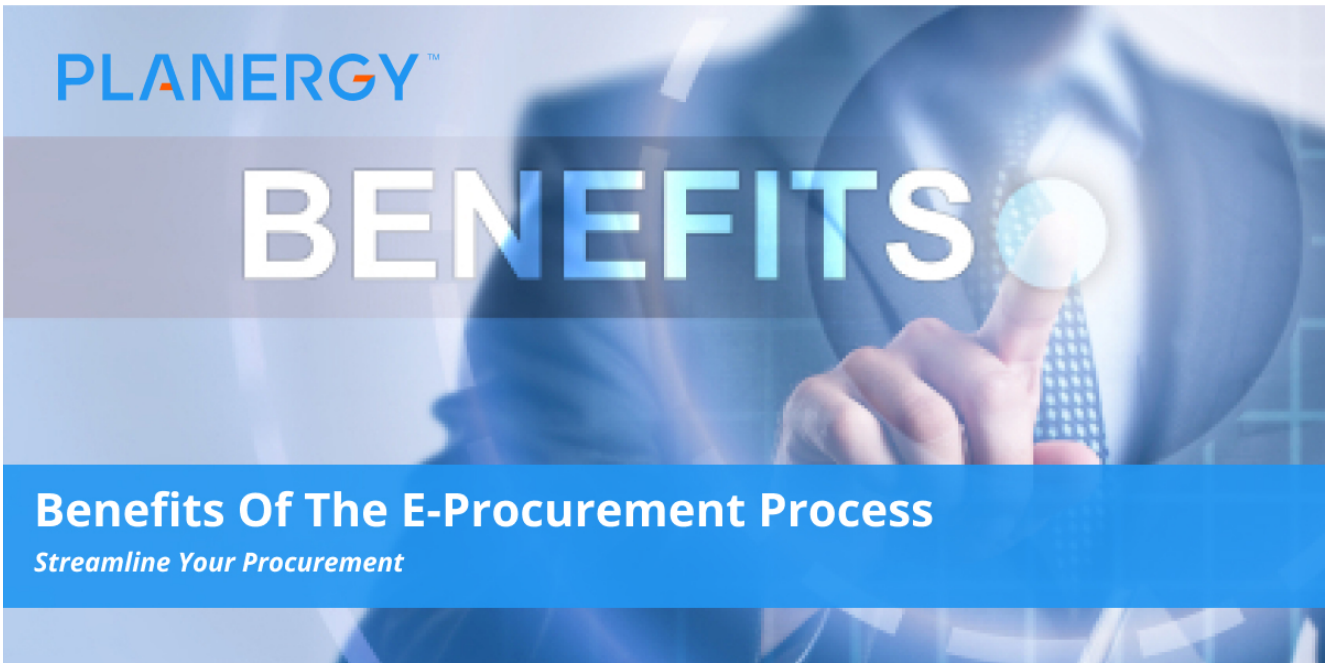
Benefits of the e-Procurement Process



Electronic procurement, more commonly known as e-procurement refers to automating procurement and supply chain processes with technology and internet-based applications.

This builds upon the concept of enterprise resource planning (ERP) systems that allow businesses to automate their internal processes and makes it easy for global level automation.

Procurement professionals around the world can easily communicate information to streamline the process while saving time and money without negatively affecting quality and standards.

An E-procurement system provides software tools that allow procurement staff to get more done in less time.

Benefits of the e-Procurement Process

Simply to Configure and Scale

One of the largest e-procurement benefits is the flexibility to configure the applications to suit the individual company needs, or to suit the needs of both buyer and supplier.

Regardless, it can scale as the organization grows and change as the organization needs it to.

As such, it’s important to choose suppliers for both current and future need.

Understanding the technical infrastructure and supplier development plans will help buyers to choose their possible long-term partnerships.

Increased Productivity

Traditional procurement is time-consuming because a human must be involved in every step of the process.

With e-sourcing and automated approval processes, it’s easy to spot issues within the workflow to build a better purchasing process.

When everyone saves time, they can increase productivity in other areas of the business, such as evaluating supplier performance and strengthening supplier relationships.

Electronic Catalogs

Using e-catalogs allows organizations to electronically market their products, making it a wonderful option for both buyers and sellers.

