eProcurement Considerations

한 상훈

컴팩코리아 주식회사

sanghoon.han@compaq.com

www.compaq.com

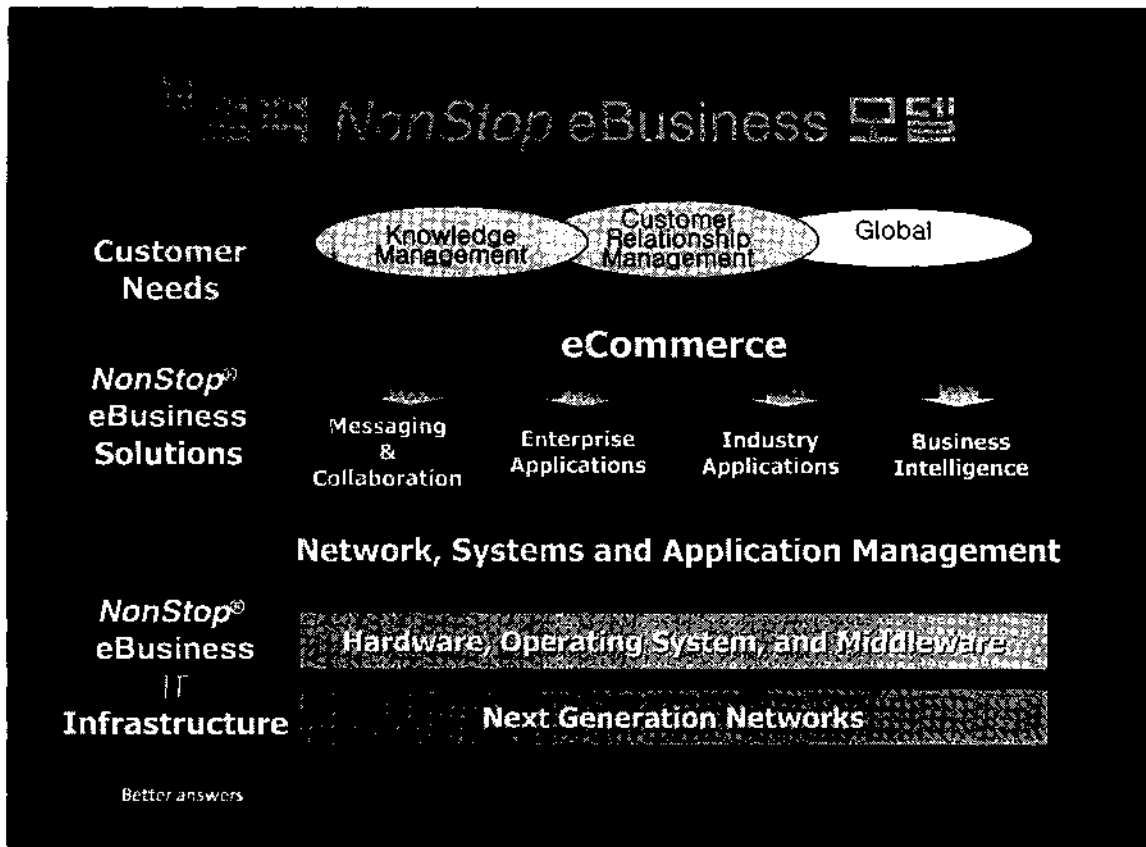Better answers

---

컴팩 *NonStop®* eBusiness 전략과 솔루션

개요

- Internet을 통한 기업의 비즈니스 의존도 증가
- 인터넷 경제 사회에서 고객의 성공을 지원

NonStop® eBusiness

- 고객이 항상 이용할 수 있는 서비스와 응답 제공
- *NonStop®* eBusiness 는 고객이 항상 이용할 수 있는 서비스와 응답 제공
- 최고 수준의 지속적인 상거래를 제공하는 솔루션
- 고객이 365일 24시간 동안 업무 활동을 가능하게 하는 각종 서비스, 솔루션, 제품 및 기술 제공
- 기업의 긴급한 업무의 처리 및 연속성 보장

Better answers

NonStop eBusiness 모델

| Customer Needs | Knowledge Management | Customer Relationship Management | Global |

eCommerce

NonStop® eBusiness Solutions

Messaging & Collaboration | Enterprise Applications | Industry Applications | Business Intelligence

