

Smarter Procurement for a Smarter World



In the current global financial situation it has become paramount for savings and efficiencies to be realised across the board within organisations.

Introduction

In the current global financial situation it has become paramount for savings and efficiencies to be realised across the board within organisations. The Procurement function remains a unique role within a business with its activities still being seen as a cost rather than having the potential to make and save money.

In fact, the Procurement function offers organisations a tantalising and quick mechanism for both realising budget efficiencies and actually making money for their company. The Procurement function must take control of 100% of the spend within an organisation and deliver cost savings to justify its existence and ultimately become a strategic part of the business.

This is now even more achievable by Chief Procurement Officers and Heads of Procurement through the development and availability of Enterprise Procurement Cloud Services. These quick, low cost services offer faster implementations through the use of cloud computing. Leveraging benefit from existing networks also means that smarter, more intuitive buying can be realised across the organisation.

In this paper, we will look in more detail at these technologies and the solutions readily available to enable organisations to make immediate savings.

1: Use a Cloud Service

Software as a Service (SaaS) offerings are established shared platforms utilising a new form of multi-tenant architecture. The architecture enables customers to share the overall infrastructure cost by allowing them to configure their setup as they need. The service is operated by the vendor with no requirements to install anything on the customer's own website. This means that the only thing required is setting up the customer's data and configuring the business rules, which dramatically reduces the implementation time. Customers can therefore move directly to the project phase where the business benefits are realised namely roll-out and change management. *The SaaS model is the most mature part of what is often referred to as 'cloud computing'.*

Smarter Procurement for a Smarter World

“Cloud computing will be as influential as eBusiness.”

Source: Gartner Group

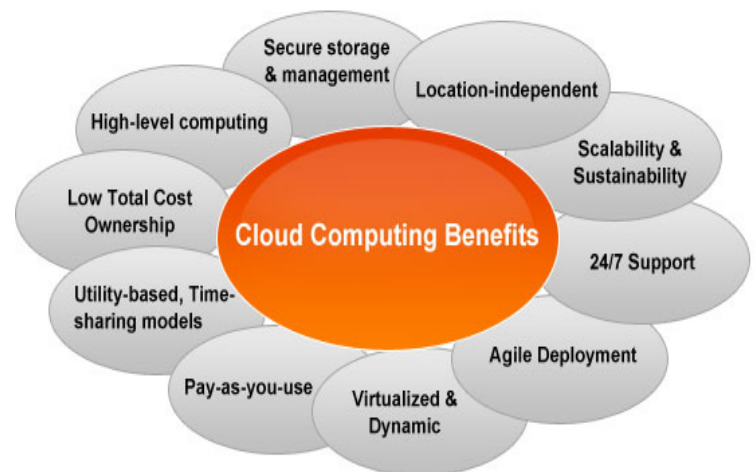
“Cloud computing represents the next frontier..”

Source: Steve Ballmer, CEO, Microsoft

Typical benefits of SaaS offerings:

- Management of service is handled by vendor and included in the price;
- No need to worry about upgrades, capacity planning, security patching and other hardcore IT tasks. The customer can focus solely on how the solution benefits their business;
- Start roll-out to end users within weeks not months and years;
- Easy to compare costs between vendors as there are no hidden costs;
- Predictable monthly subscription models rather than large upfront costs and endless project cost overruns;
- Higher transparency between comparable SaaS service combined with lower commercial barriers to move between suppliers means tougher competition ultimately benefitting the customers;
- Typically operational processes in SaaS offerings far outperform what companies have established internally. SaaS vendors rely on strong processes as any breaches will have a direct impact on their bottom line through service credit regimes and loss of customers. Therefore, cloud services are more secure, more scalable and more reliable;
- Better usability as the services are written for end users not the decision makers.

Basic Model of Cloud Computing



Source: Dot Com Infoway (DCI)

2: What Implementing Smarter Procurement Means

The most effective mechanism for procurement professionals and strategists to enable savings and efficiencies for their organisation is through the implementation of 'Smarter Procurement'. This means, in its basic form, making it easier for your organisation to trade with your supplier/vendor base.

In today's world this translates into fully electronic data, no paper and no break of the communication between buyers and suppliers. Fully integrated real time electronic transactions between trading partners – the scanning of paper Invoices - does not solve the problem! The development of Open Standards and Internet Web Technology has meant that simple tools are readily available to make this a reality.

