

5 Keys to Scaling Supplier Collaboration

**Transforming B2B Integration to meet
the demands of the agile economy**



You are only as good as your supply chain.

As companies look to compete in the global economy, supply chain effectiveness is becoming a key differentiator.

Increasing velocity of the modern-era global economy makes agility a must. To be competitive, companies must be able to rapidly scale up and down the supply chain. The ability to seamlessly propagate change throughout a global supplier base requires end-to-end visibility into processes that transcend the enterprise boundaries.

Today's trading networks are growing more complex. The number of companies involved in the supply chain may be in the thousands. These companies are producing a multitude of products with unique specifications, parts and tracking numbers, adding complexity and processing requirements that are far beyond what legacy enterprise systems and integration methods were designed to handle.

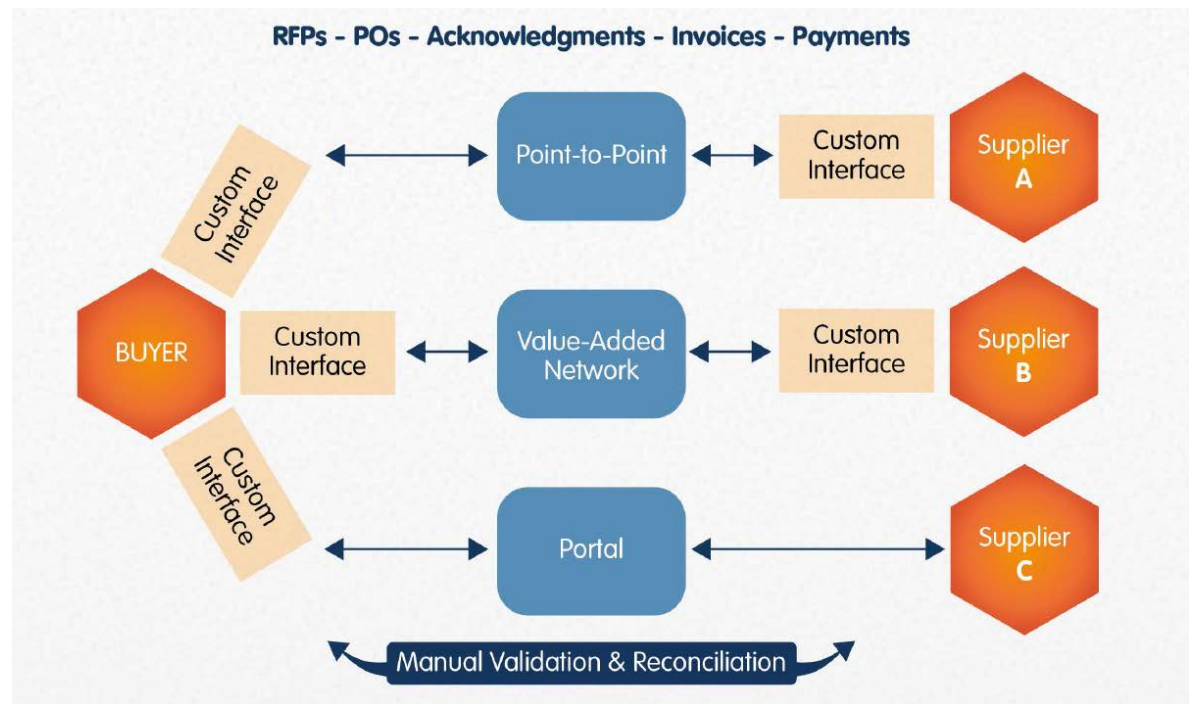
With these prerequisites in mind — slow, disconnected, and rigid processes are clear obstacles to success.

The time has come for a new integration paradigm, one that can support agile supply chains with massive scaling of trading partners and efficient process automation driven by dynamic business requirements.

Legacy B2B Integration: 50 ways to connect, none of them easy.

Seamless business-to-business (B2B) integration between buyers and their supply-chain partners has long been an elusive goal for many organizations. While standards and technologies for electronic B2B document and message exchange have been around for more than two decades, efforts to link partners' IT systems and supply chain processes have been disappointingly slow in coming and limited in scope.

The ability to onboard suppliers and exchange information with across the supply chain is hampered by a lack of integration and over-reliance on error-prone manual processes resulting in excessive labor costs. Ultimately, the business suffers, as the supply chain struggles to keep up with the escalating demand for speed and agility.



The Cloud: Great promises. Not such great results (so far).

While the advent of cloud computing has been helpful, many of the barriers associated with traditional B2B integration have remained in place.

