Supplier Portals for Corporates and SMEs

by David Martin
Do Supplier Portals have a flaw by design?

Introduction

In today’s business world, there is a strong emphasis on the need to lower costs. The recent recession forced many businesses to look at how they could drastically reduce costs without adversely affecting the quality of their output. One widely adopted way of addressing this pressure is to introduce a system to manage the entire procurement process electronically. For a large corporation with many suppliers, that historically has sent paper orders to suppliers it is relatively easy to forecast benefits from such automation. Unfortunately, there is often a flaw in this logic. Similarly the position of SMEs and the use of Supplier Portals need to be considered.

The benefits of supplier portals

The challenge that many businesses are faced with is finding a system that will deliver everything they currently need, be flexible enough to accommodate changes in these requirements but still fit within their budget. Cloud services offer many benefits that can help with this challenge:

The electronic management of the procurement system includes the introduction of a supplier portal interface for suppliers to receive orders, process invoices and send them to clients. By providing suppliers with a portal interface to manage their side of a client order, there is the potential for both the client and supplier to take advantage of many benefits. The portal delivering a web based access to the corporate systems together with the appropriate security mechanisms.

The benefits include:

- A reduction in costs form using a single piece of software
- The removal of paper processes with all the delays and “Lost mail” situations which occur
- The capacity to view orders in real time to reduce issues that occur due to limited stock availability.

Of course these benefits mainly occur for the corporate and supplier where there is a reasonable volume of orders being processed.

The flaw in the benefits logic

Many supplier portals have a major flaw. Corporates promote the fact that their supplier portals support direct access to the corporate systems for rapid processing of orders and the entry of invoice information, however the use of the portals tend to be based on manual interaction through a web browser and not electronic integration with supplier’s systems.

Such supplier portal implementations certainly move costs out of the corporate but often a large part of the cost transfers to the suppliers, with only a small amount of saving across the supply chain.

The effects of the flaw

For many suppliers, they grow by dealing with a number of corporates and that means working with various supplier portals. Each supplier will have its own IT system but getting orders into that system and invoices out from it in order to interact with each supplier portal is likely to involve manual effort. So the volume of orders from each corporate is a critical factor in the potential to gain benefits from the corporate’s supplier portal.
The aim of a streamlined supply chain process

The overall goal of streamlining the supply chain is to lower the costs of the process completely, not transfer them to another party involved in the transaction. By integrating the supplier’s system directly with that of the corporate, the aim of removing costs from the procurement process is achieved. Of course that works if all systems have compatible order inputs and invoice outputs. The real world is just not like that. Some industries and some very large corporates have attempted to define standards for the exchange of the information, typically using XML, so that the actual systems involved are not important. Achieving such standardisation is difficult, unless there is very wide acceptance and adoption of the standard.

When direct integration from a corporate system to the supplier system is achieved, benefits occur in the following ways:

- The costs of manual data entry are completely removed from the supply chain.
- The limited requirement for manual data entry means the number of errors entered on the system is reduced. This lower occurrence of errors caused by manually keying data into the system means the costs to resolve them is also reduced.
- Direct interaction enables instantaneous communication of information means that if any errors or issues are raised, they are identified earlier and so costly resolutions at late stages are avoided.
- Information is transferred from one system to the other automatically, so every detail is included in the transfer. The order is conveyed between systems in its entirety, therefore enabling suppliers to plan and execute delivery in the most cost efficient manner possible.
- The increased visibility of each shipment and the availability of stock, mean that shipments can be planned further in advance to make the most of inexpensive transportation methods.
For situations where a corporate supplier portal is not integrated with the suppliers’ systems, it can cause the following disadvantages:

- The costs incurred from having to enter data manually on to a system may be removed from the corporate initially, but they are forced on to the supplier if they wish to continue to do business with the corporate. Although this is a saving for the corporate to begin with, the supplier will eventually have to cover the new costs incurred by increasing the product pricing.

