The E-Procurement Process and How To Improve It



Many organizations are starting to evaluate their purchasing processes and are finding new types of e-procurement tools to meet their needs.

The procurement process involves the following steps:

1. Identifying and anticipating material or service needs
2. Evaluate potential suppliers
3. Selecting suppliers
4. Releasing and receiving purchase requirements
5. Continuously measuring and managing supplier performance

The stages may vary from one organization to the next, depending on whether purchasing is sourcing a brand new or repetitively purchased item and also whether there is a detailed approval process required for purchases that are above a certain dollar threshold.

New items require that the procurement department spend more time upfront evaluating potential sources.

Repeat items usually have some approved sources readily available. Even still, it is essential to review existing purchase contracts for compliance and make sure

you are getting the best possible deal on the products and services you use most often.

In the past, preparing and managing the necessary purchasing documentation has been a time-consuming process.

Many firms have streamlined their document flow process to reduce costs and the amount of paperwork handling required for all the purchases by moving to e-procurement tools.

E-procurement software makes it easier to manage the flow of documents through automation and electronically generating and transmitting any purchase-related documents to suppliers.

The procurement platform helps streamline business processes by speeding up the procurement cycle.

Benefits of E-Procurement Software

The benefits of an e-procurement process include:

- Eliminating paperwork and paperwork handling
- Spending less time between recognizing a need and the release and receipt of an order
- Fewer errors
- Improving communication with suppliers and within the company. Better supplier relationships throughout the supply chain make more room for profit.
- Reducing overhead costs for the purchasing department
- Procurement professionals can spend less time processing purchase orders and invoices, which gives them more time to focus on strategic sourcing.

Ultimately, though you do have to invest in procurement applications, it will pay for itself with the cost savings you achieve in multiple areas.

You'll get real-time visibility into spending so you can make sure you're staying on budget. You'll be able to get a handle on maverick spending and encourage your staff to make purchases from the available online catalogs.

Since everything is automated, there’s no need to worry about losing paperwork or waiting for approvals to come down from someone who’s out of the office on vacation.

Traditional procurement is much more expensive because of the room for error, the labor costs, and the lack of spend visibility.

> *E-procurement solutions are highly flexible and customizable to meet your business needs. No matter what your purchasing process or approval workflow looks like, you can make it work for you.*

How the E-Procurement Process Works

The e-procurement process is highly similar to the manual procurement process but moves much faster.

User Needs Products or Services

The purchasing process starts with finding or anticipating a material or service user needs.

They use electronic documents such as purchase requisitions, stop checks, routine reordering systems (such as barcodes) or forecast and customer orders to determine the need.

Sometimes, material requirements identified during new product development also facilitate purchase needs.

Purchase Approval (and Supplier Evaluation)

Depending on the size and nature of the purchase, there may be various steps at this stage.

If this purchase is new, a supplier evaluation occurs to determine which supplier is the best option for the company.

If this is a product or service that has been purchased before, the supplier may already be determined, but department heads and other individuals may need to

approve the purchase before sending a purchase order to the vendor.

In the case of small purchases, such as office supplies, e-procurement systems often allow purchase requisitions with small requests to purchase the item without approval from another person in the company.

In cases where a dollar amount exceeds the user's permission to generate a purchase order, the purchase requisition automatically goes through the necessary approval process before becoming a purchase order.

If a purchase requisition requests an item for a higher dollar amount that does not have an existing supplier, then the procurement department may obtain quotes or bids from potential suppliers.

Purchasing forwards the request for quotation (RFQ) or request for proposal (RFP) to suppliers and invites them to submit a bid for a purchase contract.

For larger purchases, a detailed evaluation may be required. This happens after determining a purchase need exists, and the development of material specifications occurs.

For routine and standard product requirements with established suppliers, supplier evaluation and selection is not necessary, and the approval process may proceed.

However, any potential sources for new items, especially those that are complex, require a thorough investigation to be sure that procurement only evaluates qualified suppliers.

Bidding, Negotiation and Supplier Selection

This step only takes place for purchases that do not have an existing supplier, or when an existing supplier is no longer able to meet your needs.

