

# Oracle 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. Organizations experience unprecedented levels 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 to improve profitability. Request for quote and request for proposal (RFX) activities focus on finding the best value and lowest total cost Supplier, rather than simply searching for the lowest price. Tools, such as online auctions are used to increase Supplier competition and benefits organizations across a growing number of industries. Spend analysis, such as monitoring contracts and optimizing Supplier performance are critical components when 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 goods or services, and the conditions by 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 portal technology, reverse auction capabilities, and proposal analysis tools delivers significant value to organizations. Using PeopleSoft Strategic Sourcing, organizations can:

- Efficiently onboard Bidders with self-service registration.
- Reduce procurement costs using competitive bidding and reverse auctions.
- Align purchasing objectives and execution with overall business strategy.
- Automate and control the RFX and auction process, both inside and outside the enterprise.

## Key Features

- Complete internet-based sourcing solution
- Ability to invite bidders to participate without having to create them in the Supplier master file
- Support for multiple business processes such as auctions, private offers, basic request-for-quotes, and formal, sealed requests-for-proposals
- Provide reverse auction capabilities and proposal analysis tools
- Sourcing Event creation with round and version control
- Weight assigned to Bid Factors for response optimization and evaluation
- Configurable Bidder search criteria
- Filter criteria for Event Workbench
- Supplier registration to bid online
- Bid forms available for download on the Supplier Portal
- Bidder may respond online leveraging an easy-to-use activity guide
- Integrate with third-party Event Notification services
- Segregation of duties
- Event collaboration security
- Public notification for Notice of Intent to Award and Notice of Award
- Proposal response analysis and award

- 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.
- Analyze awards to determine the optimal award.
- Plan sourcing activities using planning tools that help track progress.
- Estimate the total cost of transactions with Suppliers beyond the price.
- Track Supplier participation in the Sourcing Events you manage with the "My Sourcing Events" tile on the Procurement Operations Homepage.

### Key Benefits

- Reduce 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 of Supplier performance

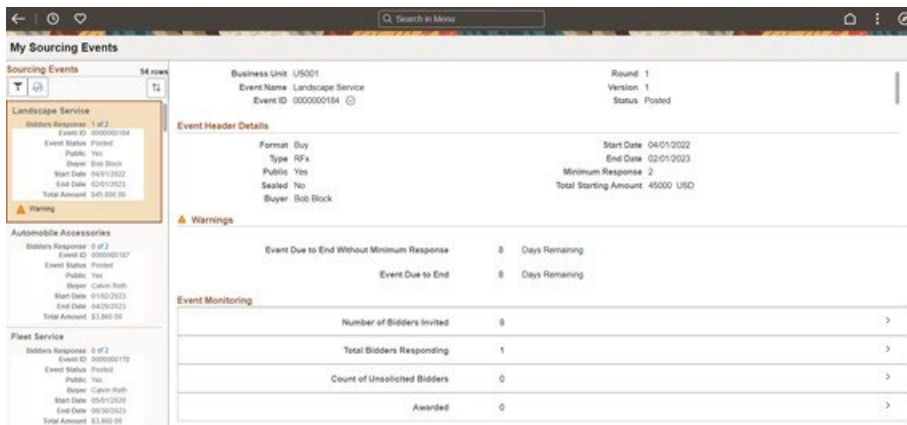


Figure 1. My Sourcing Events allows you to track the purpose of the sourcing events that you manage.

In addition to supporting reverse auctions, PeopleSoft Strategic Sourcing auction 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 capabilities.

## The PeopleSoft Strategic Sourcing Advantage

PeopleSoft Strategic Sourcing sets the standard for online auctions and RFx activities. From rapid integrations to global market reach, our solutions enable the performance-driven enterprise. Immediate benefits include:

- Rapid decision-making and results.
- Automated and paperless transactions.
- Reduced purchase cycles and shortened negotiating times, enabling you to source a larger percentage of your spending.
- 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 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 responses until the submission period has closed.
- Leverage knowledge from internal experts through online collaboration, while ensuring not all collaborators have access to sensitive data.
- Perform a "what if" analysis by adjusting factors, weighting, and scores.
- Award events into a purchasing application as purchase orders or contracts.
- Save strategies and results as templates, capturing results for future use.
- Facilitate collaboration between Buyers and Suppliers through discussion forums.

## 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 if necessary.

When Suppliers log onto the system, they can access events to which they were specifically invited and decide how to respond. They can also search public events for other opportunities.

Strategic Sourcing provides Suppliers with email notifications when they are invited to participate in an event. They can select a link in the email to access their Supplier login. If the Supplier has not previously participated in an event, they are asked to register as a Bidder.

The module also enables organizations to notify Suppliers when changes are made to an event that is in progress, such as when amendments are issued with new requirements or an update is made to the terms and conditions. This enables Suppliers to always be aware of the latest event activity. In turn, Supplier can quickly react and adjust responses accordingly.

