RFx Management

Request for Information, Proposal or Quotation

e-sourcing

IT-enabled sourcing, or eSourcing, uses information technology as a key component of service delivery, or as an enabler for delivering services. Often provided remotely eSourcing services range from routine and non-critical tasks that are resource intensive and operational in nature to strategic processes that directly impact revenues.

spend analysis

Spend analysis is the process of collecting, cleansing, classifying and analyzing expenditure data with the purpose of reducing procurement costs, improving efficiency and monitoring compliance. It can also be leveraged in other areas of business such as inventory management, budgeting and planning, and product development.

There are three core areas of spend analysis - visibility, analysis and process. By leveraging all three, companies can generate answers to the crucial questions affecting their spending, including:

What am I really spending?
With whom am I spending it?
Am I getting what's been promised for that spend?

Spend analysis is often viewed as part of a larger domain known as spend management which incorporates spend analysis, commodity management and strategic sourcing.

Companies perform spend analysis for several reasons. The core business driver for most organizations is profitability. In addition to improving compliance and reducing cycle times, performing detailed spend analysis helps companies find new areas of savings that previously went untapped, and hold onto past areas of savings that they have already negotiated.

Automated spend analysis software can be a valuable tool for chief procurement officers (CPOs) at large, global, diversified enterprises, and a useful tool for many others[1]. The resulting spend visibility helps CPOs and CFOs gain insight into what their company buys and from whom, and it helps them realize savings promised by past sourcing efforts.

supplier risk assesment

Supplier risk management is an evolving discipline in operations management for manufacturers, retailers, financial services companies and government agencies where the organization is highly dependent on suppliers to achieve business objectives. Outsourcing, globalization, lean supply chain initiatives and supplier rationalization have contributed to a highly fragmented model, where control is often several steps removed from the corporation.

While these models have allowed companies to reduce overall costs and expand quickly into new markets, they are also exposed to the risk of a supplier's suddenly going bankrupt, closing operations or being acquired.

To overcome these challenges, companies mitigate supply chain interruptions and reduce risk with strategies and tactics that address supplier-centric risk at multiple stages in the relationship:

On boarding: Bringing suppliers into the operation with registration that includes:

- A centralized supplier registration portal
- Integration of 3rd party performance, financial data and predictive indicators into the supplier profile

Monitoring for stability beyond financial data, including:

- Criminal and terrorists (i.e. OFAC) ties and operational performance
- Visibility into potential disruptions caused by geopolitical threats, acts of nature, etc.

Cultivating strategic supplier relationships for the long-term:

- Leverage supplier scorecards for continuous improvement
- Establish and use benchmarks for measuring supplier performance
- Creating a system for collaboration and supplier development

Establish control across the extended enterprise:

- Create integrated supplier networks
- Extend performance management benchmarks to 2nd and 3rd tier suppliers

contract management

Contract Management

The Wikipedia definition is *the management of contracts made with customers, vendors, partners or employees* and *the process of systematically and efficiently managing contract creation, execution, and analysis for the purpose of maximizing financial and operational performance and minimizing risk*. In the wiki-paper on the e-Sourcing Wiki, I differentiated between basic and enterprise contract management, which I defined as *the holistic view that is formed when one looks at the management of contracts from the enterprise perspective*. This includes the legal perspective, which ensures that the corporation is using standard, the risk management perspective, which ensures that the procurement contract is addressing foreseeable risks, the financial perspective, which makes sure the payment terms are clearly and unambiguously defined, and the procurement perspective, which needs to ensure a continuity of supply.

Contract management is important to procurement and purchasing for a number of reasons. Not only does it insure that a business lives up to its obligations, which protects it from legal risks, but it brings with it a slew of operational and financial benefits that can drastically improve company productivity and profitability.

The Benefits

Productivity Improvements

If purchasing contracts are centrally managed, and electronic versions always immediately accessible from a centralized repository, there will be no more wasted man-hours searching for, retrieving, and copying the original contract.

Spend Visibility

Centralized management of contracts through an appropriate software solution gives an organization unprecedented visibility into the global supply base and global spend. It also allows an organization to automatically identify "evergreen" contracts (well) before they expire and determine whether or not the contract is still right for the business. It also enables a company to quickly identify contracts with suppliers in (new) "high risk" zones due to natural disasters, (rising) political unrest, or (geo)political uncertainty. Finally, it provides a solid foundation for spend analysis.

Compliance Improvement

When contracts are tracked and monitored, purchases can be checked against the contracts for compliance, quickly and easily, and, if the solution is integrated with the purchasing system, automatically. This (dramatically) reduces maverick buying, allows rebates and discounts to be tracked and captured, and eliminates duplicate payments.

Opportunity Identification

A full-fledged enterprise solution tracks all of your contracts with your suppliers and your customers. While supply contracts tend to focus on acquisition of raw materials to conduct your business, sell side contracts tend to focus on the provision of valuable goods and services to your customers which is based on your IP. A good enterprise solution with a centralized repository allows you to not only get a handle on your Intellectual Property (IP), but also determine which IP has the most value and which offerings, if actively developed, should be focussed on to maximize your ROI.