ORACLE

coupa

SAP

SAP Ariba

JAGGAER

PunchOut2Go.com

PeopleSoft

and more than 100 others!

eProcurement 101
for B2B Suppliers

Your Guide to Enhancing Business Value

The goal of eProcurement is to increase efficiency and cost-effectiveness of procurement processes while gaining visibility into spend. With an estimated 32 million hours of U.S. employee time wasted each year due to the inefficiency of traditional procurement practices, the eProcurement market is positioned to continue experiencing rapid growth. As a B2B sales channel, eProcurement is increasing 37% annually, making it the fastest-growing B2B channel, surpassing even direct B2B commerce.

Today's eProcurement platforms typically follow a software-as-a-service model, but that service rarely includes integration with suppliers across different eCommerce platforms. As more and more buyers are demanding a seamless connection with their suppliers for PunchOut catalog functionality and order-to-invoice automation, there is a growing need for suppliers to gain a deep understanding of the eProcurement space to maintain strong relationships with buyers and grow existing accounts. Equally necessary is the need for cloud-based third-party data integration partners to facilitate the desired connections between B2B buyers and suppliers.

This eBook, **eProcurement 101 for B2B Suppliers**, will explore the evolving eProcurement space and the benefits of integrating with buyer eProcurement systems for PunchOut and complete automation of the procure-to-pay process.

PunchOut2Go.com

PunchOut2Go.com
1-888-623-2374

eProcurement 101 for B2B Suppliers

Inside:

Key Terms and Definitions

The eProcurement industry is full of new terms and jargon that some may be unfamiliar with. Here is a reference guide for some of the terms you'll find inside.

B2B
Acronym meaning "business to business"

Buyer
Business purchasing products & services from another Business

Supplier / Vendor
Business selling products & services from another business

Trading Partner
Term is often used to refer to the relationship that is created when a Supplier/Vendor is present on an institution's eProcurement system

eCommerce
Electronic commerce - Buying and selling of goods or services online using the internet and the transfer of money and data to execute transactions

eProcurement
Electronic Procurement – B2B use of the internet or company's intranet to procure goods & services used to conduct business

eProcurement System
Web-based application used to streamline all of purchasing processes while applying tighter controls over spending and product preferences
Examples include: SAP Ariba, Coupa, Jaggaer, Perfect Commerce

Hosted Catalog/CIF/eCatalog
Static supplier catalog of goods or services that is managed and accessible in an eProcurement software applications. Hosted catalog/eCatalogs must be approved by the Institution before it becomes visible within the eProcurement application to end users

PunchOut
eProcurement software application that makes it possible for a buyer to access a supplier's website from within the buyer's own procurement application. The buyer leaves ("punches out" from) their procurement application and goes to the supplier's Web-based catalog to locate and order products. The procurement application maintains connection with the website to gather pertinent information to bring back to the customer's shopping cart. A punch-out site is dynamic and changes to product content, pricing are dictated by the supplier

PunchOut Level II (2)
An enhancement to the Punch Out shopping experience that provides certain functionality which allows the buyer to punch-out directly to an item from within a procurement system. Combines all the functionalities of the punchout + the Hosted catalog with additional PROXY catalog and embedded links that allows the buyer to punchout directly to a product page. Level II also allows products on the supplier's Punch-out site to be searchable in the procurement application

cXML   **Commerce eXtensible Markup Language** – created by Ariba, intended for communication between eProcurement application, eCommerce application and suppliers.

OCI   **Open Catalog Interface** - Standard format used by SAP SRM and other SAP based systems for transacting PunchOut (Round-Trip)

EDI   **Electronic Data Interchange** – oldest technology

XML   **eXtensible Markup Language** – encodes documents that are both human and machine readable

iDOC   **Intermediate Document** – SAP document format for business transaction transfers, similar to XML. Non-SAP systems can use iDOC as the standard interface for data transfer

X12   Type of EDI standard

xCBL   **Common Business Library** – intended for electronic document communication in B2B procurement over the internet. Maintained by Perfect Commerce

CSV   **Comma-Separated Values** – text file that uses comma to separate values

B2B eProcurement Market Overview

"Global online B2B market expected to reach 6.7 trillion by 2020, twice the estimated B2C market potential"
S: Frost & Sullivan

"Procure-to-pay (eProcurement) market is growing rapidly as organizations seek automation and innovation to control spend and improve supplier collaboration"
S: Gartner Magic Quadrant for P2P

"Merchants will fall behind if they fail to adapt their technology to buyer needs"
S: Forrester Research Inc.