The final supplier selection occurs once the procurement department has completed the required activities during the evaluation process.

Choosing suppliers is one of the essential activities because errors made in this phase of the purchasing cycle can cause significant damage to the bottom line and take a long time to rectify.

After bids have been received and negotiation has occurred, the procurement team selects the supplier and moves on to authorize the purchase through the purchase approval process, which is automated with the e-procurement system.

Purchase Approval

Once the supplier has been selected, or a requisition is received, purchasing grants purchase approval, by creating an electronic purchase order.

PLANERGY allows users to create purchase requisitions that automatically go through an approval process based on approval rules created during setup.

Once the purchase requisition is approved, it automatically converts to a purchase order to save time and effort.

The purchase order details all of the critical information about the purchase, including the quantity, items, quality requirements, price, delivery method, delivery date, purchase order number, order due date, and the ship-to address.

Release and Receive Purchase Requirements

In this phase of the purchasing cycle, the purchase requirements are physically transmitted. Some organizations opt to submit orders electronically, what other sin material releases by mail or fax.

Using electronic data interchange (EDI) can help shorten the order cycle time.

The shipping and receiving processes require several other relevant documents, which can also be made electronic such as the bill of lading, the material packing slip, and the receiving report.

Continuously Monitoring Supplier Performance

You should never assume that because you found the best possible supplier for a particular product last year that they will always be the best possible supplier for your needs.

One way to make sure you are consistently working with the best suppliers is to track their performance after awarding them a contract.

If you find that they are consistently late with their deliveries, or short on their quantities and have other issues then obviously they are affecting your ability to conduct business with your customers.

It’s essential to invest in continuous measurement to identify Improvement opportunities or cats when suppliers are not holding their end of the bargain.

If you do not have a formal evaluation in place, you have little insight into the supplier performance over time.

If you don’t have the evaluation system, you don’t have the data necessary to support future purchasing decisions.

QuickBooks Desktop for small and mid-sized businesses

QuickBooks Desktop is a flexible accounting software application designed for small to mid-sized businesses. While the desktop application cannot complete with custom-designed ERP applications, many larger businesses have continued to use QuickBooks Desktop applications for their bookkeeping and accounting needs.

QuickBooks Desktop was first introduced in 1998 and modeled after Intuit’s first financial application, Quicken, which provided personal accounting capability, but no double-entry accounting. When QuickBooks Pro was initially introduced it was aimed at the non-accountant small business owner looking for a way to do accounting other than an Excel spreadsheet. In 2000, additional features were added to the application, but it still lacked the specificity that many small business owners were looking for.

That all changed in 2003 when Intuit introduced the first industry-specific editions of QuickBooks, which have grown in popularity and are now available in several editions, including the professional services version, which we’ll talk about in this article.

What is QuickBooks Desktop Professional Services?

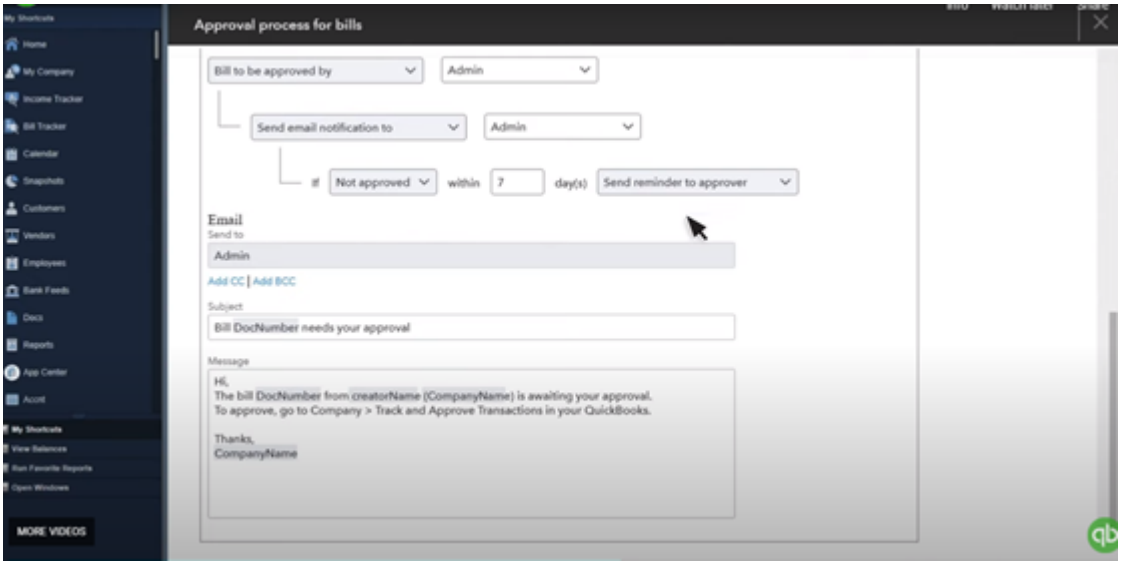
While all niche industries can make an argument for an application designed specifically for their business needs, the professional services industry offers several challenges that need to be appropriately addressed including solid time tracking capability, flexible billing rates, and the option to better track project data.

