



WHITEPAPER | E-PROCUREMENT CATALOG CONTENT

Getting employees to use your e-procurement system is key to driving on-contract spend and meeting your operational targets for procurement. When making online purchases at work, employees expect the same level of product information that they get in their private lives on sites like Amazon.com. So, in order to gain wide user acceptance, your e-procurement system needs to have quality content and state-of-the-art catalog management. In this chapter, we explore the common challenges that organizations face in catalog content management and take a look at how automation can help to solve these pain points.

POOR QUALITY CATALOGS DAMAGE PROCUREMENT EFFICIENCY

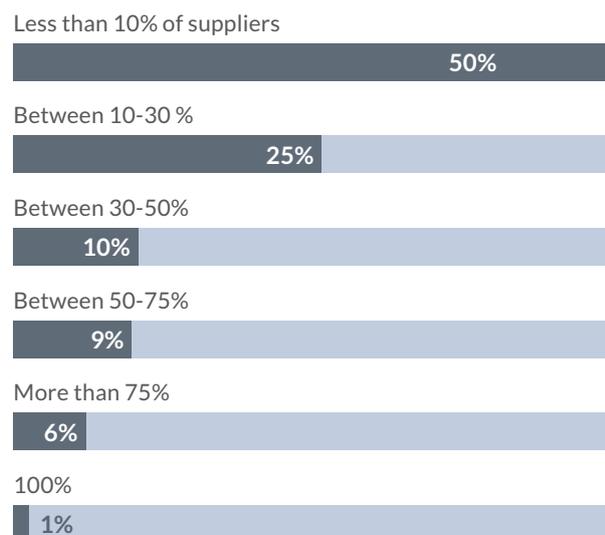
Electronic catalogs or e-catalogs are at the heart of modern procurement. When we asked procurement professionals recently about their indirect procurement processes, only a fourth of respondents said that all of their key suppliers provide them with e-catalogs. It might be that the suppliers are not technically able to provide a catalog and offer information (typically limited) on a spreadsheet, or they prefer that the buyer uses the punch-out feature of their own web shop.

Nevertheless, based on our experience, it is actually data quality that causes the biggest headaches for procurement professionals today, and creates obstacles for developing streamlined purchasing processes.

Managing catalog content is a laborious process and time spent away from the more value-adding tasks in supplier relationship management or contract negotiation. But it is also an essential one, as the purchasing process automation can only be as good as the data provided for it.

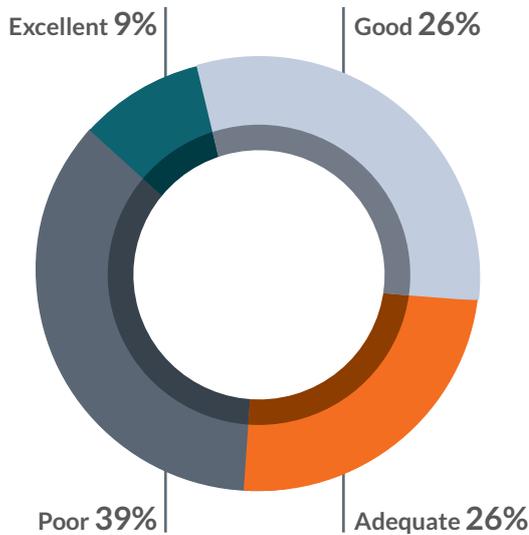
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HOW MANY OF YOUR SUPPLIERS SEND ELECTRONIC CATALOGS?



[Source: Indirect procurement: 2017 Market Report by OpusCapita and SSON]

HOW IS YOUR CURRENT PROCESS TO MANAGE ELECTRONIC CATALOGS?



FIRSTLY,

poor quality catalog data affects procurement efficiency considerably and the organization's ability to purchase goods and services. For example, lack of clear, detailed product information makes it difficult for the requesters to identify the right products to order. As a result, the organization may end up dealing with a **high number of incorrectly placed orders and unnecessary returns, causing a lot of extra work**. And, inadequate data in the purchasing system can increase free-text ordering, which in turn requires more effort from the purchasers, preventing streamlined processes and leading to higher costs.

