

What is E-Procurement?



Electronic procurement, or e-procurement, is the business to business (B2B) process of requisitioning, ordering, and purchasing goods and services over the internet.

At the enterprise level, a chief procurement officer (CPO) or official procurement department will set the policies for procuring goods and services for the business, with the goal of acquiring what the business needs at the best possible price or with the greatest value at the time it's needed.

To accomplish this goal, procurement staff establishes relationships with suppliers, negotiate contracts, and set guidelines or purchasing limits on the types of purchases that are allowed and the kinds of items the money can be spent on.

E-procurement software like PLANERGY enables procurement leaders to automate policy adherence, contract management, and vendor relationships within the system.

E-Procurement Software

To make e-procurement work in your organization, you must first select and set up e-procurement software.

Though features and functions vary from one vendor the next, PLANERGY offers everything your organization needs to successfully execute e-procurement.

With it, you eliminate the need for paper-based processes, and through automation, no longer require time-consuming and error-prone manual processes.

E-procurement software allows employees to search through online catalogs and select the items they want to buy online.

However, the experience goes far beyond online shopping itself.

It allows employees to manage their own purchases based on user permissions created during set up.

It begins the process with a purchase requisition, which can be approved by the user if he or she has the authority to do so.

If not, it is automatically sent to the staff member in charge of approving purchases.

The software stores a variety of items from suppliers that the procurement department has approved. Typically, these are vendors with established relationships and contracts in place.

The contracts can be stored in PLANERGY with the vendor's contact information and payment terms, to make things easier.

The software also stores a catalog of items and the vendors they are available from, ensuring that no one who requests items or makes purchases can buy anything that is out of the budget, or incompatible with the company's IT structure and equipment.

For instance, if an employee needs basic office supplies, such as a new mouse or flash drive, that employee can log in to the procurement system and search for those items.

If it's available from multiple vendors, they can choose the lowest price item. In the case of small purchases like this, they can approve the purchase themselves, and have it shipped directly to them, so they don't have to bother other team members to get what they need.

For larger purchases, however, the approval workflow may require the department head to sign off on it.

In either situation, the purchases are deducted from the appropriate budgets and spending limits, so the employee can never spend more money than he or she is authorized to spend, whether purchasing something small or large.

Once a requisition has been approved, it automatically converts to a purchase order, which is electronically delivered to the vendor.

Once the vendor delivers the order, it is marked received in the system, and an invoice is created and sent to accounts payable for payment.

Because PLANERGY allows procurement leaders in your organization to completely customize the experience on a user-by-user basis, you have complete control of which vendors and items employees have access to, who can see the budget information, who can approve the purchase requisitions, who can pay invoices, and so on.

Since it is a web-based platform, it can be accessed from computers, tablets, and smartphones - anywhere there is an internet connection.

Automation with e-procurement streamlines the processes to make them more efficient, so it costs the company less money. Beyond this, it also removes low-value tasks from the procurement department so they can focus their efforts on high-value tasks like negotiating better contract terms.

Benefits of E-Procurement

Switching to an e-procurement process comes with many benefits, including:

- Automatic order processing with electronic POs and electronic invoicing makes it faster to do business, so it costs less.
- Improved workflow in the internal procurement process.
- Improvement in supply chain mechanisms offer mutual benefit for everyone using the e-procurement system.
- Connected to external supply chains so you can share real-time information for enterprise resource planning (ERP) purposes and supply

chain management

- Knowledge of your purchasing process and increased spend visibility for better spend management and easier identification of cost savings opportunities.

Are You Ready for E-Procurement?

Not all e-procurement systems are created equally, as some software is geared toward large corporations.

Others have fewer features and are often better suited for small business.

Making sure you get the right one for your needs means asking some questions before you start shopping for procurement software.

Meet with company executives to discuss the clear objectives for what your business needs.

Determine your value chain and key businesses and procurement processes, focusing on those that will benefit from e-purchasing. Define the involved computer systems, databases, and applications involved, and examine security issues such as hacking or the potential for data corruption.

Do you need remote access to the software? Is a mobile app an important feature?

This will help you as you research various options to test before fully implementing it in your company.

Think about why your company needs e-purchasing capabilities, and tailor the questions you ask around those needs.

PLANERGY can do as much or as little as you need it to do, making it a good fit for small businesses that just want to keep track of purchase orders and budgets.

It also works well for larger organizations that need to keep track of expenses, inventory, receipt of goods, and want access to real-time analytics as well.

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.

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2. Download our guide "Indirect Spend Guide"

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