"The move from paper-based processes to digital process enablement between business buyers and suppliers is poised to accelerate dramatically"
S: Frost & Sullivan

by 2025 over 50% of global midmarket and large enterprises will have deployed P2P suites via cloud delivery model
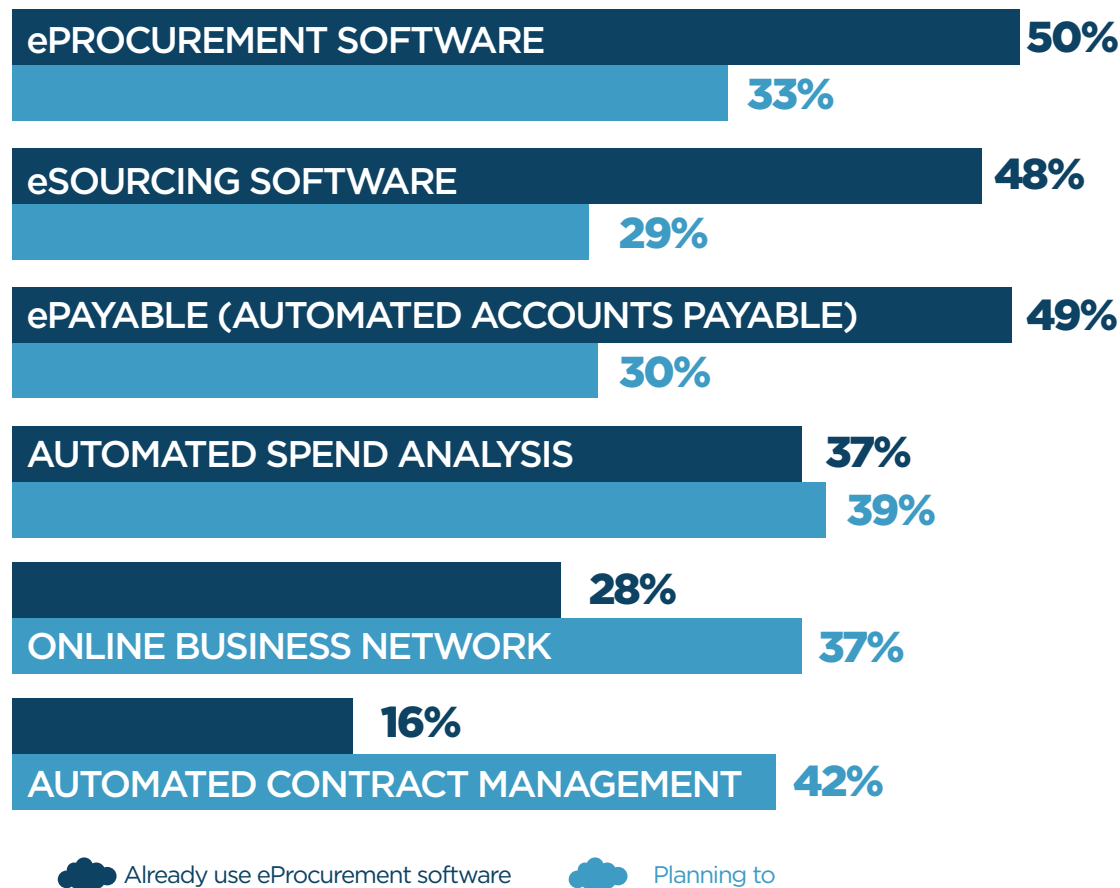S: Gartner Magic Quadrant for P2P

"Supplier networks have evolved from transaction-focused solutions to true collaborative networks of supplier enablement and spend management"
S: Aberdeen Group

