

PEOPLESOFT STRATEGIC SOURCING



A complete internet-based sourcing solution.

Reverse auction capabilities and proposal analysis tools.

Exploit untapped value in the supply chain.

Organizations have increasingly recognized the importance of strategic procurement practices as a key component of improved profitability. Request-for-quote and request-for-proposal (RFx) activities focus on finding the best value and lowest total cost supplier rather than just searching for the lowest price. New tools, such as online auctions, are used to increase supplier competition and add benefit to organizations across a growing number of industries. Spend analysis, contract monitoring, and optimizing supplier performance likewise are critical components in making sound sourcing decisions and identifying opportunities for untapped value in the supply chain.

As a result of these sourcing tools and strategies, organizations can make buying decisions as part of an overall strategy for achieving business goals, with a view toward building long-term relationships with key suppliers. In an era of ever-increasing demands for cost control and higher operational performance, procurement has become a mission-critical operation. We provide a comprehensive strategic sourcing solution to help your organization meet these challenges.

The Enterprise Solution

Strategic sourcing refers to the process of determining the best suppliers for needed goods or services, and the conditions under which you award them business. The strategic element of this definition comes from the ability to apply different methodologies, as appropriate, to create the most value in your supply chain. This value can come in the form of pricing, warranty terms, quality, delivery accuracy, or other factors. Strategic sourcing enables you to quantify and balance these requirements so you can achieve your specific business objectives. A complete solution built on internet-based portal technologies, reverse auction capabilities, and proposal analysis tools can deliver significant value to your organization.

Oracle's PeopleSoft Enterprise Strategic Sourcing gives your organization the power to streamline its RFx processes, conduct real-time auctions when appropriate, and strategically award contracts or purchase orders. The RFx process consists of formulating requirements, selecting and inviting bidders, receiving bids, scoring and analyzing the results, negotiating terms, and awarding the contract. PeopleSoft Strategic Sourcing does this by leveraging the power of the internet. Organizations will experience an unprecedented level of profitability, control, and efficiency when buying goods and services.

With PeopleSoft Strategic Sourcing you'll be able to:

- Reduce procurement costs through competitive bidding and reverse auctions.
- Align your purchasing objectives and execution with overall business strategy.
- Automate and control the RFx and auction process both inside and outside the enterprise.

- Leverage existing supplier and customer relationships while reaching out to new trading partners.
- Track bidder participation and results effectively.
- Retain your knowledge and strategies in the application for future use and performance analysis.
- Perform award analysis using optimization to help determine optimal awards.
- Plan sourcing activities using planning tools to help track progress.
- Estimate the total cost of transacting with suppliers beyond just price.

In addition to supporting reverse auctions, PeopleSoft Strategic Sourcing’s auction engine also supports selling events (forward auctions). Strategic Sourcing users can leverage this ability to auction off excess inventory or retired assets. A single product provides both buying and selling capability.

ORACLE

Modify an Event

Event Summary

Business Unit: US001 Event ID: 0000000026 Round: 1 Version: 1 Event Format: Buy

Event Type:	RFX	Preview Date:	10/24/2003 9:00AM PDT
Event Status:	Posted	Start Date:	10/27/2003 9:00AM PST
Event Name:	Computer Equipment Request for Quote	End Date:	10/31/2005 5:00PM PST
Description:	This event is for the purchase of computer equipment. This is a request for quote, so all bidders should submit their best bid by the designated end datetime. Late bids will not be accepted. This event is unbounded.	Copy From:	<input type="text"/> Go

Required fields reside on pages marked with an asterisk (*) -- you may not save your event until all required fields are filled.

Step 1: Define Event Basics
Enter basic information, general settings and optional rules for this event.

[* Event Settings and Options](#) [Payment Terms and Contact Info](#)
[Event Comments and Attachments](#) [Event Constraints](#)
[Event Header Bid Factors](#)

Step 2: Configure Line Items
Create line listings for this event.

[* Line Items](#) Item Line Defaults

Step 3: Select Bidders to Invite
Send out targeted invitations to this event, designate it as a public event, or both.

[* Bidder Invitations](#)

Step 4: Invite Collaborators
Invite others to collaborate on this event. You may not post your event while collaborators are reviewing it.

Event Collaborators

Step 5: Post Event
When all event creation activities are complete, click Post Event to release your event for scheduled external viewing and trigger any bidder invitations you may have defined.

Create Event

PeopleSoft Strategic Sourcing provides maximum value for each transaction by supporting multiple auction formats, multiple line items per event, and bid factor specification.

The PeopleSoft Strategic Sourcing Advantage

We are setting the standard for online auctions and RFX activities. From rapid integration to global market reach, our solutions will enable the performance-driven enterprise. Immediate benefits include:

- Rapid decision-making and results.
- Automated, paperless transactions.
- Reduced purchase cycles and shortened negotiating time, enabling you to source a larger percentage of your spend.
- Fair-market pricing.
- Increased competition among your suppliers.
- Enhanced collaboration with key suppliers.
- Ability to implement selectively, based on strategic objectives.
- Built-in sell-side capability to increase revenue, decrease inventory/retired assets, and open new sales/liquidation channels.

