

ISM™

Intelligent Supplier Management

Service providers have never been more important to your organisation. Not only are direct supplier costs a significant expense but the impact of suppliers on customer outcomes can have an enormous effect on revenue and costs. In addition, customer satisfaction and ongoing loyalty to your organisation can be greatly influenced by suppliers – for better or worse.

ISM is a web-based application that enables organisations to optimize the performance of their service providers, interact with them in a highly efficient manner, and reduce their direct costs.

ISM is an enterprise supplier management system that can be used to manage any type of internal or external service provider. The system can be configured to optimize the performance of any supplier type (e.g. lawyers, builders, property inspectors, consultants, health care providers) in any industry sector (banking, insurance, public sector, health, education, utilities, telecommunications). Even where an organisation has a tied arrangement with a single supplier, the performance of the supplier can be enhanced, and process efficiency and compliance benefits are just as relevant when all allocations are made to internal staff.

ISM is a fully scalable, easily integrated software solution designed for use in any industry.



Improving supplier performance

Despite their importance, suppliers are often poorly managed. In many cases, suppliers don't have a clear idea of what constitutes optimal performance. Even when KPIs are clearly stated, organisations generally don't collect meaningful data about supplier performance against them.

Performance information is not routinely available to staff allocating new work to suppliers. These allocations are traditionally based not on objective measures of supplier performance, but on the strength of relationships, habit, or a simple round robin system. As a result, suppliers often perform at a level which just reaches the purchasing organisation's minimum standard.

A mechanism which motivated all suppliers to perform at their peak, on every job, would have enormous benefits to the purchasing organisation.

ISM allows organisations to set weighted KPIs for suppliers, monitor performance against these, and recommend which suppliers should receive new jobs based on their recent performance.

ISM captures relevant data for each KPI without the need for suppliers to submit reports manually. Typically, performance measures are in the areas of quality, timeliness, cost effectiveness, estimating accuracy, and the impact a supplier has on customer outcomes.

With ISM, suppliers know that their performance is being closely monitored. Because they can be rewarded for performing better than their competitors by receiving relatively more work, their performance and cost effectiveness improve as soon as the system is implemented.

Enhancing process efficiency and controlling supplier costs

Many interactions with suppliers are manual, leading to inefficiencies and poor compliance with designated processes. Email, which is inherently insecure, is the typical communication mechanism. If the purchasing organisation's computer system does extend to suppliers, the level of sophistication is normally very limited.

Invoices are frequently submitted manually, with no validation against scheduled maximum fees or approved expenditure limits. In this environment supplier overpayment is common, and even a small amount of leakage can add up to a high level of unnecessary extra cost.

Almost all organisations are missing a significant opportunity to allow suppliers to offer discounts in return for more allocations, or for early payment of supplier invoices.

ISM is a highly secure web-based system that connects purchasers to their service providers. The entire business process, from allocating jobs to submitting and approving invoices, is conducted online.

ISM significantly reduces administration costs associated with managing suppliers and ensures compliance with your organisation's processes relating to suppliers.

ISM system features

Intelligent allocation

When a new job is to be allocated to a supplier, the system presents the user with a list of suppliers who are able to do the type of work required. The suppliers can be ranked based on any combination of their recent performance against the weighted KPIs, their current workload, and any discounts that they are currently offering for the job type being allocated. The system can also assist the allocation decision by displaying data such as the suppliers' closest bill-out location relative to where the work needs to be performed.

Performance dashboard

At any time, users can view a dashboard showing the relative ranking of each supplier against each KPI. Optionally, the dashboard can be made available to suppliers (who see de-identified supplier names for the other suppliers), providing full transparency and the information they need to identify where they must improve.

Expectation management

For some job types, it would be unfair to compare supplier performance against fixed service standards or outcomes – because the complexity of jobs can differ substantially, or delays to complete milestones may be beyond their control. The system has a mechanism for suppliers to request variations to job expectations such as time based milestones and cost, and have these requests approved or rejected. Supplier performance can then be assessed relative to the approved expectations, rather than, or in addition to, the fixed service standard.

Task based workflow

User tasks drive the business process for both your staff and supplier users, informing them when deliverables are due or they have actions to perform. Users can opt to receive email and/or sms alerts when certain tasks are created.

Document management

Documents can be generated from templates manually or automatically (based on business rules). A document repository allows any file to be uploaded and shared by users connected to a job.

Messaging

A messaging system allows secure messaging between users. Internal only file notes can also be added by either party.

Job outcome updates

Suppliers can provide regular updates (driven by recurring tasks) on the expected outcomes of long running jobs. For example, in the context of litigation being managed by legal providers, the purchasing organisation may track outcome expectations such as defense costs, settlement value, and settlement date. A property claim being managed by a loss adjuster might include expectations including adjuster costs, claim cost, and completion date. A full history of all outcome expectation changes can be viewed on one page. Optionally, an approval process can be used for expectations such as supplier costs so that the purchaser must authorise the expenditure before it can be billed. Typically, outcome expectations feed into "red flag" reports highlighting "at risk" jobs that need review.