50% of companies already use eProcurement Software

33% plan to implement

Companies are utilizing eProcurement technology

% of companies who already use eProcurement software **and those who plan to**

ePROCUREMENT SOFTWARE — 50%
33%

eSOURCING SOFTWARE — 48%
29%

ePAYABLE (AUTOMATED ACCOUNTS PAYABLE) — 49%
30%

AUTOMATED SPEND ANALYSIS — 37%
39%

28%
ONLINE BUSINESS NETWORK — 37%

16%
AUTOMATED CONTRACT MANAGEMENT — 42%
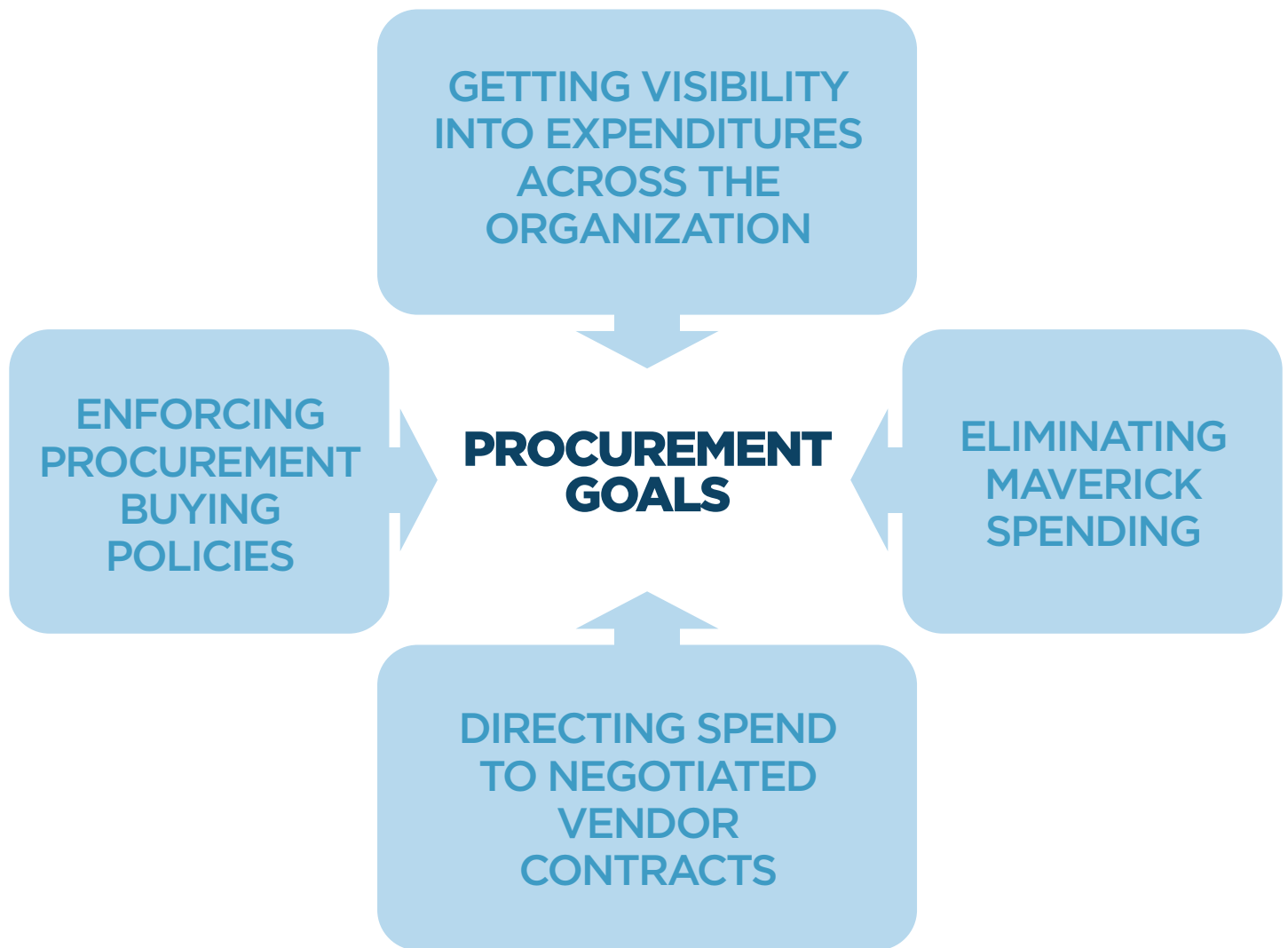
☁ Already use eProcurement software   ☁ Planning to

The use of eProcurement for product purchases will continue to grow, primarily driven by company regulation, perceived advantages such as pricing discount and the ability to browse/order products from multiple suppliers from one site.

In contrast, the use of traditional methods for product purchase will continue to decrease, largely due to company mandates and convenience factors compared to other methods.

The most useful features of eProcurement are:
- Customized product and pricing displays
- Ability to order from multiple suppliers on one site
- Displays your history of purchases
- Deducts purchases from budgets automatically

