and meet much broader shopping demands from consumers. China's e-commerce market has become the world's most complex and dynamic e-commerce ecosystem. Content e-commerce platforms represented by Douyin and Kuaishou are able to easily trigger consumers' shopping interest based on their high user traffic and live-streaming model.
2015	<ul style="list-style-type: none"> Mogujie initiated live-streaming e-commerce business model. Yunji, one of the pioneers of social e-commerce, was founded. Pinduoduo, which has significantly activated and enhanced the social function among e-commerce platforms, was founded. It entered lower-tier cities by providing low-priced products directly supplied by manufacturers, as well as unique social shopping experiences for consumers. 	  	
2008	<ul style="list-style-type: none"> Vipshop, representative of early vertical e-commerce platforms, was founded. 		
2004	<ul style="list-style-type: none"> JD was established and initiated the self-operated e-commerce business model. 		
2003	<ul style="list-style-type: none"> Taobao.com was established, symbolizing that China's e-commerce industry entered a new era. 		
1999	<ul style="list-style-type: none"> 8848, the first C2C e-commerce platform in China was founded. Eachnet.com and Dangdang were founded at the same year. 	  	
1997	<ul style="list-style-type: none"> China's Commodity Trading Center, the first completed B2B e-commerce trading center, was officially established. 		

China's e-commerce has and is expected to maintain a strong growing momentum with continuously expanding online user base and e-commerce business model innovation.

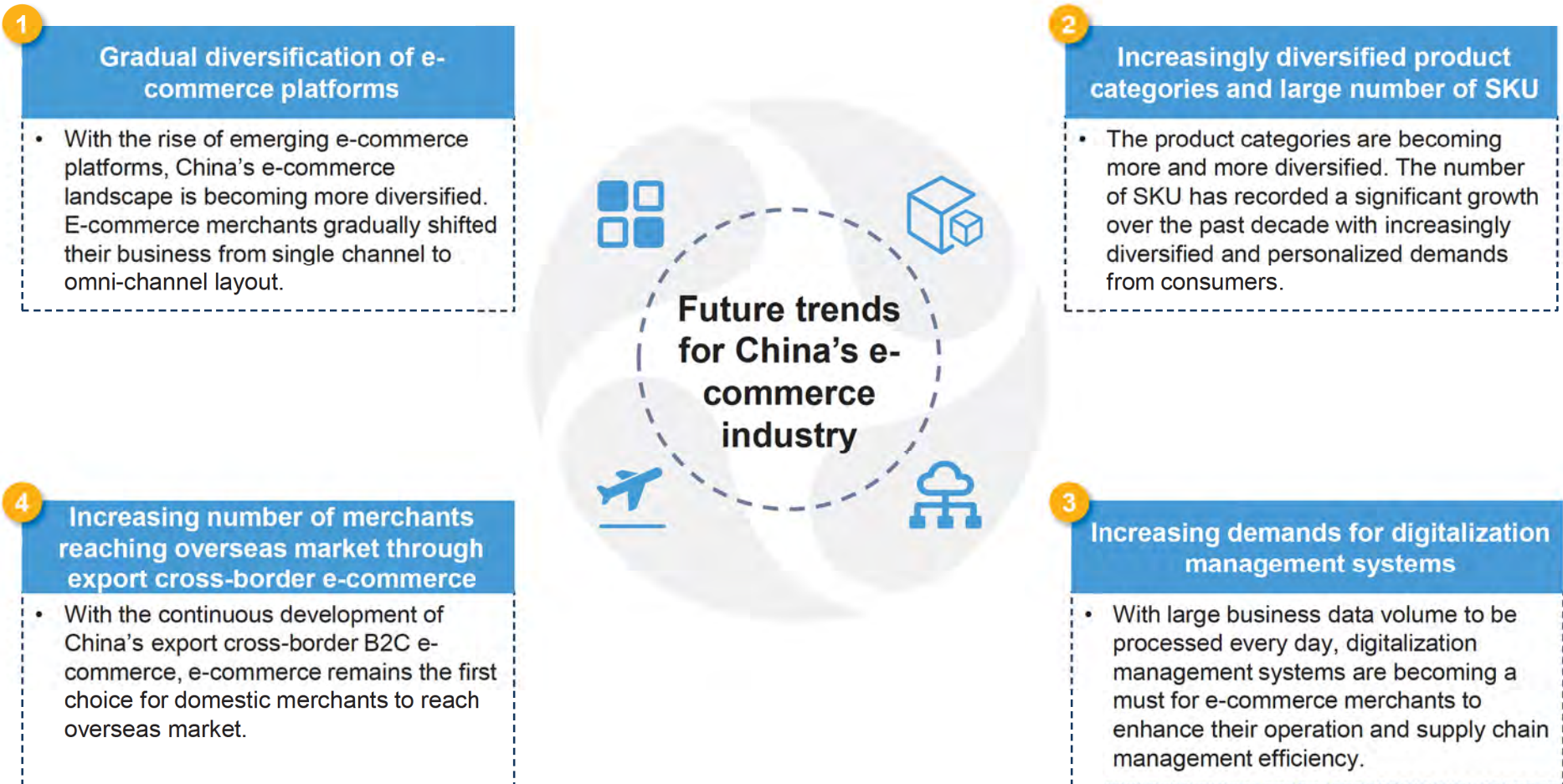
Market size of China's online retail sales value, 2020-2029E



Key analysis

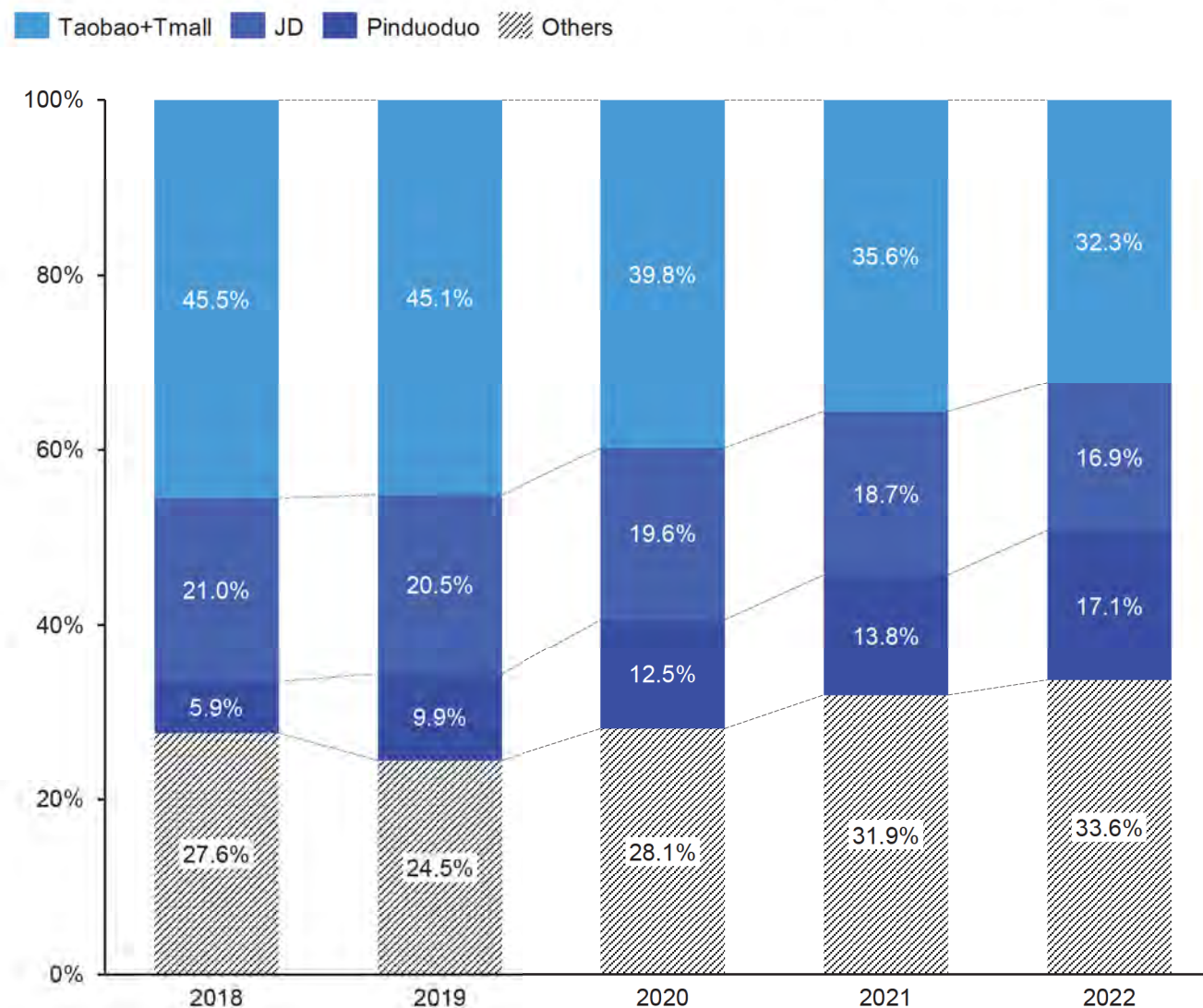
- China's e-commerce industry has been expanding at a non-stop pace ever since its take-off in the mid-2000s. China has become the world's largest e-commerce market since 2013, with a share of over 40% nowadays in terms of online retail sales value. In 2024, the number of e-commerce merchants has exceeded 27 million and online retail sales of physical goods reached RMB13.9 trillion, representing 28.4% of total consumption in China. It transformed the landscape of the whole retail industry, provided a large playing ground for emerging brands, led to new business models and opportunities such as online marketing, and influenced people's daily life and shopping behaviors. The online shopping user base has been largely expanded.
- E-commerce has become an indispensable part of Chinese people's life, evidenced by its significant share in the whole retail market, which is still rising year by year. A larger variety of goods sold on e-commerce platforms, such as fresh food and furniture, and innovative e-commerce business models, such as community group buying, live-streaming and on-demand e-commerce, are continuously vitalizing and diversifying the overall e-commerce market.

