



# 2014 eProcurement Report

Unlocking the Keys to Dynamic P2P

Q3 2014

*Featuring Insights on ...*

Current Business Positions on Electronic Procurement

Commonly Utilized eProcurement Technologies

Global Market Trends in eProcurement

Best Practices for eProcurement Use

Optimal Strategies for eProcurement Solution Seekers

*Underwritten in part by*





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## Introduction

From Dynamic Discounting to Travel and Expense Management, the relevance of financial automation tools for efficient business processes is growing in the marketplace—and in the minds of financial professionals all over the world. The savings in time and money these tools bring to companies make them impossible to ignore, and adoption rates are growing substantially from year to year, industry to industry, and country to country. For today's organizations, optimizing AP is the secret weapon for growing revenues and improving business performance.

For many companies, the most obvious AP pain is found in their paper-processing, which usually becomes the first step they take towards automation. In the history of financial solutions as well, eInvoicing has largely proven to be the first and most implemented application, and it stands as a cornerstone product. However, as knowledge of the usefulness of AP software grows, the focus is shifting towards wider automation capabilities. Organizations are realizing that a department is not efficient by relying on eInvoicing alone, but in order to reach the full possibilities of efficiency, they must automate the entire Purchase to Pay process.

From this shift towards connectivity, integration, and a fully automated P2P process, comes a powerhouse solution that is growing in importance and necessity to such a degree that it will soon take its place beside the esteemed eInvoicing. That solution is eProcurement, the tool that enables a company to create connection between every aspect of purchasing, and the tool on which full organizational efficiency depends.

PayStream Advisors' research has shown that companies are shifting from decentralized to centralized models in all areas of their organizations in order to gain tighter controls, increase vendor negotiation power, and ultimately standardize processes. To do this successfully, organizations need procurement tools that will help them effectively manage and collaborate with their supplier base. eProcurement solutions infuse essential best practices across the purchasing lifecycle, strengthening the acquisition of goods and services by streamlining and centralizing the entire P2P process.

In the "2014 eProcurement Market Report," PayStream will explore the growing market trends in electronic procurement technology, highlighting the current uses, benefits, and movements of the software within organizations. This report will illustrate the use of eProcurement solutions in risk and cost control, and the techniques they use to enable secure and communicative supplier connection. It will also detail the capabilities of top eProcurement functionalities, including requisitions, catalogs, supplier punch-outs, electronic purchase order delivery, compliance management, and procurement management. The goal of this report is to help professionals make educated decisions on eProcurement strategies and solutions that will drive stronger connectivity and success within their organizations.

## Executive Summary

In the 2014 eProcurement Report, PayStream Advisors conducted a survey with individuals employed in many different industries, compiling data to reflect the current attitudes organizations hold towards electronic procurement solutions, as well as trends and usage of eProcurement solutions. This report will analyze survey results and market trends in order to provide a comprehensive look into today's eProcurement sphere.

2014 eProcurement Results Show:

- » The majority of organizations have automated at least some of their procurement process automated.
- » Most companies do not know how many of their suppliers are integrated into their systems, reflecting a lack of transparency in current processes.
- » Most companies report some level of frequent difficulty ensuring contract compliance with their suppliers.
- » Most companies report no integration between their Procurement and AP functions.
- » The improvements companies would most like to see in their procurement process are better cost control and better integration between AP and Procurement.
- » The biggest motivation to implement an eProcurement solution is a desire to streamline the requisitioning and procurement processes, as well as to improve control, security, and visibility across the purchasing lifecycle.
- » The highest eProcurement priority for organizations is automating the requisition to PO process.
- » The greatest barrier to procurement automation is a lack of budget.

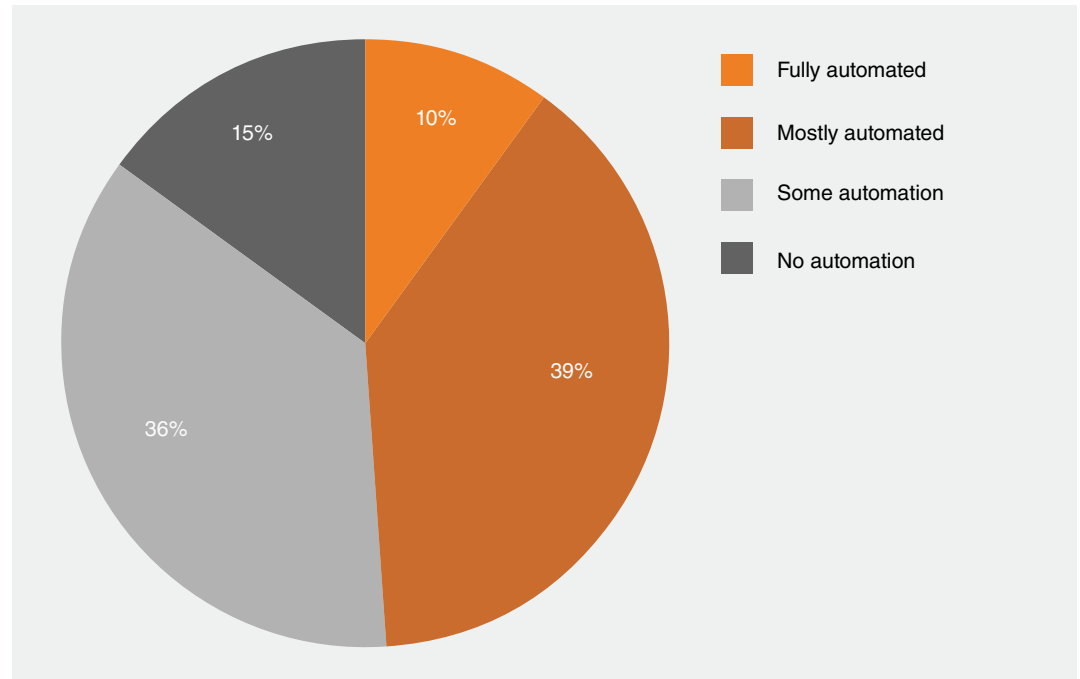
From the survey results, PayStream Advisors sees that departmental and systematic integration is a top priority for today's organizations. The results also show that companies are hoping to gain greater visibility and control into their supplier relationships and purchasing procedures with eProcurement systems. PayStream sees that the use of eProcurement solutions for organizational performance is becoming more important to today's financial professionals.

Based on the number of survey respondents, PayStream believes that the survey has a confidence level of +/- 5 percent.