Bid responses are streamlined and intuitive, even for a newly on-boarded Bidders, walking them through a step-by-step activity guide to provide the required answers to key questions about the event.

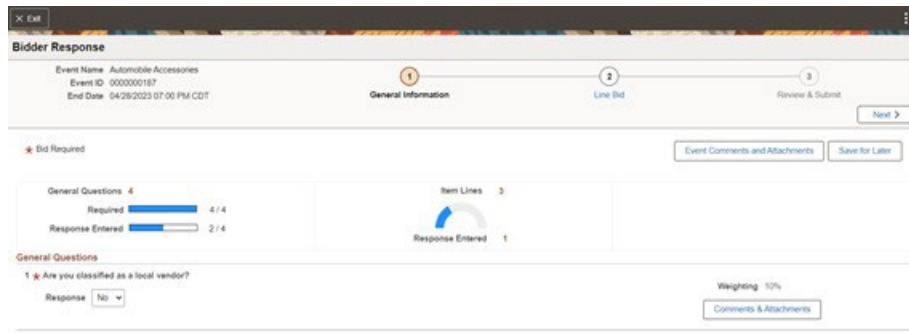


Figure 2. Bidder Response is the first step of the activity guide.

## Response Analysis and Award

With PeopleSoft Strategic Sourcing, organizations can analyze Supplier's bid responses based on several criteria, such as lowest price, best score, and lowest total costs. All three methods can be used simultaneously to give you the most information to make 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 the overall cost.

Supplier responses can also be scored based on weights assigned to 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 weight of the bid factors and analyze the impact of response scores. This enables you to fine-tune the requirements and evaluations based on specific circumstances.

Organizations often have complex sourcing events that make the decision making process more difficult than laying bids side-by-side when determining which supplier is best, and how a contract should be allocated and awarded. To address these sourcing complexities, organizations can use sourcing optimization to determine the optimal award strategy that accounts for all the criteria specified in the bidding event. An organization's defined policies and constraints is applied during optimization. Bid reviewers can also perform "what-if" analysis, such as adding and removing constraints, to see the impact on the optimal award recommendation. After bids have been tabulated and analyzed, the event can be awarded to one or more Suppliers.

## Related Products

The following PeopleSoft products integrate with Oracle PeopleSoft Strategic Sourcing:

- eProcurement
- Purchasing
- eSupplier Connection
- Supplier Contract Management

## Related Services

The following services support Oracle PeopleSoft Strategic Sourcing:

- Update Subscription Services
- Product Support Services
- Professional Services

The process of awarding an event can include automatically creating a purchase order or contract using PeopleSoft Purchasing.

When a Sourcing Event is completed and the Awardees are determined, organizations can publish the successful bids with a “Notice of Intent to Award” capability on the Public Portal.

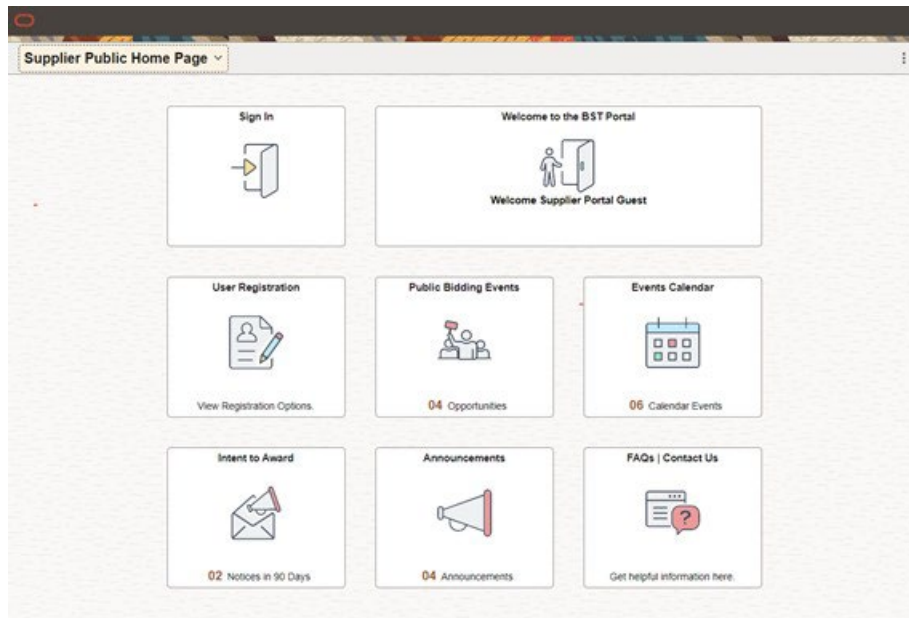


Figure 3. Example of the Supplier Portal Public page with the Intent to Award tile that displays the number of notices.

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