SECONDLY,

the shortcomings in catalog management can in the end **increase maverick spending**. Making catalogs available for business users to search, compare and decide on their purchases from a selection of approved suppliers is a good way of reducing unmanaged spending. But if the catalog content in the company's e-procurement system does not meet users' needs, they will be more likely to choose other purchasing channels, thus making it more difficult to achieve the objective of procurement, namely driving purchases to preferred suppliers and increasing spend under management.

ENABLING SUPPLIER COLLABORATION IS THE KEY

Ultimately, suppliers, manufacturers and service providers control their data, which makes content management in buyer organizations a tedious task. Typical challenges include scarce information, differences in formats and naming principles, for instance, and errors due to manual handling of product data.

In some industries, legal and compliance regulations pose certain requirements for content integrity. For example, the responsibility of tagging an item as a hazardous good and ensuring that a proper order process is followed lies with the organization where these goods are ordered. However, only the suppliers can provide the necessary information. In addition, an efficient end-to-end purchasing process also requires a lot of information that cannot be provided by the supplier. For instance, the Accounts Payable department has its own needs for the catalog data and purchase orders generated, to improve handling of the supplier invoices.

Effortless and easy collaboration with suppliers is key to expanding catalog coverage and managing catalogs efficiently. For the smooth flow of information, it is crucial to enrich and improve the content provided by suppliers and to integrate the catalogs into back-end systems and supplier contracts.

The main barriers for digital procurement are:

49% Quality of data

42% Lack of data

[Source: The Deloitte Global Chief Procurement Officer Survey 2017]

78%

of organizations do not enrich their supplier catalogs with additional information

[Source: Indirect procurement: 2017 Market Report by OpusCapita and SSON]

THE OPUSCAPITA SOLUTION: AUTOMATED IMPORTING, VALIDATING AND ENRICHING OF CATALOG CONTENT

Increasing automation in the content management process helps speed up the uploading of new catalogs and updating of existing ones in the purchasing system; to improve the quality and accuracy of catalogs; and to lighten the procurement workload.

OpusCapita Self Service Manager (SSM) is an easy-to-use portal that enables suppliers to provide electronic catalogs and all the required product and price data, among others, for your purchasing system, based on quality criteria defined by you. In addition, the OpusCapita Catalog Management Service can help suppliers and work with them and their data to help reduce the workload in your procurement department.

The content may be electronic catalogs, in the form of Excel or XML files. With full data validation, editing, mapping and enrichment capabilities, SSM significantly reduces the time and effort needed for catalog management at your end and simultaneously increases data

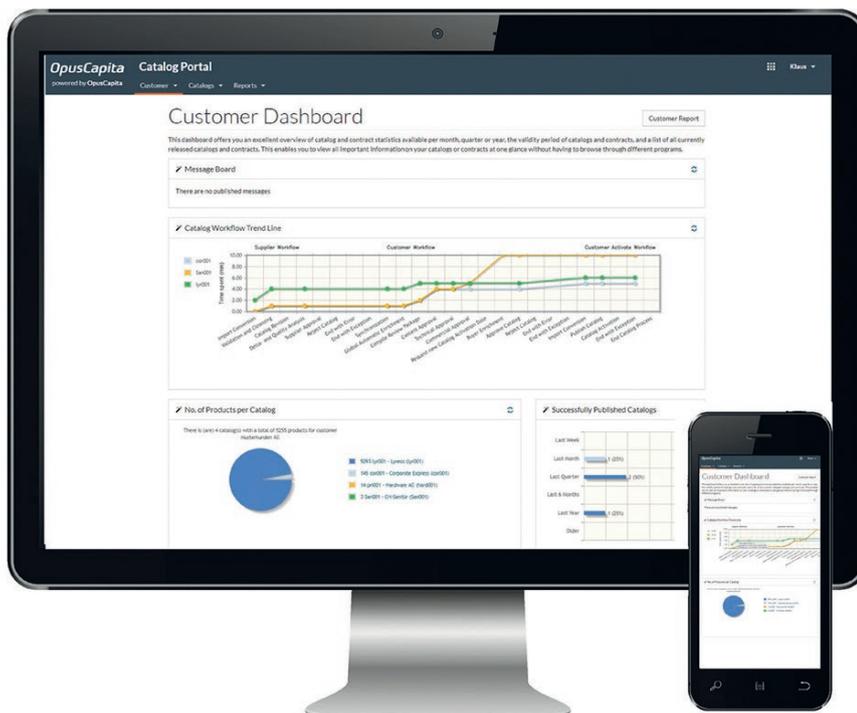
quality, as the whole content is validated instead of just part of it as samples.