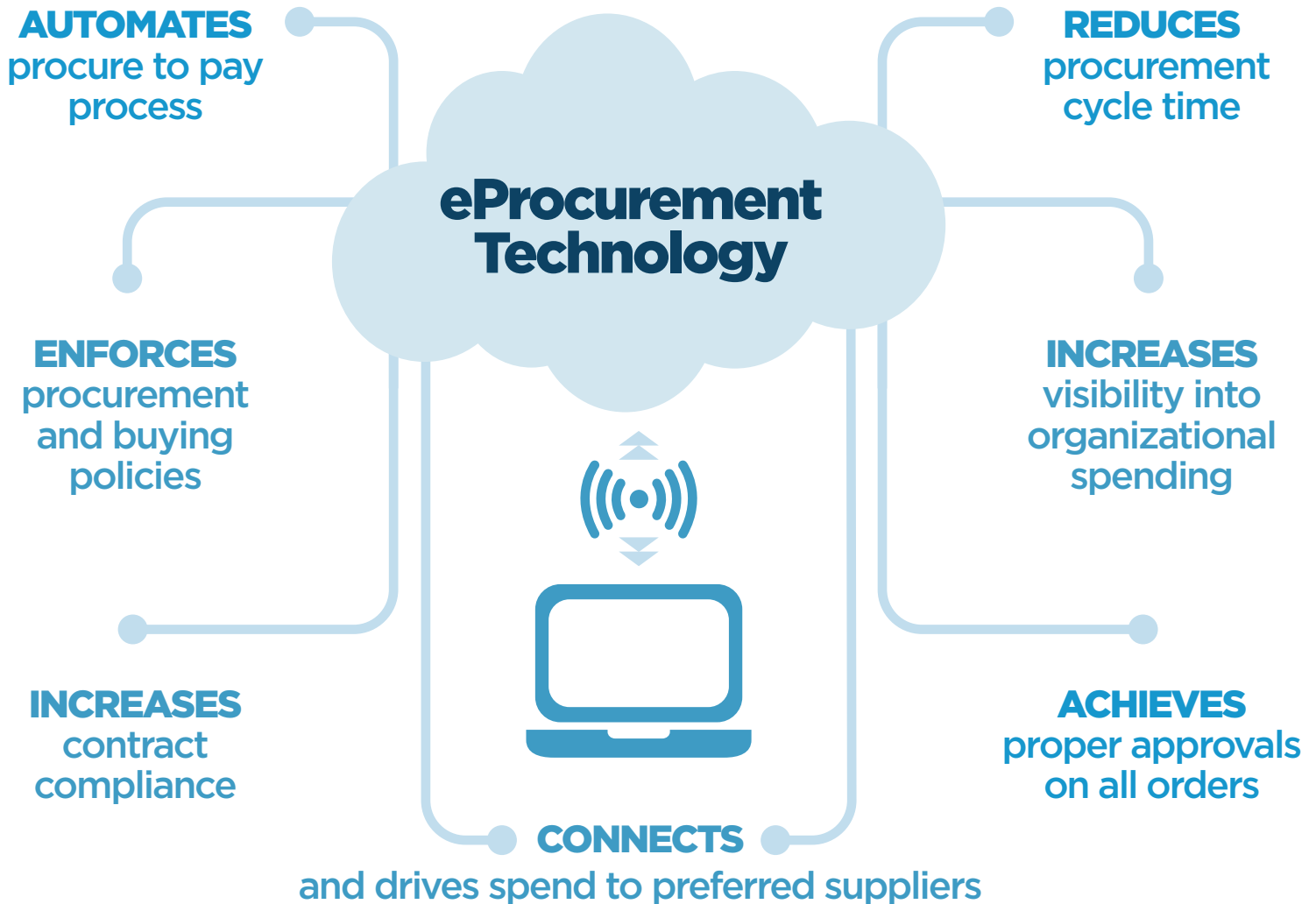# The Procurement process poses many challenges for B2B Buyers

GETTING VISIBILITY INTO EXPENDITURES ACROSS THE ORGANIZATION

ENFORCING PROCUREMENT BUYING POLICIES

PROCUREMENT GOALS

ELIMINATING MAVERICK SPENDING

DIRECTING SPEND TO NEGOTIATED VENDOR CONTRACTS

Solving challenges with eProcurement
What is eProcurement?

The combined use of electronic information and communication technology in order to enhance the links between customer and supplier, and with other value chain partners, thereby improving external and internal business processes.
eProcurement is a key component of eBusiness and eCommerce.

AUTOMATES
procure to pay process

REDUCES
procurement cycle time

eProcurement Technology

ENFORCES
procurement and buying policies

INCREASES
visibility into organizational spending

INCREASES
contract compliance

ACHIEVES
proper approvals on all orders

CONNECTS
and drives spend to preferred suppliers

eProcurement improves both customer/supplier relationships and strengthens business processes.

eProcurement System / Procure-to-Pay

An eProcurement system is a web-based application for purchasing goods & services, allowing shoppers to:

- Browse online vendor catalogs
- Add items to a shopping cart
- Submit the requisition electronically through their procurement system

eProcurement Providers

There are many providers around the world that offer eProcurement spend management and/or ERP (Enterprise Resource Planning) software platforms.

Feedback from eProcurement Buyers

Suppliers need to listen to feedback from their B2B eProcurement Buyers:

There is a need for Suppliers to partner with Procurement.