Future trends for China's e-commerce industry



With the implementation of the Guidelines for Anti-monopoly in the Field of Platform Economy and the rise of emerging platforms, e-commerce merchants gradually shifted their business from single channel to multi-channel layout.

Market size of China's online retail sales value, by major platforms, 2018-2022



Gradual diversification of e-commerce platforms

- The competitive landscape of China's e-commerce industry has been constantly changing. Five years ago, Alibaba and JD occupied the largest share in China's e-commerce market. However, with the rise of emerging e-commerce platforms, such as Pinduoduo, Douyin and Kuaishou, China's e-commerce landscape is gradually becoming more diversified.

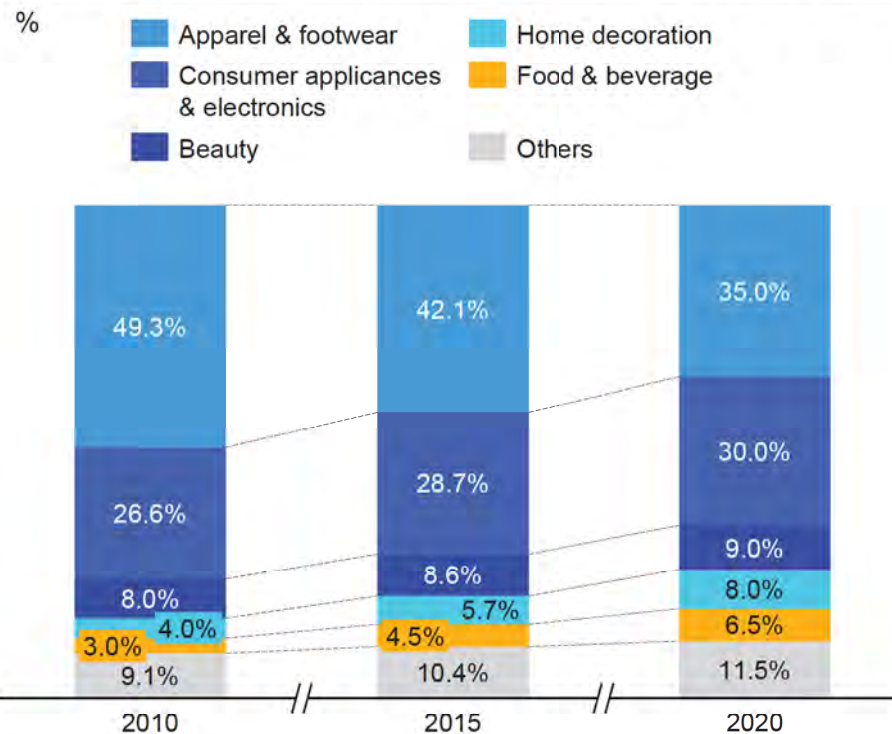


Multi-channel layout carried out by merchants

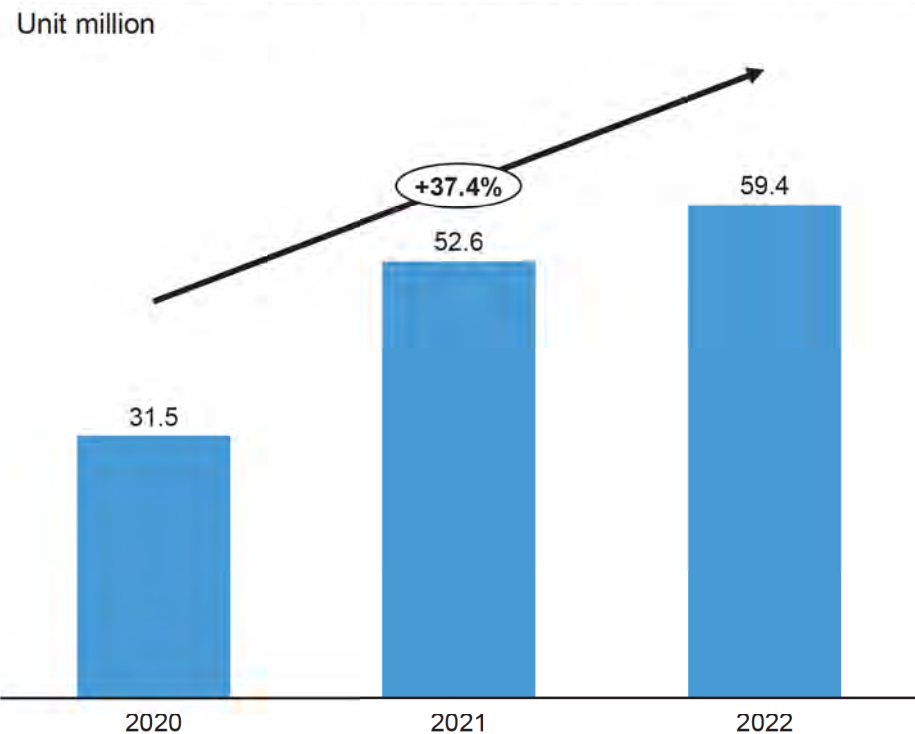
- With the implementation of the Guidelines for Anti-monopoly in the Field of Platform Economy in 2021, e-commerce merchants were no longer forced to choose one between two platforms. Cross-platform and cross-store operation becomes the trend for e-commerce merchants. E-commerce merchants started to shift their business from single store to multi-channel layout in order to fully reach user traffic from multiple platforms.

The product categories are becoming more diversified, and the number of SKU has recorded a significant growth over the past decade.

Share of product categories on Alibaba, China, 2010-2020



Number of SKU during Double 11 festival, China, 2020-2022

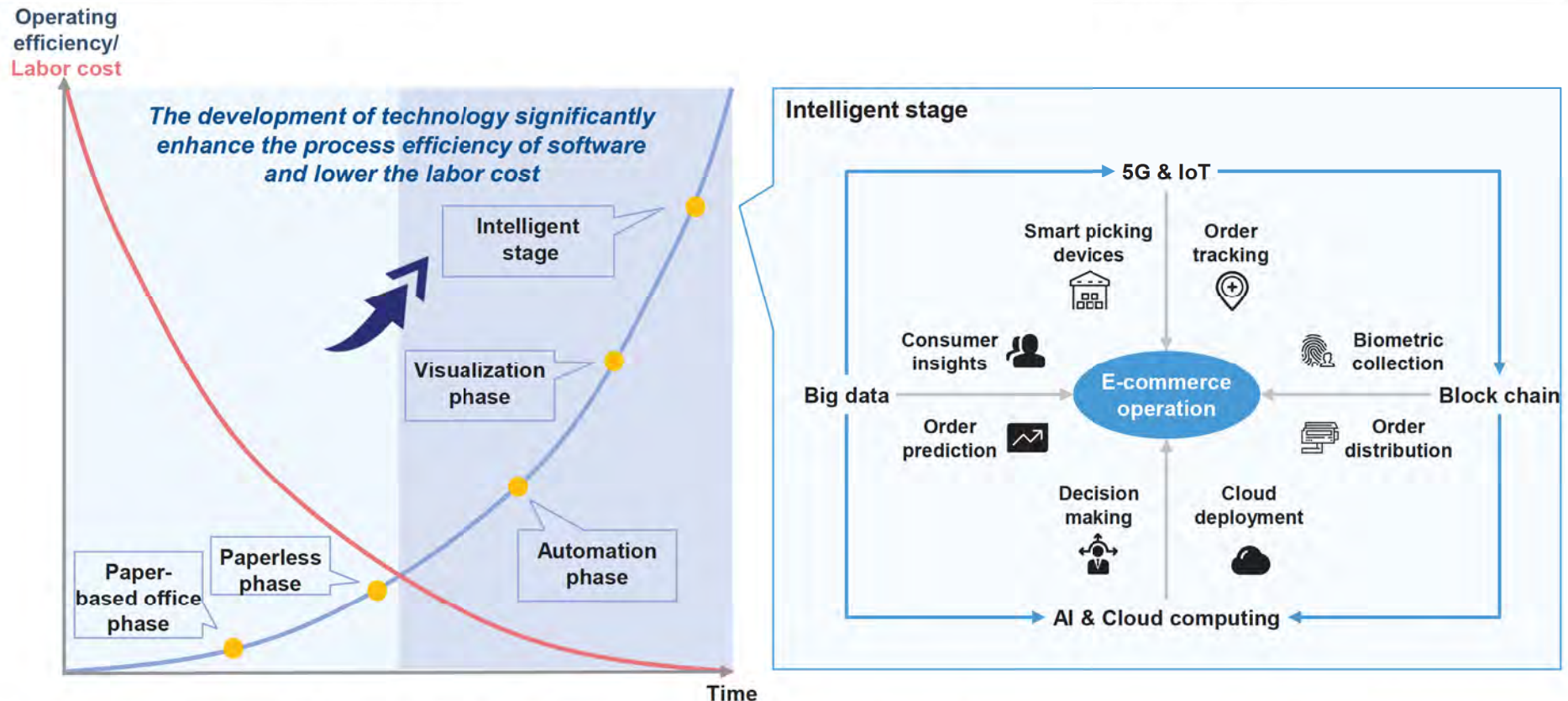


Key analysis

- Over the past ten years, product categories on China's e-commerce platforms have gradually diversified. Taking e-commerce platforms from Alibaba as example, apparel and footwear have been the category accounting for nearly half of the total GMV on Taobao and Tmall in 2010. With the continuous development of China's e-commerce market, the share of apparel and footwear has largely shrunk, while many other categories, such as consumer appliances and electronics, beauty and home decoration, etc., have recorded a significant growth.
- On the other hand, many sub-categories, such as light food, sugar-free beverage and pet products, have seized the opportunity and have gone through a rapid growth. The number of SKU has accordingly maintained a significant growth along with increasingly diversified and personalized demands from consumers.

