

# Collaborative eProcurement

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## Turn Up the Volume

Inter and intra-organizational procurement collaboration enables public agencies, school systems and other multi-entity organizations to pool their buying power, negotiate more favorable contracts and drive significant savings to the bottom line. In today's economy, this type of collaboration is no longer optional but required to tackle budgetary challenges and compete in an increasingly global world. Fortunately, eProcurement technology is now empowering previously loosely connected entities to share resources, expertise, contracts and infrastructure. Many organizations are going to market as a team and presenting a unified front to the vendor community.

## Collaboration is not optional

Now more than ever, procurement is a strategic business function that supports your company or organization's mission. Costs are rising continually and technology-enabled collaboration is an effective way to spread those costs – especially in higher education and the public sector where every dollar saved equals about six dollars in revenue or operating budget. Shifting from transactional procurement processes to strategic procurement processes requires new technology and skill sets but the investment will pay off. For example, most organizations today need knowledgeable Information Technology buyers, but those buyers cannot be kept busy 24 hours a day. A shared IT buyer across a collaborative consortium or group on the other hand can be made available on-demand, utilized more and at a lower cost.

Recently, a collaborative purchasing program was implemented by a network of higher education institutions. The program was established to eliminate pricing discrepancies that have affected the state auditor and the schools' finance departments for years. By combining the buying power of the schools and driving suppliers to one marketplace, collaborative procurement is enabling cost-savings with every purchase. Each school, regardless of size, is receiving the lowest available price from in-contract suppliers and the rebates and savings from these purchases are contributing to the state budget, acting as a secondary funding source for government projects.

## Collaboration is easier than ever

There are a variety of technology solutions available across the procure-to-pay continuum. From supplier management and sourcing all the way through invoicing, collaboration opens up opportunities for individuals and organizations to increase efficiency and promote contract compliance and savings. A shared procurement and shopping environment allows organizations

to pool their buying power, negotiate more favorable contracts and drive significant savings to the bottom line by taking advantage of the community's collective buying power.

eProcurement solutions automate purchasing, increase transparency and enforce contract compliance by aggregating buying power in a virtual environment that promotes group bidding and negotiations as well as shared communication processes with strategic suppliers. These solutions can be tailored to fit the needs of diverse organizations and entities. For example, group purchasing organizations, states and other sourcing enterprises can open their library of contracts to a general membership and establish a simple, Internet-based marketplace. Once approved, members can use their credit card to buy from the best group contracts, helping ensure compliance and the lowest total cost of goods purchased.

Organizations may also develop virtual consortium environments to centralize sourcing and catalog management processes, share and publish contracts, view terms and conditions, host catalogs and create shared service agreements in a central repository. Organizations can also maintain the flexibility to shop in a proprietary or a shared marketplace depending on the type of product being purchased all with the assurance that contract terms and conditions, supplier requirements and product and catalog details are synchronized and updated. Finally, there are solutions available to support multi-business unit organizations in consolidating their purchasing functions with centralized technology that adjusts for language, currency, regulations, local suppliers, documents, reporting and much more.

### **The Bottom Line**

Collaborative eProcurement reduces costs through volume aggregation and vendor consolidation and improves sourcing quality and efficiency. Most importantly, collaborative eProcurement enables organizations to quickly and proactively analyze buying behaviors and identify new opportunities to generate savings. The time it takes to negotiate individual contracts, manually process purchases and administer sourcing events, can now be used to uncover new opportunities to drive bottom-line results and other mission-critical goals. Collaborative eProcurement technology is continuing to gain momentum and is developing a proven track record of helping various organizations achieve greater visibility into spending and purchasing and form more strategic purchasing groups. By automating and managing every aspect of the procurement process, including sourcing, shopping, requisitioning and accounts payable, these organizations are expanding their purchasing and negotiating power and able to accurately justify spending and reduce expenses.