Network, Systems and Application Management

NonStop® eBusiness IT Infrastructure

Hardware, Operating System, and Middleware

Next Generation Networks

Better answers

Compaq NonStop eBusiness Challenges

Business challenges

Leverage investment | Rapid deployment | Customer relationship

Technology challenges

Scalability

Solutions scalability | Continuous availability | End-to-end security

Better answers

Definitions of Business-to-Business eProcurements

- Electronic Procurement

    Production procurement

    Non-production procurement

www.compaq.com

Better answers

"False Start" vs. "No Start"

False Start	No Start
"Just get it done!"	Too many choices
Lack of planning	Rapidly-changing technology

Better answers

Business Drivers...and Results

Internally

- ◆ Reduce cost
- ◆ Improve internal client
- ◆ Focus purchasing on value-added activities
- ◆ Improve internal controls

Supplier Relationships

- ◆ Leverage suppliers
- ◆ Improve supplier performance
- ◆ Optimize supplier base

Better answers

...It's the Business & Process Modeling That's Difficult

- ◆ What are your eProcurement goals?
- ◆ How will the existing processing change?
- ◆ How will the supplier base change?
- ◆ How will the commodity base change?
- ◆ How will the user base change?
- ◆ How will the workflow change?

Better answers

How will the existing processes change?

- Different way of obtaining commodity information
- Different way of browsing commodity information
- Different way of ordering
- Different way of editing / approving orders
- Different way of tracking order status
- Different way of "receiving" the order
- ...

Better answers

What are your eProcurement goals?

- Supplier Rationalization
- Supplier Leveraging
- Elimination of paper Purchase Orders, etc.
- Eliminate rogue purchasing
- Better management reporting
- Faster fulfillment
- Reduction in stock
- ...

Better answers

How will the supplier base change?

- Smaller number of suppliers (eliminate rogue purchasing from non-approved suppliers)
- More leveraged relationship (look for better discounts due to increase in business volume)
- Move suppliers to an online relationship (catalog content, prices, availability, order status, ...)
- They will (eventually) need to become XML savvy – EDI is no longer the name of the game
- They will have to deal with the "portal" as well as their end customer

Better answers

How will the user base change?

- Will there be more users?
- Do they have the prerequisites (Intranet access, a web browser, training, ...)?

Better answers

How will workflow change?

- Approval workflow will move from being paper-based to being web and/or e-mail based
- Approvals will be faster
- Approvals / modifications can be more granular and/or more specific without large time penalties
  - By amount
  - By cost center
  - By commodity manager
- Online tracking of workflow status

Better answers

Time Sinks

- Business Modeling

  Given the opportunity to update the technology with which on does business, the tendency will be to also update (e.g., change) the way in which one does business

  It's a natural (and usually desirable) consequence, but the time involved to update the business models should not be underestimated

Better answers

Time Sinks

◆ User registration / migration
- How will the users be registered?
  - Where does the user information come from?
  - Where does the reporting relationship / purchasing limit / cost center information come from?
  - How will users be identified to the system?
- How will workflow / approvals be managed?

Better answers

Time Sinks

◆ Supplier Integration
- Need to get more information from suppliers – or at least get it in a different way (online)
  - Catalog & Price data
  - Stock Availability data
  - Order Status data
- Want to move towards a real-time, two-way data exchange capability
- Service level agreements may need to be (re)addressed

Better answers

Time Sinks

- Commodities
  - Rationalization (adding & deleting)
  - Organization (organizing & grouping)
  - Presentation (multi-media content?)
- Integration to legacy systems
  - Data mapping
  - Communication protocols
  - Transaction processing / synchronization
  - Reporting

Better answers

What are eCatalogs and Paperless Purchasing?

Implementation of a seamless, electronic, closed-loop purchasing environment

- Extends from Requisitioner to Purchasing, Suppliers, Receiving and Accounts Payable
- Integrated Electronic Supplier Catalogs
- Represents a paradigm shift for most organizations
- Often requires significant business process re-engineering
- NOT an off-the-shelf solution; requires some integration

Better answers

Why implement?

Pressure to deliver **more services** *with* **fewer people** ...

