



**Dun & Bradstreet**

***Global e-procurement Standards  
The Next Step toward Seamless Supply  
Chain Management***

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# Topics

- It's coming... *Expectations*
- The Experts say... **Conundrum**
- What comes first... chicken or the egg?
- Options...
- What do your peers say...

# 'e' in Procurement Expectations

*Aberdeen Research Group says.....*

- ✓ \$444B in saving for Indirect - US Public Co's.
- ✓ Maverick Buy Reductions = 300% ROI
- ✓ 5-10% reduction in price of materials and services
- ✓ Process time reduced from 7.3 - 2 days
- ✓ P.O. cost reduced from \$107 to \$30
- ✓ Reduction by 25% of inventory cost

# 'e' in Procurement Conundrum

- Lack of trust, language, awareness (NYT 3/01)
- New Sourcing = new Issues (NYT 3/01)
- Still Growing:
  - 93% of transactions still manual (Gartner '01)
  - < 5% of businesses EDI enabled (Aberdeen '01)
  - 80% of US businesses under '9' employees (D&B '01)
- ERP hangover - technology skepticism
- Lots of data - little *knowledge management*

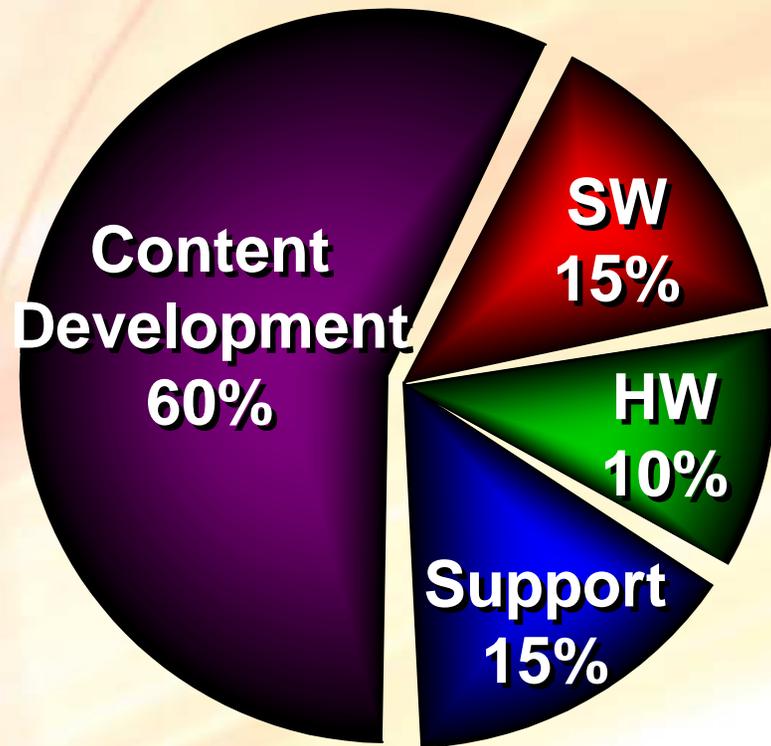
# ***Knowledge Management***

The integration of ***information*** and ***technology*** which allows you to take ***action!!!***

# What comes first...?

- *“Do you purchase a plane ticket before you know where you are going...?”*
- *“How important is your Porsche if your oil and gasoline are bad...?”*
- *“How do you ask for directions forward, if you do not know where you have come from...?”*

## 'E' Developmental Cost :(Gartner '00)



**B2B Commerce  
Development Costs**



**Discrete Mfg Purchasing**



**Discrete Mfg  
E-Commerce Focus**

# Your Needs...

- 'Speed & volume'
- Coordinate internal & external planning
- Standard process (from tactical to strategic)
- Price, quality, delivery
- Reduce process cost
- Consider 'other' factors (i.e., 1099 & 295)
- Build catalogue's

**“...wasn't your ERP platform  
suppose to do that for you...?”**

***“...ERP has failed to deliver due to lack of  
proper content and standards...”***

**Second Wave study - Deloitte '99**

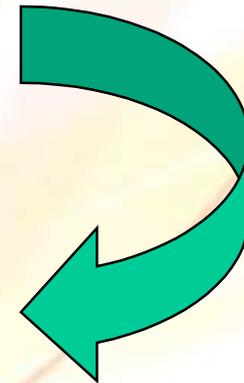
# Option: What Drives the Application?



**Data**

**Information**

By having this road-map,  
you can take **action** on what  
application is best for you!



**Knowledge**

# What can this *Knowledge* deliver...

- ✓ 5% - 15% reduction in spend (Gartner)
- ✓ Reduce number of master records  
(\$15 - \$20 per record, per year - CAPS)
- ✓ Reduce PO's and AP Checks  
(\$125 - \$150 per PO, \$25 - \$30 per AP check)





# *Live Example: The Value Proposition at D&B*

**1994** - Each D&B unit had it's own purchasing department

- 70 associates
- Total operating cost \$4.2MM
- Spending \$53.1MM in PC hardware with **491** suppliers

**1999** - D&B Purchasing function has been centralized

- 11 associates
- Total operating cost \$1.3MM
- Reduced # of suppliers by 60%
- Annual purchase orders reduced from 5,600 to 1,100
- Purchasing card transactions increased tenfold
- National contract compliance increased to above 80%
- 1997 - 1999 total savings realized \$27.9MM
- 1999 contributed \$12.1MM in savings or 5 1/4 cents to EPS

# The Value Proposition at D&B . . .

**2000** - D&B purchasing function centralized and in firm control

- 7 Associates
- Total operating cost \$1.0MM
- Reduced suppliers by additional 15%
- Annual purchase orders reduced to 322
- Compliance to national contracts over 85%
- 20% of suppliers = 80% of annual spend
- Purchasing ROI over 500%



## ***Live Example: Bausch & Lamb***

- 37 ERP & legacy systems worldwide into 1
- Approached by several e-technology co.'s
- Chose to Aggregate Data, Map Spend, Standardize Data first -  
*Results (only 25% spend penetration)*
- \$ 4 Million saved on 'Indirect'spend
- \$ 20 Million saved in overall cost
- 19% reduction in total supplier's
- 40% reduction in commodity categories
- Utilizing EDI, ERP & Web

# Summary

- Information drives Technology
- Aggregating, Standardizing, Normalizing & enhancing your data will give you the *information* you need for ERP, E-procurement, tactical/strategic processing and everyday *knowledge management!*



# Questions & Answers