



User Manual for Transparent Kitty App for Shopify

Detailed instructions on how the App works, and what it can be used for.

By David Lazar, P.Eng

Table of Contents

3	Forward
4	The Transparent Kitty
6	Installation
6	Bootstrapping The App
8	Usage
8	CHECKLIST

Chapter 1

Forward

It takes a fair amount of effort and time to craft an App that provides a high-level of reliable service to busy online shops. It also takes inspiration, patience and the contributions of many different people before something polished and useful is available. This particular App was first sketched out when the Shopify API was released. The request came from a Hot Tub merchant that sold products almost exclusively sourced from external vendors. He wanted a way for those external third-party vendors to submit their products to his shop, while he controlled what products were actually for sale, and the split of the profits on each sale.

At that time, and continuing till today, I find that aspect of the request to be the most difficult one to realize. To place a product in a shop using the Shopify API is not difficult, when you have the data for a product in the format required for the request. Adding images and variants likewise have support via the API for creation, updates and deletion. The problem or difficulty I have arises when tasked with providing the public with a web page supporting all of that. In a nutshell, it is a duplicate of Shopify's product editing whether you consider the *Classic* version or the *Beta* version. Given the large number of issues with merchants using Shopify the manage their products, I do not wish to venture into that territory.

Fast forward a couple of years, and more than few requests came to me requesting an App that would allow third parties or vendors to have secure and controlled access to the sales made at shop belonging to them. The Transparent Kitty App considers a vendor or third party account to be assigned to a product using the product vendor assignment built-in to Shopify.

The key concepts that merchants requested are summarized as:

- allow vendors to login and see their sales,
- calculate the shared percentages of sales
- provide simple reports showing the vendors how many and to who products were sold
- allow reports to be downloaded for analysis using spreadsheets

Chapter 2

The Transparent Kitty

All the products in a shop can have a vendor assigned to the product when creating or editing the product. Shopify keeps a global tally of all the vendors created in a shop. There is no rule that states you must assign a vendor to a product for sale, but the option exists, so the Transparent Kitty uses that option.

When a product is presented to a customer almost all themes show the selling price to the customer. Some shops will choose to show the customer a *compared to* price that is slightly higher thus enticing the customer to buy the product. When checking out a cart the customer is presented with the amount of tax to pay and often shipping fees that when combined present a total price to the customer. A key point is that the merchant knows the selling price, the tax settings and the shipping fees when processing the order, but not the actual cost of goods. Shopify has no field to store the cost price of any products. The merchant cannot know the profit on each sale until they perform some external processing. The Transparent Kitty App provides each variant with a cost price. This allows the merchant to add a cost of goods to each product so that the profit on sales is visible in the Transparent Kitty App report screens.

An order may be composed of one or more line items. Each line item is a product variant and hence the line item belongs to a vendor. The Transparent Kitty creates a *Sale* entry per line item, and that sale entry consists of recording the vendor, the cost price, the selling price and also the current percentage of the profit due to the vendor. This means that the vendor and merchant will be splitting the profits according to the vendor percentage at the time of the sale. At any time if the merchant decides to change the percentage due to the vendor the merchant can change the percentage and from that point on all recorded sales will be calculated with that new percentage. It is important to note that previously recorded sales will *NOT* be changed to the new percentage. A mechanism could be put in place to re-calculate profit splitting by applying different percentages per sale in a historical sense.

If a merchant decides to allow a vendor to see the sales the merchant can create a *User* account for the vendor. A vendor will use their email address and an assigned password to login to the App. A merchant can activate or deactivate any vendor account if needed. There is also an option where the merchant can add a new account to the system and make that new account an *admin* account. An admin account can login to the administrative section of the App to see all the sales, and control user accounts.

The App also provides merchants with the ability to set the visibility on certain sales. If for example the merchant wanted to hide certain products from the vendor there is a

setting to hide products from reports. The purpose of that functionality is to remove unwanted sales from reports. A quick example would be to hide products that are no longer for sale, and therefore are not interesting to both the vendor and the merchant, yet the sales remain recorded in the App. This is a form of selective archiving.

Some merchants may want to share sales and percentages to their vendors and also to show the vendors who the customers were. If the merchant changes the customer visibility attribute using the administration tab for Vendors, then the vendor will be presented with the customer per product sold in addition to the sales numbers. By default customers are hidden from vendors, so it is up to the merchant to turn on this type of view.

On a final note, the Transparent Kitty App is not meant as a substitute or replacement accounting package. It is strictly meant to provide merchants with a quick and simple way to sell goods on their shop where the sales need to be shared with third parties.