Integrating with procurement systems is most helpful and is how B2B Buyers would like to pick a supplier. PunchOut system implementations are the preferred method for the majority of Buyers.

Offer products through an eProcurement hub, increase the amount of product information, and display product inventory availability.

Easy-to-use PunchOut websites, tools to interface with our company's accounts/ordering systems, e.g. Electronic POs and Invoicing

$ **Investing in doing business through eProcurement** = **WIN for your Customer & your Business**

Benefits of eProcurement

For Your Customers

- Enhance shopping experience
- Streamline order process
- Reduce cycle times
- Lower procurement costs
- Increase order accuracy
- Invoicing automation

For Your Business

- Expand sales reach
- Product and pricing availability
- Customer "stickiness"
- Increase customer satisfaction
- Faster invoice = faster payment turnaround

What is a PunchOut Catalog?

Online vendor catalogs for eProcurement systems are formatted in two ways:

HOSTED / CIF CATALOGS

Static Excel product list that supplies the essential information for ordering products (SKU, product description, price, etc) and loaded by the Supplier into the Buyer's eProcurement system.

- Static
- Supplier manages and loads content file
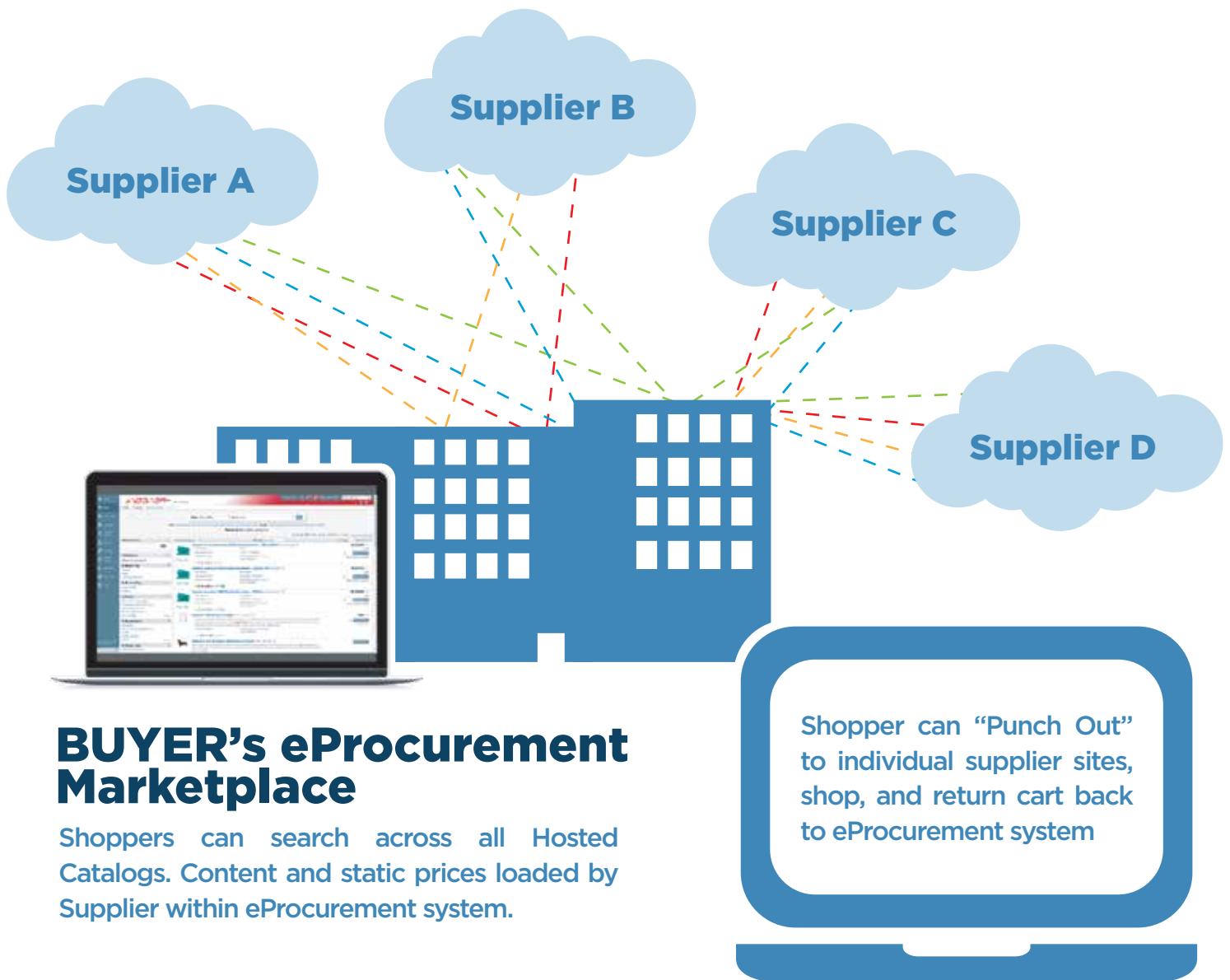- Buyer must approve
- Only simple products available
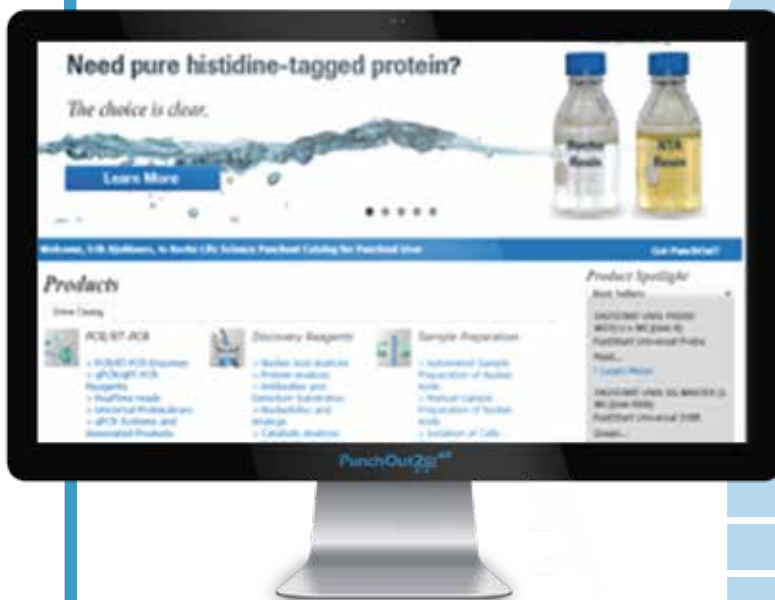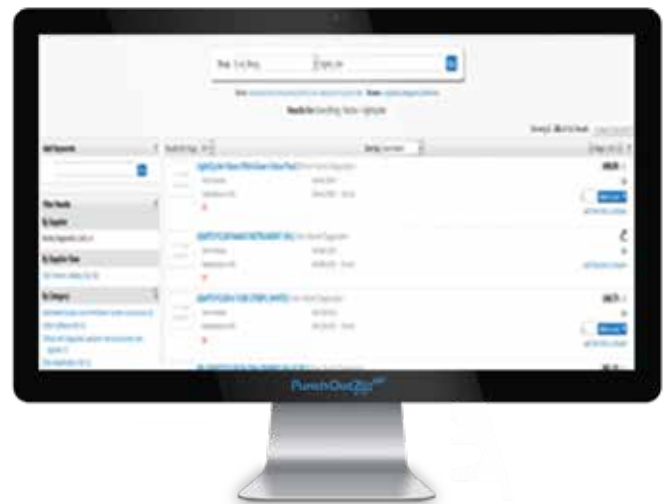
PUNCHOUT CATALOGS