## Survey Results and Market Trends

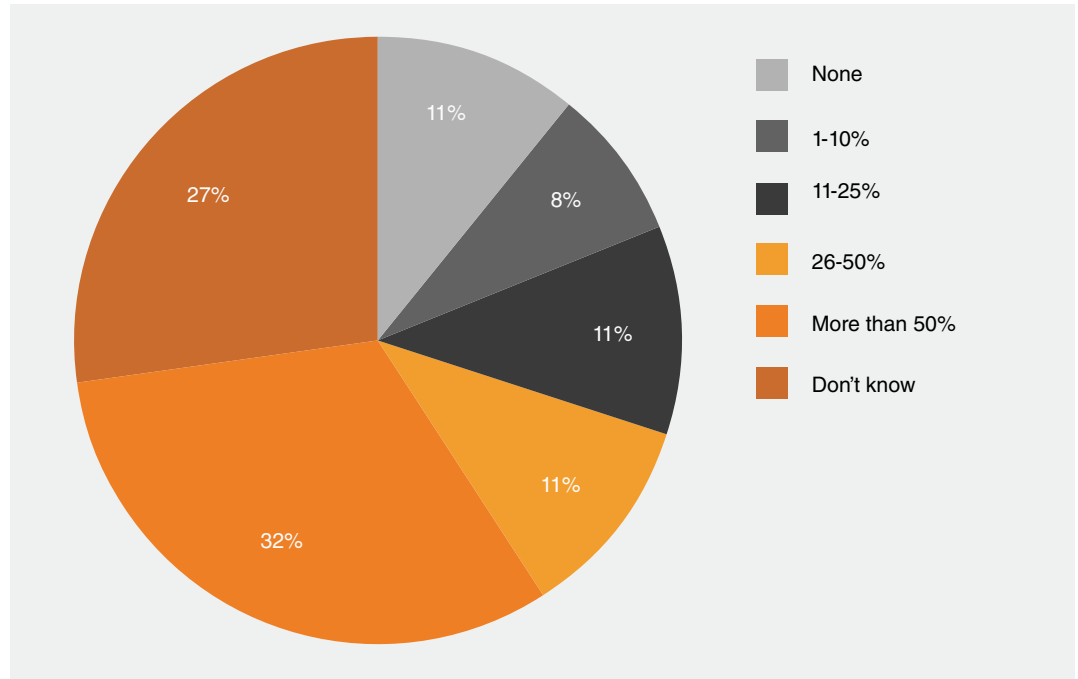
PayStream Advisors asked financial professionals to measure the level of automation in their companies' procurement processes. Survey results found that a promising 74 percent of organizations are mostly automated or have some automation. However, 16 percent have no automation at all, while only 10 percent are fully automated, see Figure 1.

**Figure 1**  
*Level of Automation in  
Companies' Procurement  
Processes*



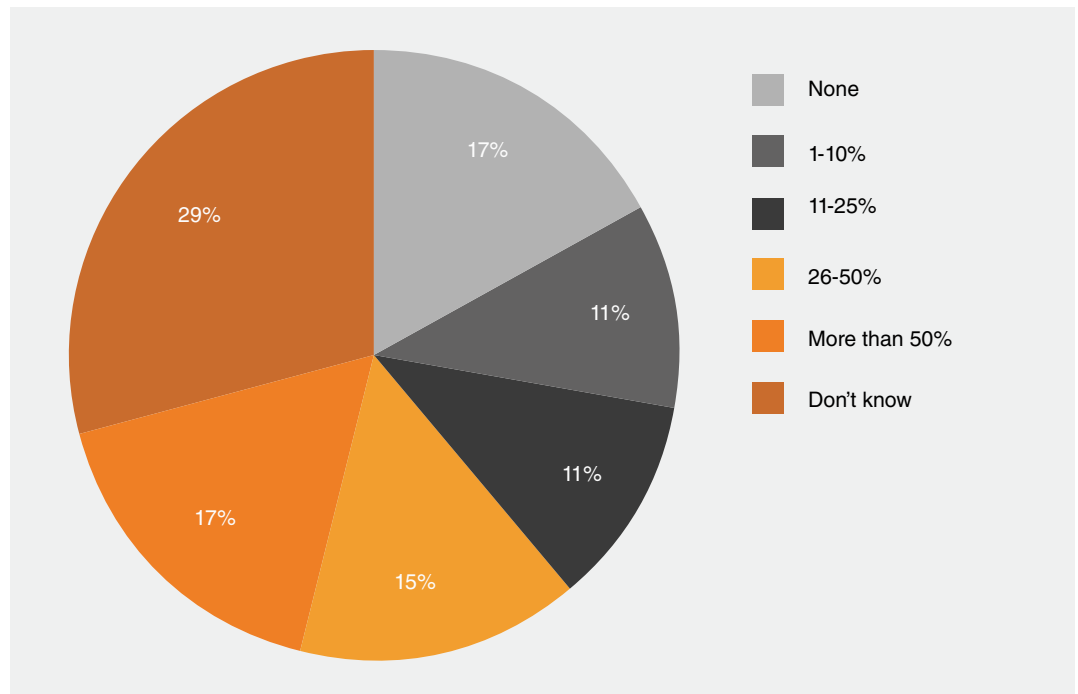
Of these organizations, a large number (32 percent) reported they send more than half of their POs to their suppliers electronically, but 27 percent reported they do not know the degree of their supplier interaction, see Figure 2. This reflects poor visibility into current processes, as well as less than ideal supplier communication.

**Figure 2**  
*Purchase Orders Sent Electronically to Suppliers*



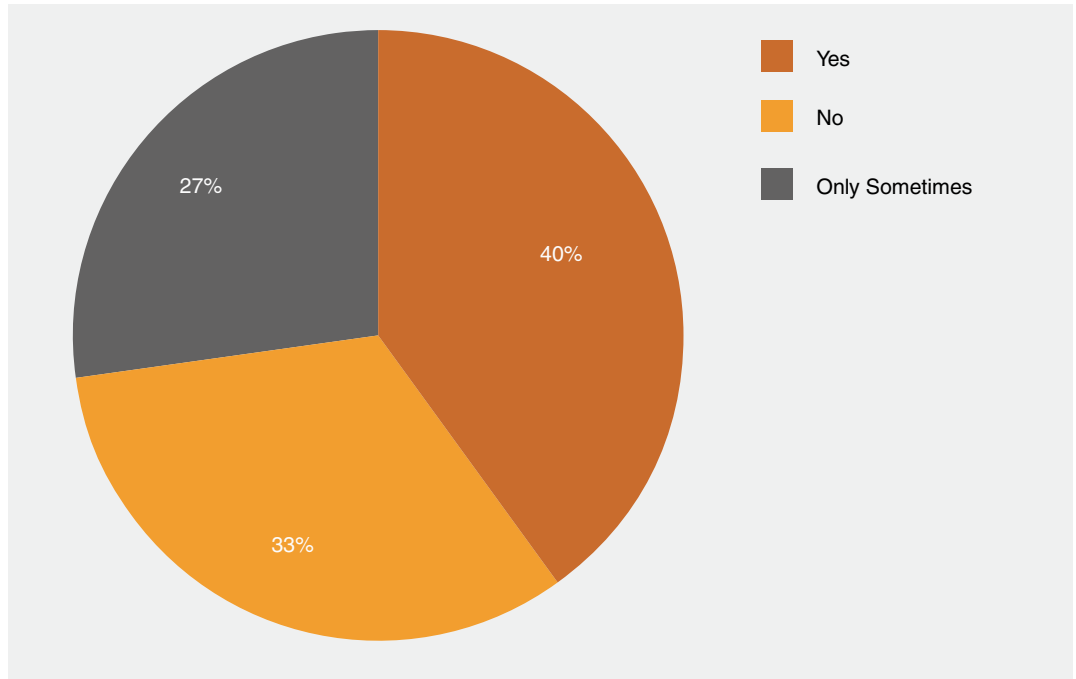
This poor visibility was further reflected by the number of companies (29 percent) that reported they don't know how many suppliers are integrated into their department's automation system. Many companies (17 percent) report no supplier integration, while 22 percent say that up to one quarter of their suppliers are integrated, see Figure 3.