Because of price transparency, it is easy to see how much items cost, and buyers can compare offers from various vendors from within the system.

> *Since most e-catalogs operate in similar ways and they are easy to setup, multiple team members throughout your business can start taking care of their own procurement. By taking care of simple day-to-day sourcing needs, such as basic office supplies, the procurement team can focus their efforts on continuing to develop strong relationships with value add.*

Shorter Transaction Time

Since individual business transactions are no longer restricted by office hours or even require human intervention, these activities can be completed much faster.

This allows businesses to get more done in real-time, and future processes aren't constrained by having to wait for certain transactions to be completed.

For instance, with purchase-to-pay automation, requisition approvals automatically convert to purchase orders that are sent to the respective suppliers.

And once an order is marked received, the invoice can be automatically sent to accounts payable as approved so they can issue payment to the vendor instead of having to wait for manual processes to proceed.

Order processing time is greatly reduced.

Improved Standardization

Since many suppliers have transitioned to the e-catalog, many of them have opted to create more standardized offers to make it easier for buyers to compare across catalogs and vendors.

This helps all around, but it is still important to make these comparisons carefully as it can be difficult to determine the quality of the products without a sample.

If you are ever in doubt, request samples and make your own decisions based on what you find when comparing them.

Simplified International Procurement

E-procurement software supports multiple currencies and languages, along with international taxation and financing and shipping regulations.

This enables buyers and suppliers in different countries across the globe to work together, making it easier to obtain the maximum cost savings.

However, a cost reduction isn't always worth it if you have to deal with an extended lead time that could negatively affect production and fulfillment of your

own products and services.

Broader Supplier Options

With the simplified global procurement also comes the freedom and flexibility to work with a wider base of suppliers, giving you a wider selection of products and services to choose from.

Since the procurement platform is web-based, buyers can search for vendors based on the products they have available, rather than their geographic location.

As long as you factor in the time and cost of shipping the goods, you may be able to find deals with suppliers that help you save money without sacrificing quality.

Trading Communities

Since the procurement applications are web-based, both vertical and horizontal trading communities can be built.

Buyers can consolidate their buying power and create opportunities for new supply chains.

The chance to consolidate requirements of smaller buyers with trading communities makes it possible for smaller business to access pricing that have historically only been available to the larger buyers.

This has contributed to a fast developing small and medium enterprise sector.

Local business organizations and Chambers of Commerce operate these trading communities to help all the businesses in the area.

Increased Cost Efficiency

With the time you save, the ability to choose from more suppliers, the option to purchase surplus goods and participate in trading communities, e-procurement offers increased cost efficiency in many ways compared to traditional procurement.

E-Procurement Benefits for Your Bottom Line

Beyond the benefits we've already mentioned, you'll notice a number of ways e-procurement influences your company's profits.

Consolidation of Preferred Suppliers

It's possible some of your low-volume vendors will eventually disappear from your supplier network because of e-procurement, resulting in making more purchases from preferred vendors and additional discounts becoming available.

Specialist suppliers are better able to continue operations with e-procurement because of the lower transaction costs.

Savings from Increased Preferred Supplier Purchasing

With e-procurement, it's easier to buy products and services from your preferred vendors.

The more you buy from the same vendor, the more you generally save at a unit cost level, since there are usually quantity discounts.

You'll also have confidence in your sources of supply to ensure you have the quantity you need, which is crucial for strategic sourcing.

Reduced Transaction Costs

Because e-procurement automates a large portion of the procurement process, the purchasing cycle moves faster so less time and money is involved in each transaction, thus reducing the cost of the cycle as a whole.

Nearly 80% of the time and cost spent on manual procurement processes is saved by switching to e-procurement.

Spot Discounts

Courtesy of the dynamic nature of online pricing and suppliers needing to reduce excess inventory, organizations can take advantage of significantly lower prices when they purchase at the right time.

The key is to keep a close eye on the market and set up alerts to notify you of any major changes.

If you're tired of spending too much time on manual procurement and dealing with errors as a result of those processes, it's time to join the technological revolution in the world of procurement.

Switch to e-procurement today, and you'll be glad you did.

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