Offers your customers access to a private, secure website containing their contracted products and pricing from within their own eProcurement application.

- Dynamic / Real-Time
- Supplier manages content
- Ability to order configurable products
- Special website features available to upsell, cross-sell, and market.

The Shopping Experience

Supplier B

Supplier A

Supplier C

Supplier D

BUYER's eProcurement Marketplace

Shoppers can search across all Hosted Catalogs. Content and static prices loaded by Supplier within eProcurement system.

Shopper can "Punch Out" to individual supplier sites, shop, and return cart back to eProcurement system

PunchOut Catalog:

A B2B web-based catalog that allows suppliers to directly connect to their buyers' eProcurement system to display the correct product offering and contracted pricing.

1 Buyer logs into internal procurement application

2 Selects Supplier's logo and "punches out" to Supplier's eCommerce storefront

3 Buyer is authenticated into website to view correct product offering and contracted pricing

4 Shops, adds items to cart, and transfers cart back to procurement system

5 Purchase Order Requisition is created and sent to procurement system for approval

The PunchOut Process

Enhancing Business Value with a PunchOut Catalog Integration

A PunchOut Catalog integration offers your customers access to a private, secure website containing their contracted products and pricing from within their own eProcurement application

Your customers will be able to:

- ACCESS THE LATEST PRODUCT INFORMATION FROM YOUR CATALOG
- TAKE ADVANTAGE OF CONTRACTED-COMPLIANT PRICING AND SPECIAL DISCOUNTS
- ORDER CONFIGURABLE PRODUCTS (IF APPLICABLE)
- PICK UP PRE-DEFINED SALES GENERATED QUOTES (IF APPLICABLE)
- EASILY CREATE PURCHASE REQUISITIONS TO STREAMLINE PURCHASING
- DRIVE PURCHASING COMPLIANCE AND CONTROL SPENDING ACROSS THEIR ORGANIZATION
- DRIVE EFFICIENCY, INCREASE ACCURACY AND CONSERVE RESOURCES

From your Customer's Perspective

No Maintenance

Buyers do not have to spend time or money on the maintenance of the catalog because Suppliers manage the content. This eliminates the risk of creating errors during the maintenance process for your buyers.