**Figure 3**  
*Suppliers Integrated Into Companies' Systems*



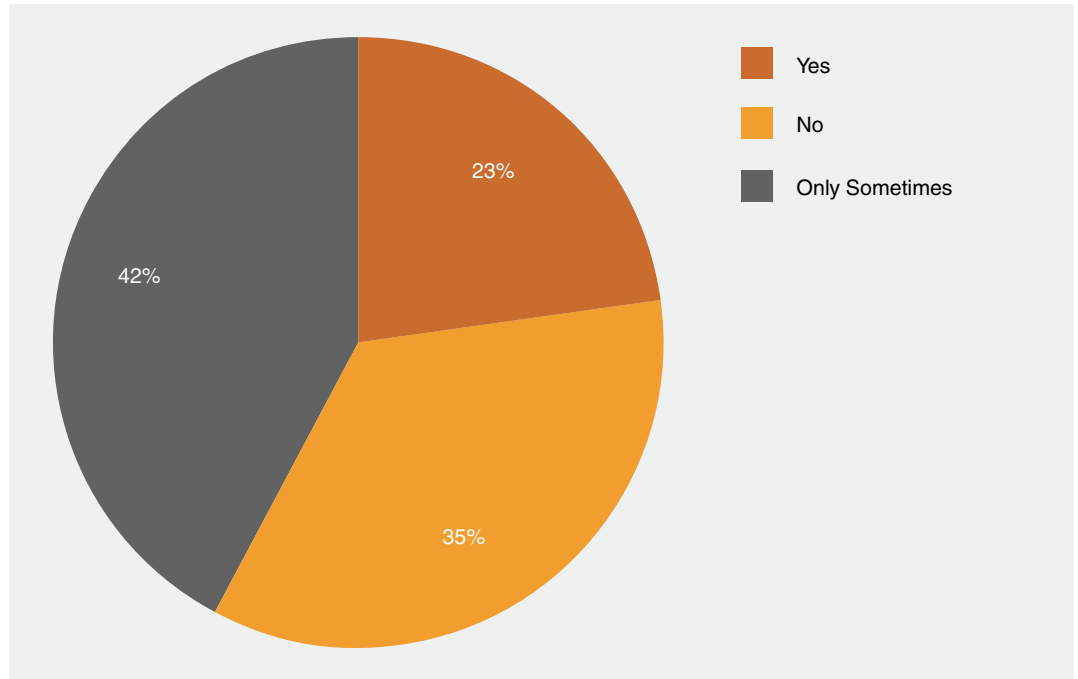
Low supplier interaction and poor visibility lead to issues in the procurement process, one of which being contract compliance. Survey results found that many companies have consistent issues maintaining contract compliance with their suppliers (40 percent), and 27 percent have issues at least some of the time, see Figure 4. These problems have drastic effects on organizational performance and revenue, and lead to many other processing pains.

**Figure 4**  
*Does Your Organization  
Have Difficulty Ensuring  
Contract Compliance  
With Suppliers?*



In fact, many companies reported procurement and AP pains are indeed hurting their relationships with their suppliers either all or part of the time, see Figure 5.

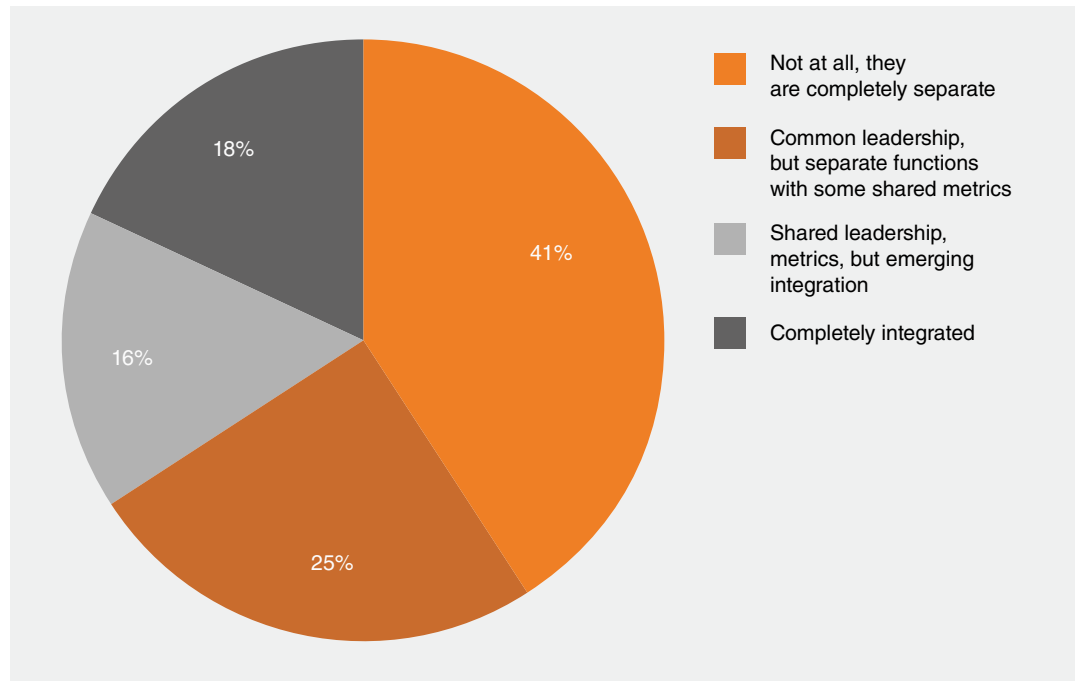
**Figure 5**  
*Do You Feel That  
Procurement and AP  
Processing Pains Ever  
Harm Your Relationship  
With Your Suppliers?*



Another important—and related—problem for organizations is the integration between Accounts Payable and Procurement. Poor collaboration and communication between the two departments hurts many other areas and processes, including supplier relationships and cost control. Results showed that most companies (41 percent) have completely separated Procurement and AP systems, while a quarter of respondents' systems share leadership, but with separate functions. However, 16 percent of respondents reported emerging integration in their systems under common leadership, see Figure 6.