The screenshot shows the Oracle PeopleSoft Strategic Sourcing interface. At the top, the Oracle logo is visible. Below it, the page title is "Enter Bid on Behalf of ComputersRUs". The interface includes fields for "Bidder Setid: SHARE", "Bidder ID: 000000005", and "Bidder Location: 1". A table lists bid items with columns for Business Unit, Event ID, Event Round, Event Version, Line Number, and Long Description. Below the table are buttons for "Enter a New Bid", "Upload Bid", and "View Bidder PDF/XML". There are also "Accept Invitation" and "Decline Invitation" buttons with explanatory text. A link "Return to Create Bidder Response" is at the bottom.

Business Unit	Event ID	Event Round	Event Version	Line Number	Long Description
US001	0000000026	1	1	1	Desktop CPU 450Mhz, 128 Mb RAM, DVD Drive
US001	0000000026	1	1	2	Monitor 17 inch Color
US001	0000000026	1	1	3	5 Years Warranty Extension

Real-Time Supplier Responses

Suppliers use an intuitive, web-based form to enter their responses. They can review the event details, answer questions for each line item, and view the response summary.

Product Overview

PeopleSoft Strategic Sourcing offers cost-saving features that streamline business processes and harness the potential of the internet. Our Strategic Sourcing solution will enable your organization to:

- Develop RFX strategies and documents, including weighted, user-defined, non-price sourcing factors such as warranty, lead time, defect rate, and so on.
- Invite named suppliers to participate.
- Open a purchasing event to the general public.

- Receive date and time stamp when a response is submitted.
- Hold a sealed event where the buyer cannot review the responses until after the submission period has closed.
- Leverage knowledge from internal experts through online collaboration.
- Receive automated proposal tabulation and scoring.
- Perform what-if analysis by adjusting factors, weighting, and scores.
- Award these events into a purchasing application (such as Oracle's PeopleSoft Enterprise Purchasing) as POs or contracts.
- Save strategies and results as templates, capturing the results for future use.
- Facilitate collaboration between buyers and suppliers through the internet.

With Peoplesoft Strategic Sourcing, you can break down the sourcing process into the following three high-level functions:

- Create a buying event—This step involves determining the right type of procurement (for example, auction, formal RFP, or others), selecting suppliers for participation, and setting the criteria for evaluating supplier responses.
- Receive suppliers response—This encompasses the supplier-facing pieces of the application including registration, receiving the event details, and providing a response (proposal, bid, and so on).
- Analyze supplier response and make an award—To help manage all the steps involved in the sourcing process, you can use sourcing project planning tools to help plan out all aspects of the sourcing lifecycle and track progress against the plan.

Event Creation

With PeopleSoft Strategic Sourcing, you determine the type of buying event, who will participate in the event, and what information you will solicit from suppliers to make a decision. Price is not the only determining factor—individual events for products or services can be vastly different. Strategic Sourcing enables you to create specific, specialized criteria for each buying action. Features that provide such flexibility include:

Multiple Procurement Formats

PeopleSoft Strategic Sourcing enables multiple business processes such as auctions for buying or selling, private offers or open-to-public postings, basic request-for-quotes, and formal, sealed, request-for-proposals.

Supplier Invitation

You can invite both existing trading partners and prospective trading partners to participate in a specific event. PeopleSoft Strategic Sourcing integrates with buy-side and sell-side applications enabling access to existing business partner information. You can invite new suppliers and enable them to respond to events without having to create them as an entry in your vendor master file.

Key Event Parameters

Strategic Sourcing includes reserve prices, automatic auction extensions, and minimum/maximum bid quantity.

Bid Factors

For each event, you can assign weighted bid factors that record additional requirements or information you want to collect from suppliers. The system uses the weightings and supplier responses to score suppliers. You can define your own bid factors according to your specific situations, capturing information beyond price such as warranty, delivery time, or quality. In addition, bid factors serve as a collaborative evaluation tool so you can add incremental scores based on other information you have, such as past experience with suppliers, site-visit scores, or third-party ratings.

Multi-Line Events

You can sell or buy multiple line items within a single event, enabling you to aggregate demand. If you choose, suppliers can elect to bid on a subset of the items in their response.

Template Events

To expedite event creation, you can copy previous events to inherit selected suppliers, line items, bid factors, and more. PeopleSoft Strategic Sourcing also supports the creation of template events you can use as a starting point for future procurements. You can associate bid factors with item categories enabling the automatic association of non-price attributes with products selected into an event. Events can also be created from PeopleSoft Enterprise purchase orders, contracts, and requisitions.