Better Information

Buyers can find better details about items because content and pricing are dynamic and real-time. New products are also listed and available sooner.

Simplified & Centralized Purchasing

All catalogs are centralized and can be accessed within one application, providing purchasing consolidation and better spend management.

eCommerce Shopping Experience

Integrating PunchOut catalogs with a procurement system ensures a great user and shopping experience, similar to what you find in the business-to-consumer market. End users are comfortable with the user experience and can easily find items they are looking for within their procurement marketplace, as there is no need to go from one supplier's website to another to search and order products.

Better Productivity with B2B Integration

With eProcurement software, Buyers can enhance their productivity by automating and optimizing the entire purchasing cycle to maximize the impact of their resources. A full B2B integration allows Buyers to automate not only the shopping experience with a PunchOut catalog integration but also provides the ability to send orders electronically to suppliers and receive invoices through their eProcurement system, streamlining and automating the entire purchasing process.

Benefits of PunchOut Integration
Rewards for your Company

Find Buyers Ready to Purchase

+ Growth in Existing Accounts
+ Growth in New Business
+ Upsell and Cross-Sell to Buyers

Accelerate the Sales Cycle

+ Faster Deal Closure
+ Increased Order Accuracy with PunchOut
+ Faster Order Processing with B2B Order Automation

PunchOut2Go.com

Improve Customer Retention

+ Common buying behavior established
+ Increased Customer Satisfaction
+ Easy to do Business with

Lower Cost to Serve Customer

+ Streamline & Automate Ordering Processes with Electronic POs, Invoices
+ Eliminate Manual & Repetitive Data Entry
+ Reduced Ordering Errors

Hosted Catalog

Static product list that supplies the essential information for ordering products:

Includes simple text listing with hyperlinks to limited content that are loaded within the buyer's eProcurement system

Buyers search and shop from all hosted catalog vendors within the eProcurement marketplace.

PunchOut Catalogs vs. Hosted Catalogs

BENEFITS

PunchOut Catalogs
+ Supplier manages content
+ Content and pricing are dynamic and real-time
+ New products listed sooner
+ Allows for ability to order configurable products
+ Eliminates generation of catalog files for each buyer
+ Special website features available for upselling, promotion and marketing to increase sales

Hosted Catalogs
+ Provides "one-stop shop" for buyers
+ Consistent buying experience for buyer