Smarter Procurement for a Smarter World

Smarter Procurement can also be interpreted as the enablement of 'Self Service Procurement'. This style of empowerment with control has the following key characteristics:

- An Intuitive User Interface (enabling full and speedy user uptake)
- Requisitioner Choice (ensuring user acceptance and on-going use)
- Contract Spend Control (enabling a reduction on maverick spend)

In order to enable the implementation of Smarter Procurement in an organisation there are requirements around the structure and the nature of the mechanisms used to make purchases. Traditional Purchase-to-Pay (P2P) and eProcurement systems have either been too costly or too lengthy for organisations to fully adopt. The new generation of web-based procurement tools require the following attributes:

- Easier systems to enable smarter purchasers
- More user choice with easy contract access
- Next generation management information ("Just in Time Analytics")

3: Leverage Benefit from Existing Networks

With most organisations having established P2P solutions the time has come to start realising benefit from true electronic trading between suppliers and partners. Establishing connectivity with all your suppliers is a costly and time consuming exercise unlikely to offer much Return on Investment. The ProcServe Trading Network addresses this problem as it provides a single point of connectivity for you to all your suppliers. There is no need to understand message standards, transport protocols and encoding as it is taken care of by the Trading Network.

- Enable end-to-end electronic transaction from requisition to Purchase Order (PO) updates, invoices and credit notes;
- The use of additional trading documents such as change orders, order acknowledgements and shipping notes makes it easier to collaborate with trading partners and resolve exceptions;
- The task of adopting trading partners is crowd sourced to all participants in the network making it highly likely that your trading partners are already on the network;
- Trading documents are delivered between trading partners within seconds providing trading partners with a real-time picture of their commitments.

Conclusion

The Procurement function must take control of 100% of spend and deliver cost savings to justify its existence and become a strategic part of the Business. It can do this by making use of Smarter Procurement Cloud Services that are readily available in the market today.

Using an eCommerce Cloud Service offers organisations a faster implementation with established solutions that are Service based not Software driven. This ultimately means the IT-related costs are Opex-based rather than Capex and can lead to immediate efficiencies and savings for an organisation's bottom line.

The focus today is on the Business not the Technology and there is no longer a need for 'Procurement Software' specialists to exist within corporates. The wide availability of next generation On-Demand solutions means that 'safe' outsourcing can be realised where the systems are provided and hosted remotely.

Leveraging benefit from existing networks means that organisations can realise Smarter Procurement. Enabling end-to-end eTrading with suppliers on a network for example leads to closer collaboration and much closer supplier contact. This can all be achieved in today's world using pre-existing technology with all organisations eventually joining some form of 'Trading Network'.

In its simplest sense, Smarter Procurement means Self Service Procurement with an intuitive user interface and real requisitioner choice. This will ensure a reduction in maverick spend and the ultimate ability for Procurement to influence 100% of an organisation's spend and assume a seat at the boardroom table as a strategic part of the business.

Smarter Procurement for a Smarter World



In the simplest sense Smarter Procurement means Self Service Procurement with an Intuitive User Interface and real requisitioner choice. This will ensure a reduction in maverick spend and the ultimate ability for eProcurement to influence 100% of an organisation's spend and assume a seat at the boardroom table as a strategic part of the business.

About ProcServe

ProcServe provides fast, flexible and secure electronic marketplaces and trading connectivity solutions. ProcServe's hosted, custom-branded solutions provide customers with the unique ability to leverage a software-as-a-service solution and maintain their own uniquely branded and configured marketplace. Customers enjoy a faster solution set up, lower cost of maintenance, and a secure environment.

ProcServe is part of the Oracle Partner Network. ProcServe delivers Zanzibar, OPEN and xchangewales eMarketplaces on behalf of the UK Public Sector. For more information, please visit www.procsolve.com.

LEARN MORE TODAY!

To learn more about our services, please call us on 0207 333 6161 or email us at info@procsolve.com.

ProcServe

123 Buckingham Palace Road
London SW1W 9SR
Tel: 020 7333 6161
Fax: 020 7333 5047
info@procsolve.com

www.procsolve.com

©ProcServe Holdings Limited. 2010
ProcServe® is a registered trademark of ProcServe Holdings Limited

ProcServe