The development of technology has significantly enhanced the process efficiency of software and accordingly lowered the labor cost.

Overview of digitalization development in the e-commerce industry, China



- E-commerce industry is at the forefront of the digitalization process among all industries in China. E-commerce merchants are faced with multiple stakeholders, including millions of consumers, suppliers and logistic service providers, etc. Hence, there is a huge amount of business data generated and to be processed from their daily business operation. Under this circumstance, digitalization management tools become a must for e-commerce merchants.
- China's e-commerce industry has experienced from paper-based office stage to intelligent stage. With the development of AI, cloud computing and big data technology, a variety of digitalization management tools are designed and developed for solving pain points from different parts of merchants' business operation. For example, OMS is designed for efficiently processing the generation and tracking of orders as well as the shipment of goods in order to help merchants enhance operational efficiency and save operational costs. With the continuous penetration of digitalization tools in e-commerce industry, data integration and synergies between different systems are highly required to meet the one-stop operational demands from e-commerce merchants.

The continuous development of China's outbound e-commerce has largely broadened the growth boundary of China's e-commerce industry.

Historical development of China's outbound e-commerce












Year	Major events	Typical players	Key features
2022	<ul style="list-style-type: none"> JD established strategic collaborative relationship with Shopify, expanding its B2C cross-border e-commerce business. Pinduoduo officially launched its cross-border e-commerce platform – Temu in the USA. 	 	<ol style="list-style-type: none"> Favorable policy incentive <ul style="list-style-type: none"> The sign of RCEP and policies related to “One Belt One Road”, such as tariff reduction and the improvement of export environment, have significantly promoted the development of China's outbound e-commerce market. Gradually completed cross-border infrastructure <ul style="list-style-type: none"> The improvement of cross-border logistics infrastructure and cross-border payment systems has laid a solid foundation for the development of outbound e-commerce and will further enhance the rapid growth of China's outbound e-commerce market. Covid-19 pandemic promoting the online shopping demand <ul style="list-style-type: none"> The burst of Covid-19 pandemic has driven overseas consumers to shift their shopping behaviors from offline to online, providing large market opportunities for China's outbound e-commerce merchants.
2021	<ul style="list-style-type: none"> Alibaba launched fashion shopping APP AllyLikes kicking off its independent site business Bytedance launched the comprehensive e-commerce platform – Fanno targeting global users and was launched in the UK, France, Germany, Italy and Spain.. 	 	
2018	<ul style="list-style-type: none"> Alibaba acquired Daraz from Pakistan and Trendyol from Turkey, expanding its cross-border business. 		
2017	<ul style="list-style-type: none"> Tencent became the largest shareholder of Sea – the parent company of Shopee. 		
2016	<ul style="list-style-type: none"> Lazada, the Southeast Asian e-commerce platform, was acquired by Alibaba. 		
2015	<ul style="list-style-type: none"> Amazon Global Selling business entered China enabling China's merchants to reach overseas consumers. JD launched the B2C e-commerce platform JOYBUY. 		
2010	<ul style="list-style-type: none"> AliExpress was founded with the positioning of B2C e-commerce platform. 		
2007	<ul style="list-style-type: none"> Export B2C e-commerce sprung up. Globalegrow E-commerce and LightInTheBox were founded 		
2000	<ul style="list-style-type: none"> Alibaba launched “Chinese supplier” service providing a B2B cross-border e-commerce platform for SME in China. 		

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E-commerce SaaS refers to e-commerce digitalization management systems deployed on the cloud rather than deployed on premise, mainly comprising online store setup and management, sales and marketing, ERP and CRM.

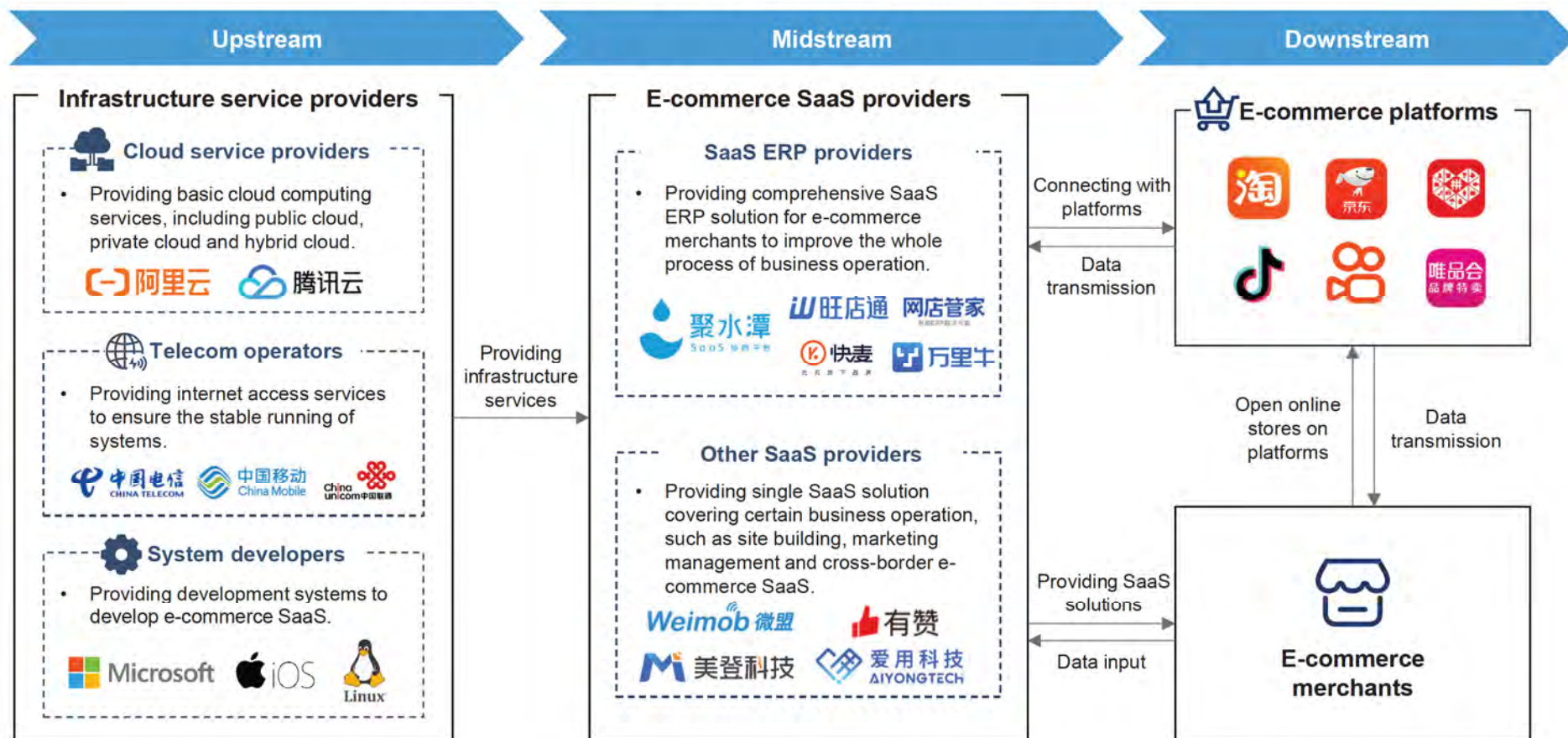
Definition and categorization of E-commerce SaaS, China

- E-commerce SaaS (Software as a Service) refers to e-commerce digitalization management systems deployed on the cloud rather than deployed on premise. E-commerce merchants can subscribe certain application functions by paying annually or monthly subscription or pay-as-you-go fees to SaaS providers and use the functions and services through internet. E-commerce SaaS provides digitalization tools related to business operations required by e-commerce merchants. It comprises all aspects of daily operations, including ERP, CRM, online store setup and management and others.



E-commerce SaaS providers develop SaaS systems based on IT infrastructure provided by infrastructure service providers, and further provides SaaS solutions for e-commerce merchants based on their operation needs.

