



Dun & Bradstreet

***The Role of Information Standards in
ERP SYSTEMS***

***Electronic Commerce '98
Applying Technologies To Optimize Supply
Management***

***Joint Client Presentation
Dun & Bradstreet / Eastman Kodak Company***

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Purchasing - Notable Quotes

“Procurement - from backwater to the key link in the value chain.”

Gartner Group - 1997

“Purchasing processes are ripe for change.”

Forrester Research

“Clearly, we are no longer in the narrow business of purchasing...we are now in the strategic business of supply management.”

Paul Novak

Exec. Vice President NAPM - 1998

Purchasing - Notable Quotes

Supply Chain Rationalization

“For Companies with sales of \$100 million or more, 93% are taking steps to pare back the size of their supply bases.”

Purchasing Magazine, 1997

Mega-Technology Trends

- Server: 75% penetration among U.S. firms greater than \$1 billion
- Data Warehousing: 40% of firms will spend \$1 million by “00”
- Purchasing pro’s appear poised to hop on the information superhighway with a full 80% planning to use the Net for business purposes within a year

Purchasing Magazine, 1997

Redefinition of the Purchasing Function

- Strategic emphasis will be placed on supplier performance evaluation, benchmarking, purchasing systems development and corporate wide consolidation of purchases

Michigan State University - Supply Chain Mgmt. Seminar, 1997

Electronic Commerce = Standards

- ◆ HTML
- ◆ JAVA
- ◆ Browser
- ◆ Uniform Resource Locator
- ◆ Security
- ◆ TCP/IP

Information Standards - Keys to Your Future

- ◆ WHO are you buying from?
- ◆ WHAT are you buying?
- ◆ HOW are your vendors performing?

Managing The Sourcing Process

Supplier Strategy

Strategic Sourcing

- ◆ Supplier Management
- ◆ Opportunity Analysis
- ◆ Risk Management
- ◆ Consolidation

Quality

Enabled by

Data Repository

- ◆ Purchase Info
- ◆ Ubiquitous Access
- ◆ Reliable/Timely
- ◆ Easily searchable

Quality

Requires

Information Standards

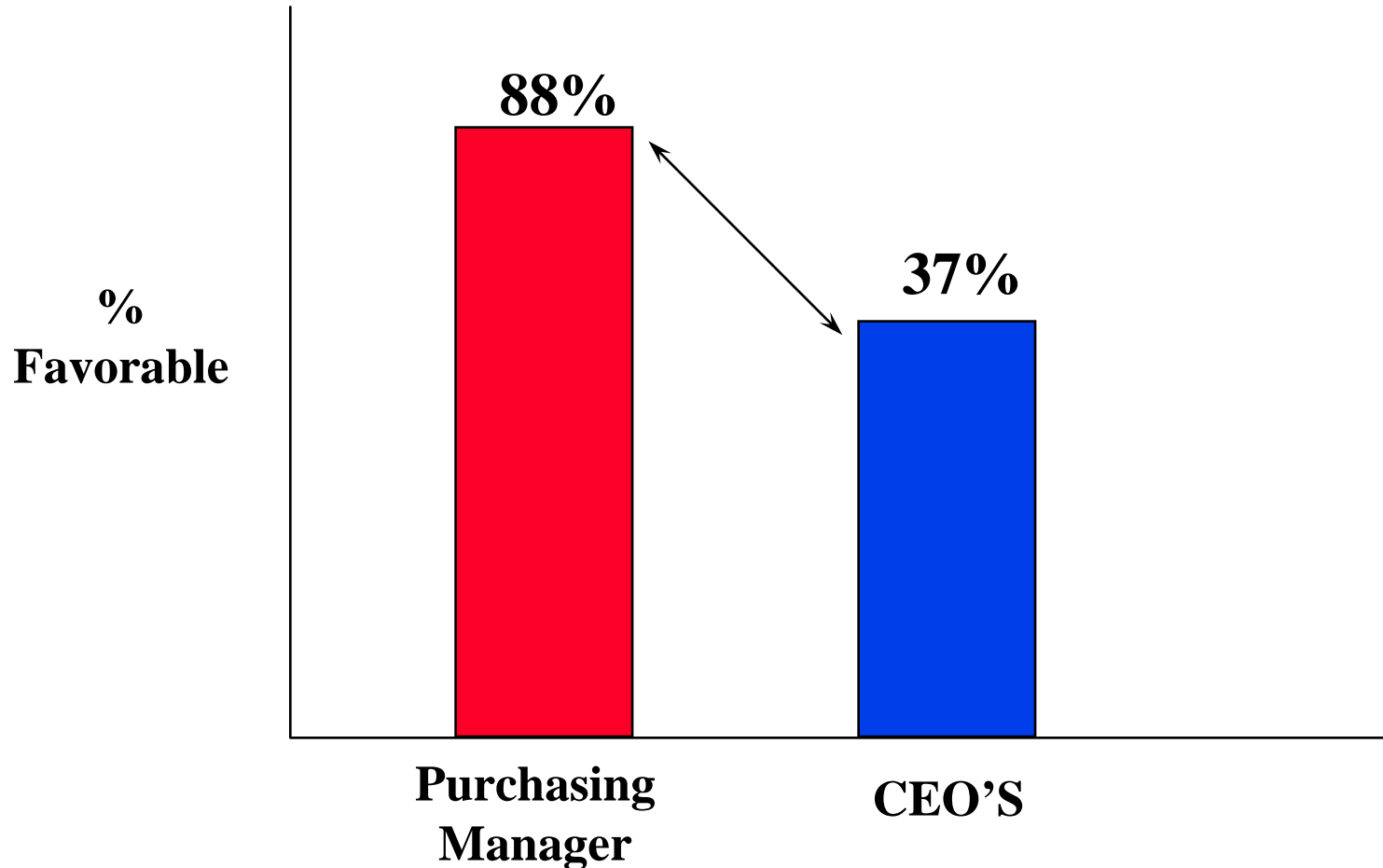
- ◆ Common Supplier, Company Commodity Codes, etc.
- ◆ Requires initial Mapping Efforts at Businesses