With PeopleSoft Strategic Sourcing, you have the flexibility to customize your sourcing activities according to your specific circumstances. You can elect to take advantage of various types of events in Strategic Sourcing depending on what you are buying, how strategic the goods and services are, and what will drive the award decision. Whether you want a long-term contract with a key strategic supplier, or simply want to drive down the price through auction in a commodity spot-buy, Strategic Sourcing provides you the tools.

Supplier Response

PeopleSoft Strategic Sourcing provides a collaborative environment for suppliers to access and respond to sourcing events in real-time, improving collaboration, participation, and employee productivity. If a supplier cannot respond online, we generate a PDF document of the event that can be downloaded, printed, or faxed. The buying organization can also enter responses on behalf of suppliers when needed.

When suppliers log on, they can access the events for which they were specifically invited and decide how to respond. They can also search public events for other possible opportunities.

Strategic Sourcing provides suppliers with email notification when they are invited to participate in an event. They can simply click on a link in the email to access the

supplier logon area. If the supplier has never participated before (for example, they are responding to a public solicitation), they can register at that time.

Strategic Sourcing also provides the ability to notify suppliers when you make changes to an event in progress—such as when you issue an amendment with new requirements or an update to the terms and conditions. Consequently, you always keep suppliers abreast of the latest event activity. In turn, they can react quickly to adjust responses accordingly.

Event ID	Event Name	Round	Version	Event Type	End Date	Status
US001-000000023	Computer Auction	1	1	Auction	11/04/03 4:00PM PST	Awarded

Report Type	Status/Ranking
<input type="radio"/> Event Invitation <input type="radio"/> Best Bids <input checked="" type="radio"/> Bidder Bid <input type="radio"/> List By Line	<input type="radio"/> Score <input type="radio"/> Rank <input type="radio"/> Bid Status <input checked="" type="radio"/> Price

Bidder Name	Bid#	Bidder ID	Date Time Posted	Price	Action
Surplus Co.	3	1007	11/04/2003 3:32:33PM	4,550.00 USD	×
Oxford Computer Inc.	1	0000000008	11/04/2003 3:32:10PM	4,800.00 USD	×
Office Supply Depot	1	0000000009	11/04/2003 3:30:20PM	4,250.00 USD	×
Surplus Co.	2	1007	11/04/2003 3:30:53PM	4,275.00 USD	×
Surplus Co.	1	1007	11/04/2003 3:29:47PM	4,200.00 USD	×

Event Bid Summary

PeopleSoft Strategic Sourcing enables you to quickly compare the supplier responses and their scores based on the bid factors and prices set up during event creation.

Response Analysis and Award

With PeopleSoft Strategic Sourcing you can analyze suppliers’ bid responses based on several different criteria: lowest price, best score, and lowest total costs. All three methods can be used simultaneously to give you the most information for making the best award decision.

Determining the best way to fulfill your sourcing needs usually involves looking at more than just price. The objective is to find the best overall value. Total Cost Modeling provides a systematic way to compare bid factors in real dollar terms. You can define cost contributing bid factors such as the switching cost to a new supplier or the cost of longer lead times. You can translate a supplier’s bid response into a contribution to the total cost and evaluate the bids based on overall cost.

Supplier responses can also be scored based on the weightings assigned to the bid factors and the corresponding answers given by the suppliers. You can also enter scores for other “hidden” criteria not requiring a specific supplier response, such as how they performed during a product demo or what your program office thinks of their customer service. PeopleSoft Strategic Sourcing enables what-if analysis so you can change the weightings of the bid factors and analyze the impact on the response scores. This enables you to fine-tune the requirements and evaluation based on specific circumstances.

Often times organizations have complex sourcing events where it is not a simple process of laying bids side-by-side to determine which suppliers are best and how you should allocate and award. To address these sourcing complexities, sourcing optimization can be used to determine the optimal award strategy that takes into account all the criteria you specify. You can define your organization's policies and constraints and have them applied during optimization. You can also perform what-if analysis such as, adding or removing constraints, to see the impact on the optimal award recommendation. Once the bids have been tabulated and analyzed, the event can be awarded.

The process of awarding an event can include automatically creating a purchase order or contract in other applications such as Oracle's PeopleSoft Enterprise Purchasing.

Enterprise Management Integration

PeopleSoft Strategic Sourcing provides a comprehensive sourcing solution. It is a key component of Oracle's PeopleSoft Enterprise Supplier Relationship Management solution. Oracle's PeopleSoft Enterprise Supply Chain Warehouse works hand in hand with PeopleSoft Strategic Sourcing to provide visibility into your supply chain and performance measurement. These products, together with Oracle's PeopleSoft Enterprise eProcurement, Oracle's PeopleSoft Enterprise Supplier Portal solution, and the core Purchasing foundation, provide all the tools you need to effectively manage your supplier relationships while empowering your buyers and requesters.

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