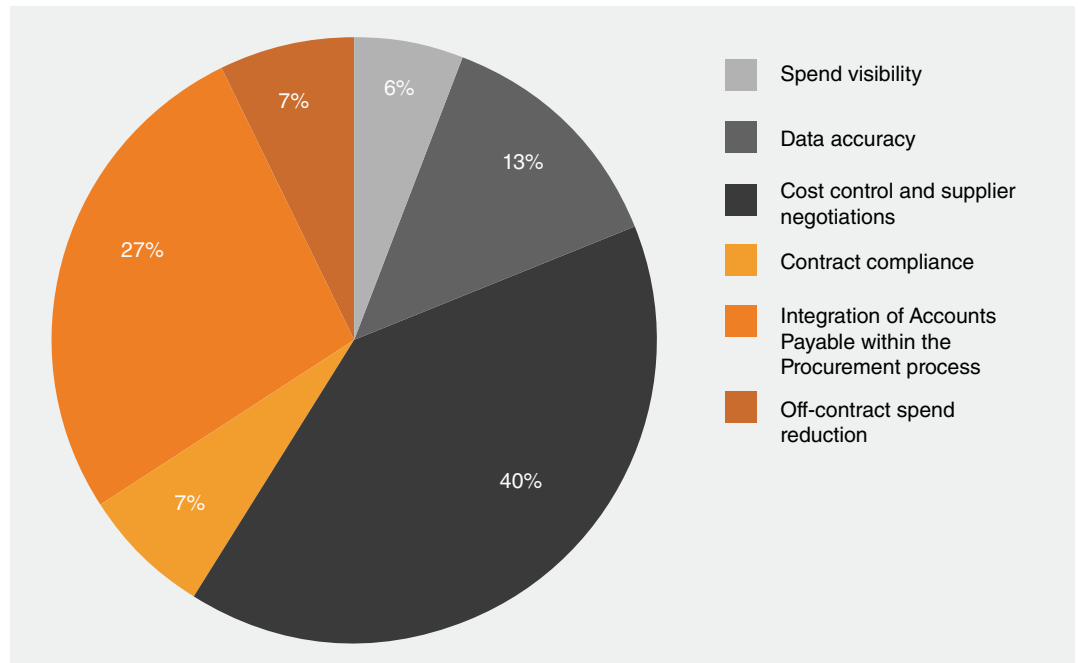


**Figure 6**  
*How Integrated Are Your Procurement and Accounts Payable Functions?*



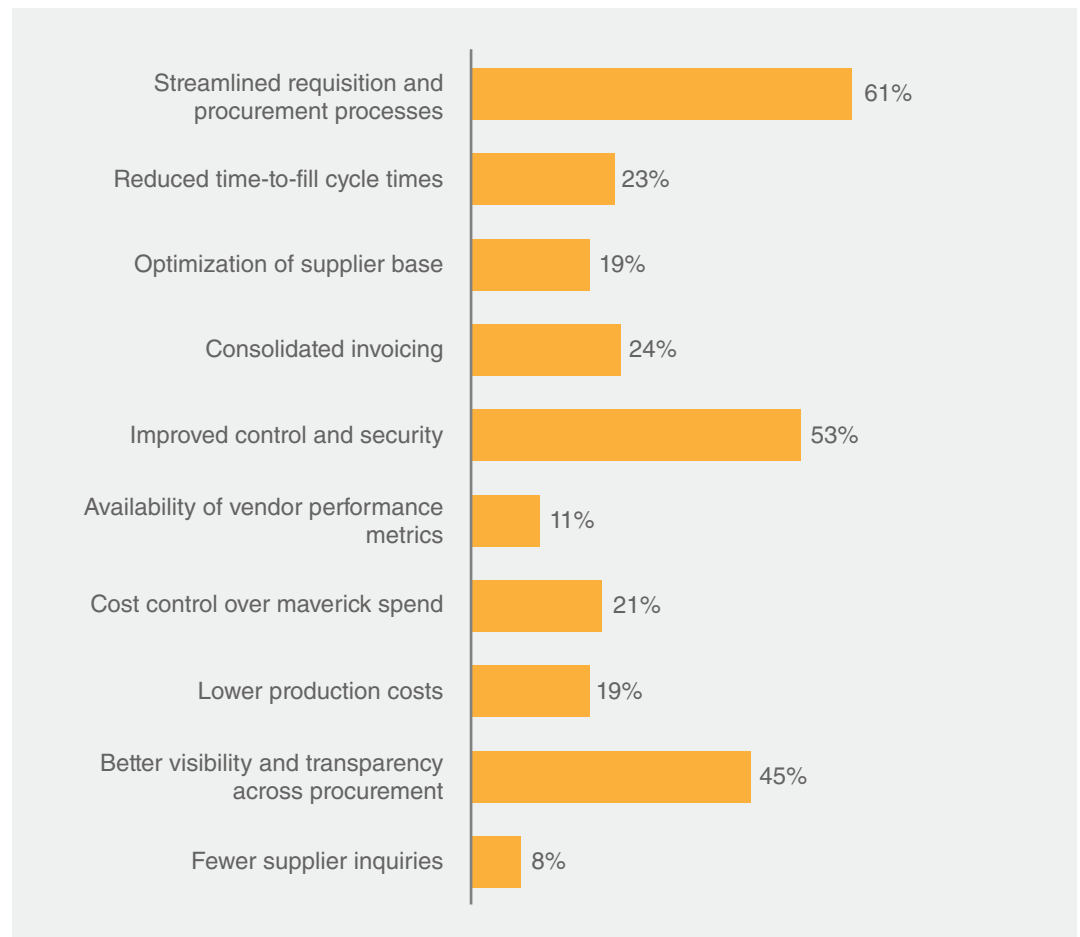
Issues of poor visibility, vendor relationships, and integration are further reflected in the survey results showing what improvements in the procurement process companies would most like to see. Cost control and supplier negotiations are the top areas in which organizations would like to see improvement (40 percent), followed closely by integration of Accounts Payable within the Procurement process (27 percent), see Figure 7.

**Figure 7**  
*Where Companies Seek Improvement in Procurement Processes*



Survey results showed that the top three reasons companies implement an eProcurement solution are streamlined requisition and procurement processes (61 percent), improved control and security (53 percent), and better visibility and transparency across procurement (45 percent), see Figure 8.

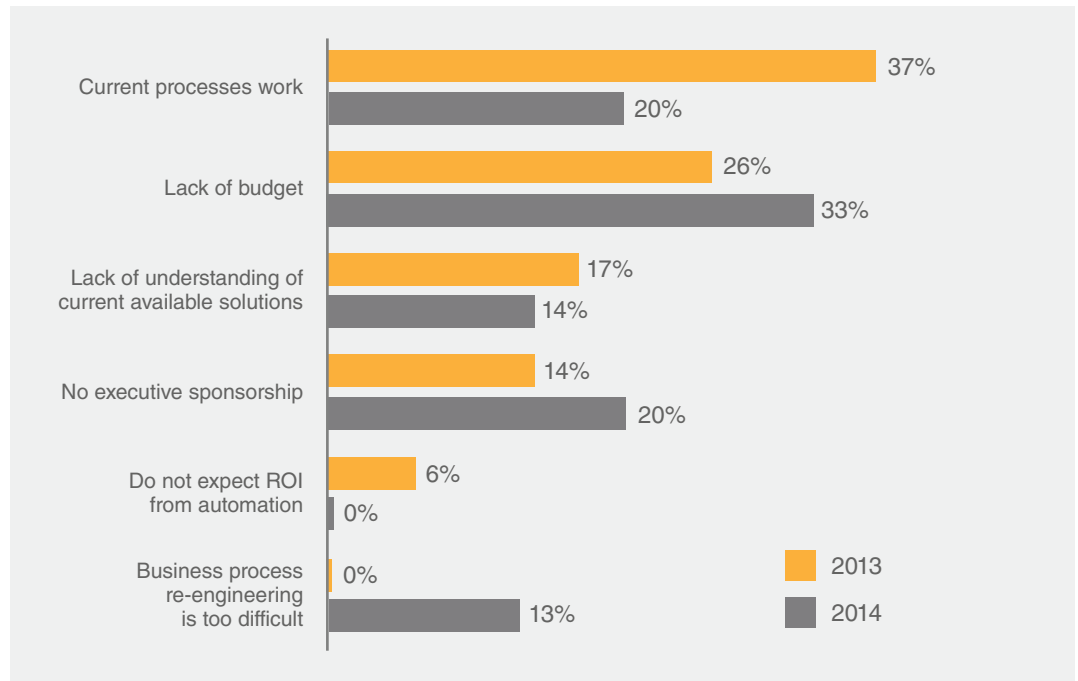
**Figure 8**  
*Top Reasons Companies' Implement eProcurement*



These results indicate a clear focus on improving visibility, control, and systematic integration for the increased data accuracy, savings, revenue, and supplier relationships that they bring. PayStream believes businesses are growing in their understanding of the use of eProcurement solutions to bring about these benefits.

In the 2013 Electronic Procurement survey, the biggest barrier to implementing a procurement solution was the belief that current processes were working. However, this year's results showed that lack of budget was the greatest barrier to implementation, and it far surpasses other barriers like the belief in current processes. This shows that the conviction of eProcurement solutions' importance has grown greatly, and that companies are becoming more open to the idea of implementing solutions.

**Figure 9**  
*Greatest Barriers to eProcurement Implementation*



Overall, results show that the desire to implement eProcurement solutions is reflective of their most valuable attributes: the control and visibility they bring throughout the P2P process.

## About eProcurement

Electronic procurement, or electronically assisted buying, is the automation of all purchasing functions. An effective eProcurement process is able to take into consideration all vital factors necessary to make an optimal purchase, and can manage the entire purchasing cycle.

An optimized procurement procedure acquires the product that best meets the needs of quality, time, quantity, and location, all at the best possible price. To choose the best possible purchase for the company, eProcurement measures take into consideration various spend analytics such as cost benefits, cost utilities, price fluctuations, and vendor performance trends. The procurement process will also involve measuring the need for a product, locating the appropriate supplier for the need, communicating and negotiating with the supplier for the right item, and effectively purchasing and receiving the item. An effective interaction also involves a reporting procedure that takes into consideration the details of the purchase and supplier interaction, enabling the buyer to make more informed requisitions in the future.