IMPORTING the catalogs to the purchasing system may be performed directly via the suppliers' Product Information Management or ERP system, for example, or if the suppliers is not able to produce e-catalogs, with the help of OpusCapita Catalog Management Service. OpusCapita works with suppliers every step of the way, from onboarding and integrating contracts to providing technical support and even preparing of catalogs.

VALIDATING AND MAPPING the catalog content is the key to ensuring quality. With OpusCapita, you can automate the process of monitoring catalogs received with a set of intelligent rules to check that there is, for instance, a short and a long description for every product or that every product has an image associated with it. You can also validate the content against supplier contracts, for example: does the catalog contain the products with the right prices? Preassigned workflow determines the approval of new catalogs. The catalogs can also be autorejected if they do not meet the defined quality level or if they are not as speci-

fied in your contract (or auto-approved if all requirements are met). And when a supplier updates an existing catalog, you can automatically compare it to the previous one and easily see any amendments made. Automated content mapping helps ensure that the requirements of your ERP system are also met – such as applying a certain commodity group structure or overcoming a situation where your supplier is only able to deliver the unit of measure codes according to the ANSI standard and your system requires ISO standard codes.

ENRICHING the catalog content with essential information will improve the end users' ability to make purchases. For example, adding internally used and known-to-all nicknames for products will make it easier for the requesters to find the right product in the catalog. The same applies for the data that is needed by the Accounts Payable department, such as information about appropriate GL account or commodity group. Adding it in at the early stages will help automate the invoice process down the line. The automation rules ensure that once determined, the associated enrichment data will always be up-to-date even if the product information in the catalog is refreshed.



With full data validation, editing, mapping and enrichment capabilities, Self Service Manager (SSM) significantly reduces the time and effort needed for catalog management at your end and simultaneously increases data quality.

USE CASE 1: UPDATING A CATALOG

The supplier needs to update information on a new mobile phone model in an approved catalog.

THEN

The company has a contracted supplier that provides over 60 mobile phone models from different manufacturers to the company's employees. A new mobile phone model is published, and the supplier needs to update an approved catalog with the new specifications and price.

To include the update in the buyer's system, the supplier has to provide a full, new catalog to the buyer. The submission and review process of a full catalog is time-consuming and laborious.

NOW

With Self Service Manager, the supplier can easily submit an incremental update to the approved catalog and give the company quicker access to the latest mobile phone version and updated pricing. After the supplier submits the new information, the catalog update is auto-validated by the business rules and the changes that need to be reviewed are highlighted.

The category manager can easily see what has been changed and check if it is in line with the agreed terms and conditions before approving the update. As a result, the latest mobile phone models will be quickly entered in the purchasing system and available for the end users.

USE CASE 2: IMPROVING BUYER-SUPPLIER COLLABORATION

The company needs to provide an easy-to-use purchasing experience for business users.

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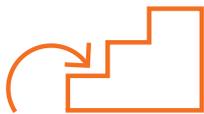
Procurement has done a great deal of work in selecting preferred suppliers and negotiating advantageous contracts with them. But when business users need to buy goods or services, they feel it is easier to pick up the phone, call their favorite supplier and place the order over phone than to use the procurement system.