+ **Purchasing objective:**
    - Reduce the cost of acquisition
    - Reduce cost of goods and services purchased
    - Improve cycle/response time for internal clients
    - Ensure sufficient process controls
+ **Accounts Payable opportunity:**
    - Eliminate invoicing errors
    - Reduce costly exception management

Better answers

Why implement? *(cont.)*

Internal clients want to be ...
enabled and **empowered**
to buy **what** they want
when they **want it**
in order to do their jobs

... just like they can do from home
ON THE WWW

Better answers
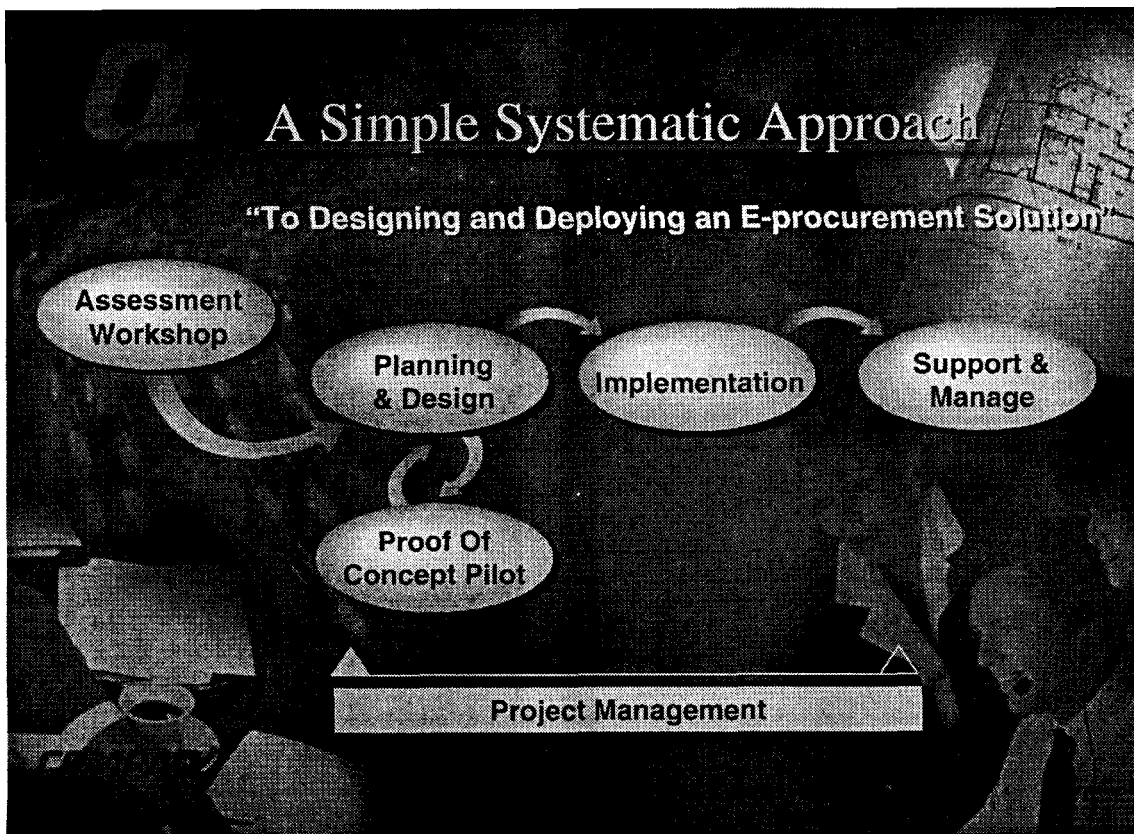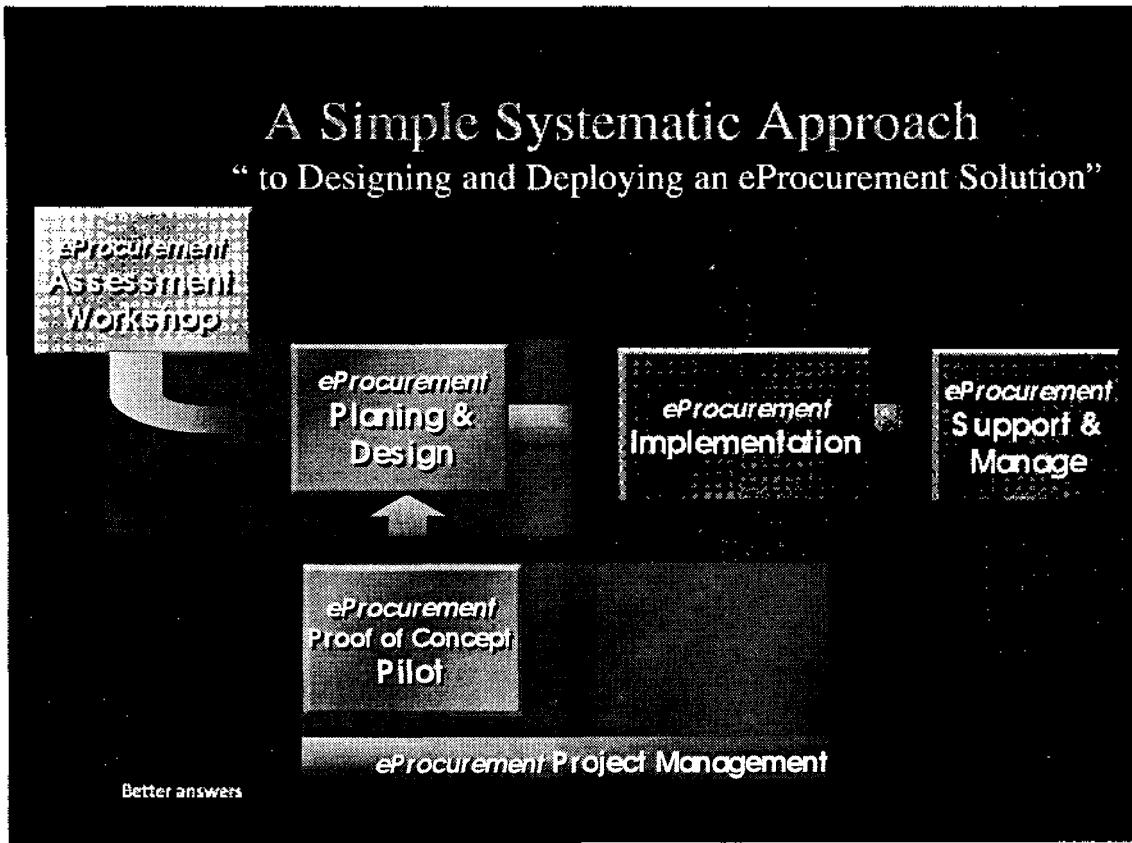
What does it take to implement a Paperless Environment?