Overview of the value chain of China's E-commerce SaaS market

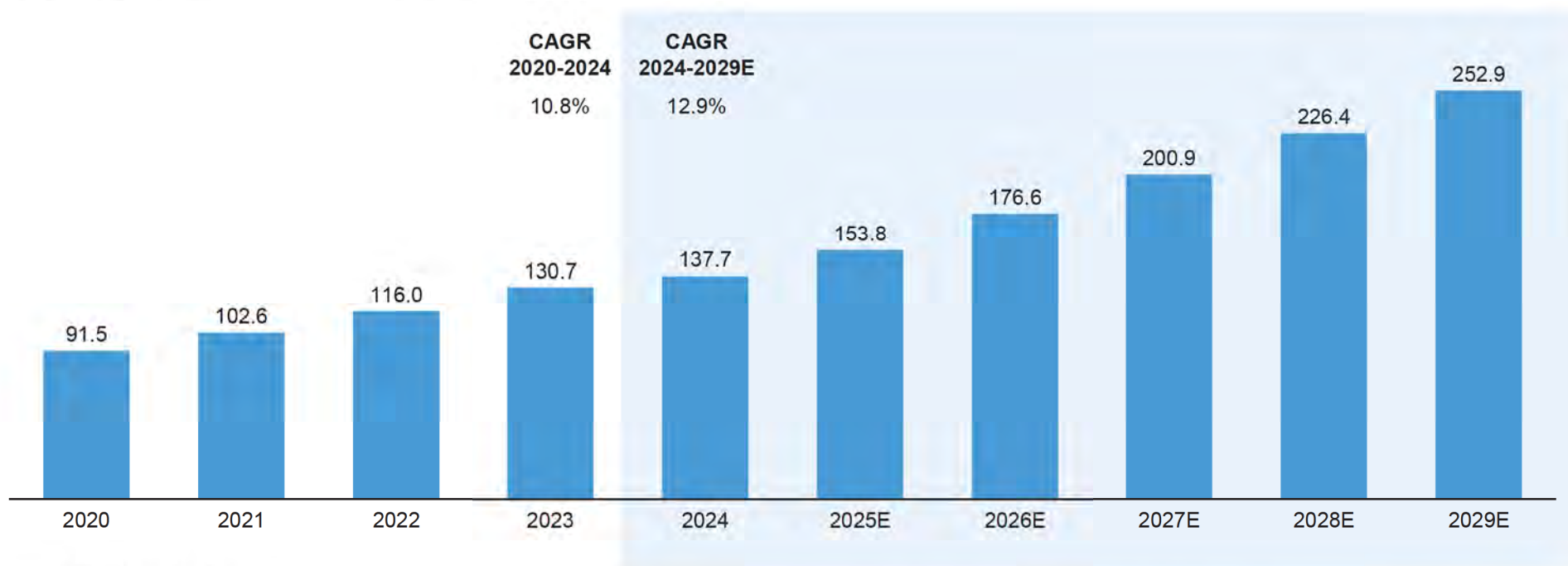


- The upstream of e-commerce SaaS market is composed of cloud service providers, telecom operators and system developers, respectively providing cloud computing service, internet access service and development systems for e-commerce SaaS providers to develop SaaS systems. The midstream of e-commerce SaaS market comprises various e-commerce SaaS providers, among which SaaS ERP providers occupy an important position. SaaS ERP covers the whole process management of business operation and can largely empower merchants' business operation management. When it comes to the downstream of the value chain, e-commerce SaaS providers provide e-commerce SaaS solutions for e-commerce merchants based on their different operation needs, and in the meantime connecting with different e-commerce platforms to achieve cross-platform synergy.

With the increasing order volume and complex e-commerce operation links, demands for digitalization tools from e-commerce merchants have significantly increased, propelling the rapid growth of IT spending spent by merchants.

IT spending by e-commerce merchants, China, 2020-2029E

RMB billion



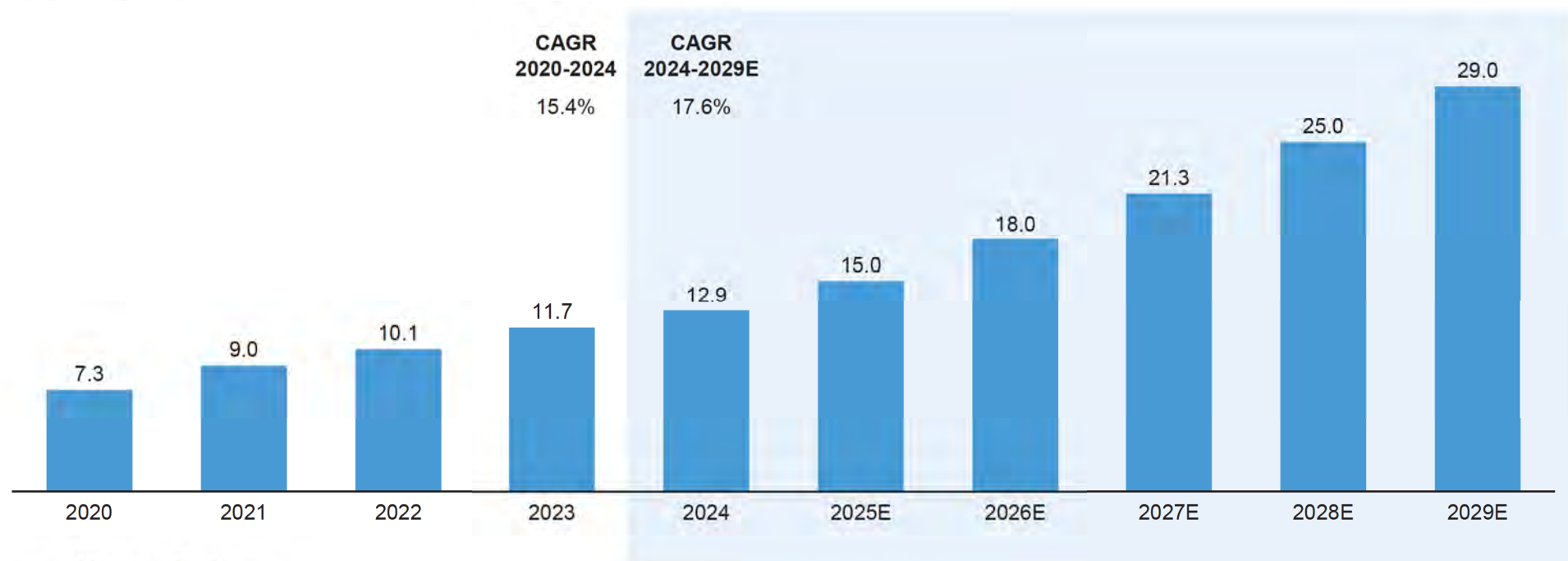
Key analysis

- The e-commerce operation and management involves lots of process links with high complexity, such as order management, warehousing management, logistics management and sales management, etc. With the expansion of business scale of e-commerce merchants and the huge increase of orders to be processed per day, demands for digitalization management tools from e-commerce merchants have largely increased. The IT spending by e-commerce merchants in China maintained a rapid growth over the past five years.
- With the development of big data, AI and cloud computing technology, many digitalization tools are deployed via SaaS mode provided for e-commerce merchants with standardized and easy-to-use function modules, significantly enabling e-commerce merchants to reduce operation costs and enhance the operation and management efficiency. The IT spending spent by e-commerce merchants is forecast to have a rapid growth during the next five years.

Demands for digitalization management tools with strong capabilities of cost reduction and operating efficiency enhancement from e-commerce merchants provide significant market opportunities for e-commerce SaaS providers.

Market size of China's e-commerce SaaS market, in terms of merchant spending, 2020-2029E

RMB billion

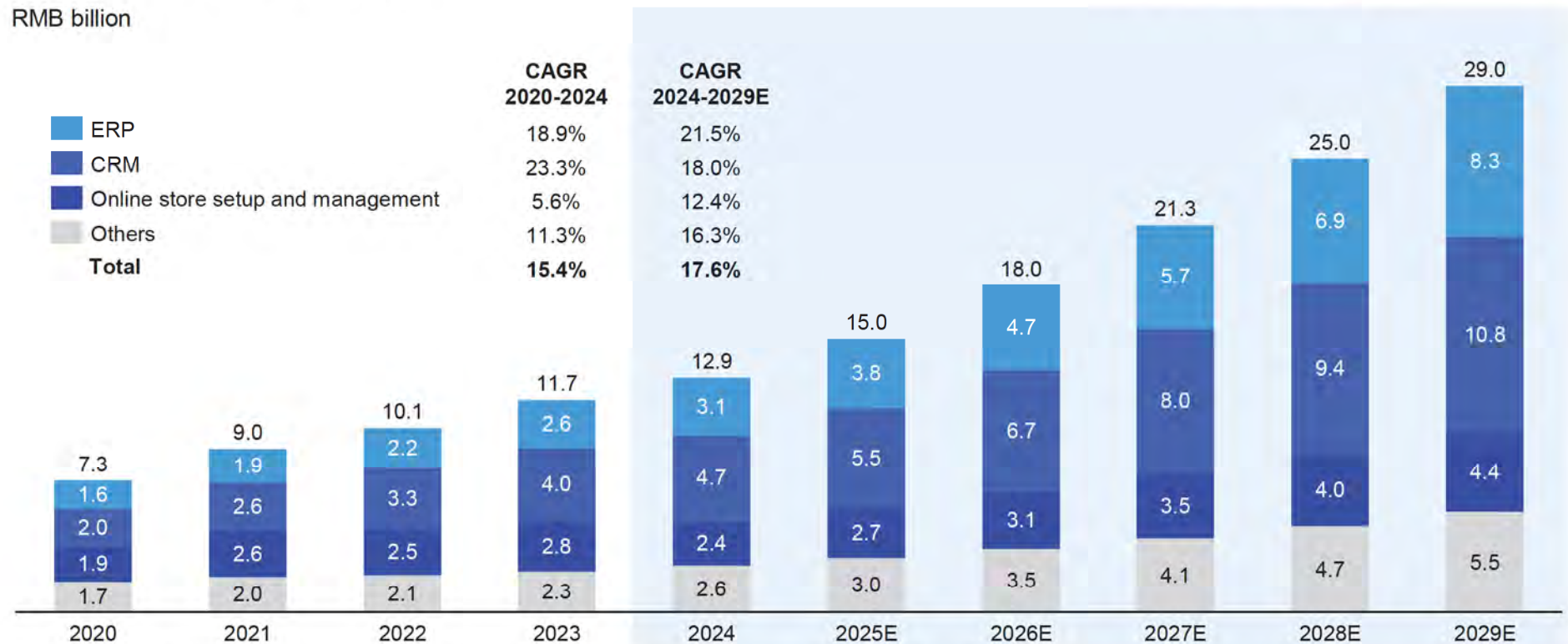


Key analysis

- China's e-commerce SaaS market has grown rapidly these years, driven by the rising awareness of cloud-based solution and continuous technological advancement.
- The increasing number of e-commerce platforms and increasingly diversified e-commerce models have driven more and more merchants entering e-commerce market and meanwhile setting up multiple online stores on multiple e-commerce platforms, resulting in the rapid increase of e-commerce merchant volume. Demands for digitalization management tools with strong capabilities of cost reduction and operating efficiency enhancement from e-commerce merchants hence have largely increased. Thanks to the advantages of convenient access, usage-based payment and standardized function modules, e-commerce SaaS has gained favor from an increasing number of e-commerce merchants.
- With the continuous development of big data, AI and cloud computing technologies, e-commerce SaaS providers are expected to launch more SaaS products with more completed function modules meeting increasingly diversified demands from e-commerce merchants, propelling the rapid growth of China's e-commerce SaaS market in the future.