LIMITS

PunchOut Catalogs
✖ Product not searchable within marketplace without Level II functionality enabled*
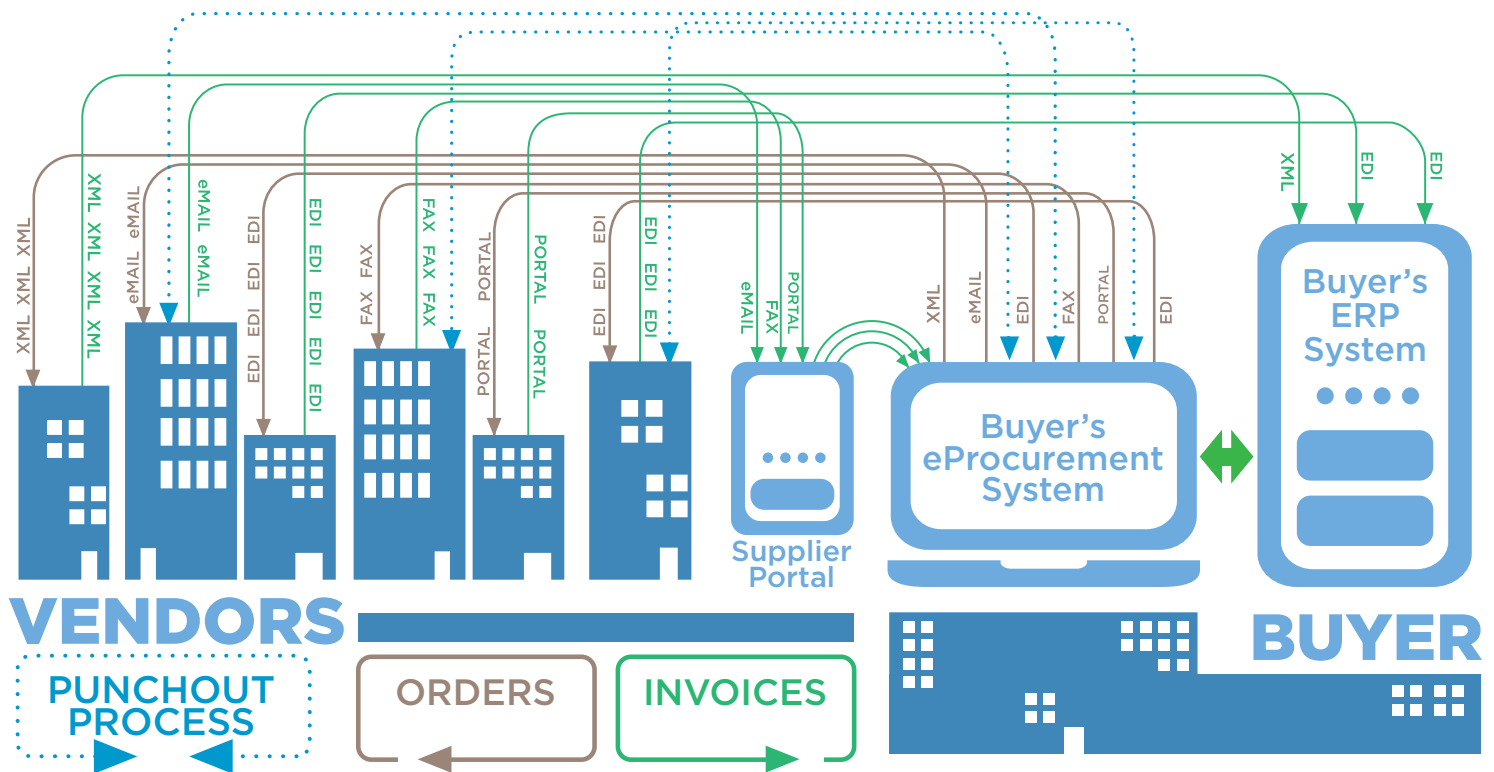✖ Buyer experience varies with each supplier's website

Hosted Catalogs
✖ Content and pricing are static
✖ New products are not available until Supplier loads new content files
✖ Buyers must approve each supplier catalog
✖ Supplier must create catalog information files for each buyer
✖ Only simple non-configurable products and services can be ordered

PunchOut and Hosted catalogs share the same purpose.
Both allow organizations to share product catalogs electronically with buyers.

However, the approach is very different for each format and each format has their strengths and weaknesses. In today's B2B environment, PunchOut catalogs are the preferred format with the large majority of suppliers and as it provides a powerful tool to integrate with a buyer's eProcurement solution, allowing suppliers to present their offering in a dynamic, useable format.

Integration Complexities: In-house vs Outsourcing

VENDORS

PUNCHOUT PROCESS

ORDERS

INVOICES

Supplier Portal

Buyer's eProcurement System

Buyer's ERP System

BUYER

In-house Direct Integrations:

- eCommerce Technical teams, especially in SMB companies, have a limited technical understanding of Procurement interactions.
- Prior integrations can often be incompatible with new platforms, even when leveraging same standards.
- Suppliers without supporting systems have limited resources to navigate enablements, as it is too large of a burden for Procurement platforms to assist.

Consolidated Hosting

- Managing hosted catalogs is not efficient for suppliers, each catalog for each trading relationship across each location hosting the catalog can be exponentially burdensome
- Does not leverage Supplier's investment in their infrastructure – which almost always provides a better shopping experience to the buyer.
- Suppliers at will of catalog hosting provider to establish value-add for content management, product searchability, etc

Middleware Platform

- Suppliers must be able to align with a provider that supports their growth and infrastructure objectives, and ones that can support that over a long relationship
- The relationship becomes strategic, and the strength of a platform and its supplier/buyer base can provide assurance of right-size right-fit solution.

PunchOut2Go is a global B2B technology integration and data translation company specializing in the integration of eCommerce applications, procurement platforms, and PunchOut catalog functionality. Helping simplify the B2B buying cycle by reducing integration complexities and rapidly deploying the right technology, PunchOut2Go's cloud-based adaptable gateway solution integrates and automates PunchOut catalogs, electronic purchase orders, eInvoicing and other B2B order automation integrations with 100% compatibility.
Learn more at www.punchout2go.com.

PunchOut2Go.com

LET
PUNCHOUT2GO
TRANSFORM
YOUR **BUSINESS**

www.PunchOut2Go.com
info@PunchOut2Go.com
1-888-623-2374