SCMaster Competitive Analysis
eP2P – PO Collaboration Module vs. ERP Legacy Portal Solutions
February 2014

"In Transit Procurement Management – Closing Vendors' Feedback Loop"

Prolog:

As the manufacturing world rapidly shifts into global sourcing in order to optimize COGS, legacy ERP systems that were designed mainly to handle the domestic supply chain, fail to keep up with the spiraling complexities.
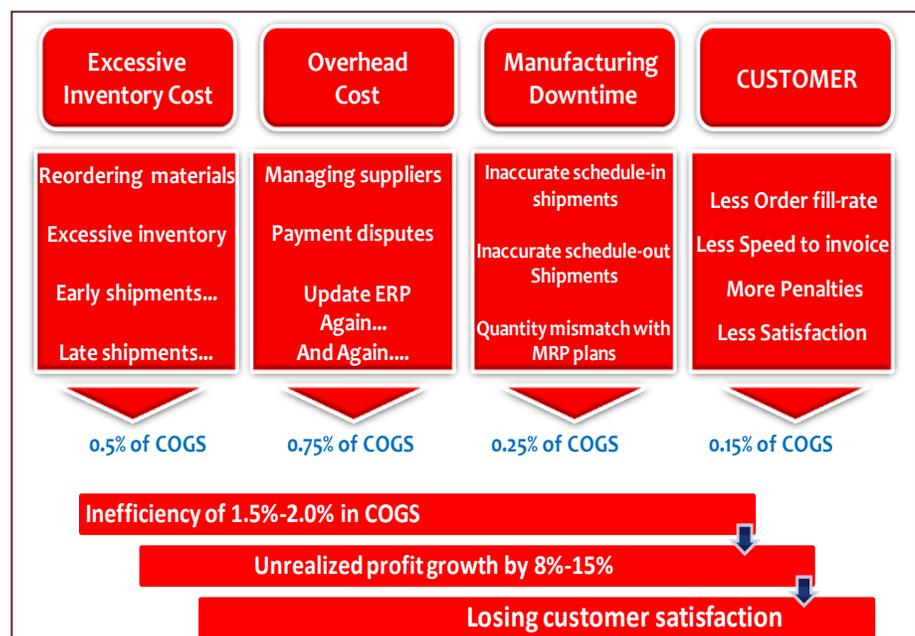
Global sourcing complexities stem from several factors: suppliers are located in remote areas, the large number of logistics' providers, complex cost structure, compliance requirements with various regulatory agencies, long lead times and long transit time, to name a few.

> **From the moment the Purchase Orders (POs) are issued by the manufacturer's ERP until the ordered material arrives, there is a costly management and control void, we call the "In-transit Procurement Gap"**

To manage the gap, most companies augment the inadequate legacy ERP systems by manual processes. A large team of people is involved trying to keep pace with the ever changing flow of orders from the ERP on one hand, and supplier's response (or lack of) on the other.

The information is communicated "off-the-grid" by email, fax, telephone by company's buyers and their associate vendors' contacts, and captured in external files, thus, defeating the concept of any unified centralized control and historical auditing and process tracking.

Critical information is manually fed back into the ERP, creating another source of human error. This tedious mechanical process prevents the manufacturer from focusing on **early problem detection** and real problem resolution. Another solution is ERP Portals, which cover some issues, but create or on the other hand not eliminate stoppers in the Buyer-Vendor daily exchange and "chase".

Excessive Inventory Cost	Overhead Cost	Manufacturing Downtime	CUSTOMER
Reordering materials Excessive inventory Early shipments… Late shipments…	Managing suppliers Payment disputes Update ERP Again… And Again….	Inaccurate schedule-in shipments Inaccurate schedule-out Shipments Quantity mismatch with MRP plans	Less Order fill-rate Less Speed to invoice More Penalties Less Satisfaction
0.5% of COGS	0.75% of COGS	0.25% of COGS	0.15% of COGS

Inefficiency of 1.5%-2.0% in COGS

Unrealized profit growth by 8%-15%

Losing customer satisfaction

Inefficiency of the current situation worth 1.5-2% of COGS, deriving an unrealized profit growth by 8-15%, and moreover – Loses customer satisfaction.

PERCITE SOLUTION:

Percite addressed these issues, and delivered its **SCMaster® Sphere's PO eCollaboration module:**

SCMaster's competitive advantage is a result of relentless pursuit and focus on the best-of-breed solution for Procurement-to-Pay process.

Based on deep domain expertise of its founders and senior staff, SCMaster out-of-the-box functionality, built-in business rules and rich configuration options are superior to any legacy ERP solution. SCMaster unique capabilities include accurate shipping date calculations, smart alerts and exception management filtered for significant events only, validation rules eliminating garbage-in, support of complex shipping scenarios.

Above all, our Unified Master Procurement Repository (UPR) aggregates information and transaction from disparate manufacturer ERP systems, acting as the only single point of management that provides a complete, centralized, corporate procurement view.