- As the order is entered manually at the supplier’s end, there are increased chances for errors to be made. Suppliers are likely to have a number of corporate customers and therefore have a number of supplier portals in to which they are required to enter data. This further increases the risks of errors and inaccuracies, even if the supplier allocates a different member of staff to each corporate customer.

- Entering data on to the system manually takes more time that automated processes provided by integrated portals. This can lead to delays in suppliers providing information to corporate customers and also in detecting or resolving issues or errors.

- The cost of manually entering data means that suppliers will need to keep this cost down by only entering the minimum amount of information required. This reduces the ability for the supply chain to implement effective planning and delivery, and therefore limits its capacity to work at its most efficient throughout.

- To keep costs of manual entry down further, suppliers are less likely to provide additional details regarding their corporate customer’s orders, such as the status of the shipment.

**Solving one problem and create another**

For suppliers to grow efficiently and be more profitable, rather than expand the number of corporates that they supply there can be a strategy to undertake more business with existing corporates. This avoids increased costs of working with more supplier portals.

The downside of a concentration of business strategy is the risk that is being taken by the supplier in terms of dependency of the suppliers business on the success of the corporate customers. There are plenty of examples of corporates demanding better terms and lower costs from its suppliers who have become so dependent that they have little choice but to agree.
Resolving the issue

Going back to a scenario of paper orders and paper invoices, both corporates and suppliers could cope with. There was clear independence between the respective systems but there were costs across the whole process from the handling of paper.

There have been many advances in the handling of paper, the world of document scanning and the recognition plus the extraction of information from documents has transformed in recent years. In fact good quality computer printed documents can be processed with a high degree of accuracy and when the paper documents have not been bent, twisted, creased, discoloured or annotated by postal or other manual handling, the accuracy is even better.

Although recognition software started by relying upon templates to find specific information in designated places, the technology has improved to use sophisticated algorithms to analyse the text found from OCR on images. This has enabled high rates of recognition using word association and pattern matching, so that extraction of data can be achieved despite a wide range of input material.

By leveraging the ability to work with a wide variety of formats for similar information, the ability to process incoming order documents to a supplier from a wide range of corporate customers can be effectively implemented. Using this approach, the automation of order processing can be achieved.

Using the same technology as the corporate, invoices sent from many different suppliers using a wide variety of formats can be effectively processed, with the information extracted and fed into appropriate accounting systems.

The ideal solution

Using the information provided above it is clear that the most important aspect of implementing a Supplier Portal is the means to exchange documents between the corporate and its suppliers. Oracle Documents Cloud service delivers this document exchange capability with the ability to synchronise the contents of the relevant folder with the organisations own host environment where the scanning / recognition software are able to process the information.

The scanning software from Oracle is called Document Capture and the recognition software is Oracle Forms Recognition. This is a bit of a strange name, as no particular form structure is required.

Such solutions can be implemented on a small scale, so they are viable for SME organisations as well as having the ability to scale for usage by large corporates.
Moving from Transactions to Dialogue

As most corporate and supplier relationships are based on more than transactions, there is a need to develop and build an effective dialogue that gives context to transactions.

Oracle WebCenter Portal is the perfect solution to manage the dialogue. The software provides a range of features that can be utilised in the dialogue:

- Access to documents used for things like policies and procedures
- Access to announcements that might apply across suppliers
- The ability to use thread discussions to address specific issues (e.g. Complaints, Issues, Queries)
- Access to Blogs to enable a personal input
- The ability to create portlets that present information directly from back-end processing systems.

How can Ether Solutions help?

Ether Solutions are specialists in working with Oracle WebCenter software and Oracle Document Cloud. With many years of experience we have developed a wealth of knowledge regarding the introduction of the software to new businesses.

Ether Solutions would be pleased to discuss how we could use our vast knowledge and expertise to help you to introduce a supplier portal to your business whether it is to start with Oracle Document Cloud to address the transactions aspects or to combine such functionality with a dialogue capability using WebCenter Portal software.