Nipendo Supplier Cloud

CLOUD PAVES THE WAY TO ALL-INCLUSIVE SUPPLIER COLLABORATION

For the first time, buyers and suppliers have the opportunity to connect to a common platform, without the need for prior negotiation, configuration or hard-wiring integration points to match technical specifications.

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 procurement processes have been disappointingly slow and complex. The ability to on-board and conduct transactions with suppliers is hampered by a lack of integration and reliance on error-prone, tedious, manual processes with the resulting excessive labor costs. Ultimately, the business itself suffers.

Cloud computing, in which technology platforms and services are delivered online from any provider to any buyer over an internet connection, is adding a new dimension to B2B integration. For the first time, buyers and suppliers have the opportunity to connect to a common platform, without the need for prior negotiation, configuration or hard-wiring integration points to match technical specifications.

In the process, businesses now have an opportunity to participate in communities of buyers, sellers and partners who can rapidly interact with each other in a collaborative and transparent manner.

BEFORE CLOUD: 50 WAYS TO CONNECT, NONE OF THEM EASY

In recent years, technology has provided a myriad of methods for buyers and suppliers to connect with each other electronically. One is Electronic Data Interchange (EDI) and its various standards, including the X12 file format, and X.400 messaging standard. Other methods of B2B collaboration include RosettaNet, GS1, EDIFACT, cXML, ebXML, extranets, trading hubs, value added networks, e-commerce portals and XML interfaces. These have all paved the way for paperless transactions. Besides these standard approaches, there are countless home-grown solutions developed for individual hubs.

"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, Forrester Research

None of these technology approaches have been efficient enough to ensure seamless and just-in-time connectivity with trading partners. They are all expensive and time-consuming. Vendors and suppliers often have different enterprise systems, business processes, business rules and application logic. As a result, each connection with a partner must be configured on a one-to-one basis. In turn, these connections require investment in additional hardware, software, customization, and development and integration work, resulting in a high total cost of ownership. Hence, many electronic trading networks are limited to those partners that are able to invest the time, expense and effort to establish and maintain the link.

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," writes Stefan Ried, a principal analyst with Forrester Research.[1]

With the rise of the internet, many companies hoped this more open, public network would provide a way to reach places that EDI could not. However, the same challenges seen with EDI still persist on the internet – connections need to be negotiated and configured on a one-to-one basis to comply with buyers' specific business process, rules and logic. This is

1. Stefan Ried, "B2B Meets Cloud-Based Integration," Forrester Blogs, July 23, 2012. http://blogs.forrester.com/stefan_ried/12-07-23-b2b_meets_cloud_based_integration_cbi

Out of 191 supply-chain executives surveyed by the Aberdeen Group, only 14% have the capability to perform online supply chain collaboration with partners.

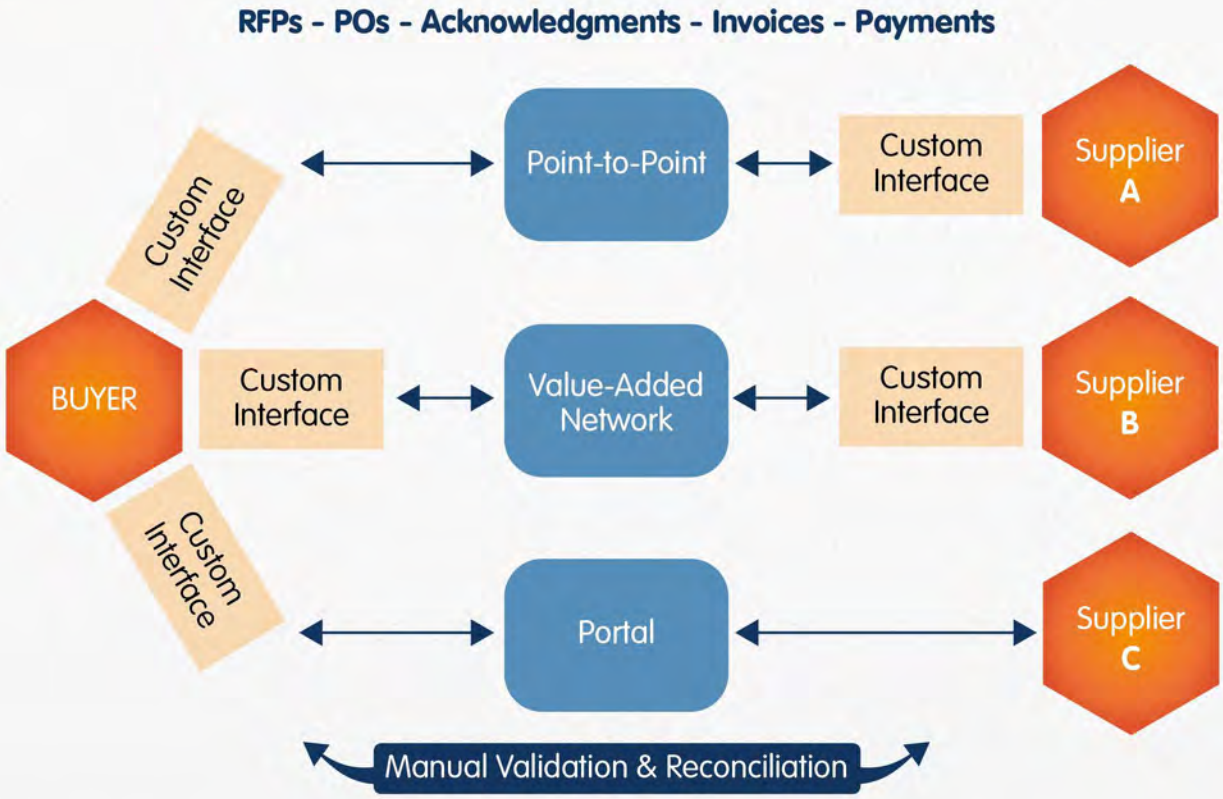
reflected in a survey of 191 supply-chain executives, conducted by the Aberdeen Group, finding that only 14 percent have the capability to perform online supply chain collaboration with partners.[2] In fact, in a follow-up survey of these executives, 38 percent cited the complexity of managing a global business network as their chief obstacle, making it the second most cited obstacle (following cost concerns).