Chapter 3

Installation

When choosing to install the Transparent Kitty App the merchant will be asked to approve of access rights the App needs. The App needs to be able to read and write products in a shop. The purpose of writing to products is to provide for cost prices. The App comes with an *export* feature that sends the merchant a comma-delimited text file that can be editing using a spreadsheet program or a text editor. Each product variant has a selling price column and a cost price column. The merchant can fill the cost prices in as needed and then *Import* the file to the App. Doing so ensures all recorded sales can provide the profit of each sale. Profit is defined as the difference between the selling price and the cost price.

The App needs the ability to read and write orders allowing the App to process orders as they are *paid* and to add notes to an order when needed. For example, vendors can add a note to an order belonging to a customer if they feel it would be helpful. One final requirement is to be able to read the customers in a shop. Since the App provides comprehensive analysis of sales, it can be beneficial to tie the sales back to the customers.

The App has a monthly fee to cover the hosting, development and support costs. Uninstalling the App will delete all the data recorded since the App was installed.

Bootstrapping The App

Once the App is approved by the merchant it automatically initiates a process known as *bootstrapping*. The App begins by extracting all the products in a shop and adding them to the App. Each product has a vendor so a list of vendors is extracted from the products.

The second stage of bootstrapping downloads all the orders listed as *PAID* in the shop. Those orders will be recorded in the App and since an order consists of one or more line items each line item is analysed and results in an entry to the *Sales*. A sale has a product, the vendor, the cost price, the selling price and a percentage of the profit to be paid to the vendor. By default the cost price is the same as the selling price, hence there is no profit to be paid to vendors when the initial entries are created. Vendors are created with a default percentage of 30% but for the purpose of initializing sales, they are calculated as if the vendor receives zero percent.

The final stage adds Webhooks that direct new, changed or deleted products and new orders that are marked as *PAID* to the App. The Transparent Kitty is set to only react to paid orders. Upon completion of the bootstrapping process, a summary of the results is created and a *Welcome Email* is sent to the shop merchant.

The Welcome Email contains a link to the URL where the merchant can create their special *User* account. The Transparent Kitty comes with three distinct landing pages and the *User* account provides access to two of these.

- [Public Login](#)

That is the public URL address of the App where the vendors or third-party accounts login to see their sales and how much money they have made. They can only see their sales and they have the option to limit or expand the sales they see by setting dates in calendars. They also see brief financial summaries of their sales, as well as some limited information about the customers that bought the products.

- [Merchant Admin Login](#)

That is the public URL address of the App where the merchant (or other authorized Users) logs in to see all the sales recorded by the shop, as well as a list of all the shop vendors with their sales. The other options available in the admin section of the site allow the merchant to assign themselves to be assigned to a vendor in their shop, so they can view the public site and pretend to be that vendor. The merchant can also change the percentage of a profit from a sale to be assigned to a vendor. The merchant can choose to hide certain products from the vendor too. A final tool for the administrative section is to allow the merchant to invite vendors or other users to the App, with the option to also make these new accounts administrative if needed.

- [Shopify Login](#)

That is the public URL address of the App where the merchant *can install the App*, access the preferences screen for *Cost Price* imports and exports, and other features of the App. The Shop uses this URL for authenticated and secure Webhook processing.

Chapter 4

Usage

Once the App is installed there are a few ways to think about using the App. Some previously established uses include using the vendor of a product as the salesperson. A shop can have many salespeople making sales and the App can thus provide the merchant with a way of monitoring their sales, and their compensation. This assumes the salespeople use the Shopify site to record the sales with their customers.

Another popular use has been established by record labels that sell merchandise like t-shirts and posters for their label clients. If a band gets a cut of sold t-shirt with their logo, that can be managed through the App by assigning each band as a vendor.

A more sophisticated take on the entertainment business is to use the App as a way of monitoring events where an event is a product and it takes place at some point in time at some place. Each event can thus be assigned a vendor which is probably a person responsible for the event itself. The App can thus easily be used to report to this person all the events sold for their location prior to the event itself, giving them access to the customer information they may need to manage the event.

There are likely too many iterations of this concept for me to even begin listed how else the App could be leveraged, so I leave that as an exercise to the merchant.

CHECKLIST

- Did you export all your products using the preferences screen of the Shopify section?
- Did you assign each Product a cost price and then import those cost prices?

Failure to set cost pricing will result in the profit of a sale being the Shopify selling price. Any percentage you split with a vendor will therefore *NOT* take into account that there was probably a cost of goods.

Remember that if a bottle of wine costs \$20, and you sold it for \$50, and you want to share the sale with your vendor that provided the bottle of wine 50:50, you won't want to give him \$25, but instead you'll want to give him 50 minus 20 divided by 2 or \$15.

The App has a simple provision for merchants to also record how much of a payment they made to a vendor and when that payment was made. This is not a rigorous payment mechanism, but does allow a merchant to display payments to their vendors as a convenience.

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