- Detailed knowledge of your business process
- In-depth understanding of your information environment
- Computers on the desktops
- IT infrastructure for email and Intranet/Internet access
- Dedicated SENIOR Executive/Sponsor/Champion empowered to lead the change and implementation
- Willingness to re-engineer process and environment
- Inclusion of all impacted parties in the change process
- An experienced partner who can help you plan, design, implement and manage the process

Better answers

Addressing the Top 10 Procurement Issues

1. No one buys from pre-negotiated contracts
2. Procurement is paper-based and manually intensive
3. No control over purchasing
4. Unable to track and understand buying behavior
5. Too much excess inventory
6. Cycle times take too long
7. Unable to roll out to everyone
8. Unable to get up-to-date prices and availability
9. Purchasing wastes too much time on order processing
10. Inefficient communication with suppliers

Better answers

Assessment Workshop

- Analyze current environment
- Verify strategy
- Report workshop results
- Propose next steps

Planning and Design

Assessment Workshop

Planning

- Specify data structures
- Identify catalogs
- Define workflow
- Deliver project plan

Proof of Concept Pilots

Assessment
Workshop

Planning
& Design

Proof Of
Concept Pilot

- ◆ Controlled user base
- ◆ Functionality demonstration
- ◆ Valuable experience
- ◆Technology orientation

Implementation

Assessment
Workshop

Planning
& Design

Implementation

Proof Of
Concept Pilot

- ◆ Rapid deployment
- ◆ Responsible for all software
- ◆Integrate with ERP
- ◆ Management operations

Project Management

Assessment
Workshop

Planning
& Design

Implementation

Proof Of
Concept Pilot

- PMI-certified managers
- E-procurement expertise
- Tested methodologies
- Extensive knowledge base

Project Management

Maintenance & Support

Assessment
Workshop

Planning
& Design

Implementation

Support &
Manage

Proof Of
Concept Pilot

- Global lifecycle services
- Predictive maintenance
- Mission-critical support
- FutureSourcing™

Project Management