Inadequate product and pricing information makes it difficult and time-consuming to find the right products in the web shop offered by procurement. Procurement lacks the ability to exchange high-quality product and pricing data efficiently with the suppliers. Managing supplier catalogs and ensuring that the pricing data reflects the contracts is cumbersome.

NOW

When a new supplier is onboarded, the use of Self Service Manager improves dialogue and collaboration with the supplier. The supplier uploads information about the products offered and pricing agreed using SSM. The data is automatically validated and approved, and the supplier is immediately informed if the catalog does not meet the quality requirements or is noncompliant. With high-quality data, the procurement department is able to offer the business users an Amazonlike buying experience, which makes searching and purchasing goods and services effortless for them and increases their willingness to use the procurement system. Procurement can increase spend under management and reduce maverick buying, and as a result, drive cost savings.

ACHIEVING THE NEXT LEVEL IN CATALOG MANAGEMENT



FIRST STEP APPROACH:

Use OpusCapita Self Service Manager and Catalog Management Service to standardize your supplier catalog content. Ask suppliers to provide e-catalogs via the self-service tool and determine the required content level.

Demand at minimum, clear and informative short and long descriptions, pictures, and up-to-date price information on all the products in the catalog. Monitor catalog uploading and implement best practice approval workflows to accept new catalogs or changes made to the existing ones.



A LEAP FORWARD:

Use the advanced features for data cleansing, validation and editing in OpusCapita Self Service Manager. Establish automated rules for validating and approving the catalog content and integrate catalogs with contracts to generate needed data. Auto-reject catalogs that do not meet your criteria for content quality or that are not in line with your contracts with the supplier in question. Use the data quality analysis to challenge your supplier to improve their content compared to other suppliers or even their competitors. Enrich the catalog data by requesting additional information from your suppliers or adding it in yourself. Make all the supplier-maintained catalogs easily available for business users through a single interface, OpusCapita eProcurement.

Or, you can let OpusCapita take care of this task for you and choose catalog management as a service. OpusCapita Catalog Management Service can provide you with extended back office support and handle the whole process from contacting suppliers and uploading their catalogs to enriching and continuously managing the content.

Take the practical approach in our **webinar** to overcome key challenges in supplier management

Learn more about OpusCapita's e-procurement solution

3 KEY BENEFITS OF AUTOMATED CATALOG MANAGEMENT

FOR **PROCUREMENT:**

- Less time and effort spent on catalog management.
- Ensured contract compliance with suppliers.
- Reduced maverick spending as the users will find what they need in the procurement system.

FOR **BUSINESS USERS:**

- Quick to search and find products needed from the purchasing system.
- Easy to compare products is easy when all the catalog data is standardized.
- Improved efficiency for the whole source-to-pay process.

FOR **FINANCE AND ACCOUNTS PAYABLE:**

- Higher matching ratio as more data is available to be used as parameters.
- Fewer returns meaning fewer credit notes on wrong invoices.
- Increased potential for early payment discounts or other supply chain financing opportunities.



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Dirk has over 20 years experience building and delivering enterprise solutions. With hundreds of opportunities to work directly with organizations, Dirk understands the key challenges faced by many companies and is uniquely positioned to deliver insight in the form of best practices and lessons learned.

Learn more about OpusCapita eProcurement

<https://www.opuscapita.com/solutions/source-to-pay/eprocurement>

OpusCapita enables organizations to sell, buy and pay quickly and securely, with a real-time view of their business. Over 3000 customers in over 100 countries use our source-to-pay, cash management and product information management solutions to connect, transact and grow. OpusCapita processes over 220 million electronic transactions annually on its Business Network, which includes almost 1 million organizations and over 11,000 financial institutions worldwide. OpusCapita is headquartered in Helsinki, Finland. Visit us at www.opuscapita.com