Diversified demands for e-commerce business operation have driven the generation of various e-commerce SaaS products, among which ERP is expected to have the fastest growth among other SaaS products.

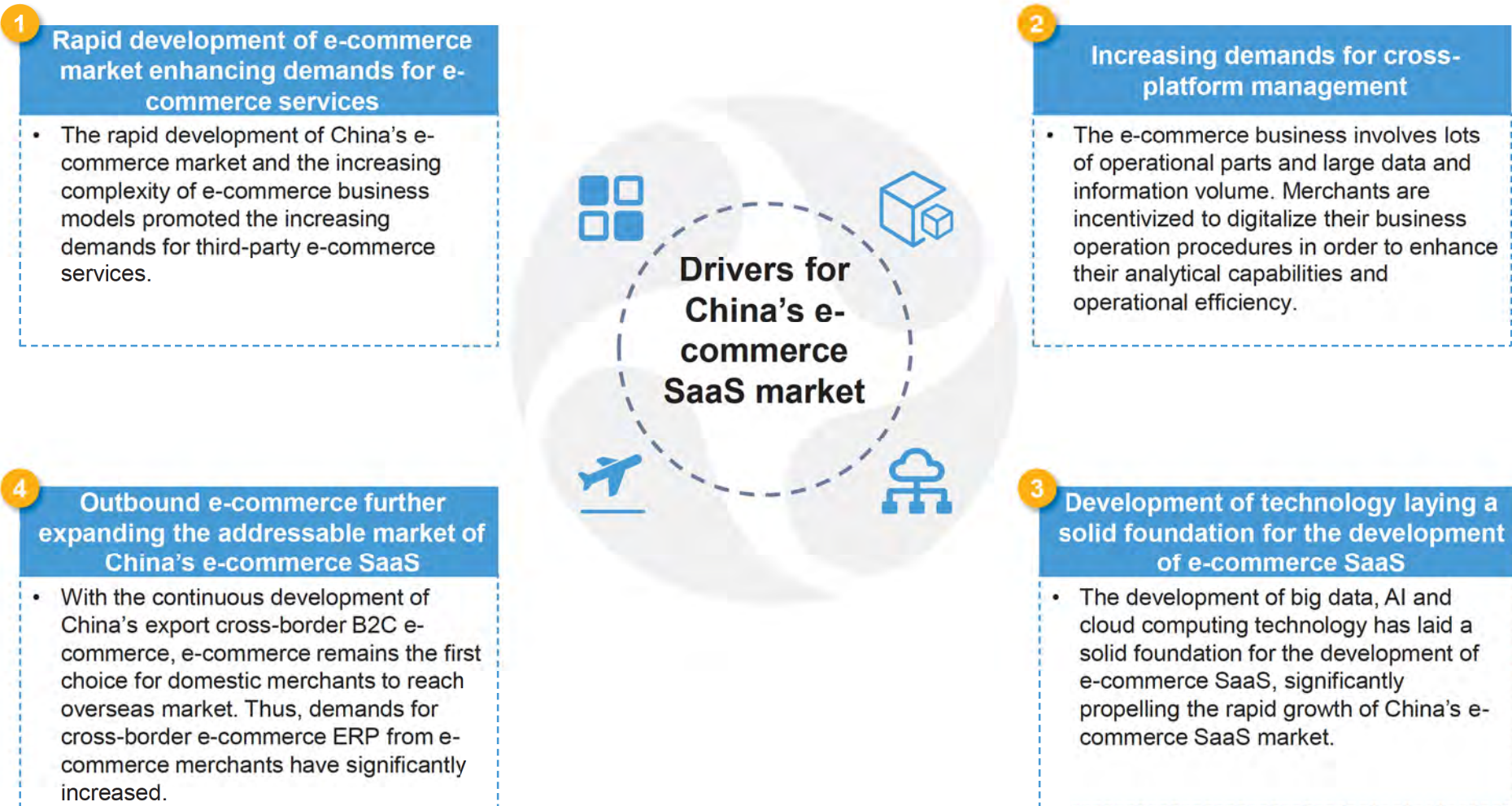
Market size of China's e-commerce SaaS market, by category, in terms of merchant spending, 2020-2029E



Key analysis

- Different demands for e-commerce business operation from e-commerce merchants have driven the growth of different categories of e-commerce SaaS products with various function modules, among which online store setup and management, ERP and CRM are the three major categories.
- As one of the crucial systems for e-commerce operation, ERP integrate the core operating processes in both internal and external management. The market size of e-commerce SaaS ERP grew fast over the past three years and is expected to achieve the highest growth rate among all e-commerce SaaS products in the next five years, attributable to merchants' increasingly complex and ever-changing needs in their daily operation and management.
- The increasingly diversified e-commerce platforms and models have promoted the increase of the demand for online store setup and management, propelling the rapid growth of online store setup and management SaaS over the past five years. Given that the SaaS deployment of CRM happened at a relatively earlier stage than other SaaS products, CRM accounts for the largest share of China's e-commerce SaaS market.

Drivers for China's e-commerce SaaS market



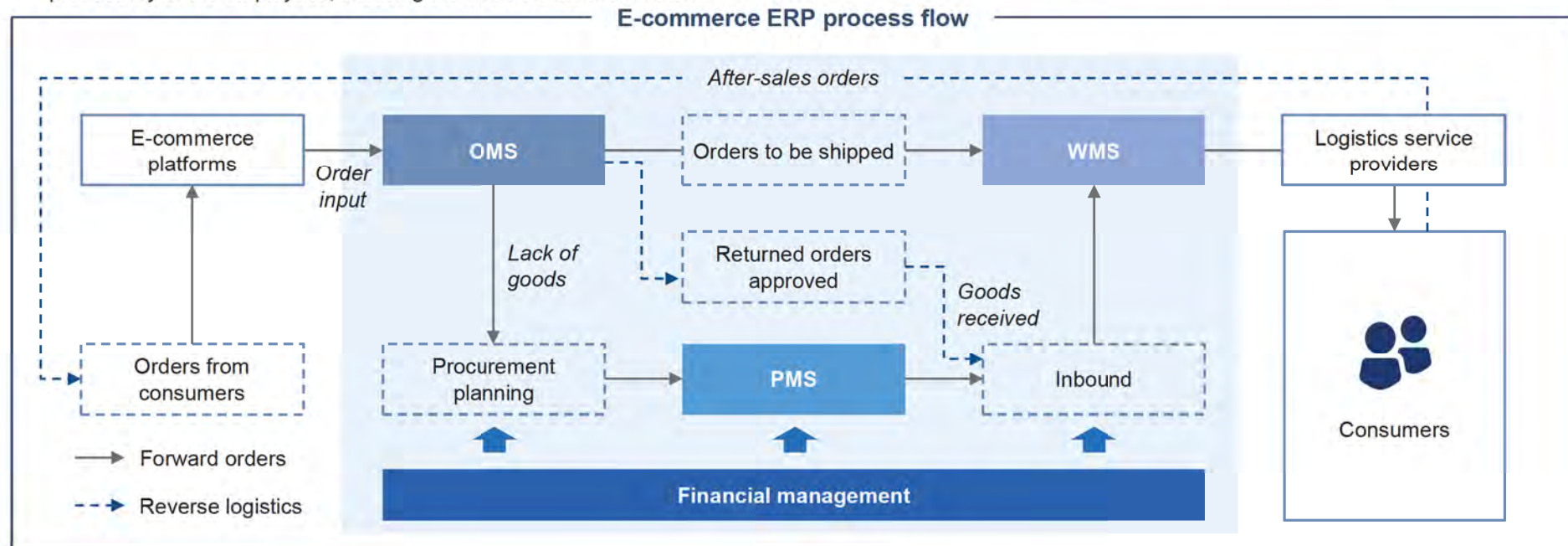






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E-commerce ERP is the core system for e-commerce merchants to conduct business and operation management, mainly comprising OMS, WMS, PMS and financial management system.

Definition and major function modules of E-commerce ERP, China











- E-commerce SaaS ERP is a cloud-based integrated management software designed for e-commerce merchants, enabling them to achieve efficient, seamless and secure operations. It comprises an array of functions including procurement management, order management, inventory management, distribution management and financial management. E-commerce SaaS ERP provides a unified management system, synchronizing merchants' internal work processes and connecting suppliers and customers across all platforms. The adoption of e-commerce SaaS ERP also automates merchants' workflows and improve the productivity of the employees, reducing the costs for the merchants.



OMS	WMS	PMS	Financial management
 <ul style="list-style-type: none"> ➢ Order input ➢ Order editing ➢ Order reviewing ➢ After-sales order management ➢ Giveaway management 	 <ul style="list-style-type: none"> ➢ Order distribution ➢ Smart picking path ➢ Inventory management ➢ Shelf management ➢ Inventory warning ➢ Shipment management 	 <ul style="list-style-type: none"> ➢ Purchase order management ➢ Purchase order reviewing ➢ Supplier management ➢ Procurement planning 	 <ul style="list-style-type: none"> ➢ Expense settlement ➢ Financial report management ➢ Order bookkeeping ➢ Integration of business and finance









E-commerce SaaS ERP can solve pain points for e-commerce merchants from multiple aspects of business operation, including cross-platform management, order management, inventory management and operational analytics, etc.