Supplier discounting

Suppliers can offer discounts for any job types that they perform, and these discounts can be taken into account (automatically or manually) when a new job is allocated. The system validates new invoices against any discounts.

Online invoicing

Suppliers can add invoices either manually or via an electronic feed from their internal systems. The invoices are validated at the point of entry against business rules such as maximum scheduled fees and pre-authorised billing limits, eliminating billing leakage and substantially reducing invoice handling times for your staff. Invoices can be approved or rejected on the system or, based on business rules, automatically uploaded to your payments system for straight-through processing.

Early payment options

When suppliers submit their invoices, the system can present them with an option to reduce their invoice cost in exchange for receiving early payment (relative to your organisation's standard payment terms).

Outcome & qualitative reviews

At the completion of the job, the user who allocated the job can complete a qualitative assessment of the supplier's performance. They can also enter what they believe would have been optimal outcomes for the job. By comparing these with actual outcomes, the system can calculate performance measures relating to the supplier's effectiveness and value for money.

Work plans

Suppliers can enter a plan for the actions that they will complete as part of the job (optionally, incorporating an approval process), with reminder tasks being created as required.

Competitive tendering

Multiple jobs can be allocated concurrently so that suppliers can submit a tender for the work being allocated. The system allows side-by-side comparison of tenders, their approval or rejection, and the continuation of the business process with the successful tenderer.

Reporting

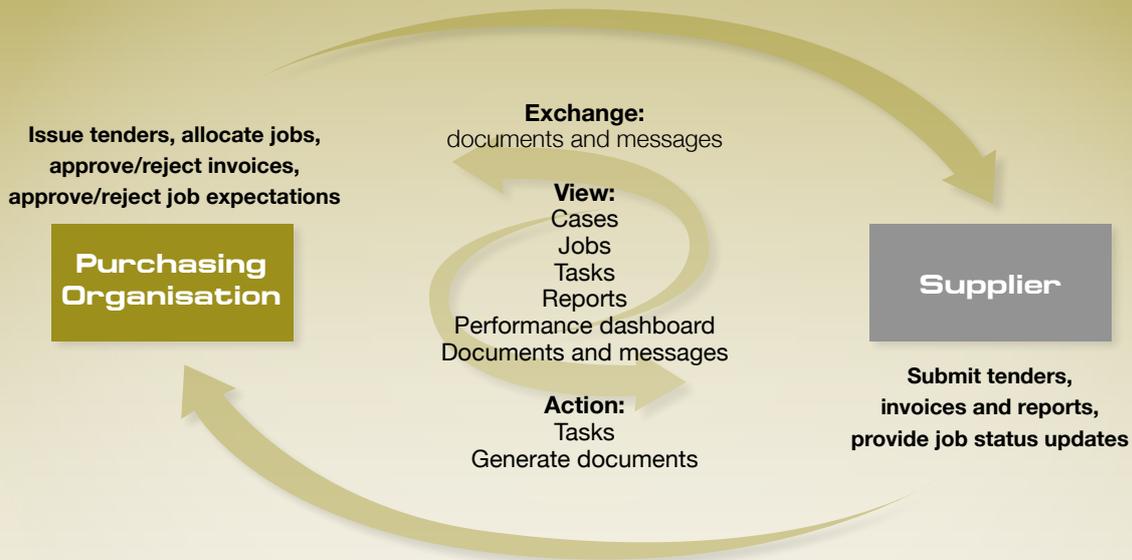
A sophisticated parameter driven reporting system provides unparalleled visibility of all data relating to supplier management and performance. Reporting categories include operational, supplier performance, staff performance, red flag and summary reports.

Collaboration with 3rd parties

The system can also be used to provide case and job visibility to external parties such as customers linked to the case. For example, customers could securely access the system and view relevant case details and status information. This might include the key activities that have been completed, the estimated completion date/time of incomplete activities, and the contact details of the user who allocated the job and supplier(s) etc. Additionally, the customer could communicate with the user who allocated the job via the system's messaging system, opt to receive electronic notifications when key activities have been completed, and complete online quality reviews.

System administration

A complete set of configuration tools allows purchasing organisations to maintain the system once implemented. For example, a business super-user can maintain supplier panels, billing rates, users, document templates etc. Whilst most of the system's functions and pages are common across different supplier types, the system allows additional pages to be configured quickly when required.



Implementing ISM

ISM is entirely web-based, and no software other than a web browser is required on a user's desktop.

The system can be hosted, or deployed within your data center. Typically, a new client's system can be configured and implemented within 4 to 6 weeks.

Integration with your existing computer system(s) is normally straightforward, with a secure real time or batch file transfer process passing updated case records to ISM so that jobs can be allocated against existing cases. A similar mechanism is used to pass validated and approved invoices to your payment processing system.

If staff already use a workflow/task based system, ISM can be integrated with that system so that ISM tasks are accessed via the existing task list. However, because interacting with suppliers is a logically distinct set of activities, many organisations initially implement the system as a stand alone application – users know that any activities relating to suppliers and their jobs are conducted on ISM.

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