

Supply Chain Management II

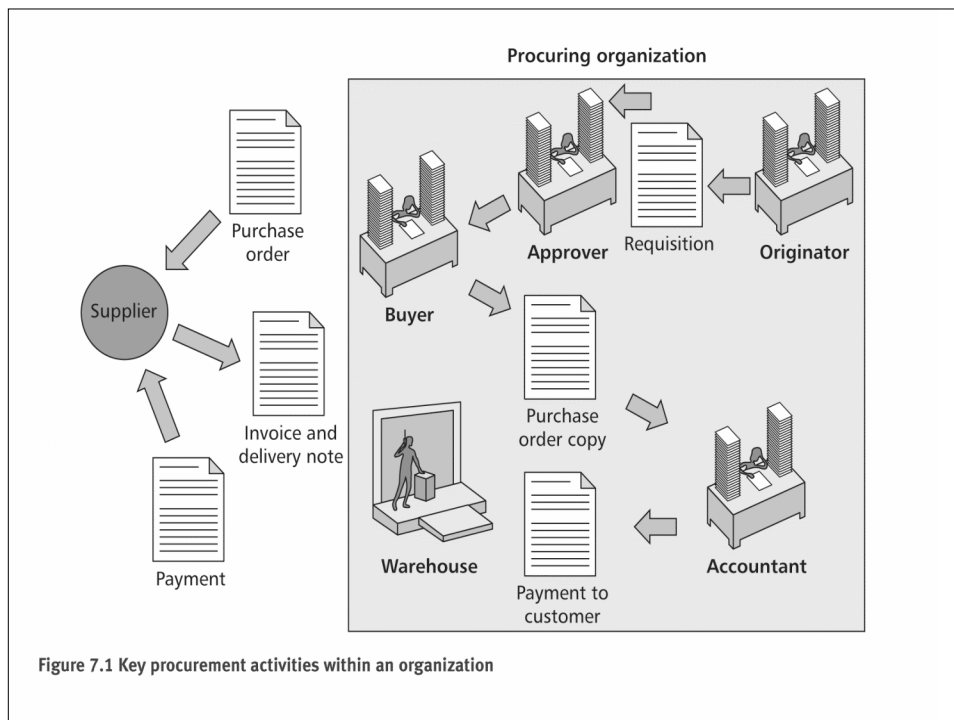
E-Procurement & Collaborative Commerce

E-PROCUREMENT

E-PROCUREMENT

The electronic integration and management of all procurement activities including purchasing request, authorisation, ordering, delivery and payment between a purchaser and a supplier.

Chaffey, 2004:289



E-Procurement: Features

Considered as :

1. a structural enabler for re-engineering the traditional procurement process.
2. the means for conducting business electronically across the upstream supply chain between buyers and suppliers.

Five Rights of Purchasing:

1. Right price
2. Delivered at the right time
3. Right Quality
4. Right Quantity
5. From the Right source

Collaborative Commerce

- *Collaborative commerce*
(c-commerce): The use of digital technologies that enable companies to collaboratively plan, design, develop, manage, and research products, services, and innovative E-Commerce applications

Collaborative Commerce (cont.)

- Collaboration can be done both between and within organizations.
- Collaborative platforms can help in communication and collaboration between
 - headquarters and subsidiaries
 - franchisers and franchisees
 - purchasers and suppliers
- The platform provides around the globe
 - e-mail
 - message boards and chat rooms
 - online corporate data access
 - data transfer, document sharing and version management of collaborative documents.

Collaborative Commerce (cont.)

- Major benefits are: cost reduction, increased revenue, better customer retention, easier sharing of information resources, faster updates, greater team-working potential.
- As a result of:
 - fewer stock outs
 - less exception processing
 - reduced inventory throughout the supply chain
 - lower materials costs
 - increased sales volume
 - increased competitive advantage
 - fewer hierarchical decision chains.

Collaborative Commerce (cont.)

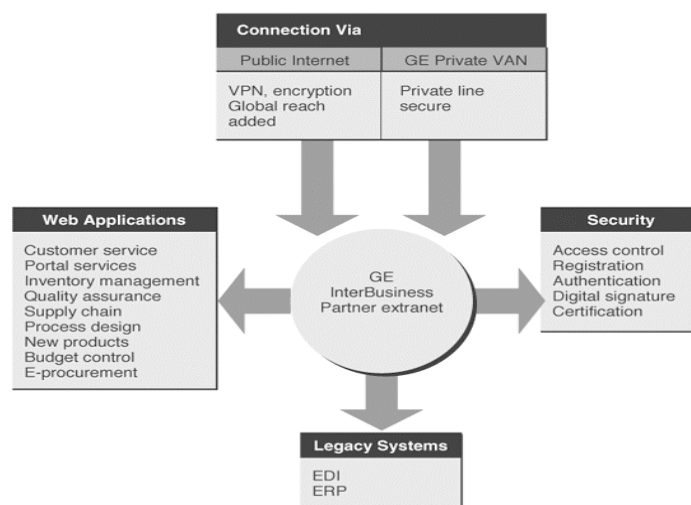
- Information sharing between retailers and suppliers: e.g. P&G and Wal-Mart
 - Wal-Mart provides P&G access to sales information on every item P&G makes for Wal-Mart.
 - Accomplished electronically
 - P&G has accurate demand information
 - Wal-Mart has adequate inventory

Collaborative Commerce Example: Target

- Retailer–supplier collaboration: Target Corporation
 - Conducts EC activities with 20,000 trading partners
 - Extranet enables Target to reach many more partners, and to use applications not available on the traditional EDI
 - Business customers create personalized Web pages, enabling profiling and data-mining for forecasting and sales projections.

