



Integrating UpsideContract with UpsideRFX Closes the Loop on Strategic Sourcing

Published: November 2004

Improved bottom line performance continues to be the mantra of organizations that have successfully tied automated RFX technology with contract management solutions, simplifying the process for pricing and information requests while ensuring process integrity.

Overview

Leading companies are taking an increasingly aggressive look at their sourcing and procurement activities. In the midst of today's ultra-competitive global economy and amid ever-growing shareholder demands for a better return on investment, organizations are invariably searching for ways to reduce costs and enhance profitability. With many businesses, the key to lower costs, improved profits and a more competitive operation lies in the supply chain. Companies are feverishly investigating and implementing strategic sourcing programs to streamline the entire sourcing process, enhance communication with suppliers, and improve the decision making data they receive, all with one goal in mind: *healthier sourcing and procurement results.*

Through strategic sourcing initiatives, businesses are achieving significant cost savings while strengthening ties with suppliers who offer the best rates, products, and service. Two significant technological advancements to strategic sourcing over the past several years are solutions dedicated to improving contract lifecycle management capabilities and simplifying RFX (RFP, RFQ, RFI, etc.) processes. Progressive organizations have separated themselves from the competition by adopting such tools to extend the value of their strategic sourcing activities. Many of these leading-edge companies have already implemented contract management solutions as an initial step in their program.

Contract management solutions are designed to improve and simplify the contract creation, negotiation, performance, compliance, and risk management functions. These solutions, when applied to their absolute potential, can help companies optimize contracts, reduce costs, and consolidate purchasing power by analyzing supplier transactions and contract history to identify the best performing suppliers. Adopting contract management solutions, however, is only one of the major steps in achieving an organization's strategic sourcing goals. Integrating contract management with automated RFX technology is the secret to closing the strategic sourcing loop.

Automated RFX Technology

Whether it's buy-side or sell-side activity, the sourcing and procurement process customarily begins with an RFX document. The challenge of issuing, accumulating, and analyzing RFP, RFQ, and RFI information is a fundamental element of the strategic sourcing and negotiation practice. Conventional processes typically involve numerous protracted and resource-intensive steps, demanding paper-based activities, as well as onerous data collection and analysis, often comprising multiple disparate data sources.

Together, UpsideContract and UpsideRFX can enhance sourcing and procurement results

Progressive organizations have derived tremendous value and competitive advantage from strategic sourcing initiatives. Included among the more proven technology solutions is software to improve contract management and RFX processes. The consolidation of the two provides organizations with a solution that spans the entire sourcing and procurement continuum.

UpsideContract and UpsideRFX provide key strategic sourcing benefits, including:

Better Supplier Relationships

Enhanced communication with suppliers results in quicker RFX response times, better information, and improved results.

Consolidated Purchasing

The ability to monitor and measure contract performance can help narrow the number of suppliers to only those with excellent performance records. This allows an organization to consolidate its purchases with select vendors which enhances purchasing power and reduces costs.

Improved Purchasing Decisions

Increased visibility means that all of the details from the RFX stage all the way to the final contract are available to an organization's stakeholders. This increases the knowledge of sourcing professionals, allowing them to make better informed purchasing decisions.

Automated RFX functionality replaces the tedious, manual, paper-based processes that often lead to sourcing inconsistencies, errors, and poor decision making with a solution that standardizes the data collection and analysis functions for information and pricing requests, making the entire process more efficient. Effective solutions, like UpsideRFX, provide a fully web-enabled electronic sourcing and procurement management solution that allows for the efficient creation and management of RFX documents as well as reverse and forward auctions across the entire enterprise.

Companies using UpsideRFX are collaboratively creating custom RFX documents from scratch or by using templates stored in a central repository of RFX documents, templates, requirements, terms, and conditions. Business rules and dynamic workflow established by the organization determine the precise information that needs to be included in the document and who the appropriate stakeholders are for any particular request, thereby eliminating much of the inaccuracies of traditional RFX processes. An effective RFX solution must also provide advanced RFX management functions including structured event management, the ability to post the RFX to the web, a vendor opportunity portal, change management capabilities, and strong support for business intelligence and management reporting.

UpsideRFX provides organizations with the ability to streamline and standardize the RFX process, conduct reverse or forward auctions when required, and award contracts using reliable decision making data. With UpsideRFX, organizations have been able to improve incoming and outgoing RFX information, develop stronger relationships with vendors, and maximize buying power through better managed procurement while maintaining a greater level of control over the entire process. Businesses have discovered that by taking advantage of UpsideRFX, sourcing teams are no longer tied up with the monotonous administrative details of the RFX process and can focus more on generating greater value for the organization.

Integrating RFX and Contract Management Solutions

Traditionally the RFX phase of the sourcing process has been distinctly separate from the contract management phase – where one phase ends, the other begins – often resulting in duplication of efforts, greater potential for errors, and prolonged contract cycle times. By seamlessly integrating RFX technology with contract management solutions, organizations effectively eliminate any repeated efforts and guarantee reliability in the process.

The RFX process consists of developing the initial requirements, soliciting vendors to bid on the request, receiving bids, analyzing the bid results, negotiating terms and finally awarding the contract. Through the integration of UpsideContract and UpsideRFX, information from the contract request forms the RFX; data generated from the RFX then forms the essence of the contract. Finally, information from awarded tenders is automatically passed into a contract shell including contract details (commodities/services and related volumes), pricing, contract values, start and end dates, vendor information, etc., thereby dramatically improving contract creation turn-around time. Additionally, solutions like UpsideRFX easily interface with ERP/Financial systems (e.g. PeopleSoft, SAP, Oracle, JD Edwards, BANN, etc.) or Legacy systems (e.g. document management applications, main frame applications, or data analysis software), allowing synchronization of vendor profile data, Chart of Accounts structure, etc.

The integrated solution broadens and improves an organization's relationship with vendors by maximizing RFX and contract visibility which enables the effective monitoring of contract performance and increased leverage from historical contracts to improve future negotiations.

Conclusion

Strategic sourcing can take on many different forms in various organizations. The primary objective, however, remains the same for all companies: continuous improvement and cost reduction. Organizations that have taken an integrated approach to RFX generation and contract management by deploying UpsideContract and UpsideRFX as part of their strategic sourcing initiative have realized a reduction in the total costs of externally purchased products and services while improving supplier relationships and overall levels of quality, service and technology.

Upside Software Inc.
Suite 310, Manulife Place
10180 – 101 Street
Edmonton, Alberta, Canada
T5J 3S4

Phone: 1-877-984-2455 (toll free)
1-780-702-1432 (local)

Fax: 1-780-702-1438

Email: ask@upsidesoft.com

Web: www.upsidesoft.com

