



Taking e-Procurement Adoption to the Next Level

Leveraging best-in-class materials management and search capabilities to win the hearts and minds of end users and improve procurement efficiencies at research-intensive organizations

Research-intensive organizations have unique requirements for the type of e-procurement solution that can best help them achieve maximum end-user adoption and contract compliance – the “Holy Grail” of electronic procurement. End-users at large pharmaceutical companies or research institutions are typically dispersed across vast campuses in small departments and labs, each requiring its own stockroom to keep inventories of products and supplies specific to the work conducted in that location. At the same time, these organizations have traditionally had e-procurement systems that are entirely separate from the systems they use to manage the inventory in those stockrooms.

In this type of environment, end-users in one location in the organization have no way of knowing whether their required reagent, beaker, or standard supply type item is in stock elsewhere within the organization. The only options for the end-user are either to call or walk around the campus to track down the chemical or, more likely, to simply log into the e-procurement system and place a purchase order directly to the vendor for the needed items. On top of basic process inefficiencies, this creates two potential problems for the organization. First, end-users place orders for items that are already in stock, driving up the organization’s total spend. Second, the additional orders may unnecessarily increase the amount of hazardous materials coming into the organization.

Linking e-Procurement to Inventory Management

The challenge for the Procurement group at this type of organization is to ensure ready access to needed materials for scientists and staff, while also ensuring that the organization as a whole gains better control of its total spend and its onsite inventories. To meet this challenge, many research-intensive companies and institutions are looking to e-procurement solutions that include capabilities and

functionality specifically developed to meet their unique requirements around inventory management.

For example, SciQuest, a provider of solutions for supplier management and procurement automation, is bringing to market functionality specifically geared toward helping research-intensive organizations gain better control of both their materials spend and the actual inventory in their stockrooms. SciQuest’s latest offering combines the ease-of-ordering and spend controls of a best-in-class e-procurement solution with new capabilities for managing existing stock and product. The result is a solution that provides additional incentive for end-users to adopt the e-procurement system as their sole source of all goods and materials, while also providing the organization as a whole with a higher level of control over their hazardous materials and other stocks.

The new Materials Management capabilities in the SciQuest offering allow end-users to go online to their e-procurement system to conduct a search for required research items. SciQuest’s search capabilities were specifically designed for the research markets, allowing, for example, for molecular structure-based searches, as opposed to searching by product name or supplier name. The search results show available inventory already in-stock at the organization, including where it is and how much is available, as well as options for procuring new inventory or non-stocked items from preferred suppliers or secondary suppliers through the e-procurement system. The system allows inventory to be promoted to the top of the search results list as well as being flagged with attention grabbing icons.

With one system, users can determine for themselves how and where they want to fulfill their need, providing the convenience and timeliness of tapping into existing stocks when available. In addition, the solution incorporates workflow that allows stockroom managers to electronically

fulfill internal orders using existing inventory just as if they were being filled by an external supplier.

Turning Stockrooms into Profit Centers

SciQuest has gone one step further in helping research-intensive organizations better manage their inventories by providing tools that let the stockrooms act essentially as independent business units. In addition to functionality for managing and controlling inventories, stockrooms can promote their products to end-users through the e-procurement system. Pricing is also managed through the system, so bulk restocking purchases, e.g., cases of beakers, can be broken down to smaller selling units, e.g., each, boxes, etc. Through these tools, the stockrooms can act more as small, independent profit centers and move away from being purely viewed as a cost center.

On the supply side, the SciQuest solution allows suppliers to create vendor-managed inventory stock within a customer facility. Suppliers can set up VMI stock on a kiosk basis within their customer and make that stock available to anyone within the client organization. Large suppliers leverage vendor-managed inventories as a standard practice within research-intensive organizations to provide real-

time service for key research products. The SciQuest solution offers suppliers visibility into their on-site inventory levels from their home-offices along with who has shopped for that inventory.

From an Environmental Health and Safety (EH&S) perspective, the SciQuest solution empowers large pharmaceutical or research-intensive organizations to track all their hazardous materials within their facilities. The system is integrated with bar coding and end-user ID badge scanning capability, so organizations can link dispensed chemicals and products with the recipients and their locations, providing EH&S enhanced ability to track and manage hazardous materials within the facility. EH&S now can have transparency into where hazardous materials are located as well as how much is there.

Driving Adoption, Increasing Savings

With these powerful new tools, research-intensive organizations have access to a single user interface for procuring and managing both internal and external products, as well as a uniform process for managing inventories regardless of where the products are located. This type of functionality is not available where typically an organization's inventory

management systems are siloed from their e-procurement system.

For the research-intensive organization, the ROI on this type of solution comes from:

- Minimizing redundant stock purchased directly from external vendors.
- Reducing the amount of hazardous materials coming into the organization.
- Providing end-users with access to the most readily available products, as well as a unified shopping environment to locate all the goods and services they require.
- Increasing end-users' satisfaction – and adoption rates – by giving them easy-to-use tools to quickly search and locate the products they need for their research.
- Empowering stockroom personnel to better manage their inventory and to make their products available to the entire organization.

By giving demanding end-users access to the goods and products they need, when they need it, pharmaceutical companies and other research-intensive organizations can ensure high end-user adoption of their e-procurement solutions, driving increased contract compliance and, ultimately, greater spend under management and higher cost savings, achieving the "Holy Grail" of e-procurement.



2007 Pro to Know Mary Gallagher Vice President, Global Professional Services SciQuest

Mary Gallagher has a deep understanding and knowledge of Supplier Enablement and why a supplier management strategy matters. Under Mary's guidance, SciQuest serves as a liaison between its customers and suppliers, providing strong alignment between the two, making e-commerce essentially work at its best. Mary believes that a sound supplier strategy can re-energize e-procurement into a key component of broader spend management strategies. As a leading expert in change management, she has developed and shared numerous best practices in driving successful user adoption programs, and with a thoughtful plan for change coupled with a supplier strategy, SciQuest customers experience increased user adoption from the beginning of deployment, ensuring that the organization gains their planned benefits.