Ardent | Partners

RESEARCH WITH RESULTS

Solution Spotlight

on

buyerquest

Andrew Bartolini, Chief Research Officer
Philip Bartolini, Research Associate
Ardent Partners
March 2018

Ardent | Partners
SUPPLY MANAGEMENT EXPERTS

Solution Spotlight on BuyerQuest

For the modern procurement function, the speed of business and the heightened level of competition in today's market have forced enterprises to shift the way that they view and engage with their suppliers and the source-to-pay processes that support those relationships. Best-in-Class enterprises are continually looking for ways to improve their operations and performance and, as a result, actively pursue better ways to communicate, collaborate, and transact with their trading partners. With these changes, eProcurement solutions are playing a more important role in providing Chief Procurement Officers ("CPOs") and their team with an opportunity to deliver more strategic value. This Solution Spotlight pairs a discussion of these business trends, in particular the approach to improving Procure-to-Pay ("P2P") systems and processes, with an examination of the capabilities and features of the BuyerQuest solution suite.

Ardent | Partners
RESEARCH WITH RESULTS

Transforming Procure-to-Pay Processes

Over the last decade, the CPO and the procurement profession, in general, have seen their role within the enterprise rise in importance. Nonetheless, the lack of process automation tools in place at the average procurement department today means that many CPOs still have a significant opportunity to close their technology gaps and build stronger and more agile organizations. It is imperative for CPOs to show their organizational strengths and capabilities as key influencers and enablers within the enterprise and position their organizations as the ones best-equipped to derive value from the supply base. Improving and enhancing their procure-to-pay ("P2P") processes is one clear way to accomplish this.

eProcurement: Lynchpin to a Procurement Department's Success

eProcurement solutions enable enterprise workers to requisition and order the goods and services they need to do their jobs. Workers log into the proprietary platform, search for what they need, and create a requisition. The requisition is routed for approval and once approved, a purchase order is transmitted electronically to a supplier. eProcurement tools were designed to leverage existing supplier contracts and relationships and ensure that enterprise spending is compliant to both supplier contracts and overall purchasing policies. It is in the procurement team's best interest to drive eProcurement adoption because the tools help manage spend more effectively by automating and centralizing supplier transactions, increasing visibility into enterprise spend, and enabling procurement to add value to the overall process (i.e., rationalizing suppliers, negotiating better contracts, managing demand, etc.).
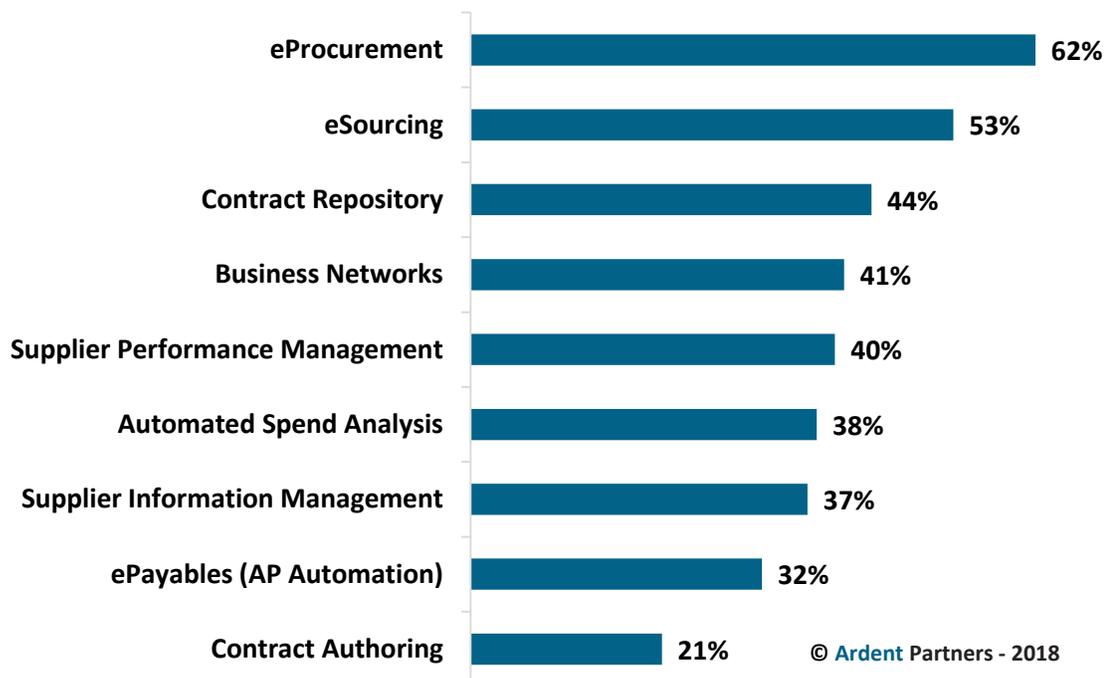
But gaining a strong return on an investment in an eProcurement system is only possible when users adopt and regularly use the system. For example, eProcurement systems and processes can provide enterprise staffer with visibility into existing contracts with preferred