In a traditional, paper-based procurement process, there were many stumbling blocks on the Procurement department's road to efficiency. A lack of transparency and communication between AP and Procurement often prevented smooth processing of POs and invoices, not to mention the general discrepancies that are likely in paper-based payment methods. Discount capture was also low, with supplier relationships faltering at best.

This is where purchasing software has become essential in business processing. eProcurement solutions fix manual-method problems by syncing AP and Procurement, eliminating paper POs and payments, and speeding up the entire process to enhance captured discounts and healthier vendor interaction. These solutions' spend management capabilities give companies the ability to manage their costs efficiently and reallocate capital to further their business productivity. The systematic transparency and robust reporting allow organizations to analyze their expenditure data and strategically enhance their future performance.

In the global market, the adoption rates of eProcurement solutions largely revolve around the diversity of the solutions and the use they have in creating secure and effective collaboration. PayStream has seen growing adoption rates throughout the world—especially in public sectors. This has much to do with the accuracy and savings eProcurement can bring to government purchasing and accounting; many countries are in the process of or have already implemented procurement regulations for the public sector. In addition, eProcurement systems are being designed to provide more interactive, user-friendly shopping experiences to compete with large, successful online shopping sites like Amazon. Mobile procurement applications are also growing in use, and as spend analysis becomes more advanced within solution's functionalities, companies desire



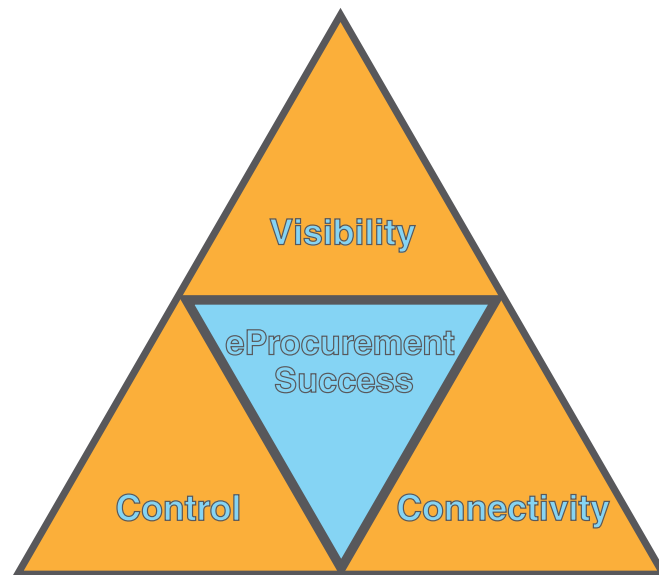
procurement software for the strategic advantages in the market standing they bring.

This report will review the various aspects of eProcurement that have positioned it as prominent and essential financial software in today's global sphere.

## About eProcurement Solutions

There are several factors involved in effectively utilizing spend management. These include change management, supplier management and negotiation, and data analytics and utilization—all of which are fundamentals in today’s eProcurement solutions. Many of these solutions offer a wide array of functionalities that enable these functions, including vendor catalogs, purchasing dashboards, requisition to PO to invoice flipping, supplier purchasing portals, workflow management, and more. However, underneath the many details of a solution’s offering, there are three dynamic elements that effective eProcurement systems bring to an organization’s entire P2P process: visibility, control, and connectivity.

**Figure 11**  
*The eProcurement Triangle*

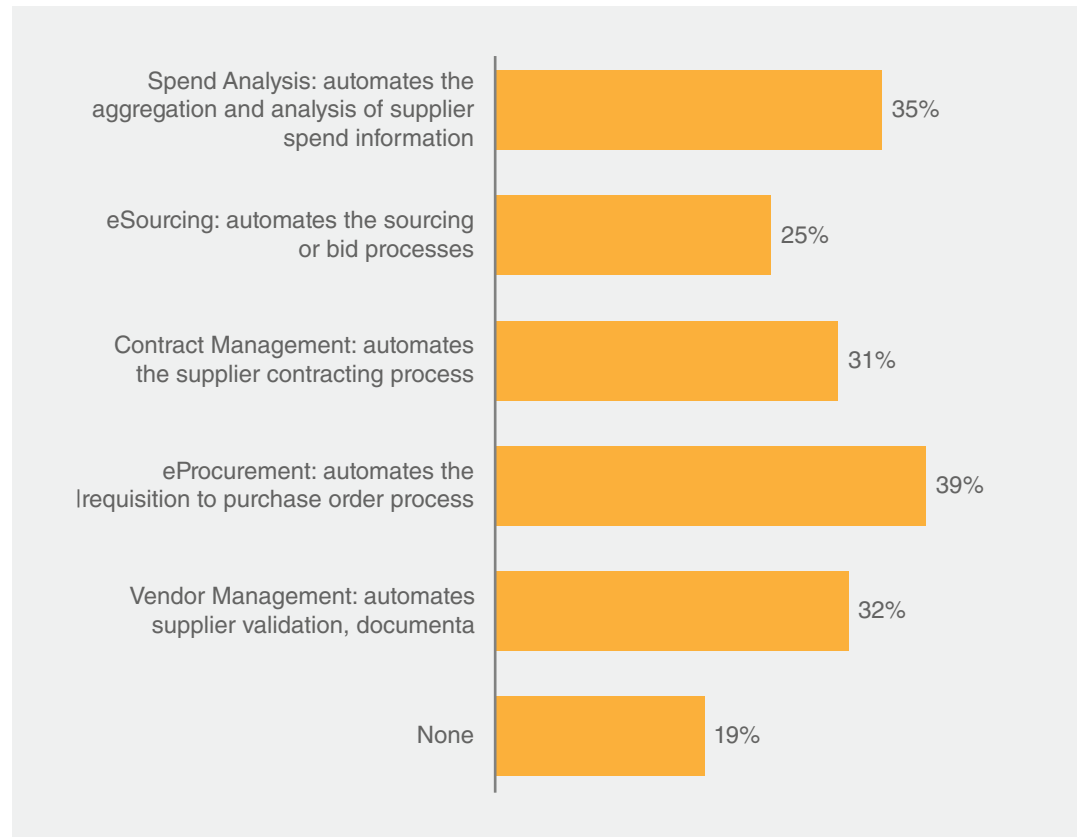


An eProcurement solution that incorporates these three aspects will aid in the visibility and control of purchasing, and with a solution’s ability to centralize all these processes comes the streamlined connectivity to truly transform the procurement process. By integrating the PO, invoice, requisition, and goods receipt into one system, the user can look into an entire process from one interface, and be granted accuracy, comprehensive reporting, and strategic data to build future success. The way the eProcurement solution accomplishes these three goals can be found in the following eProcurement tools and procedures:

### **Requisition**

The underlying purpose of purchase requisition functionality is to recognize and acknowledge the buyer’s needs, and optimize the selection process in accordance with their needs every time they search for an item. Requisition automation is an important part of eProcurement, and according to survey results, a very popular one, see Figure 12.

**Figure 12**  
*Most Widely Used  
Procurement  
Functionalities*



eProcurement software aids in the display and selection of the right product, allowing buyers to easily access frequently purchased items, send for product services, compare multiple items, and save favorite searches. Solutions increase visibility through past purchasing, allowing the buyer to make a more informed decision as they make a new purchase. These tools also control rogue spend through integration with approval controls and spending regulations, and their connection with PO creation allows for a streamlined P2P process. Some requisitioning software comes with sourcing functionality and RFI, RFP, and RFQ creation, providing buyers with more specialized purchasing through a competitive bidding and vendor selection process. The most important feature in requisition software is the vendor catalog.