QuickBooks Desktop Professional Services does that and more. Designed for those providing services rather than selling products, the Professional Services edition is available in both the Premier and Enterprise versions of QuickBooks Desktop.

In this article, we'll take a look at QuickBooks Enterprise for Professional Services, which is designed for mid-sized businesses and can support up to forty system users. However, if your business has less than five QuickBooks users, you may want to consider using QuickBooks Premier Professional Services, a better option for smaller businesses.

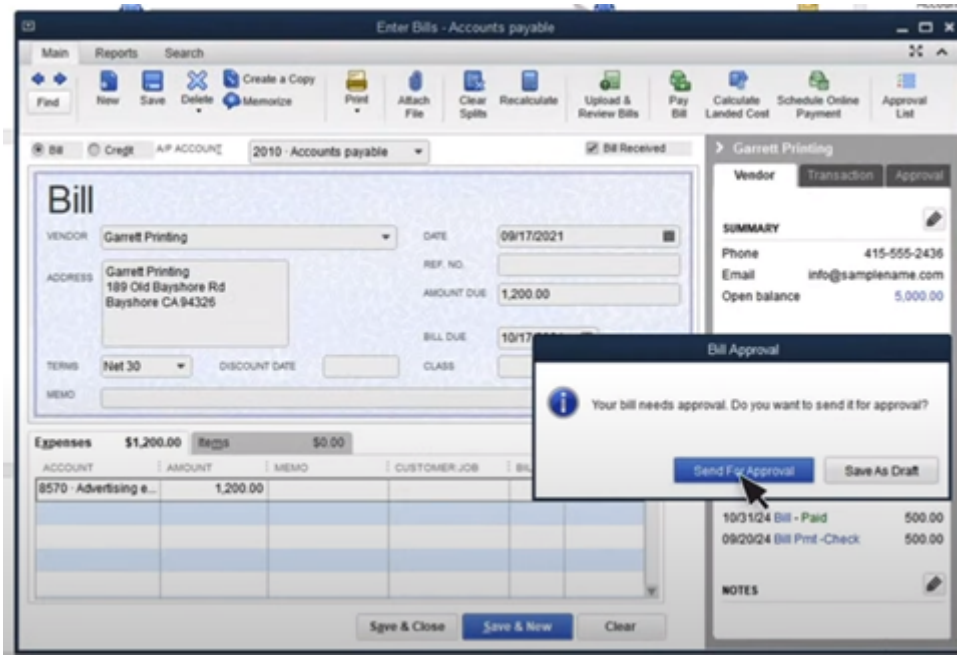
Today, QuickBooks Enterprise Professional Services is loaded with features, including all those found in regular QuickBooks Desktop applications, such as double-entry accounting, online banking, bill payment, and invoicing. But it also includes features and functionality designed specifically for service professionals. Here's a breakdown of some of the latest features.

