

JD Edwards EnterpriseOne Operational Sourcing

Manual processes for sourcing materials, commodities, and services are labor-intensive and time-consuming. It is also difficult to coordinate activities between multiple buyers in multiple locations to ensure consistency in quality, pricing, and terms. For many companies, automating the sourcing process can have a quick and significant impact on operating margins through increased efficiency and by leveraging all their purchasing power.

The Issue: A Procurement Process that Cannot Keep Up with Your Growth

It seems like such an easy concept. Ask suppliers for a price. Then add a further question on their supply lead time or quality reject rate. Collect their answers. Pick the bidder with the best answers. Regrettably, this process can only be that simple for companies with a handful of suppliers, and only a few standard products to purchase.

Reality check. You are growing fast, adding buyers, searching for quality suppliers, and facing supply needs that constantly shift with the wind. As volumes increase, you need visibility to a broad spectrum of purchasing options to ensure bids reflect the best value based on your organization's procurement strategies. Sometimes, the extra price paid is offset by shorter delivery lead times, fewer rejections, or the supplier managing the inventory for you.

Only an automated operational sourcing solution integrated to core enterprise applications can provide the consistency, simplicity, and speed required to make your sourcing process a competitive advantage.

Historically, the common school of thought has been that only large enterprises with massive purchasing volumes and hefty software budgets can realize the bottom line benefits of sourcing software. Most small and medium companies have been reluctant to take on the additional burden and cost of third-party, bolt-on applications for a process that is not technically broken.

The Solution: Automate and Standardize Sourcing Events Across Your Firm

Times have changed. With Oracle's JD Edwards EnterpriseOne Operational Sourcing module, small-sized and medium-sized companies can implement a solution that streamlines sourcing events and ensures the best value from suppliers. This web-based, collaborative application simplifies the process of creating, publishing, analyzing, and awarding sourcing events. Plus, it's developed with the JD Edwards EnterpriseOne toolset and features built in integration with the existing inventory

Key Features

- Structure response formats
- Assign weights to questions and responses
- Automatically send emails to potential bidders
- Invite existing or ad hoc suppliers
- Send RFIs or RFQs
- Automatically create address book records for new suppliers
- Send preview of event to potential suppliers if appropriate
- Award bids to one or multiple suppliers
- Automatically create item master records for ad hoc items
- An integral part of the JD Edwards EnterpriseOne Supply Management product suite
- Works with other JD Edwards EnterpriseOne ERP modules

and procurement functionality to help keep your information management costs down.

A Well-Defined, Four-Step Process for Any Company That Makes Purchases

Step 1 – Develop a Sourcing Event

The success of every sourcing event hinges on a set of well-crafted questions that will generate easy-to-evaluate responses based on the same comparative basis. JD Edwards EnterpriseOne Operational Sourcing provides the capability for developing unique questions (see Image 1) for a single event or lets buyers draw from a predefined library to accelerate the event creation process.

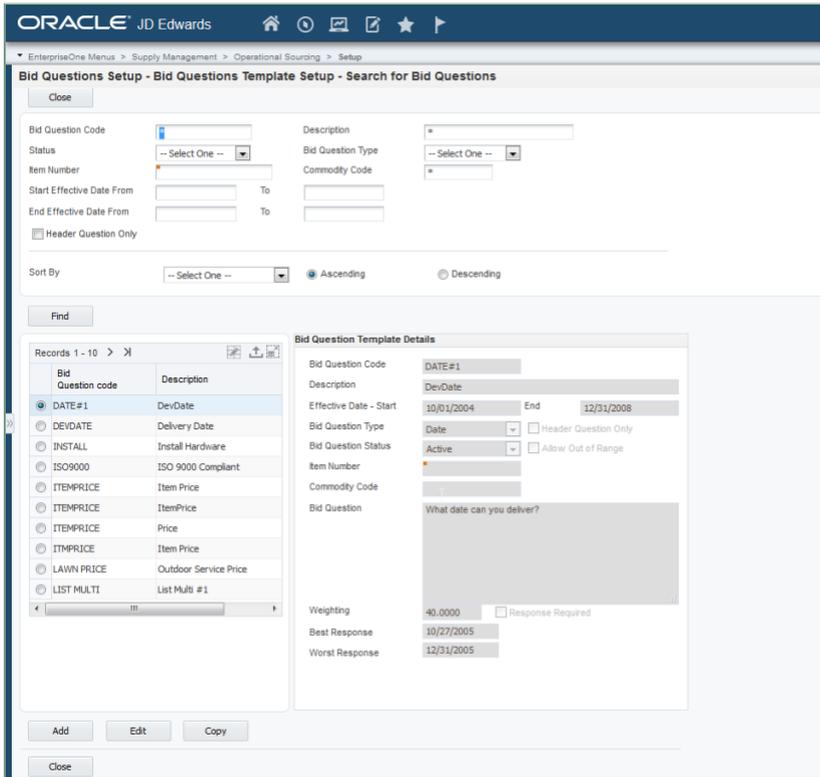


Image Caption 1. Create bid questions in JD Edwards EnterpriseOne Operational Sourcing

You have the flexibility to structure response fields for consistency, requiring suppliers to enter a date, choose from a list, set a price, or enter free-form text responses. This addresses the need to present questions both at the event level for company information as well as line level to more clearly understand the products and services you are looking for. Buyers can send invitations for a Request for Information (RFI) to explore potential new suppliers or a Request for Quote (RFQ) to gather detailed information including pricing data for products and services. Services and items can be included in the same event.