Purchasing - Get More Strategic

- ◆ Deliver EPS magnitude impact
- ◆ Enable your organizations
- ◆ Automate transactional tasks
- ◆ Integrate the organization with information

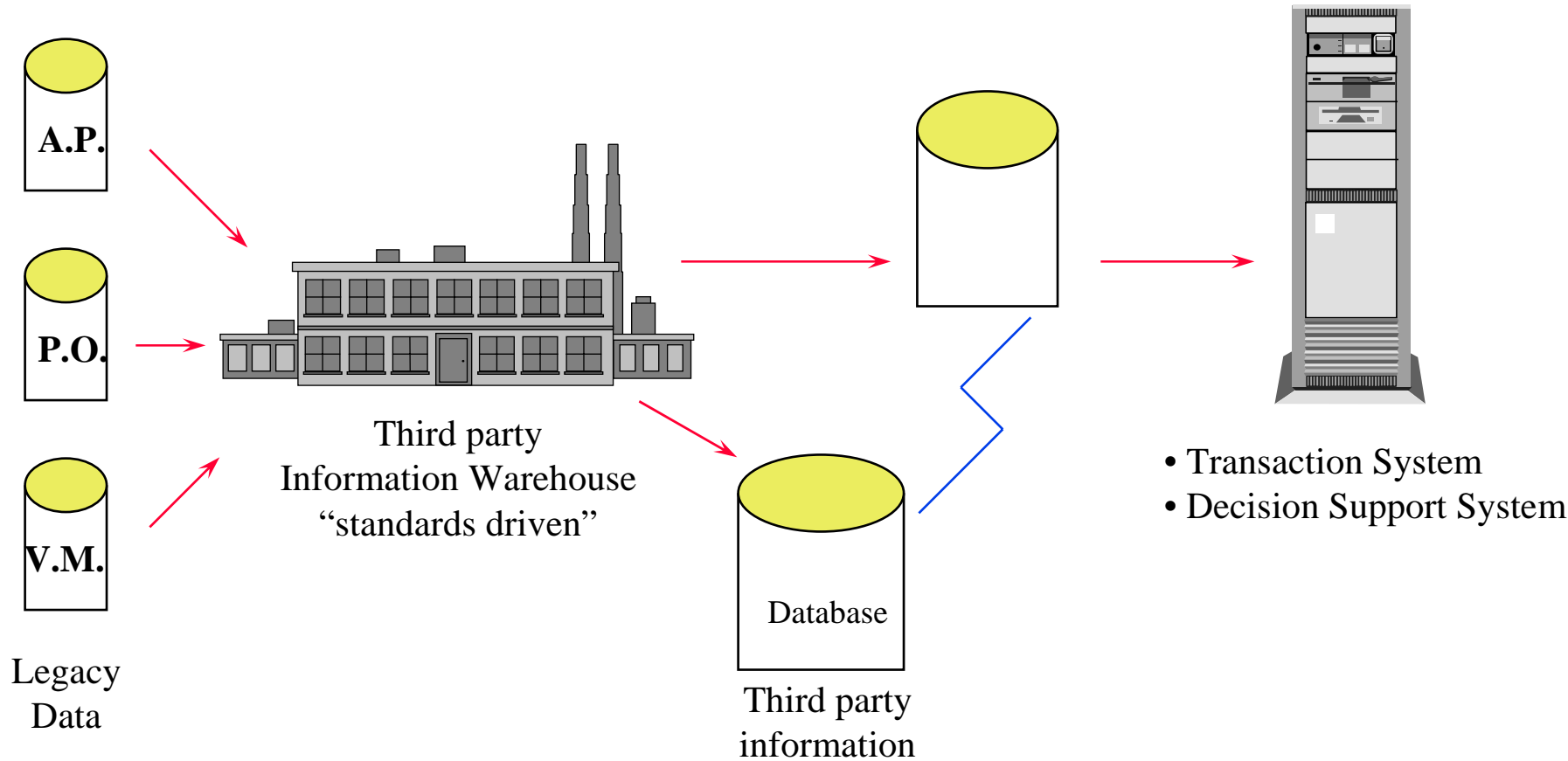
The GAP - Strategic Role of Purchasing

***Q.** Is purchasing adding strategic value?*

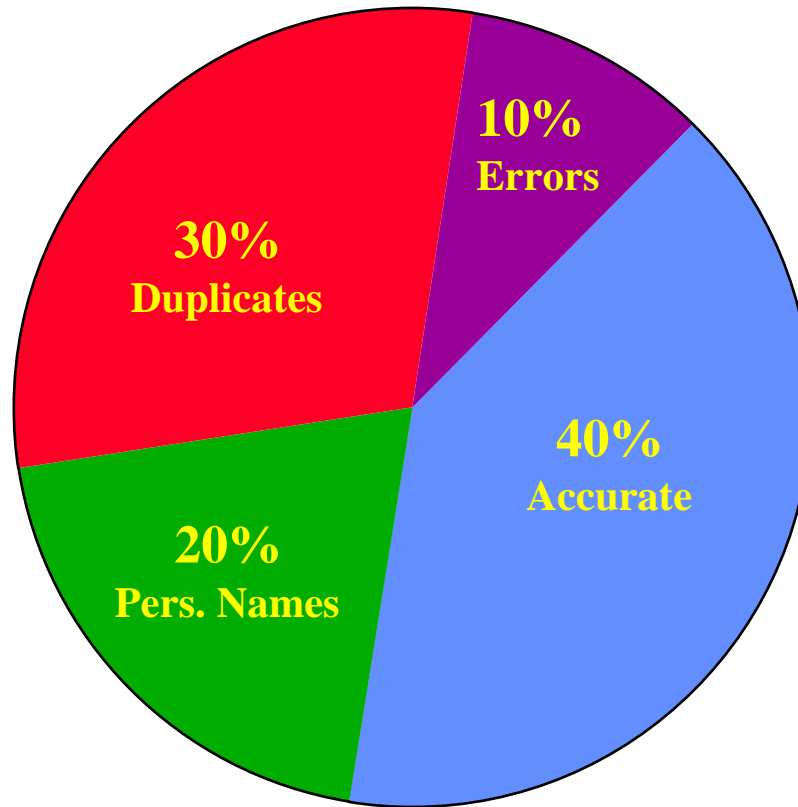


Source: CAPS Research, Fall 1996

Data Migration



Benchmarks - Who?



Who? - Sample File Audit

	<u>#of D-U-N-S No</u>	<u># of Account No</u>
> 15 - times	26	517
15 - times	5	75
14 - times	11	154
13 - times	12	156
12 - times	24	288
11 - times	38	418
10 - times	49	490
9 - times	101	909
8 - times	186	1,488
7 - times	359	2,513
6 - times	592	3,552
5 - times	1,013	5,065
4 - times	2,087	8,348
3 - times	4,192	12,576
2 - times	10,718	21,436
1 - times	<u>43,819</u>	<u>43,819</u>
<i>Totals</i>	<i>63,232</i>	<i>101,804</i>

What? - Commodity Coding Research

- ◆ Codes are not hierarchical
- ◆ Internal coding systems are obsolete
- ◆ No benchmarking abilities
- ◆ Cover only direct materials
- ◆ Difficult implementation or conversion
- ◆ Inaccurate assignment
- ◆ Expensive to maintain
- ◆ No global standards exist

What? - Commodity Coding Research

- ◆ 43% of businesses have no commodity coding system
- ◆ Of the 57% who do:
 - 57% use more than one code
 - 16% use more than 10
- ◆ 75% of firms built their own
 - average 1 year to complete
- ◆ 75% of firms have Purchasing assign the codes (PO)
 - average time to assign 30 - 90 minutes
 - 91% of codes are internally maintained

What? - Commodity Coding Example

511	Paper and office product
5112	Office products
5112 04	Computer and copying supplies
5112 04 05	Printer supplies
5112 04 05 01	Toner Cartridge

Commodity Report Example

<u>Commodity</u>	<u>Supplier</u>	<u># Items</u>	<u>Total \$</u>
Toner Cartridges	ABC Office Co.	1,000	70,000
	Paper Co., Inc.	500	28,000
	Office Company	500	30,000
	UK Office Co.	200	15,000
	Local Office, Inc.	50	3,500
	Toner Supply, Inc.	10	<u>800</u>
			<u><u>147,300</u></u>