* **Bill Workflow Approvals – (Platinum version)** Bill workflow approvals is a brand new feature that allows you to better manage your cash flow by creating customizable workflow approvals. This new feature also includes reminders when approval deadlines approach.



You can set up custom workflows with the new Bill Workflow Approvals feature.

You can choose the custom workflow to suit your business, and can even customize the email message that the assigned recipient will receive. You can also choose whether you wish to copy anyone on the email. Once a workflow process has been set up for a particular vendor, whenever you enter a bill for that vendor, you will receive a message that the bill needs approval.

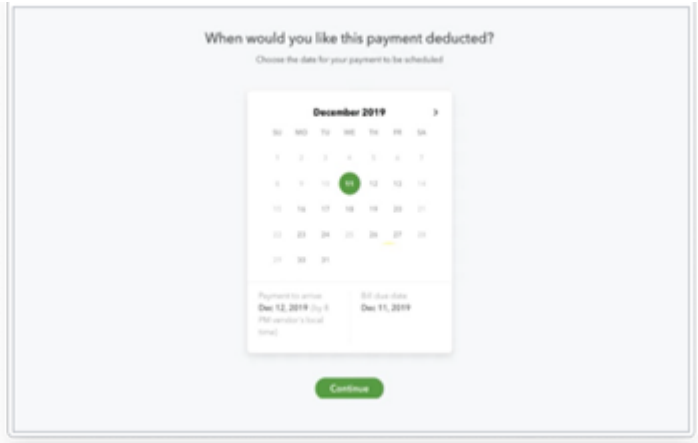


The Bill Approval option appears when a custom workflow has been set up for that vendor.

This message serves as a reminder that the bill has to be submitted for approval before processing.

*** Scheduling and Paying Bills -** Another new feature in QuickBooks Enterprise Professional Services is the option to schedule

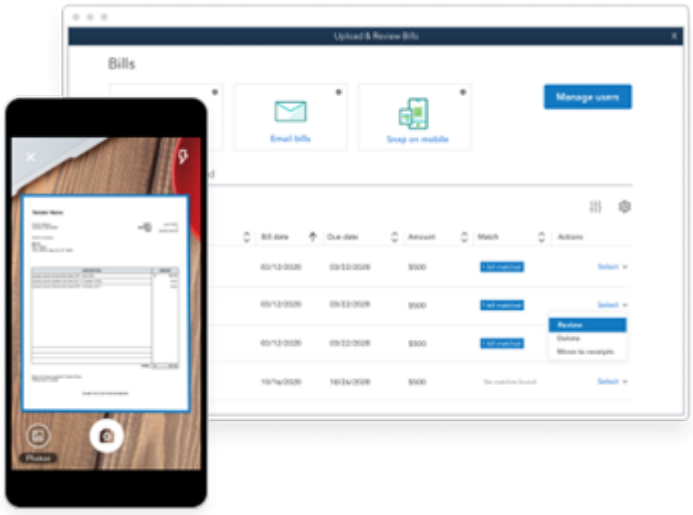
bills for payment. A particularly useful feature for smaller businesses with limited cash flow, using the billing scheduling and payment feature allows you to review any open balances, track sales orders, and plan in advance when to pay a bill.



The Scheduling and Bill Payment feature allows you to schedule bill payments.

When scheduling a payment, you have the option to choose the form of payment you wish to use including bank transfers or a physical check.

*** Upload Bills to QuickBooks –** Using the QuickBooks Desktop mobile app, you can now upload your bills directly into the application.