Not all products are commodities and not all suppliers are equal. JD Edwards EnterpriseOne Operational Sourcing lets buyers assign weights to questions and their anticipated responses. Some things are not negotiable, such as the gauge of a steel fitting, labor expertise, or quality criteria. Weighting effectively eliminates suppliers that cannot match specifications and helps quickly narrow analysis to those that are the best fit for the events' requirements.

Step 2 – Publish a Sourcing Event

FEATURE OR FUNCTION HIGHLIGHTS

- Automatically create address book records for new suppliers
- Send preview of bidding event to potential suppliers as appropriate
- Award bids to one or multiple suppliers
- Automatically create item master records for ad hoc items
- Assign user-defined weighting to questions and supplier responses
- Create RFIs and RFQs
- Structure bid response formats
- Automatically create emails to potential bidders

JD Edwards EnterpriseOne Operational Sourcing creates email invitations for bidders that include event details and sign-on information. Bidders can be existing suppliers or invited on an ad hoc basis. Aspiring bidders are directed to a portal for registration. Existing suppliers bypass registration while address book records are created for new bidders.

Buyers have the option to publish a preview of an event to enable suppliers to prepare a higher-quality response. During the event, buyers cannot change parameters unless it is paused, therefore, any update ultimately results in a new batch of emails sent to all invited parties with links to the updated event.

Step 3 – Collect and Compare Supplier Responses

First-time bidders are required to register to make sure a complete address book record is captured. Buyers determine whether bidders will have visibility to the weighting of each question in the event. Bidders have the ability to save a partially completed response for later updates. Bid responses are unavailable to the buyer until the bidder actually submits their complete response at which time the buyer can see the answers (see Image 2).

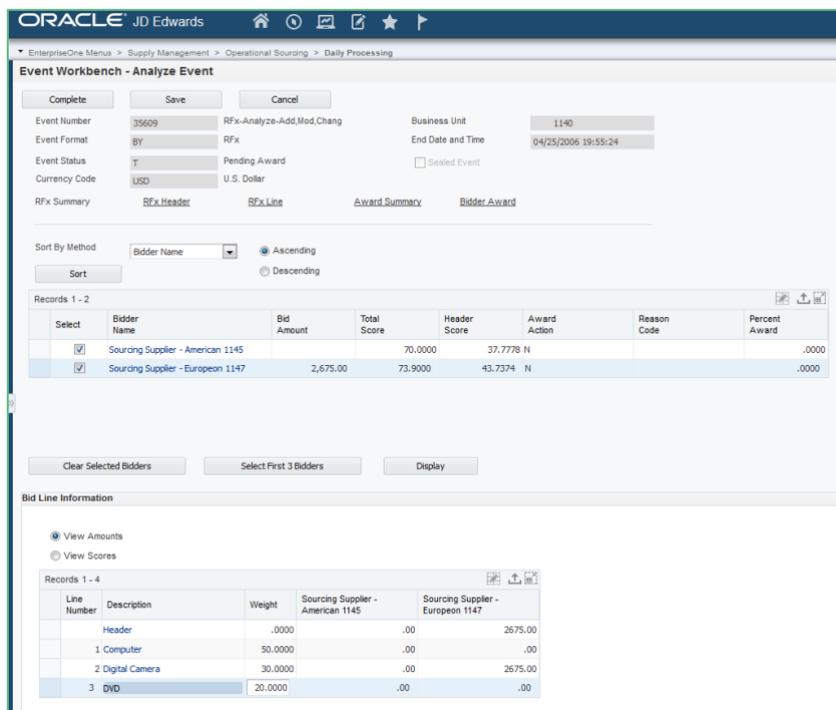


Image Caption 2. Analyze supplier responses using JD Edwards EnterpriseOne Operational Sourcing

With responses reflecting a common format and weighted scores, buyers can more quickly and objectively determine the optimal source for desired products and services. JD Edwards EnterpriseOne Operational Sourcing allows up to three responses to be viewed and analyzed at once, side-by-side and in summary or detail form.

Step 4 – Award the Event

Bids can be awarded in batches to multiple suppliers at both the header and detail levels. Purchase orders can be either automatically created or a blanket purchase order can be manually created. First-time suppliers are automatically created from the bidder information. Ad hoc items automatically become standard items in the item master.

Make Sourcing Your Competitive Advantage

JD Edwards EnterpriseOne customers have long realized the benefits derived from implementing a broad suite of applications with built-in integration drawing on a single data model. The JD Edwards EnterpriseOne approach helps companies do more with less. The primary goals of this approach are:

- Extend more capabilities to users with less drain on information technology resources.
- Deploy more strategic software applications with lower costs.
- Make processes more streamlined with less interruption.

JD Edwards EnterpriseOne Operational Sourcing carries on that tradition by automating manual processes and providing visibility across the entire organization. Buyers become more efficient by reusing content from previous events and letting the system send emails to potential bidders. The merits of each bid are more quickly evident through weighted questions, structured responses, and side-by-side comparison. Keeping events within the enterprise system helps ensure consistency in products and services and helps aggregate total spend to drive better prices.

Solution Integration

With JD Edwards Enterprise Operational Sourcing, a company can also purchase and implement other JD Edwards EnterpriseOne products:

- JD Edwards EnterpriseOne Supply Management (Procurement)
 - Buyer Workspace
 - Supplier Workspace
 - Requisition Self-Service
- JD Edwards EnterpriseOne Supply Chain Planning
- JD Edwards EnterpriseOne Supply Chain Execution (Logistics)

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