

PeopleSoft Strategic Sourcing



Oracle's PeopleSoft 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.

KEY FEATURES

- Complete Internet-based sourcing solution
- RFX capability
- Reverse auction capabilities and proposal analysis tools
- Sourcing Event creation
- Weighting assigned to Bid Factors for response optimization and evaluation
- Digital signatures
- Configurable Bidder search criteria
- Filter criteria for Event Workbench
- Supplier Registration to bid online
- Segregation of duties
- Event collaboration security
- Proposal response analysis and award

KEY BENEFITS

- Reduced procurement costs through competitive bidding and reverse auctions
- Alignment of purchasing objectives and execution of business strategy
- Long-term strategic Supplier relationships based on best value and lowest cost Supplier performance

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 searching for the lowest price. Tools, such as online auctions, are used to increase Supplier competition and to benefit 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.

Strategic sourcing refers to the process of determining the best Suppliers for needed goods or services, and the conditions under which you award them your 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 organizations can achieve specific business objectives. A complete solution built on Internet-based portal technologies, reverse auction capabilities, and proposal analysis tools can deliver significant value to organizations. With PeopleSoft Strategic Sourcing, organizations can:

- Efficiently add Bidders with self-service registration.
- 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.
- Effectively track Bidder participation and results.
- Retain knowledge and strategies in the application for future use and performance analysis.
- Perform award analysis using optimization to help determine optimal award.
- Plan sourcing activities using planning tools that help track progress.
- Estimate the total cost of Supplier transactions 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.

The PeopleSoft Strategic Sourcing Advantage

Strategic Sourcing sets 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 Suppliers.
- Enhanced collaboration with key stakeholders in the line of business.
- Ability to implement selectively, based on strategic objectives.
- Built-in sell-side capability to increase revenue, decrease inventory/retired assets, and open new sales and liquidation channels.

Product Overview

PeopleSoft Strategic Sourcing offers cost-saving features that streamline business processes and harness the potential of the Internet. Strategic Sourcing enables organizations to:

- Develop RFX strategies and documents, including weighted, user-defined, non-price sourcing factors such as warranty, lead-time, defect rate, and more.

- Author a contract document at the time of RFx creation so Bidders will have full visibility to terms.
- Invite named Suppliers to participate or open a purchasing event to the general public.
- 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 while ensuring not all collaborators have access to sensitive data.
- Perform “what- if” analysis by adjusting factors, weighting, and scores.
- Award these events into a purchasing application as POs or Contracts.
- Save strategies and results as templates, capturing results for future use.
- Facilitate collaboration between Buyers and Suppliers through the Internet.

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

- Multiple business processes, such as auctions, private offers, basic requests for quote as well as formal, sealed requests for proposal.
- The ability to invite both prospective and existing trading partners to participate in a specific event.
- The ability to invite bidders to participate without having to create them in the Supplier master file.
- The ability to assign weighted bid factors that record additional requirements or information collected from Suppliers.
- Support for the creation of template events that can be used as a starting point for future procurements.

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, a PDF document of the event can be downloaded, printed, or faxed. The buying organization can also enter responses on behalf of Suppliers when necessary.

RELATED PRODUCTS

The following Products support Oracle PeopleSoft Strategic Sourcing:

- PeopleSoft eProcurement
- PeopleSoft Purchasing
- PeopleSoft eSupplier Connection

RELATED SERVICES

The following services support Oracle PeopleSoft Strategic Sourcing

- Update Subscription Services
- Product Support Services
- Professional Services

When Suppliers log into the system, 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 login area. If the Supplier has never participated in the past, they can register as a Bidder at that time.

The module also enables organizations to notify Suppliers when changes are made to an event in progress—when amendments are issued with new requirements or an update to the terms and conditions. With that, Suppliers are always kept abreast of the latest event activity. In turn, they can react quickly to adjust responses accordingly.

Response Analysis and Award

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

Determining the best way to fulfill 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. Organizations can define cost contributing bid factors, such as switching the cost to a new Supplier or the cost of longer lead times. Buyers 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 participating Suppliers. Organizations can also enter scores for other "hidden" criteria not requiring a specific Supplier response, such as how they performed during a product demonstration or what Buyers think of their customer service. PeopleSoft Strategic Sourcing enables "what-if" analysis so that bid reviewers can change the weightings of the bid factors and analyze the effect on the response scores. This enables organizations 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 contracts should be allocated and awarded. To address these sourcing complexities, organizations can use sourcing optimization to determine the optimal award strategy that takes into account all the criteria specified in the bidding event. An organization's defined policies and constraints can be applied during optimization. Bid reviewers can also perform "what-if" analysis, such as adding and removing constraints to see the effect on the optimal award recommendation. Once the bids have been tabulated

and analyzed, the event can be awarded to one or more Suppliers.

The process of awarding an event can include automatically creating a purchase order or contract in the Purchasing application.

Third-Party Event Notification Integration

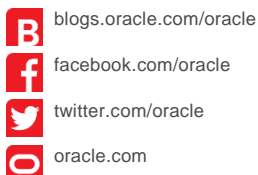
Many organizations use third-party systems for managing Bidders and bids to take the burden off the teams that manage Bidders and events. These services enable agencies to focus their efforts on procurement activities, not user support for the Bidder community. Third-party event notification integration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



CONTACT US

For more information about PeopleSoft Strategic Sourcing, visit oracle.com or call +1.800.ORACLE1 to speak to an Oracle representative.

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Hardware and Software, Engineered to Work Together

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