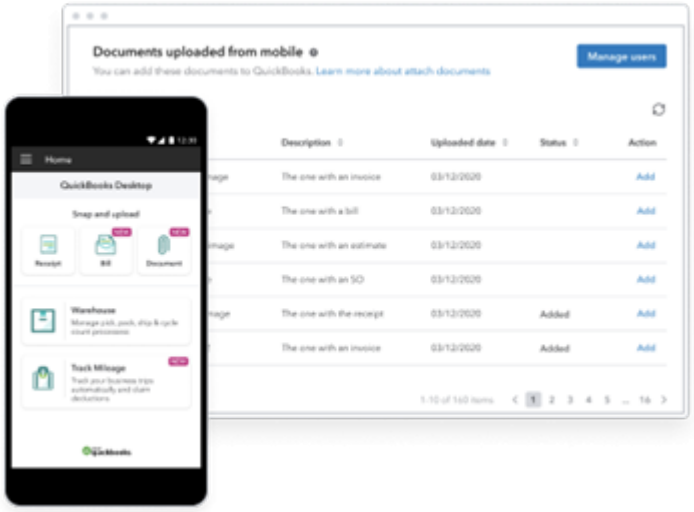


Using the QuickBooks Desktop Mobile App, you can easily upload bills.

All you have to do is snap a photo of the bill and click on the import feature. You'll be able to review the bill for accuracy before it posts into your account. Another benefit to using this feature is that you can have your vendors email their invoices directly to QuickBooks, where they will be available for you to review.

*** Attach Documents to Transactions –** Along with uploading invoices, you can

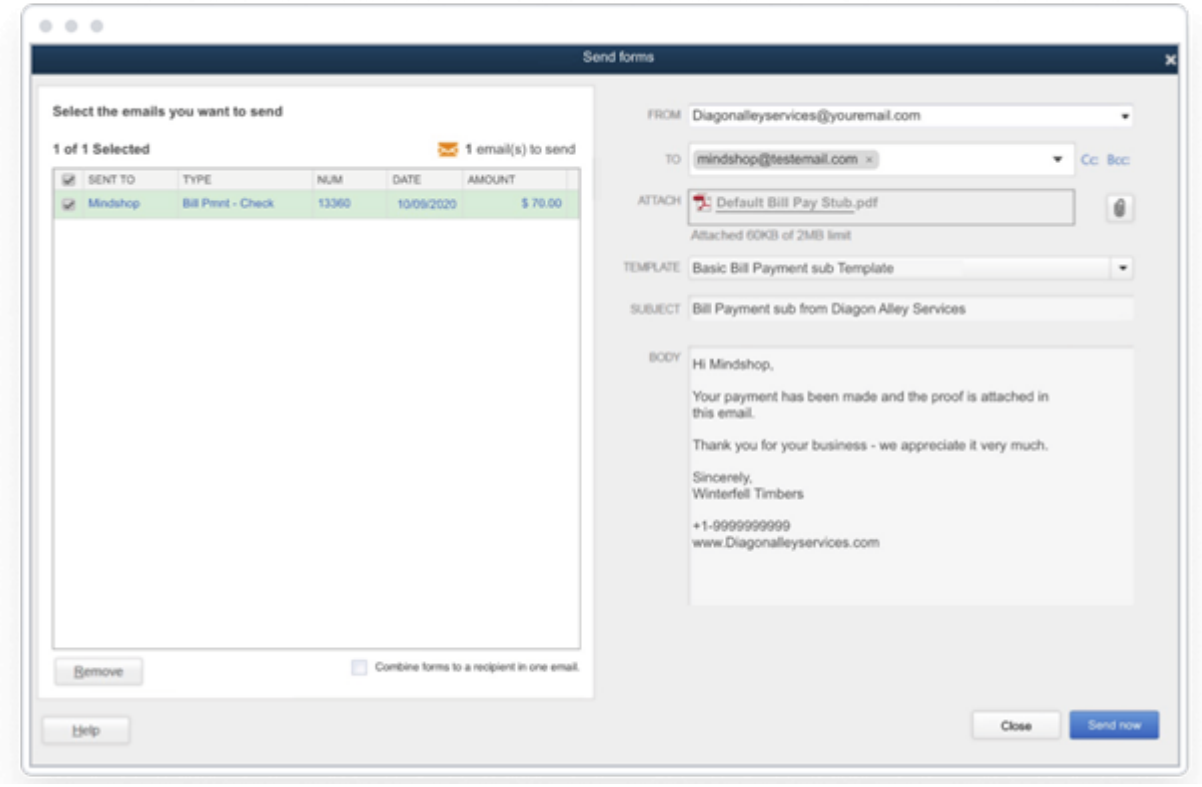
also attach documents to any transaction using the mobile app.