### **Catalogs**

eProcurement systems and platforms offer electronic catalogs that function as online marketplaces. There are various kinds of catalogs, including static or hosted catalogs, punch-out catalogs, and advanced catalogs. Most eProcurement solutions offer all of these in addition to specialty catalogs. These provide the buyer with an easy and accessible way to choose and requisition items, and they are usually integrated with the hosted ERP to allow for quick transfer of purchasing information back to the hosted system.

Hosted catalogs offer more extensive and customized choices for buyers, giving a one-stop shopping experience. These catalogs also provide intelligence in many areas, including a consistent search experience for their shoppers. They can categorize or position items according to preferred suppliers or type of item, managing sourcing strategically so that buyers can select from vendors that best suit their needs or with whom they have existing business relationships.

Hosted catalogs involve extensive supplier registration and maintenance to ensure that product information, pricing, and shipping details are correct and clear. However, because the suppliers are responsible for updating their own cataloged items, some product data may not be updated in real time.

Punch-out catalogs are separate from the user's ERP, but requisition technology permits the buyer to bring the item information back to their own system for approval and purchase once they have made their selection. With punch-out catalogs, some of the buyer personalization is sacrificed because of separation from the ERP, but in return the buyer receives a more up-to-date, real-time experience. Punch-out interfaces are more supplier-specific, new products are listed sooner, and content and pricing are in real time. They also enable suppliers to better market their products.

Catalogs allow for POs to be created from an item selection, but with more accuracy and compliance with supplier contracts than manual, non-catalog requisitions. Requisitions are connected to budgeting and inventory through the ERP, and once a request is made, it will be taken through the workflow to the appropriate approver.

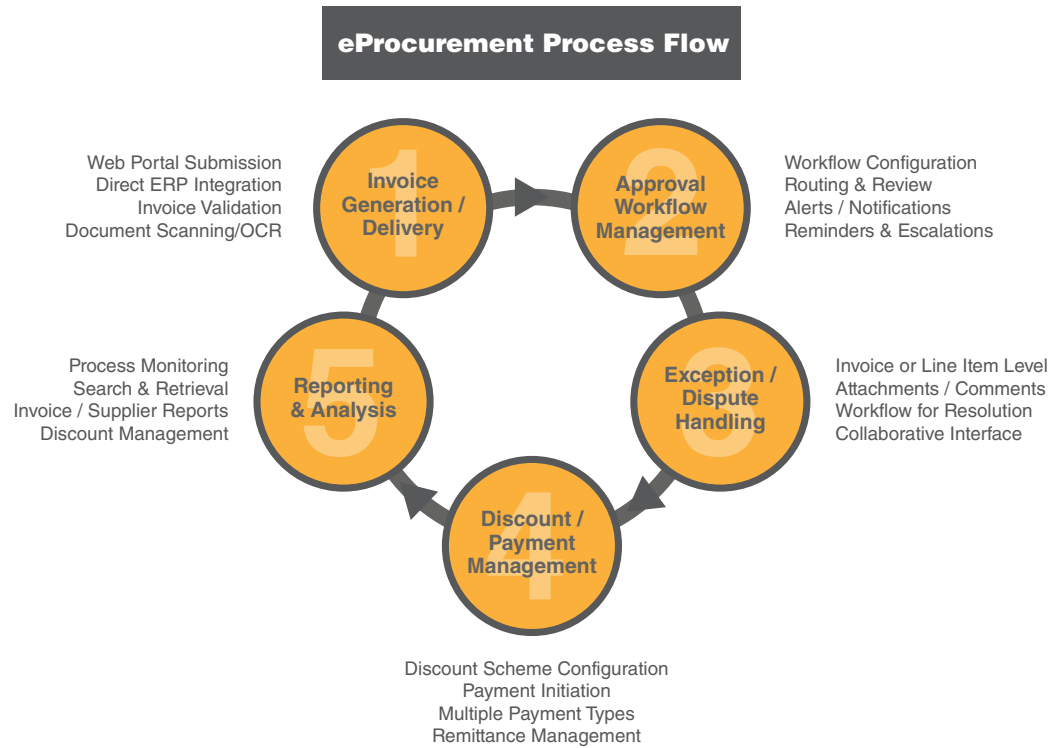
### ***Approvals and Purchasing Controls***

Requisition approval controls prevent rogue spend by flagging purchases based on predetermined regulations like price or vendor before they are routed to the appropriate authority. Multiple levels of approval are available and can be organized based on category of spend, dollar thresholds, business needs, geographical location, supplier categories, or other custom parameters. eProcurement solutions come with many notification tools to alert users of discrepancies.

Workflow management functionality, a dynamic part of many financial automation solutions, plays a major part in this part of purchasing and is tailor-made to optimize the eProcurement process. Workflow management is configured to work efficiently with approval controls, to feature advanced hierarchy structures, and to incorporate workload balancing capabilities and escalation procedures. The quality of a solution's workflow management will determine how smoothly the eProcurement Process Flow runs, and is essential for an integrated P2P process, see Figure 13.



**Figure 13**  
*eProcurement Process*  
Flow



### **Purchase Orders and Receiving**

After requisitions are approved, POs are created and orders are transmitted from buyers to suppliers. Most solutions allow for the automatic batching of multiple orders to a single supplier or multiple POs to several different suppliers from a single requisition. The supplier portal enables vendors to accept POs and send advanced shipment notices and notifications. For recurring needs, solutions support blanket orders, and to ensure the buyer will receive at least part of their product as quickly as possible, solutions often enable partial shipment orders.

Most eProcurement software covers invoice management and receiving as well, making the P2P process complete and thorough. POs can be flipped into invoices after product shipment and automatically delivered to buyers. Matching technology is usually integrated into this process, featuring 2- and 3-way matching capabilities for POs, invoices, and goods receipts, as well as management of matching errors.

Solutions automate the goods receipt for buyers and handle reconciliation, also taking care of returns or holds on items. This is aided by transparent access to PO information, such as tracking and quantities received, with a clear and expansive view into the life of the transaction that assures accuracy and compliance.

## ***eProcurement Dashboards***

eProcurement dashboards offer the buyer important visibility and easy access into purchasing activity and vital insight into spend movement. Dashboards are customizable, featuring login controls that vary from purchaser to purchaser depending on pre-determined hierarchy settings. Approvers have a much wider scope of information and spend activity readily available, as well as the ability to view POs and active invoices for approval. Dashboard features help with the management of these POs and allow for overall reporting to give a broader idea of progress as well as discount and late payment analysis. Spend reporting and analytics are incorporated into every action of procurement to ensure greater visibility into the entire process and strategic planning for future action, and can be displayed transparently in activity and reporting dashboards. Supplier management dashboards are available as well, aiding in contract management and contract compliance.

Supplier portals are a common eProcurement feature and are integrated with other procurement functionalities. Suppliers can use their portal to manage catalogs, approve PO's, check statuses of invoices, and customize their entire interaction. They can also choose how they want to receive their POs and send queries for current transactions. Dispute management, inquiry tools, and supplier support are major components of supplier portals, eliminating phone calls to help desks, resolving errors much faster, and ultimately greatly improving supplier and buyer relationships.

## ***Reporting***

eProcurement reporting displays real-time data from the entire P2P process, allowing organizations to strategically enhance that process. Reporting functionality gives users the ability to generate custom queries and reports, providing intelligence across transactions to both buyers and suppliers. Report templates can often be created and saved for future use, and customizable periodic reports can be scheduled. Analytical capabilities allow managers to examine spend at various levels, including type of expense, employer department, and region. This helps companies control and prevent rogue spend and inefficient requisition action, and the quick access to data increases compliance and provides valuable business intelligence. Some solutions also leverage best practices and spend statistics to offer benchmarking services.

## eProcurement Best Practices

In the eProcurement world, there are ways of using the software that will best optimize its function within an organization. These are the eProcurement Best Practices, and they should be used by every professional interested in employing a purchasing solution as effectively as possible—both before and after implementation. Being aware of these best practices helps financial professionals build initiatives for their companies that ensure successful installation and engagement of the software, and consistently using eProcurement best practices ensures that these initiatives are a success.