SCMASTER SILVER BULLETS

Here are SCMaster Silver Bullets, which by addressing Enterprise's pain, allowing COGS reduction, augmenting gross profit significantly.

1. **FUNCTIONAL INTELLIGENCE**

   The most significant advantage of SCMaster solution is the embedded knowledge, expertise and algorithms driven by deep domain expertise. Other solutions (ERP Portals such SAP's, Oracle's iSupplier etc.) are focused on **capturing** data FROM VENDORS, **and NOT on the Buyers and Vendor Scheduler day-to-day hurdles.**

   ERP legacy Portals lack the **validation rules**, **intelligent exception management**, **smart alerts**, and **workflow rules**, that all fine-tuned to the enterprise needs.

   <u>**SCMaster Major Areas where its intelligent capabilities come to play:**</u>

   PO Life Cycle Process Management:

   SCMaster virtually manages PO data exchange across buyers and vendor schedulers versus vendors, seamlessly, while reducing typical purchasing department's endless effort for closing vendor's feedback loops, on new POs and along all PO changes.

Accurate Date Forecasting:

SCMaster **ETA calculator** gets ERP's Need by Date and Vendors Promise Date and plans the forecast date of vendor's ex-factory and receiving to plant based on best practice logistics parameters – not just the plain vanilla date provided by the supplier. This functionality governs any post-processing ERP vague average lapse time.

Validation Rules:

SCMaster Business Validation Rules engine filters, as per User Policies acceptance or rejection vendor feeds, such as Need-By-Date vs. Promise Date, APS Horizon vs. Promise Date, and Schedule In/Out Logic as per thresholds pre-set values. SCMaster can alert on too early promise date on the fly, avoiding cash flow disruption.
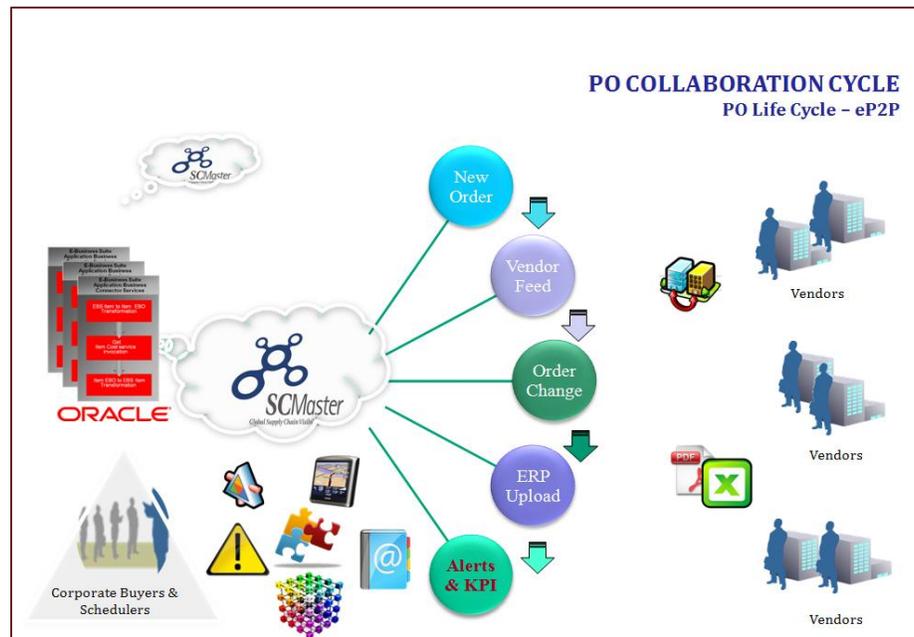

Complex Shipment Scenario:

SCMaster supports complex case such as **Drop Shipment scenario** handling, while even Vanilla ERP does not support such cases, including changing mode of transportation, INCO point cases at PO shipment level, and change selection of LSP etc.

Smart Alerts:

SCMaster PO Collaboration applies **advanced warning**, pro-active alert mechanism, which is triggered as of Vendors feed and logistics event, applying personalized alerts to buyers and to ERP as well. SCMaster alerts forwarders, in overseas shipments cases, on a daily basis, for pick up request. Every PO change is communicated to them electronically with no effort from shipping department.

Exception Management:

Intelligent engines, configured to match the Enterprise needs, apply the 80/20 principles. **While** most data flow and workflow are automated, exceptions require manual intervention.

Since most tedious steps have been eliminated, the buyers can focus on issue resolution of the most critical areas.

Unified Master Procurement Repository (UMR):

SCMaster deployed as a Private Cloud (or on Premises, as customer wishes), consolidates various ERP platforms, vendors and LSP feeds (requires SCMaster Inbound (Import) Module - *optional*), which are encapsulated in Multi ORG, Unified Master Procurement Repository. These abilities results-in values in auditing, controlling and managing inter and intra Corporate Procurement, including Inventory, MRO and R&D items for that matter.