“B2B communication, with its original form of EDI messages, is the oldest and unfortunately the least flexible form of integration between systems and different enterprises.”

Stefan Ried, principal analyst, Forrester Research.¹

Worldwide, fewer than 8% of B2B transactions are exchanged and processed electronically.²

The largest global businesses have spent billions of dollars implementing and maintaining their B2B integration infrastructure. Yet, when it comes to improving overall process efficiency and adding new trading partners that would create a competitive advantage most companies are held back by the limitations of custom integration and one-to-one mapping.

It's time to get unstuck...

5 Ways to Transform B2B Integration and Drive Supplier Collaboration





1 Process orchestration: beyond the document

Conventional thinking: Integration is an exchange of documents.

Transformational thinking: Documents are automatically placed in the context of the entire process and governed by business rules.

Envision all of the data for buyer-supplier interactions held in the same place, in the cloud, where all parties have access to it. As the buyer and supplier interact throughout the process – quotations, POs, shipping notes, invoices, queries

and disputes, credit notes, and returns are all added to the same shared data object and linked with related transactions and events.





2

Communicate knowledge, not bits and bytes

Conventional thinking: *We need to spend a lot of effort to specify how information moves between systems.*

Transformational thinking: *Define the business process; everything else falls into place.*

Common methods for B2B integration require custom mapping, data conversion, and translation of trade terms and formats from buyer to supplier systems and vice versa.

But what if you didn't have to spend all that time and effort coding all of these data translations? What if there was an automated bi-directional content transformation that took all of your data and your supplier's data and translated it into a universal B2B trade taxonomy?

Such automated canonical modeling dramatically reduces the effort and cost associated with implementation, supplier onboarding, and ongoing maintenance.

Once the information is translated into a universal taxonomy, business rules can be applied based on

the content of the transaction, regardless of the format and the terminology used by either the buyer or supplier system.

For example, a business rule may say "automatically reject all invoices where invoice unit price is different from order unit price." There is no need for anybody to know what terminology or format is used by each system to describe the price, so the system would know that "Unit price" is the same as "Price/Unit" and that \$1000.00 is the same as USD 1,000.00 but different from \$1100.00.

This ability to communicate in a universal language and ignore the bit and bytes dramatically simplifies the orchestration of processes across many-to-many systems.

3

Many-to-many architecture

Conventional thinking: Multiple integration methods are required to connect buyers and suppliers.

Transformational thinking: Connect once, collaborate with all.

For decades, complex one-to-one integration projects have been the most common barrier to widespread supplier collaboration.

A true multi-enterprise platform operates as a system-agnostic utility – allowing buyers and suppliers to connect once and communicate with all trading partners, regardless of their ERP system, data requirements, or specific business processes.

The result is rapid integration with on-premises and cloud-based ERP systems, leveraging investments you've made in existing infrastructure and allowing you and your suppliers to step up to a new level of collaboration across the entire P2P process.

A multi-enterprise platform that facilitates seamless and low-cost supplier onboarding enables enterprises to quickly scale up adoption across all spend categories. These enterprises can now collaborate with thousands of suppliers in the same way that up till now was reserved for the chosen few, delivering rapid ROI to both the buyer organization and its trading partners.

4

Work with what you have

Conventional thinking: Rip and replace.

Transformational thinking: Add an automation layer to modernize your existing infrastructure.

After years of effort and millions of dollars of investments, the idea of ripping and replacing the existing B2B infrastructure is not one that many organizations are happy to entertain. More often than not, it can bring any thought of change into a screeching halt.

The good news is that you can leverage existing investments and enjoy the benefits of modernized B2B integration without a wholesale replacement of your existing infrastructure.

There is also no need to duplicate functionality that you and your suppliers already have in your existing systems. You can continue to issue purchase orders in your ERP; likewise, your suppliers can continue to issue invoices from their existing accounting system.

An intelligent B2B integration solution will provide an automation and interoperability layer that augments the systems already in place. It will process data from these systems regardless of format and structure, allowing you and your suppliers to reap the benefits of seamless supply chain collaboration without ripping apart the systems already in place.

By taking this approach, you can minimize deployment cost and time, eliminate the need for extensive retraining, and start seeing results in a just a few months.

5 Supplier choice

Conventional thinking: Buyers can strong-arm suppliers.

Transformational thinking: Supplier empowerment.

