

Business Case: Optimizing Business-to-Business (B2B) Procurement Processes Through E-Procurement

General Information

ThunderQuote would like the teams to conduct fact finding, collection and analysis of data with the objectives to propose and recommend ideal planning on how the B2B procurement process of initial tendering and quotation gathering/submission between buyer organisations and vendors can be optimised for greater market efficiency (value-adding to supply chains), productivity (reducing purchasing time for supply chains) and finally to strengthen compliance standards (fraud-proofing supply chains) using E-Procurement.

1. Buyers

Buyers refer to parties who are looking for vendors of products and services. They are provided with a full suite of e-procurement software which assists them through the entire sourcing portion of the procurement process – from scoping the project, information search, sourcing for vendors and quotations, price comparison and benchmarking, approvals or awarding of contracts, evaluations and monitoring of vendors' performance on the awarded contracts.

2. Vendors

Vendors refer to parties who are looking for buyers of products and services. They are given a platform to access 'open' requests from buyers – to submit quotations, communicate and negotiate with the buyers on the platform to closing deals.

3. ThunderQuote as a Platform

ThunderQuote acts as an intermediary, matching and linking up both buyers and vendors but are not directly involved in the negotiation and deal-making processes unless specially contracted by buyers.

As such, ThunderQuote wishes to eliminate problems and challenges that buyers and vendors frequently encounter in standard procurement process via digital means to expedite the process and increase the speed of transactions for buyers and vendors.

Issues Encountered

ThunderQuote has conducted an in-depth analysis of the procurement process flows, compared with e-procurement workflows and listed the possible challenges. The team has also reviewed case studies from other e-procurement businesses to identify possible problems.

1. Procurement can be divided into direct procurement and indirect procurement. Direct procurement concerns direct inputs into production of goods and services such as rubber, plastics and commodities for factory production. Whereas indirect procurement deals with services, goods and equipment required to

support the organisation which range from pantry and office supplies to cleaning services to IT systems and more. ThunderQuote deals specifically with indirect procurement which inherently has greater complexity and more ad-hoc in nature.

2. Workload for procurement can be erratic and ad-hoc, this means that buyer requests can be highly variable in quantity and frequency. There are multiple categories which buyers can request vendors for, ranging from events services, marketing services, IT services to renovation or even physical equipment.

This also means that buyers may not be fully aware of the scope and specifications needed to meet their needs and hence are forced to rely on vendors to provide information (which tend to be somewhat biased).

ThunderQuote addresses this issue via their in-house scoping wizard, but this is limited to categories which has already been populated with information.

3. All buyers are generally required to secure multiple quotations (usually at least 3) for compliance and market pricing purposes. However, not all buyers do so – they might get in one vendor (due to pre-existing relationships or other reasons) or simply source for quotations to fill up the compliance need.

Additionally, some buyers would use quotations from vendors to benchmark against their current vendor prices and as mentioned above, would award the contract to existing vendor after they matched the prices.

4. Vendors thus are wary of such situations and would approach request for project tender or quotation 'half-heartedly'. They suffer from 'QUOTATION FATIGUE' and are likely to lose trust in the e-procurement platform for future quotations.

This is the key problem.

5. Communications between buyer and vendors are often done via various media, resulting in tracking difficulties and possibilities of lost documents/contracts especially in the event of manpower shifts.

ThunderQuote addresses part of this issue through digital contract and document tracking, but this also brings in issue of migration as well as consistent adherence to standards from all parties.

Requirements

Provide specific recommendations based on the information provided and, with a very special focus on applying internal and external data (i.e. digitalisation) to overcome 'quotation fatigue', improve the quality of quotation from vendors to buyers, awarding of contracts and tracking the performances of awarded contracts.

About internal data, we mean using data from vendors and buyers. As for external data – it could include data from Public Sectors sources.

In quality of quotation, we are referring to very competitive pricing from vendors and faster turnaround time i.e. from request for quotation, to submission and approval or awarding of contract.

More specifically, we would also like the teams to consider the following questions and situations:

1. Given ThunderQuote fundamental business model of matching up buyers and vendors, what would you recommend to:
 - a. Encourage vendors to consistently quote for new requests in their category.
 - b. Encourage vendors to provide data about their companies that enable buyers to purchase from them.
 - c. Reduce 'quotation fatigue' or effort taken by vendors to submit quotations.
2. On the flip side, how can ThunderQuote make it more accessible for buyers to submit requests in greater quantities and frequencies, in particular making the change from standard procurement processes to an e-procurement one easier.
3. How can buyers use publicly available data to conduct due diligence on vendors without having to extract data from vendor employees.

Open House

The Open House:

2nd May 2018 (Wednesday), 3 pm

4th May 2018 (Friday), 2 pm

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Team leader to send email to the contact person in advance regarding the number of persons going to the open house.