Pain points for e-commerce merchants and value propositions of E-commerce ERP, China

	Pain points for e-commerce merchants	Value propositions of E-commerce SaaS
Cross-platform management	 <ul style="list-style-type: none"> Multi-channel layout leading to difficulties in cross-platform management 	 <ul style="list-style-type: none"> E-commerce SaaS is compatible with multiple platforms, enabling merchants to conduct cross-platform management and maintain the coherence between inventory, operation and decision-making
Order management	 <ul style="list-style-type: none"> Large number of orders causing merchants unable to process orders efficiently 	 <ul style="list-style-type: none"> E-commerce SaaS can automatically process large number of orders
Inventory management	 <ul style="list-style-type: none"> Large number of SKU resulting in difficulties in processing inventory data 	 <ul style="list-style-type: none"> E-commerce SaaS empowers merchants with systematic and automatic management for merchandise inventory and logistics
Operational analytics capability	 <ul style="list-style-type: none"> Lack of operational analytics capabilities 	 <ul style="list-style-type: none"> E-commerce SaaS provides instantaneous data statistics and analysis with multi-dimensions for market and sales situation, store conversion and consumer behaviors
Synergies between stakeholders on the value chain	 <ul style="list-style-type: none"> Lack of synergies with other stakeholders on the value chain 	 <ul style="list-style-type: none"> E-commerce SaaS provides digitalized systems to connect multiple stakeholders on the value chain, enhancing the exchange of information and the efficiency of business match

Compared with traditional ERP software, e-commerce ERP systems are mainly deployed in the cloud and enable e-commerce merchants to significantly reduce costs and enhance operating efficiency.

Comparison between traditional ERP software and E-commerce SaaS ERP, China

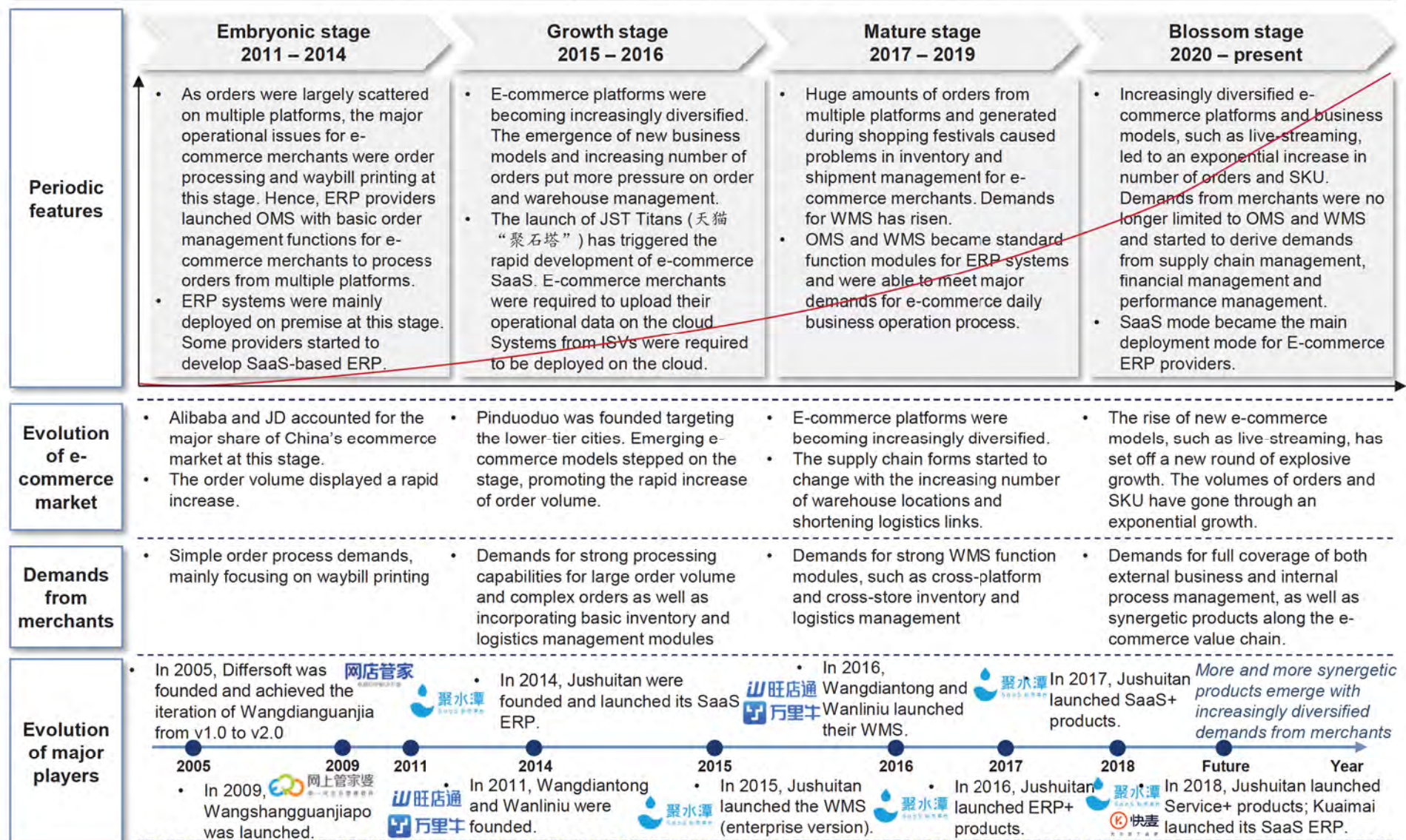
Features	E-commerce ERP	Traditional ERP software
Deployment mode	<ul style="list-style-type: none"> Mainly deployed in the public cloud and delivered via SaaS mode, which was simplified 	<ul style="list-style-type: none"> Mainly deployed on premise
Target customers	<ul style="list-style-type: none"> E-commerce merchants 	<ul style="list-style-type: none"> Large-scale enterprise customers from traditional manufacturing and trade industries.
Major functions	<ul style="list-style-type: none"> Unified management for orders, inventory and logistics among multiple platforms and stores as well as reverse logistics process capabilities. 	<ul style="list-style-type: none"> BOM, production scheduling, and purchase, sales and inventory management. Lack of certain major functions in e-commerce scenarios, such as WMS, inventory sharing, reverse logistics.
Number of orders from enterprise customers	 Typically more than 100 orders per day, some even more than 10,000 orders per day for certain merchants with large business scale.	 Typically less than 100 orders per day for the majority of customers. A small number of customers process more than 100 orders per day.
Number of SKU from enterprise customers	 Potentially more than 1,000 or even more than 10,000 SKU	 Typically less than 1,000
External connectivity	 E-commerce ERP is able to connect with large amounts of external systems or stakeholders. For example, e-commerce ERP download order information from e-commerce platforms and is able to be connected with logistics service providers.	 Weak connectivity capabilities. Traditional ERP can connect with few external systems due to the on-premise mode.
Pricing	 Subscription-based or pay-as-you-go payment. Annualized fees can typically reach a few thousand RMB, some more than RMB10,000.	 Paying one-off software license fees. Annualized fees could typically reach hundreds of thousand of RMB

 High  Low

Source: CIC

With the exponential growth of order volume and increasing demands for cross-platform management, e-commerce ERP evolved from basic waybill printing system to comprehensive e-commerce operation management system.

Historical development of E-commerce ERP market, China



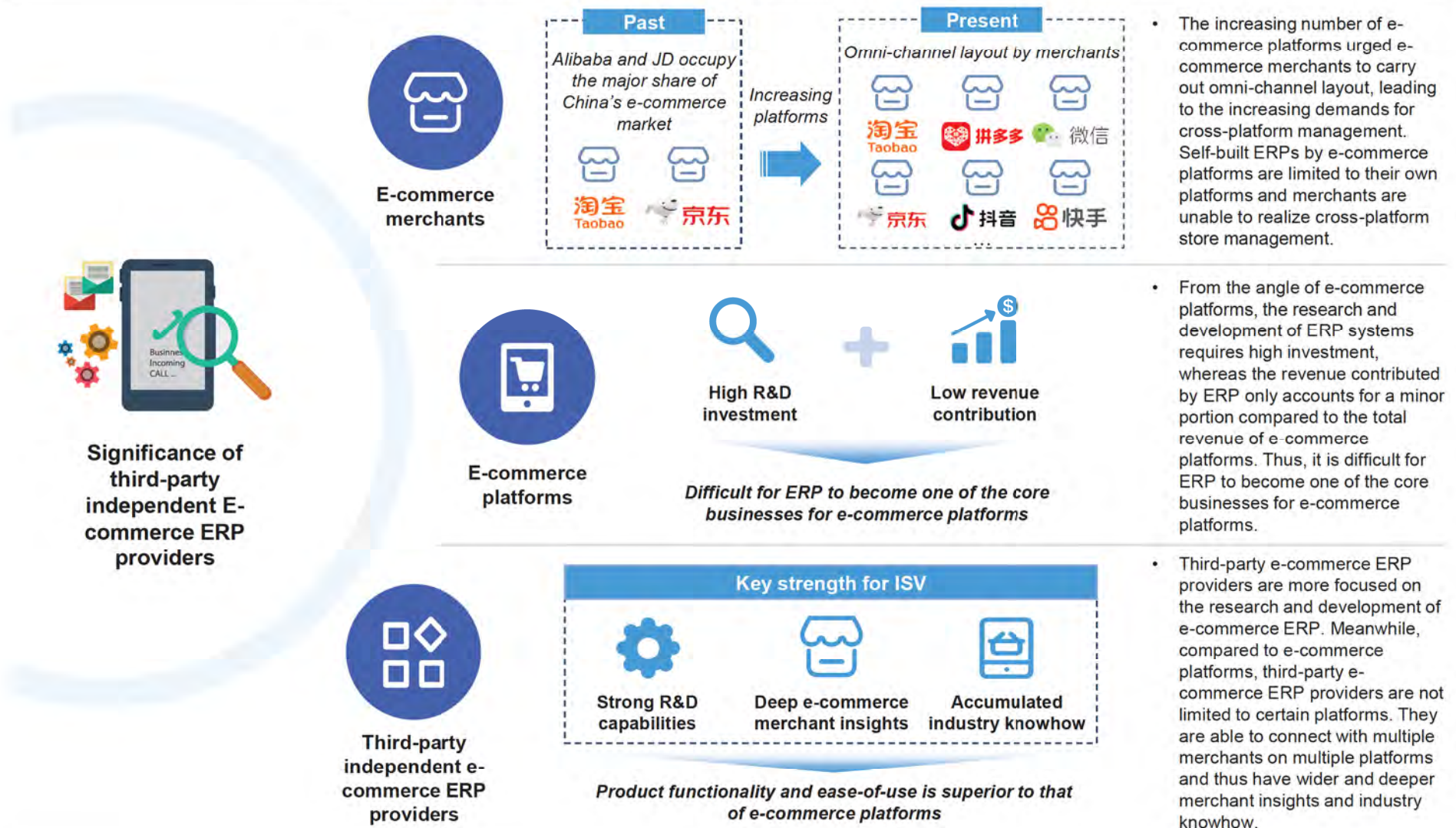
China's e-commerce SaaS ERP emerged as an industry-specific vertical market and gradually evolved to become a multi-function e-commerce management system.