Use the QuickBooks Desktop Mobile App to attach documents to any transaction.

Doing so eliminates the need to store multiple documents on your system. You can also upload and attach multiple documents simultaneously if desired.

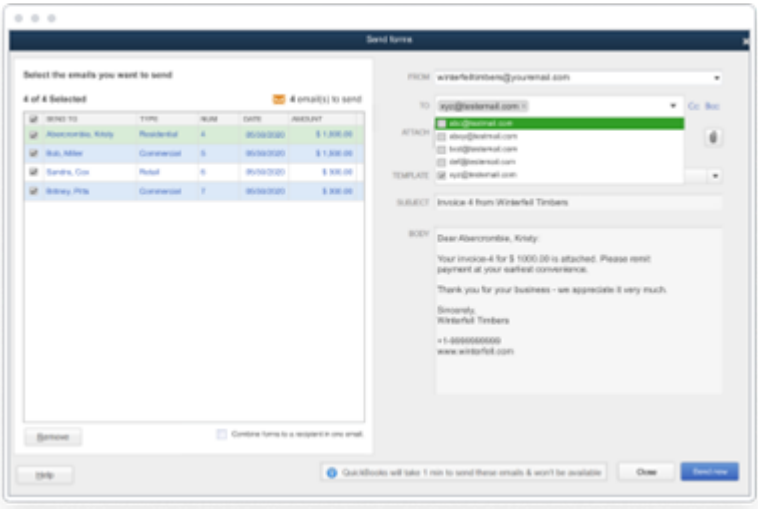
*** Customize Bill Payment Stubs –** Your vendors no longer have to wait for a paper check to receive a bill payment voucher. Using this feature, you can add your business logo and format the payment stub to suit your business.



You can now customize bill payment stubs for all of your vendors.

You can choose the vendors you wish from the dropdown list and create a custom email to send along with the bill payment stub.

* **Multiple Email Contacts –** Do you have a newsletter, targeted sale, or other information you wish to send to a select group of contacts? Using the multiple email contact feature, you can do just that.



The Email Contact List allows you to choose the recipients for a group email.

This is a great way to get custom messaging out to the appropriate recipients without having to manually enter each email address.

> *The professional services industry offers several challenges that need to be appropriately addressed including solid time tracking capability, flexible billing rates, and the option to better track project data.*

Other features

Along with these new features, QuickBooks Enterprise Professional Services also offers numerous features designed for professional services businesses. These include:

Time Tracking with QuickBooks Time Elite (formerly TSheets Elite) – Time tracking is important for any business, but particularly so for service businesses who have to manage timesheets and bill their time accordingly.

Using QuickBooks Time Elite, professional services users can track time spent on any project. But even more important, the time can then be automatically rolled up into any subsequent project reports as well as into QuickBooks Payroll, eliminating the need to enter data twice.

This allows users to track their time from any location, whether it's from their home, the office, or the client's office.

Project Costing – It can be difficult to know if a client project is profitable if all of the project management components are not tracked properly. Not only can you easily track project cost projections in real-time using the job costing dashboard, but you can also track the actual expenses to see if you're on track for profitability or if cost adjustments are needed.

Best of all, QuickBooks Enterprise will automatically create client invoices based on data entered in the system, eliminating the need to bill clients separately.

Flexible Billing Rates – As a professional services firm, your billing rates likely change frequently, depending on the job completed, who completed it, and the level of difficulty in completing the job. That's why being able to assign different billing rates to your employees based on a variety of criteria is so important.

By setting custom billing rate levels, you can assign a rate for a particular level rather than by an employee. For example, at a CPA firm, partner billing rates would be assigned at a different level than entry-level employees.

Reporting – Good reporting options are available in all QuickBooks Desktop applications with the Enterprise edition of QuickBooks Desktop offering more than 200 reports that can be customized to suit your needs. Any customized report can be saved in the application as a template, so you can use the same reporting criteria in the future without having to set it up again.