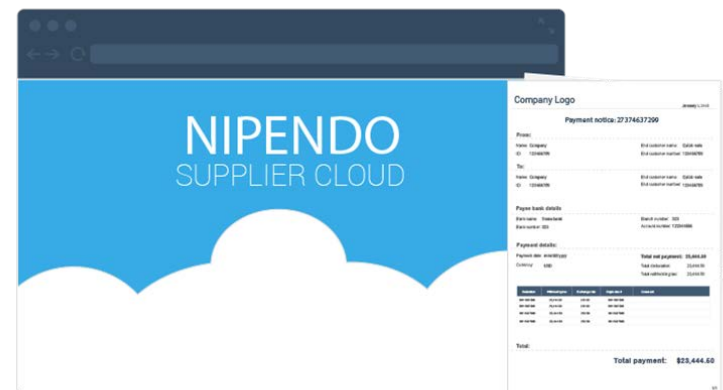
It's easy to see why undermining suppliers is counterproductive and risky for any company. There is also concrete evidence that companies with good supplier relationships perform better in the long run.³

Collaboration goes beyond simple transaction exchange. It empowers suppliers through self-service reconciliation options, eliminates errors and removes supply chain bottlenecks.

A variety of connectivity solutions should make the solution viable for suppliers of all sizes, ranging from a web-based portal and the cloud printer to complete B2B integration. Rapid integration with pre-built plug-ins to on-premises and cloud-based ERP systems allows suppliers to leverage investments made in existing infrastructure while stepping up to a new level of collaboration.



Regardless of the method chosen, establishing connectivity should be quick and simple, with no complex customizations, data mapping, or changes to existing business processes.



No matter how great of a collaboration platform you put in place, getting your suppliers to actually use the system is still a challenge — with many companies never reaching more than 10-20% supplier participation.

How do you get your suppliers excited about collaboration?

- Rapid onboarding / zero maintenance

The last thing suppliers want to do is spend a lot of time and money connecting to your systems. A cloud-based solution with multiple options for quick and easy onboarding and zero ongoing maintenance is the number one pre-requisite for broad supplier participation.

- Removing complexity

Direct spend processes can be complex, but a good supplier collaboration solution will abstract these complexities and make it easy for suppliers to work with your system.

- Access to bids

Issuing RFQ's through your online solution gives participating suppliers a leg up on the competition with real-time access to new business opportunities.

- Streamlined order and change management

Direct material orders can be intricate, and change orders can be a pain for suppliers. Getting change orders online and in real-time makes it easier for suppliers to manage these orders and respond to changes.

- On-time and early payments

On-time payments for invoices submitted through the system provide a great incentive for your suppliers. You can take it a step further and offer early payment programs — either through dynamic discounts or third party supply chain financing.

What does success look like?

Aerospace & Defense Company

“Nipendo is a true revolution which allows us to improve collaboration with our suppliers and, most importantly, dramatically reduce errors along the supply chain.”

Gabi Ben-Shlush, Head of Accounting, Israel Aerospace Industries (IAI)

High-Tech Manufacturing Company

“Nipendo’s multi-enterprise collaboration capabilities are the perfect fit to support our transition to cloud architecture, helping us improve supply chain agility, compliance, and efficiency.”

John Milazzo, Chief Information Officer, Kodak Alaris

Healthcare Maintenance Organization

“The Nipendo platform enables us to eliminate close to 100% of all incoming invoice errors, reduce processing time by 80%, and streamline our interactions with our thousands of suppliers.”

David Lugassy, Clalit Health Care (one of the world’s largest HMO’s)



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CALL

US (857) 400-9696
IL +972 (9) 8600500

EMAIL

info@nipendo.com

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About Nipendo

Nipendo Supplier Cloud enables a new level of buyer-supplier collaboration, empowering organizations around the world to achieve best-in-class procure-to-pay automation and compliance across all spend categories.

YOUR SUPPLIERS. ALL OF THEM.

Real-time collaboration, zero hassle empower suppliers without imposing any new system or processes

YOUR EXISTING SYSTEMS. SEAMLESSLY CONNECTED.

All exception are handled in the Nipendo Cloud, so everything in your ERP is compliant and error-free.

YOUR PROCESSES. EVEN THE MOST COMPLEX ONES.

Streamline and sync up with your suppliers, even the most complex procure-to-pay interactions.



Resources

¹ http://blogs.forrester.com/stefan_ried/12-07-23-b2b_meets_cloud_based_integration_cbi

² Based on data from Billentis E-Invoicing/E-Billing International Market Overview & Forecast, February 2015

³ <http://www.ppi1.com/uploads/wri-profit/wri-profit-press-release.pdf>