The evolvement of e-commerce SaaS ERP in China

Stage of development	Industry landscape
Early stage: emergence of e-commerce SaaS ERP as an industry-specific vertical market	<p>ERP software was initially deployed on premise and designed for traditional manufacturers and enterprises, with functions commonly seen as Production-Sales-Inventories (PSI) management and scheduling. Yet, they are not suitable for e-commerce merchants' daily operation that require processing of high order volume, stock-keeping large SKUs, leveraging cross-platform data analytics instantly and connecting various external platforms and stakeholders.</p> <p>E-commerce SaaS ERP modifies traditional ERP transaction processing function and adapts to merchants' needs better, and consequently became an industry-specific vertical market that differentiates itself from the traditional ERP solution.</p>
Growth stage: integration of OMS and WMS as standard core functions	<p>E-commerce SaaS ERP initially focused on basic functions like order processing. Order Management System (OMS) enables fulfillment, processing and split of orders timely and automatically, thus improves merchants' productivity and reduces the cost.</p> <p>A breakthrough in e-commerce SaaS ERP product was to incorporate Warehouse Management System (WMS), which deals with inventory and logistics management that naturally follows order processing. Order-picking, packing and shipping of orders, as well as stocktaking can be done automatically through WMS, which optimizes space utilization and enhance the accuracy of operating task coordination.</p>
Mature stage: incorporation of more functions to enable collaboration	<p>Driven by a need for holistic resource planning, e-commerce SaaS ERP are expected to be able to track the live status of business resources and commitments with precision, and to consolidate more collaborative functions, such as financial management and analysis, supply chain and distributor management, procurement management, and workflow management, etc.</p>

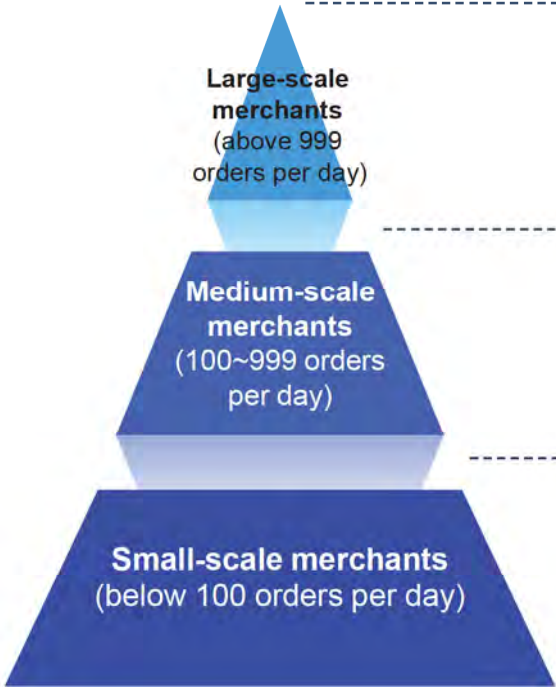









Demands for cross-platform management by merchants and focused merchant insights and industry knowhow make third-party independent e-commerce ERP a must for e-commerce merchants.

Significance of third-party independent E-commerce ERP providers, China



Small-scale e-commerce merchants account for the majority of total e-commerce merchants, which have mild needs for e-commerce ERP, whereas medium-and-large-scale e-commerce merchants have stronger demands for e-commerce ERP.

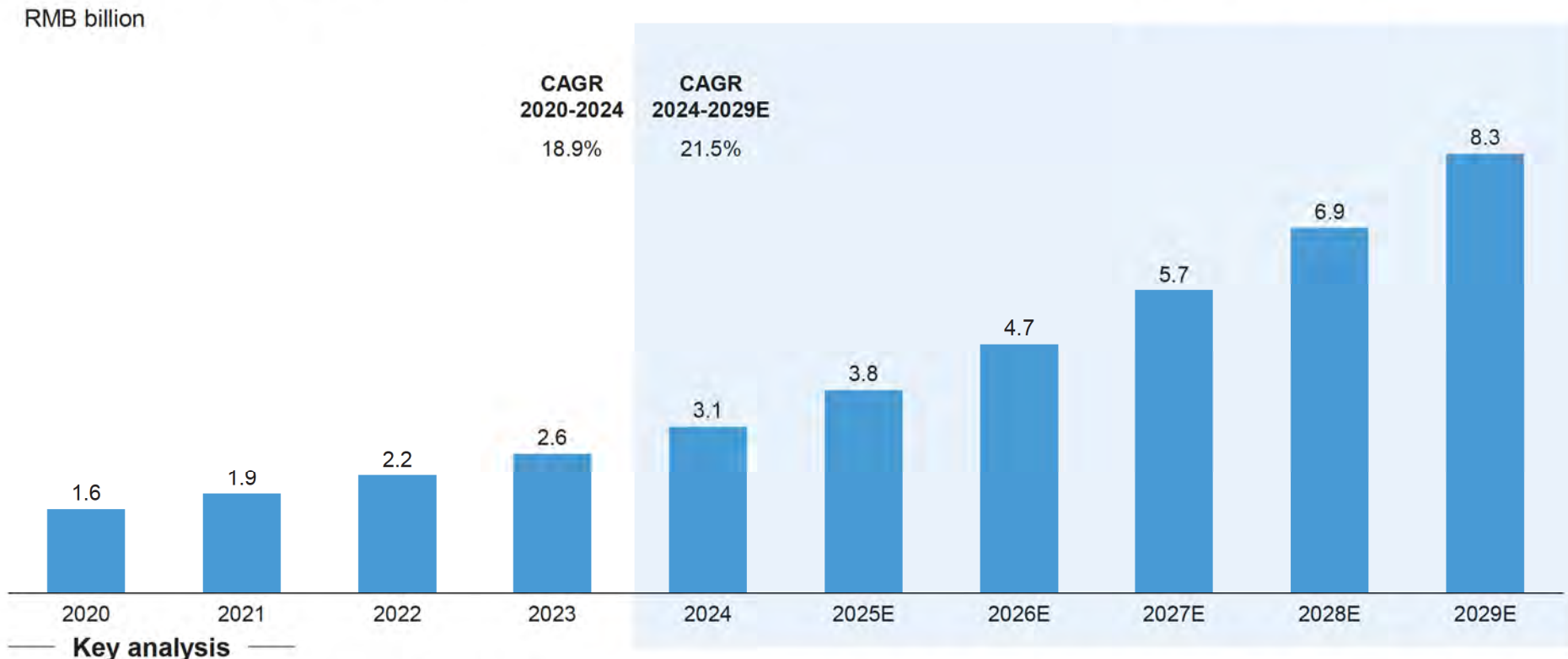
Demand analysis of E-commerce ERP for e-commerce merchants, by category, China, 2024

	Number of merchants ¹ , million	Penetration rate of ERP, %	Demands for functions modules		
			Order management	Inventory management	Procurement management
 Large-scale merchants (above 999 orders per day)	~0.1	52.0%	 Strong demand for order management to process large amounts of orders automatically and efficiently from multiple platforms.	 Strong demand for inventory management to achieve cargo area division, auto-generation of picking paths and decision analysis.	 Strong demand for procurement planning, supplier and distributor management to optimize procurement process and attain cost-effectiveness.
Medium-scale merchants (100~999 orders per day)	~1.5	12.5%	 High demand for order management to process large amounts of orders efficiently from multiple platforms.	 High demand for inventory management to synchronize inventory information from multiple stores and achieve out-of-stock alerts.	 High demand for procurement planning and budget management to reduce costs and enhance operating efficiency.
Small-scale merchants (below 100 orders per day)	~25.6	0.7%	 Demands for order management remain at fundamental level to process orders from single store, including basic order editing and waybill printing.	 Relatively lower demands for inventory management with relatively smaller number of orders and stocks which can be process manually.	 Relatively lower demands for procurement management with small procurement scale.

- Merchants with different business scale have different demands for e-commerce ERP. Small merchants with less than 100 orders per day accounts for the largest share of total e-commerce merchants. They are usually start-ups with one or two online stores. Their demands for e-commerce ERP thus remain at a fundamental level, of which OMS can sufficiently tackle daily operational demands from them. However, e-commerce merchants with more than 100 orders per day have strong demands for order management, inventory management and procurement management as manual processing is no longer sufficient to handle such large amounts of daily orders. OMS, WMS, PMS and other function modules hence become a must for merchants at this business scale. Large-scale merchants with orders above 999 per day require more function modules for ERP and even have customized needs. For example, lots of large-scale merchants have both online and offline stores and require that e-commerce ERP is able to be connected with their offline retail systems.