Advanced Reporting – Advanced reporting allows Enterprise users to access raw data to create reports and graphs from scratch. In addition, the Professional Services edition of QuickBooks (and all niche editions) also offers bundled reports designed specifically for professional services businesses. These reports include:

- **Billed and Unbilled Hours –** This report can be run by person or by

project, and provides management with a good view of all billable hours as well as how long an employee has spent on a particular project.

- **Costs by Project –** Costs need to be looked at throughout the life of a project. Running the Costs by Project report allows you to see exactly how much you've spent to date, allowing you to make adjustments to your forecast mid-project when needed.
- **Project Costs Detail –** Still wondering exactly why your project has gone over budget? Run the Project Costs Detail report to see exactly how funds were spent.
- **Cost to Complete –** Not sure if you have enough in the budget to complete a project? Just run the Cost to Complete report, which displays both percentage complete and cost to complete, allowing you to make any adjustments before the job runs over budget.
- **Project Status –** One of the most important reports for management, the Project Status report provides a summary view of all projects in progress along with a guide that shows you whether the project is on track for on-time completion.

Payroll Processing – All QuickBooks Enterprise editions come with QuickBooks Enhanced Payroll, which allows you to pay both employees and contractors. Enhanced Payroll also includes both printed check capability as well as free direct deposit. For those that want additional help with payroll, a subscription to Assisted Payroll will take care of all payroll taxes including filing and payment.

QuickBooks Enterprise Professional Services also includes a custom chart of accounts, can monitor project progress, track unbilled time, and electronically invoice clients. Multi-level data permissions are available, so management can establish permission levels for multiple groups of employees, ensuring confidentiality throughout the life of the project.

In addition, you can prepare custom proposals for potential business, accept mobile and credit card payments from your clients, and even integrate with Salesforce CRM for better client and sales management. For those that require integration with outside e-commerce channels, an optional e-commerce integration add-on is available that offers seamless integration with online stores and marketplaces.

Like all QuickBooks products, QuickBooks Enterprise Professional Services is designed to work on a Windows platform and is not currently available for Mac systems. Available as an annual subscription, Intuit offers three versions of Enterprise:

1. **Gold –** The Gold version of QuickBooks Enterprise includes Advanced Reporting, access to QuickBooks Priority Circle, and QuickBooks Enhanced Payroll. The Gold version supports up to 30 system users and starts at $1,489.50 for the first year.
2. **Platinum –** The Platinum version includes all Gold level features as well as Advanced Inventory for tracking inventory items, Advanced Pricing, and Bill Workflow Approvals. The Platinum version supports up to 30 system users with a subscription starting at $1,831.50 for the first year.
3. **Diamond –** The most advanced version of QuickBooks Enterprise, the Diamond version can support up to 40 users and includes advanced features such as QuickBooks Time Elite, and the Salesforce CRM Connector. Diamond subscribers also have access to QuickBooks Desktop Assisted Payroll. The Diamond version of QuickBooks Enterprise starts at $3,618 the first year.

All subscription levels include customer support, online data backup storage for all QuickBooks data, product upgrades, and training tools.

Is QuickBooks Enterprise Right for Your Business?

A great option for mid-sized and growing professional services businesses that are looking for a better way to manage project costs and billing, QuickBooks Enterprise Professional Services is an all-in-one application that you will not soon outgrow.

What’s your goal today?

1. Use PLANERGY to manage purchasing and accounts

payable

We've helped save billions of dollars for our clients through better spend management, process automation in purchasing and finance, and reducing financial risks. To discover how we can help grow your business:

- Read our case studies, client success stories, and testimonials.
- Visit our "Solutions" page to see the areas of your business we can help improve to see if we're a good fit for each other.
- Learn about us, and our long history of helping companies just like yours.

Book a Live Demo

2. Download our guide "Indirect Spend Guide"

Download a free copy of our guide to better manage and make savings on your indirect spend. You'll also be subscribed to our email newsletter and notified about new articles or if have something interesting to share.

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3. Learn best practices for purchasing, finance, and more

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