Collaborative Commerce Example: Target (cont.)

Exhibit 8.3 Target's Extranet



Corporate (Enterprise) Portals

- *Corporate (enterprise) portal*: A gateway for entering a corporate Web site, enabling communication, collaboration, and access to company information.
- Corporate portals offer employees, business partners, and customers an organized focal point for their interactions with the firm.

Corporate (Enterprise) Portals (cont.)

- Types of corporate portals
 - Generic portals
 - portal for suppliers
 - portal for customers
 - portal for employees
 - supervisor portals
 - mobile portals—accessible via mobile devices, especially laptops, cell phones and PDAs.

Corporate (Enterprise) Portals (cont.)

- Functional portals
 - *Information portals*: Portals that store data and enable users to navigate and query data.
 - *Collaborative portals*: Portals that allow collaboration and interaction between remote users -- including e-mail, searching, file transfer and (some) file / application sharing.

Corporate (Enterprise) Portals (cont.)

- | | |
|---|--|
| <ul style="list-style-type: none">• Corporate portal applications<ul style="list-style-type: none">– knowledge bases and learning tools– business process support– customer-facing (front-line) sales, marketing, and services– collaboration and project support– access to data from disparate corporate systems | <ul style="list-style-type: none">• personalized pages for various users• effective search and indexing tools• security applications• best practices and lessons learned• directories and bulletin boards• identification of experts• news• Internet access• dedicated file-sharing / conferencing applications. |
|---|--|

Corporate (Enterprise) Portals (cont.)

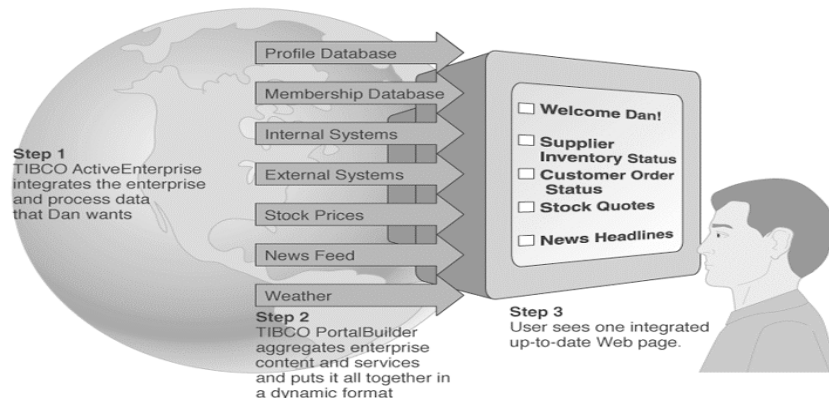
Exhibit 8.8 Corporate Portal Framework



Source: Compiled by N. Bolloju, City University of Hong Kong, from Aneja et al. (2000) and Kounadis (2000).

Collaborative Planning and Fulfillment

Exhibit 8.7 Corporate Portal As a Gateway to Information



Source: tibco.com (2001). Used with permission of Tibco Software Inc.

Mini-Case Study

- General Motors

How General Motors Is Collaborating Online

- **The Problem**
 - Information regarding a new car design has to be shared among a pool of approximately 20,000 designers and engineers in hundreds of divisions and departments at 14 GM design labs, some of which are located in different countries

How General Motors Is Collaborating Online (cont.)

- Communication and collaboration amongst the design engineers for the more than 1,000 key suppliers could mean 4 years to completion of a model.
- Change and competition in the automobile market has entailed that the customer-base expects new models annually (on the average).

How General Motors Is Collaborating Online (cont.)

- The Solution
 - GM began by examining over 7,000 existing legacy IT systems, reducing that number to about 3,000 and making them Web enabled.
 - A computer-aided design (CAD) program that allows 3D design documents to be *shared online* by both the designers (internal and external) and engineers was commissioned and customised.

How General Motors Is Collaborating Online (cont.)

- Collaborative and Web conferencing software tools have radically changed the vehicle review process.
- [Example]: GM electronically sends its specifications for the interior seats directly to the vendor's product data system allowing:
 - Searching
 - Designing
 - Tooling
 - Testing in real time
- This expedites the process and cuts costs by more than 10%

How General Motors Is Collaborating Online (cont.)

- The Results
 - It now takes less than 18 months to bring a new car to market
 - The change has produced enormous savings
 - Shorter cycle time enables GM to bring out more new car models more quickly, providing the company with a competitive edge