With the increasingly expansion of business scale of e-commerce merchants, demands for e-commerce SaaS ERP are expected to significantly increase, leading to the fast growth of China's e-commerce SaaS ERP market.

Market size of China's e-commerce SaaS ERP market, in terms of merchant spending, 2020-2029E



- The penetration rate of e-commerce SaaS ERP among e-commerce merchants currently remains extremely low in China. The small-scale e-commerce merchants with orders below 100 per day account for more than 90% of total e-commerce merchants, many of which operates single online store and relies on labor to process order and shipment demands. Hence, the penetration rate of e-commerce SaaS ERP among e-commerce merchants is extremely low at 1.6% in 2024, resulting in the low penetration rate in the whole e-commerce SaaS ERP market in China. With the continuous expansion of business scale of e-commerce merchants and the increasing complication of their operation, demands for cross-platform order process and warehouse management are expected to be accordingly increasing, further propelling the growth of penetration rate of e-commerce SaaS ERP.
- On the other hand, although the penetration rate of e-commerce SaaS ERP among large-scale merchants with more than 999 orders per day remains the highest among other tiers of e-commerce merchants, there still exists a large room for growth. With increasingly diversified demands for e-commerce operation management from large-scale e-commerce merchants, China's e-commerce SaaS ERP market is forecast to have a fast development in the future.

Drivers for China's e-commerce SaaS ERP market

1

Evolution of E-commerce in China

- As the e-commerce market matures, merchants are facing challenges to meet diverse and complex operational requirements. Therefore, they continuously seek operation refinement to stay competitive. The emergence of innovative e-commerce channels and creative sales method requires timely update and upgrade for smooth and efficient coordination between merchants and platforms. The increase of warehouse and logistics services providers creates a stronger demand for technical solutions to better allocate resources along the industry value chain. E-commerce SaaS ERP will be the key to address the rising challenges facing the merchants and to enhance their decision making.

2

Increasing reliance and willingness lead to lower acquisition cost

- E-commerce merchants become more reliant on SaaS ERP, as they benefit from improved operational efficiency, reduced cost and sales growth, and thus merchants' reliance on and willingness to pay for SaaS ERP increase accordingly. Especially with the advanced and useful features provided by e-commerce SaaS ERP enabling cross-platform operational management, third-party e-commerce SaaS ERP has become a must for merchants. In the near future, China's SaaS ERP market is expected to achieve high growth rate with lower customer acquisition cost.



Drivers for China's e-commerce SaaS ERP market

3

Advancement of technology as a foundation for ERP

- The pervasiveness of the Internet and the advancement of technology lay a solid foundation for the future development of e-commerce SaaS ERP. To enhance IT infrastructure and cloud computing capabilities is one of China's key national strategies. Under this policy backdrop, enterprises are expected to further accelerate their digital transformation, driving the development of enterprise-level SaaS.

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Jushuitan is China's largest e-commerce SaaS ERP provider in terms of SaaS ERP revenue in 2024.

Competitive landscape of e-commerce SaaS ERP providers, China, 2024

Ranking	Company name	Founding year	E-commerce SaaS ERP	
			Revenue, 2024, RMB million	Market share, 2024, %
1	Jushuitan	2014	765	24.4%
2	Company A	2011	370	11.8%
3	Company B	2005	162	5.2%
4	Company C	2013	138	4.4%
5	Company D	2013	88	2.8%

- Company A is a private company headquartered in Beijing and was founded in 2011. It focuses on offering e-commerce SaaS ERP, along with other e-commerce and physical retail SaaS such as procurement and distribution management systems.
- Company B is a private company headquartered in Hangzhou and was founded in 2005. It focuses on offering e-commerce SaaS ERP, along with software for physical retailers such as O2O store management and supply chain management.
- Company C is a China-listed company headquartered in Hangzhou and was founded in 2013. It offers a variety of e-commerce SaaS, including product and order management, sales and marketing management and ERP, among others.
- Company D is a private company headquartered in Shanghai and was founded in 2013. It focuses on offering e-commerce SaaS ERP, as well as ERP for physical retailers.
- All of the top 5 e-commerce SaaS ERP providers in China have been focusing on e-commerce from the initial setup, instead of rooting from traditional ERP.

Key success factors for China's e-commerce SaaS ERP providers



E-commerce industry know-how

- E-commerce industry features complex operations, large amount of information flow, and changing customers' demands. Especially in China, e-commerce industry evolves rapidly and public's consumption patterns change from time to time. ERP also comprises a complex array of modules and requires expertise in constructing a comprehensive system. Therefore, it is critical to understand the nature of the e-commerce industry and to customize the SaaS ERP product with ERP technical know-how.



Advanced and user-friendly product offering

- Effective and easy-to-use SaaS ERP system is the key to solve the challenges faced by the merchants. Advanced ERP product offering empowers merchants to efficiently coordinate internal workflow, to smoothly connect with external parties and to fulfill their commitment to customers. User-friendly SaaS ERP product provide merchants with intuitive experience in their daily operation.



Expansion of solutions and features

- Capability of expanding the range of functions is crucial for e-commerce SaaS ERP products to stay competitive. Flexible and synergistic modules that can be easily integrated with other SaaS products can be extra value-adding for e-commerce merchants and thus win customers.



Technical capabilities

- Technology capability is crucial for the development of SaaS solutions providers. In light of the rapidly evolving nature of the SaaS industry, the abilities to continuously apply latest technologies to ensure smooth system operation and fast data processing are critical to the players in SaaS ERP industry.



Sales and customer service

- Rapid deployment and training are essential to the success of a SaaS ERP solution. Thus, orientation and basic training is a must for the merchants to fully discover the potential of the SaaS ERP solution and benefit from it. Experienced sales personnel are able to acquire customers efficiently and locate the products that suit the merchants the best. A successful SaaS ERP provider must ensure full coverage of sales, implementation and after-sales service to attract and retain customers and to continuously cater to their needs.

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Verifications

- As of December 31, 2024, Jushuitan has connected with over 400 popular e-commerce platforms worldwide, representing one of the broadest platform coverage in the e-commerce SaaS industry in China.
- In 2023, the average revenue contributed by each sales personnel for Jushuitan outperformed the industry average.
- Jushuitan is one of the earliest e-commerce ERP product providers to embed WMS features in the ERP products.
- Jushuitan processed over 1.4 billion orders on Double 11 festival in 2023, an industry-leading testament record.
- Jushuitan ERP ranked No.1 e-commerce SaaS ERP in terms of the number of merchants served across key Chinese e-commerce platforms, including Alibaba, JD.com, Pinduoduo, Douyin, and Kuaishou.
- Jushuitan ERP is one of the fastest iterating e-commerce SaaS ERP product in China in terms of the number of iterations.
- In 2021, 2022 and 2023, net dollar retention rate of Jushuitan was 122%, 105% and 114%, respectively, ahead of the industry average in the same years.
- More than half of Chinese e-commerce merchants have been operating on two or more platforms for the past five years.
- E-commerce operation SaaS is SaaS designed for streamlining workflows and improving efficiencies in the routine operation of the e-commerce business, and mainly encompasses ERP, CRM, sales and marketing management, data analytics, human capital management and financial management. The size of e-commerce operation SaaS market in China is RMB10.5 billion in 2024. Jushuitan is the largest e-commerce operation SaaS provider in China in terms of revenue, with a market share of 8.7% in 2024.
- The number of paying customers of e-commerce SaaS ERP increased at a CAGR of 18% from 2020 to 2024, which is significantly higher than the growth rate of the total number of e-commerce merchants during the same period,
- It is common for SaaS companies around the world, including in the United States and China, to remain loss-making for approximately 15 years before becoming profitable.
- LVT/CAC ratio is a commonly used measure in the SaaS industry, and the industry average is approximately 3 times.
- It is consistent with the industry norm to have sales agents in particular regions for market expansion purpose.
- While SaaS ERP customers typically enter into contracts with SaaS ERP providers in privity and pay the latter full amount of service fees, in most cases, they also need to pay authorization fee to e-commerce platforms to grant each of their online stores access to SaaS ERP products. The e-commerce platforms will transfer authorization fees they received from merchants to SaaS ERP providers, and SaaS ERP providers will refund such fees to merchants after checking their payment status.
- The terms of JST's purchase agreement with the largest supplier (cloud server provider) are consistent with the industry practice.

Verifications

Challenges faced by China's e-commerce merchants

Challenges	Description
Cross-platform store management	<ul style="list-style-type: none"> With the diversification of e-commerce platforms, the merchants are in need of consolidating their operations across multiple platforms to manage their inventory as a whole and maximize their exposure to the end customers. However, cross-platform operations can be chaotic and inefficient without an integrated system.
Large volume of orders and SKUs	<ul style="list-style-type: none"> The booming e-commerce market leads to increasing volume of orders and SKUs. However, traditional ERP systems are not adequately effective in promptly processing large number of orders or managing stock with voluminous SKUs, which are common in e-commerce business.
Digitalization and data analysis	<ul style="list-style-type: none"> To seize market opportunities, it is essential for e-commerce merchants to obtain a better understanding of market conditions, sales patterns, consumer behaviors, among others. The evolving e-commerce market condition requires merchants to refine operation management continuously in order to stay efficient and profitable. Innovative e-commerce business models, such as live streaming, bring huge opportunities to merchants yet pose challenges to their operation. E-commerce merchants, especially the small- or medium-sized ones, usually lack the technical expertise or financial strength to perform operational data analysis or handle large quantities of orders instantaneously on their own.
Industry value chain coordination	<ul style="list-style-type: none"> E-commerce merchants are connected with various upstream and downstream market participants, such as e-commerce platforms, suppliers, and third-party logistics and warehousing service providers. Without cloud-based solutions, e-commerce merchants can face challenges in connecting and coordinating with these stakeholders along the value chain.



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