To initiate the process, procurement and IT managers need to contact their counterparts at partners' locations, and set up or agree on communications protocols. On top of all this, procurement and IT executives also need to figure out ways to keep track of all the different data sets and formats coming from each partner, as well as the status of each order. Much of this process tends to be handled manually, such as the validation of the partner or vendor, generating a purchase order (PO), handling a paper or electronic invoice, verifying completion of the order against the invoice, and rectifying errors or exceptions.

Today's trading networks are growing more complex. The number of suppliers that buyers engage with may number in the thousands. These companies are producing a multitude of products, with unique specifications, as well as parts and tracking numbers. This complexity adds up to additional work and processing that typically is difficult to automate.

2. B2B Integration and Collaboration: Strategies for Building a ROI Business Case, Aberdeen Group, June 2011. http://www.aberdeen.com/Aberdeen-Library/7260/RB-business-integration-collaboration.aspx

ELECTRONIC TRADING UNTIL NOW: ONE PARTNER AT A TIME



Consider the following costs and complexities involved in B2B integration with trading partners' systems:

- **On-boarding:**

  The process of on-boarding trading partners is time consuming. It involves identifying vendors, establishing schedules, gathering contact information, assessment, and testing all connections to assure that partners' systems are talking to each other.

- **Content synchronization:**

  Typical online trading arrangements often mean a huge content synchronization project with each supplier to align SKUs, item descriptions, units of measurement, currencies, and other transaction details.

- **Process validation:**

  Existing online trading arrangements are only built to enable the simple movement of data from

point A to point B. The process of validating and reconciling these transactions is still largely manual, time-consuming, and costly.

- **System integration:**

  Each trading partner's integration solution – including home-grown technologies, legacy systems and manual processes—must be tested and evaluated for information and document delivery capabilities. As is the case with snowflakes, no two companies' combination of system and procedures are exactly alike, and therefore, software and connections need to be built to accommodate the capabilities of each and every partner.

- **Ongoing management:**

  Time and resources need to be devoted to on-site staff management, on-boarding new trading partners, encouraging their participation, and troubleshooting their technology shortfalls.

Both buyers and suppliers must overcome all of these complex challenges to establish and maintain electronic trading relationships, which inevitably result in scant coverage of the supplier ecosystem and limited process automation, impeding overall business agility and performance.

CLOUD-BASED SUPPLIER COLLABORATION: ONE CONNECTION, ENDLESS POSSIBILITIES

Cloud computing opens up new possibilities for high-capacity trading partner networks which extend transactions beyond the simple movement of data to deeper process integration. The cloud approach enables both buyers and suppliers to rapidly add functionality without the need to acquire software, hardware or specialized expertise. A cloud-based B2B integration service handles the back-end work involved with electronic exchange of data and documents. Essentially, many barriers to online trading partner connections are removed. Buyer-supplier relationships are made faster, more secure, and less error-prone. Mickey North Rizza, formerly research director at AMR Research, a Gartner company, advocates faster adoption of cloud-based B2B integration: "We can't wait for on-premise, behind-the-firewall type applications. We need something that's going to give us both the service and the technology and allow us to work in that trading-partner community in a collaborative environment."[3]

3. Dana Gardner, "As the Cloud Shapes B2B, B2B Shapes the Cloud," E-Commerce Times, August 7, 2010. http://www.ecommercetimes.com/story/70575.html.

The benefits of cloud-based B2B integration are far and wide across enterprises, including the following:

1. Supplier enablement

Cloud-based B2B integration offers a fundamentally new approach to on-boarding of trading partners. Cloud-based platforms may offer suppliers a range of deployment options from free access to a supplier portal through complete integration from the supplier's ERP system. The "Connect Once Communicate with Any" capability helps expand supplier networks, as an enterprise can now onboard hundreds and thousands of suppliers a month, versus taking many months to get a single supplier into the system.

