

# PEOPLESOFT ENTERPRISE STRATEGIC SOURCING



## FEATURES

- A complete internet-based sourcing solution
- RFx capability
- Reverse auction capabilities and proposal analysis tools
- Event creation
- Proposal response analysis and award

## BENEFITS

- Reduced procurement costs through competitive bidding and reverse auctions
- Alignment of purchasing objectives and execution with business strategy
- Long-term strategic supplier relationships based on best value and lowest cost supplier performance
- Ability to exploit untapped value in your supply chain

*Oracle's PeopleSoft Enterprise Strategic Sourcing enables your organization to streamline its RFx processes, conduct real-time auctions, 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.*

## The Enterprise Solution

Organizations recognize 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 to benefit to organizations across a growing number of industries. Spend analysis, contract monitoring, and optimization of supplier performance likewise are critical components in making sound sourcing decisions and identifying opportunities for untapped value in the supply chain.

Because 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 the comprehensive strategic sourcing solution to help your organization meet these challenges.

*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 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 that 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. 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 that help track progress.
- Estimate the total cost of transacting with suppliers beyond just price.

In addition to supporting reverse auctions, the PeopleSoft Strategic Sourcing 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  
 Event Status: Posted  
 Event Name: Computer Equipment Request for Quote  
 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 date/time. Late bids will not be accepted. This event may be awarded.  
 Preview Date: 10/24/2003 9:00AM PDT  
 Start Date: 10/27/2003 9:00AM PST  
 End Date: 10/31/2005 5:00PM PST  
 Copy From: [dropdown] 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.

**Figure 1. Create Event – PeopleSoft Strategic Sourcing provides maximum value for each transaction by supporting multiple auction formats, multiple line items per event, and bid factor specifications.**

## 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 times, 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.

**ORACLE**

**Enter Bid on Behalf of ComputersRUs**

Bidder Setid: SHARE Bidder ID: 0000000005 Bidder Location: 1

First 1 4-3 of 3 Last

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

Enter a New Bid Upload Bid View Bidder PDF/XML

Accept Invitation Click Accept Invitation if you intend to respond to this RFx at a later time.

Decline Invitation Click Decline Invitation if you do not intend to respond to this RFx

[Return to Create Bidder Response](#)

**Figure 2. 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 a date and time stamp when a response is submitted.

- Hold a sealed event in which 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 all aspects of the sourcing life cycle 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**

PeopleSoft 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 that 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, and quality. In addition, bid factors serve as a collaborative evaluation tool, so you can add incremental scores based on other information that you have, such as experience with suppliers, site-visit scores, or third-party ratings.

**Multiline 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.

**Line Groupings**

With line groupings, you can allow buyers/event creators to specify the multiple line items within the group and have the system treat each group as a single unit for bidding purposes. If a buyer does not group lines on event creation, the supplier can propose a line group because, in so doing, he can offer the buyer a better deal.

**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 that 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 also can 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.

**Third-Party Event Notification Integration**

Many organizations use third-party systems for managing bidders and bids to take the burden off the organizations in managing bidders and events. These services enable agencies to focus their efforts on procurement activities, not user support for the bidder community. Third-party event notification integration provides a set of integration points for organizations to communicate between PeopleSoft Strategic Sourcing and third-party bid management systems. PeopleSoft Strategic Sourcing users can continue to benefit from all of the features within Strategic Sourcing by using the product to create the sourcing event when leveraging a third-party system. Once sourcing events are posted, they will be sent automatically to the third-party bid management

### 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 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 click 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 enables you 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.

The screenshot shows the Oracle Event Bid History interface. At the top, there is a header with the Oracle logo and a navigation menu. Below that is the title 'Event Bid History' and a summary table for the event 'US001-000000023 Computer Auction'. The summary table includes columns for Event ID, Event Name, Round, Version, Event Type, End Date, and Status. Below the summary table are controls for Report Type (Event Invitation, Best Bids, Bidder Bid, List By Line) and Status/Ranking (Score, Rank, Bid Status, Price). There is also a 'Sort By' dropdown and a 'Descending' checkbox. At the bottom, there are 'Expand All' and 'Collapse All' links, a search bar, and a table of bid entries. The bid table has columns for Bidder Name, Bid#, Bidder ID, Date Time Posted, and bid amounts. The bid amounts are displayed in green for the highest bid and red for others. There are also expand/collapse icons and a status icon (a red X) for each bid.

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

  

Bidder Name	Bid#	Bidder ID	Date Time Posted	Amount	Status
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	4,500.00 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	×

**Figure 3. Event Bid History – PeopleSoft Strategic Sourcing enables you to compare supplier responses and their scores quickly based on the bid factors and prices that were set up during the 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 also can 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 that 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, organizations have complex sourcing events that are not simple processes of laying bids side-by-side to determine which suppliers are best and how you should allocate and award. To address these sourcing complexities, organizations can use sourcing optimization to determine the optimal award strategy that takes into account all the criteria that 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 that you need to effectively manage your supplier relationships while empowering your buyers and requesters.

### **Contact Us**

For more information about PeopleSoft Strategic Sourcing, please visit [oracle.com](http://oracle.com) or call +1.800.ORACLE1 to speak to an Oracle representative.



Oracle is committed to developing practices and products that help protect the environment

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