### ***Organizational Coordination***

PayStream Advisors has found that many automation implementations do not reach completion or even consideration due to unsynchronized initiatives or weak commitments in companies. For an automation overhaul to reach full success, especially with eProcurement solutions, the entire organization must be in agreement about the value, need, and primary use of the software. Although it is important that procurement, AR, and AP professionals are on board, as they will have the most contact with the software, it is vital that senior management is also optimistic and even enthusiastic about the new system. After the company is excited and ready for the software, training is necessary to ensure synchronized use of the solution throughout the company.

### ***Organizational Integration***

Corporate policies need to be updated to make room for eProcurement solutions, and companies should look for a program that will best help centralize their purchasing policies. Integrating the purchasing policy with the solution reduces maverick spend, speeds up the process, and lowers the margin for error. Also, employee techniques and methods for properly using the applications should be in sync across departments to prevent discrepancies and inaccuracy.

### ***Supplier Relationship Enhancement***

Although eProcurement solutions give buyers the ability to constantly change suppliers in order to choose better prices, this technique only pays off in the short run. In the long run, strong relationships with a few trusted suppliers who offer reasonable prices and quality products are much more productive. Instead of switching suppliers whenever they find a better deal, buyers will be able to secure their goods and services in a timely manner because of their experience with a trusted, long-time supplier. They can also take advantage of preferred vendor agreements with a handful of suppliers, negotiating volume agreements and gaining discount privileges.

It is also effective to consider the suppliers when selecting an eProcurement

solution—choosing a robust system that fully integrates the supplier into the model will benefit the efficiency of the P2P process in the long run. Communication will be enhanced, and the company will always be able to keep suppliers informed of updates.

### ***Business Intelligence Utilization***

eProcurement solutions' robust reporting capabilities give companies an amazing amount of critical data and business intelligence. One of the most fundamental eProcurement best practices is to use that data to strategically monitor and tailor the purchasing process. Companies should take advantage of every analytics capability their eProcurement solution has to offer, making sure they are fully educated and adept in the use of its reporting features. The ability to understand their own spend and purchasing data drives a company's performance and sets them ahead in their market.

## Choosing the Right eProcurement Solution

eProcurement is a tool to optimize the purchase of goods and services—one that enables a once vague and meddlesome process to come alive in a dynamic and accessible marketplace. PayStream Advisors believes that the same way an efficient eProcurement solution aids in the selection of an item, the 2014 eProcurement Report should provide financial professionals with the right tools to select the best possible solution for their organization.

To do this, solution seekers should be familiar with the various facets that make up the Ultimate eProcurement Shopper: The Prudent Shopper, the Open-Minded Shopper, and the Savvy Shopper. These mindsets can be used as eProcurement shopping best practices.

### ***The Prudent Shopper***

The Prudent Shopper uses wisdom, caution, and leadership when choosing a solution.

PayStream's research has found that technology alone does not equate with strategy. Companies will not achieve their outlined goals by simply implementing the latest or most expensive eProcurement solution. The Prudent Shopper should develop a sound purchasing strategy while searching, but they should use the solution that best complements that strategy rather than simply choosing the most popular or advanced solution on the market. The most important part of choosing the best system is having a realistic view of an organization's needs. The best solution does not have to be the most sophisticated or costly—it is the one that reflects the optimal strategy for an organization.

### ***The Open-Minded Shopper***

The Open-Minded Shopper is aware of the diversity of solutions and the different roads a company may have to take to find the perfect software fit.

Like the Prudent Shopper, the Open-Minded Shopper should have a clear understanding of what they expect to achieve through automation, but while they hold their criteria firm, they should also be aware that the places and ways in which they may find the perfect fit may vary. Organizations' structures and models can be very unique, and a company should choose the provider with a business model that is most in tune with their specific needs. Sometimes these can be found in unlikely places.

Paystream has found that providers best known for one particular type of automation solution, such as an eInvoicing solution, could also have a secret strength in another, smaller solution—maybe just the one that the persistent and open-minded shopper is searching for. Organizations should thoroughly explore a potential provider's offerings to avoid missing the perfect fit.

Size should not be the deciding factor in choosing a solution; a smaller solution provider can often help with more specific organizational problems than a bigger software company and their all-encompassing applications. The optimization of techniques and software is something that should be coordinated between both the client and provider.

In addition, many solutions are taking bold steps to revolutionize their software's design and techniques in ways that are foreign to professionals more familiar with older solution models. However, though a solution may look unfamiliar, the ways in which it could help a company's performance can be just as groundbreaking as its new layout.

While trends and other companies' choices are helpful to follow, at the end of the day, the Open-Minded Shopper must remember that sometimes success is found by the innovative stand-out rather than the market follower. By keeping an open mind while searching for the solution that fits their specific needs, organizations can create benchmarks against which they can monitor the success of the various other procurement programs so that they can bravely and confidently choose their own.

### ***The Savvy Shopper***

The Savvy Shopper is aware of the various models of modern eProcurement solutions so that they can choose the one that will give their company the most technologically sustainable and scalable results.

There are factors to consider when choosing an eProcurement solution that go beyond the depth and breadth of solution functionality. The Savvy Shopper explores these aspects of the eProcurement solution by considering whether to implement a licensed software solution, or to opt for a Software-as-a-Service (SaaS) model maintained by the solution provider, or to outsource their procurement process. There is no one-size-fits-all answer to this question, and the choice will depend on an organization's specific needs, and the in-house IT department's ability to implement and manage the solution.

**Licensed Software** – A licensed eProcurement solution offers benefits in certain areas. Some of the biggest advantages of a licensed product are that it can be installed and run from behind the company's firewall, and that ownership provides a higher degree of control and flexibility. When it comes to licensed versions, clients can modify or customize the solution to meet their specific business requirements, control the platform, and adjust its security parameters.

**Software-as-a-Service (SaaS)** – A SaaS model is hosted and maintained by the technology provider. SaaS models require minimal up-front costs, due to the fact that clients do not have to pay to license and install the software. SaaS solutions are also deployed more quickly, resulting in immediate cost savings. Another compelling advantage of SaaS solutions is that the buyer

is not burdened with the periodic expense and effort of upgrading to new versions of the solution or paying annual maintenance fees. Overall risk is also lowered, as most SaaS solutions are provided on a subscription basis, limiting “buyers’ remorse” and allowing a company to switch providers more easily if the solution does not produce the expected results.

**eProcurement Outsourcing** – Another option for automating the procurement process is procurement outsourcing. Procurement outsourcing providers work with organizations to manage existing processes and deliver a wide range of support around purchasing, order fulfillment, materials management, receipt and inventory control. Organizations leverage the procurement outsourcing provider’s technology and expertise to offload transactional functions, allowing them the ability to focus on higher value, analytical activities.

Each of the three options outlined above has its advantages, disadvantages, and associated costs. The solution of choice depends entirely on organization’s requirements. However, it’s also important to consider the financial stability of the solution provider, as well as the total cost of ownership for the solution, which includes implementation and integration costs, change management costs, functionality fit, ease-of-use and the ability to adapt to a constantly evolving business landscape. To help calculate the total cost of ownership (TCO), PayStream has created an easy to use TCO calculator that can be accessed via the PayStream Advisors website. This tool is complimentary and will help your organization decide which model is more cost effective.

## Conclusion

PayStream Advisors' research has found that eProcurement solutions, if chosen and employed using best practices and the most suitable provider, can completely transform an organization by bringing simplicity, consistency, and security to the entire P2P process. In all, the value solutions offer to Procurement departments has exponential multiplying effects that can spread to other vital business areas. To provide financial professionals with viable and exciting options for eProcurement solutions that accomplish the goals of visibility, control, and connectivity, this report includes several detailed profiles on the market's leading procurement automation providers.