BI Gateway:

SCMaster provides an integrated BI gateway (such as OBIEE), which allows the Corporate BI tool to get analytics from its **UMR** Repository persistent data. The BI GTW is clever enough to offset intra-company transition for double counting avoidance.

Proper ISO Language:

SCMaster applies ISO standards over List of Value, TERMs and logic, hence aligns a Corporate-Wide semantics and standards of Business Terms, Business Flow and Business Entities. This is most important value that supports EDI, BI Analytics and the **UMR** issues and auditing.

Composite EDI Scenario with Sub Contractors:

SCMaster can be configured to full or semi EDI scenario management, for any **vendor** or Sub contractor that may support EDI feeds. As EDI scenarios are complex, SCMaster supports **hybrid** eScenarios that allow Semi EDI along with ebXLS transaction that cover human feed (PO change, PO ACK cases etc) not covered by vendor.

In This Scenario, **SCMaster captures from the Sub's their material bills and packing slips**, checks them and post them into the ERP, **deploying 3 way match**!

Under the Hood Vertical Integration:

SCMaster PO Collaboration is a layered product over SCMaster Inbound (Import) Module (*optional*) , hence any import logistics events (Customs, ETA, ATA) further enrich and trigger new Promise Date to OA – Portals are totally passive in that matter.

2. EASE DEPLOYMENT & INTEGRATION

"**Go Live in 55**":

SCMaster PO eCollaboration integration and deployment comes with a guarantee of "Live in 55" – the system will be up and running with 20 users (buyers) and up to 500 vendors in less than 55 business days (subject to standard joint plan). This is in contrast to length (sometimes more than 12 months) and costly implementation cycles with other solution, such as OA i-Supplier Portal.

NO ERP PORTAL COMPETES THIS SIMILARITY!!

Fast on-boarding of Buyers, Program managers and Vendor Schedulers:

Schedulers are trained within **less of a day to make full use of the SCMaster** functionality. Ease of use, and intuitive user interface, coupled with utmost reliability and proven field deployment virtually eliminates the use for internal help-desk as opposed to Supplier Portal, which needs on-going, day-by-day nursing and supervision.

Fast on-boarding of Suppliers:

Go Live in 55 - SCMaster vendor-side simplified user experience enables an extremely fast and pain-free vendor training (half pager - A,B,C rules... c'est tout!).

How long it takes to "train" a vendor entering in the following "Excelized" PO his promise date and send it back to scmaster@acme.com ???

Line	Ship	Consig nment Flag	Item	Item Descr.	Mfg	Mfg P/N	Qty	Unit	Price	Cry	Need Date	Req. EXW Date	Promised Date	dor Remarks	Follow Up
1	1		5160000031-06	BISPLATE HHA, 2000x4000x10			54	EA	1884	USD	15-Mar-2009	19-Feb-2009			baba moran
2	1		5160000031-07	BISPLATE HHA, 2300x4000x10			424	EA	2166.6	USD	10-Mar-2009	14-Feb-2009			baba moran

PO BOX 1246
UNANDERRA, NSW 2526
FAX:
Phone:
Attn: ceralum@017.net.il;

Ship To: Plasan Sasa
Phone:
Attn:
Buyer: Moran Baba

INCOTERM: CIF
Acct Code: 1782
Transport Mode: SEA
Forwarder:

Invoice To: Plasan Sasa
Phone:
Attn:

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Once configured, vendors stay on-board and the utilization level of all vendors consistently approach 97%.

SCMaster on-boarding experience can enable 500 vendors within 55 days!

The need for re-training or on-going help desk is negligible.

Vendor (non-EDI) needs only a standard MS Office/ PDF tools.

NO SUCH ERP PORTAL ROI COMPETANCE!!

3. OPERATIONS

Robust Architecture - results in superior system availability even under extreme load. SCMaster is architected with best-of-breed components such as J2EE framework, Oracle 11g Database, J2EE application server and standard MS IE GUI.

SCMaster is based on SOAP architecture, and as result supports both inbound and outbound web services, allowing external corporate processes to be enriched from SCMaster DataSmart ebXML and other EDI related Scenario Managers, which allow **integration of full and semi EDI flow with vendors.**

4. COST

Software Cost – SCMaster SaaS (Corporate Private Cloud) deployment allows not only accelerated deployment but also managed risk on the financial side. While on-premise solutions ERP Portal license fees may be measured in 7 digits, the cost and length of deployment can easily double or triple the cost, without any guarantee for a successful implementation.

SCMaster TOC (Total Cost of Ownership) is less than 10% comparable to Corporate Portal**.**

On Going Running Cost:

The complexity and reliability of **other systems** require significant investment in support resources both for internal and external users. On-going training for new and existing users (Vendors – various languages, terms and semantics), complex operating procedure (play books) and human help-desk personnel add significant cost to the on-going operation.

All this is reduced to merely zero, as SCMaster exchanges information with world-wide known MS-Office documents standard.

**

Percite Advanced Technologies
SCMaster Sphere Delivers Expert's Intelligent Supply Chain Solution