2. Straight-through processing

The greater degree of integration made possible by a cloud-based B2B network enables better PO-to-payment automation. Such straight-through processing provides faster delivery of goods and services, in a paperless, effortless and error-free environment.

3. Greater collaboration and communication

The rise of a Cloud-based platform is enriching collaboration between finance and procurement personnel, as well as collaboration between buyers and suppliers. "In our discussions with manufacturers, lack of common systems/processes and barriers to entry for smaller supply partners come up routinely as constraints to more effective collaboration," writes Simon Ellis, analyst with IDC.[4]

4. Intelligence and analytics

Because cloud-based B2B integration provides a seamless, consistent digital trail, it offers business intelligence and analytics capabilities. Pricing trends, vendor performance and inventory cycles can be measured and used to drive improvement and savings.

5. Freeing up personnel from onerous administrative tasks

Procurement and finance managers can spend less time on tedious administrative tasks, enabling them to focus on exception handling and the management of higher-level relationship with trading partners.

6. Ability to connect without replacing current systems

Cloud-based B2B integration extends the reach of existing solutions without a painful replacement effort, allowing enterprise buyers to preserve legacy system investments while linking to cloud-based networks to leverage existing implementations.

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4. Simon Ellis, Supply Chain in the Cloud: Looking Beyond Total Cost of Ownership, IDC Manufacturing Insights, October 2011.

SUPPLY CHAIN PARTNERS AS AN EXTENSION OF THE ENTERPRISE

The emergence of cloud-based B2B integration is part of a larger trend, in which the lines are blurring between internal enterprises and their external communities. As companies look to strengthen networks to compete in a global economy, they are finding their communities of suppliers and vendors—linked via the cloud-based B2B integration service—to be a key resource.

Cloud-based B2B integration is transforming how businesses work with their partners, enabling them not only to reduce paperwork, but also provide each other with transparency that allows partners to eliminate process errors and work closer together. Along with the ROI benefits of cloud-based B2B relationships, the integration capabilities of the cloud mean that business relationships can evolve from one-to-one, mailbox-to-mailbox sets of transactions to collaborative, many-to-many relationships.

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Robert Mahowald, research vice president at IDC[5] writes: "There is a lot more possibility now for collaborative commerce, when business applications have built a scenario where a lot of our data and application functionality exists outside of your organization. In that situation, it becomes far easier to source new partners and customers, leverage and trust data that lives in the cloud, and invite authenticated partners to enter into that kind of exchange."

As these cloud-based trading communities develop, we can expect the emergence of more advanced capabilities such as trade forecasting and performance scorecards to provide insights on potential partner performance.

5. Gardner, "As the Cloud Shapes B2B, B2B Shapes the Cloud"

CONCLUSION

The move from the current paradigm of trading partner connections to a cloud-based approach means going from complex, difficult-to-navigate, vendor-by-vendor arrangements to a single, secure interface that handles everything under one umbrella. A cloud-based trading platform can provide translation services between any and all formats, manage the entire PO-to-pay process centrally, validate compliance of each transaction with standard process rules and logic, enable reconciliation of process discrepancies and errors, and enable all partners to only have to connect once for B2B connectivity with all trading partners.

Enterprises employing a cloud-based network enjoy many advantages, including cost savings, improvement of business processes, reduced cycle time, risk mitigation, and greater insight into their trading partners' performance.

By adopting a cloud trading solution, businesses will reduce the time required to bring aboard new trading partners, thus freeing up managers in accounts payable, purchasing, procurement, supply chain and IT departments to spend more time in high-level tasks and less time in time-consuming administrative details. Overall, the business will be better situated to achieve a competitive advantage in the digital economy, with faster time to market and greater supplier reliability.

ABOUT NIPENDO

Nipendo provides enterprise-level organizations with a highly scalable, cloud-based trading-partner network that removes the barriers to widespread deployment of electronic procurement and invoicing.

Nipendo's Supplier Cloud empowers organizations to automate the entire PO-to-payment lifecycle—from order receipt to shipping/receiving, through electronic invoicing and reconciliation all the way to payment. Unlike existing solutions that require heavy investment and lengthy custom programming for every new supplier connection, Nipendo offers a plug-and-play solution that enables rapid on-boarding of thousands of suppliers at a low entry cost. As a result, Nipendo enables businesses to significantly expand the reach of electronic procure-to-pay processing across their supplier ecosystem, lowering the cost of doing business while increasing efficiency and profitability.

Market-leading companies and organizations have adopted Nipendo across key industries, including manufacturing, aerospace & defense, high-tech, pharmaceutical, telecommunications, healthcare, and banking. Nipendo's platform is also used by numerous multinational organizations, including HP, IBM, KLA-Tencor, Lilly and Teva Pharmaceuticals.

For more information, visit **www.Nipendo.com**