## Nipendo

Nipendo empowers organizations around the globe to reach a new level of procure-to-pay automation that is not only paperless, but also errorless and effortless, achieving over 90 percent straight-through processing of supplier transactions directly to the buyer’s ERP system. Nipendo enables seamless interoperability with any supplier communication solution, allowing enterprises to leverage their existing implementations and extend fully-automated electronic procurement to the entire supplier ecosystem.

Nipendo has a record of rapidly onboarding thousands of suppliers to achieve over 95 percent supplier participation. Their automation capabilities are advanced enough for highly complex purchasing scenarios, such as manufacturing direct spend. Their Connect-Once-Communicate-with-All offering enables suppliers to exchange trade documents with any buyer connected to Nipendo Supplier Cloud regardless of any differences in data structure, business rules, process flow, or any other specific buyer requirements.

Nipendo Supplier Cloud is hosted on Amazon’s cloud infrastructure locally available on multiple continents, and its open platform allows plug-in integration of best-of-breed third party solutions. Nipendo provides a user-configurable dashboard that allows each user to have immediate access to all the data they need at a glance. Users can customize the dashboard using widgets that provide one-click access to search results, task lists, analytics, alerts, and notifications, and they can drill down into each of the items presented, such as purchase orders, invoices, delivery notes, etc.

Website	www.nipendo.com
Founded	2007
Headquarters	Burlington, MA
Other Locations	Israel
Number of Customers	20,000+
Key Clients	Clalit Healthcare, Intel, Israel Aerospace Industries, KLA Tencor, Netafim, Teva Pharmaceuticals
Target Verticals	Aerospace and Defense, Consumer Goods, Energy and Utilities, Financial Services, Healthcare, and Manufacturing
Partners / Resellers	IBM, SynerTrade, Top Image Systems, Integrate Financial
Awards / Recognitions	Gartner – Cool Vendor (2014) Spend Matters – 50 Providers to Watch (2014) Supply & Demand Chain Executive 100 (2014) 2013 Green Supply Chain Award (Supply and Demand Chain Executive)

Solution Name	Nipendo Supplier Cloud
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***Purchase Requisition***

Nipendo offers their catalog and requisition functionalities through partnering solutions such as SynerTrade. The SynerTrade App Suite is a scalable and agile Source-to-Contract platform, complemented by Nipendo’s Supplier Cloud capabilities for rapid supplier connectivity.

The SynerTrade Catalogue System uses flexible, individually configurable workflows and procurement templates, and easily maps complex purchasing processes. Requisition enhancement applications improve the catalogue system both functionally and with regard to user ergonomics and efficiency gains. This includes Inventory Management, which controls inventoried assets automatically or manually, bringing seamless tracking and efficient inventory preparation.

Using Nipendo Supplier Cloud, RFP’s can be distributed to all relevant suppliers, who can submit their proposals electronically without any delay. Access to quotation history enables buyers to benchmark proposals against previous quotes and proposals from multiple suppliers, streamlining supplier selection and improving the decision process.

***Requisition Approval***

Nipendo offers this functionality through partner solutions such as SynerTrade.

SynerTrade’s Workflow Engine is a highly intuitive graphical editor for the configuration of all workflows. Simple “drag and drop” functions allow authorization operations to project-specific tasks that need to be set up and processed quickly, clearly, and efficiently. All workflows can also be processed individually using a rule-based approach. Using the workflow functionality, requisitions are sent along the appropriate route for approval, purchase order conversion, and eventual invoice flipping.

***Purchase Order Delivery***

Winning proposals are integrated into the buyer’s ERP system and can be automatically converted into purchase orders, allowing the procurement and finance departments to stay in sync at all times. Providing a seamless pass-through of the required information from proposal to PO and payment, Nipendo eliminates the need for additional data entry.

Multiple orders can be delivered to a single supplier or to multiple suppliers. Once a PO is issued by the buyer’s ERP, the process can be entirely automated based on business rules set by the buyer. Buyers can define PO delivery, specific supplier alerts and notifications, and required/allowed supplier responses, including PO confirmation/rejection, rejection of specific line items within the

order, and request for order modification. Both blanket PO and partial shipments are supported, and the system can automatically reconcile partial shipments and invoices against a single PO.

With Nipendo's Supplier Cloud, suppliers have real-time visibility into the entire procurement process. They can reply to a price quote, accept/decline POs, update delivery dates, send shipping notes, receive acknowledgement and validation, and check payment status. They can also correct invoices in real time to ensure a higher acceptance rate. In addition, suppliers can exchange notes and attachments related to any of the documents (PO, invoices, etc.). Any communication between the supplier and buyer can be done within the Nipendo Supplier Cloud portal or directly from the buyer's and supplier's systems through B2B integration. All buyer-supplier transactions go through Nipendo's validation system for thorough analysis and verification. The system provides suppliers with real-time feedback if any errors or mismatches are found, allowing them to take immediate corrective action.

### ***Receiving and Reconciliation***

The solution provides tracking of advanced shipping notes (ASN), delivery notes, and warehouse receipts. These modules allow both buyers and suppliers to get a complete overview of the receiving status, correlated to the relevant orders and invoices. Nipendo's automated reconciliation engine enables the buyer to configure and execute dozens of different business rules and validations based on information captured in any of these modules. Nipendo's open platform architecture allows customers to easily integrate any tracking solution into the platform and enables suppliers to receive notifications for returns and hold items.

Nipendo provides extensive validation and reconciliation capabilities that go beyond the standard 3-way matching, based on business rules that can be configured by each customer. Customers can use pre-defined business rule templates for specific business processes (e.g. direct vs. indirect purchases) or modify them to match their unique requirements. Validations can be executed based on purchase order data as well as contract and catalog matching. Multiple invoices and goods receipts can be tracked against a single purchase order to ensure the aggregate charges do not exceed approved amounts and match the delivery records. Nipendo's software can also incorporate third party data for tax rate and exchange rate validation.

### ***Reporting and Analysis***

Both buyers and suppliers can generate a wide range of online reports for all types of documents, filtered and sorted by any data attributes (date range, supplier, buyer, currency, etc.). With Nipendo's newest BI module, customers are able to create analyses and reports that uncover trends and spot exceptions across the entire supplier base and throughout the entire process from

procurement to payment. Organizations can define reports to help them comply with local regulations and analyze different types of spend. All modifications related to any part of the process are logged in the system and can be presented as part of the document history and in reports.

### ***Implementation and Pricing***

Average initial implementation takes 2-3 months and includes project definitions, system configuration, and customer-side development. Nipendo provides on-premise and online training for users and administrators. Deployment and support services include a dedicated project manager for the entire implementation phase, an account manager during and after implementation, and online and phone support for both buyers & suppliers.

Nipendo offers a unique fee model that guarantees the ROI on the solution: customers pay only for invoices that are processed straight-through to their ERP without any error or manual effort on their part. There are additional professional services fees for implementation of the solution, but no license fees as long as a minimum transaction volume is reached. Suppliers can use the Supplier Cloud portal for free or pay a nominal fee for higher-value services such as direct B2B (machine-to-machine) connectivity to the Supplier Cloud.



## About PayStream Advisors

PayStream Advisors is a technology research and consulting firm that improves the way companies plan, evaluate, and select emerging technologies to achieve their business objectives. PayStream Advisors assists clients in sorting through the growing complexities of IT applications related to business process automation with the goal of making objective, analytical, and actionable recommendations. Wherever business process automation technology is an issue, PayStream Advisors is there to help. For more information, call (704) 523-7357 or visit us on the web at [www.paystreamadvisors.com](http://www.paystreamadvisors.com).