suppliers, allowing them to leverage the best available goods and services. As a result, buyers can purchase what they need from preferred suppliers at negotiated prices and terms. Ensuring that orders are sent to preferred suppliers maximizes the value that procurement organizations secure during the sourcing process. A procurement department may run a sourcing project and negotiate a great deal from the supplier, but the value of those deals is only achieved after the contract has been signed and orders are executed against the contract.

Across the full breadth of supply management solutions, the current adoption levels for eProcurement are the highest with 62% of all enterprises using the solutions today (*see Figure 1*). This makes sense since eProcurement solutions are among the most mature procurement solutions in the marketplace and because countless organizations have shown that a well-conceived and well-executed eProcurement deployment can have a dramatic impact on a procurement operation. Nonetheless, the adoption rates for all of the solutions noted in the figure below should be higher given the impact each can make for a procurement team when both successfully deployed and used.

Figure 1: Procurement Technology: Enterprise Adoption Rates in 2018
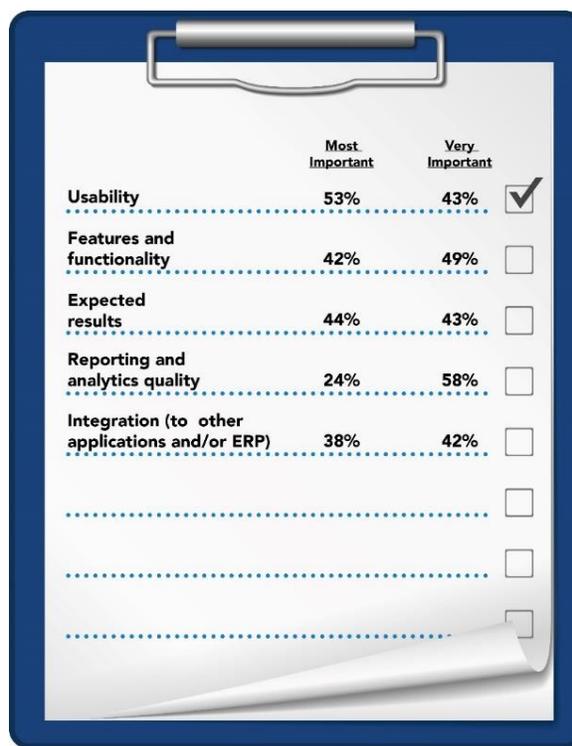

Solution	Adoption Rate
eProcurement	62%
eSourcing	53%
Contract Repository	44%
Business Networks	41%
Supplier Performance Management	40%
Automated Spend Analysis	38%
Supplier Information Management	37%
ePayables (AP Automation)	32%
Contract Authoring	21%

© Ardent Partners - 2018

The Buying Experience Matters

A mature procurement team understands what goods and services are needed to support the business and works to find the best suppliers to provide them. eProcurement systems function as the enterprise's online ordering system and present suppliers' goods and services to the business shopper. Mature procurement departments also understand that selecting the right eProcurement platform is critical to achieving organization goals (like savings and compliance rates) and enhancing organizational perception. Most employees within an enterprise do not engage with the procurement department directly. In fact, many workers' main exposure to the procurement organization is via an eProcurement system. Thus, how the procurement department is viewed can be largely impacted by a user's eProcurement experience. It is, therefore, important for an eProcurement system to be functional and easy to use otherwise enterprise shoppers will quickly start to bypass the system. When users shop outside the defined procurement process and generate "maverick spend," significant problems are created including, higher costs (Ardent Partners has found that every dollar of maverick spend costs the enterprise 18% more, on average, than a dollar that is contract compliant) and broad value erosion. Bypassing an eProcurement system can also negatively impact supplier relationships — if suppliers are expecting a certain contract volumes and that threshold is not met, when it is time to renew the contract, suppliers may not offer their best pricing and terms. Procurement leaders are increasingly aware of the importance of system usability in driving adoption and overall value and now consider it the most important aspect in selecting an eProcurement solution (*see Figure 2*).

Figure 2: Procurement Technology: Enterprise Adoption Rates in 2018

	Most Important	Very Important	
Usability	53%	43%	✓
Features and functionality	42%	49%	☐
Expected results	44%	43%	☐
Reporting and analytics quality	24%	58%	☐
Integration (to other applications and/or ERP)	38%	42%	☐
			☐
			☐
			☐

© Ardent Partners - 2017

Enabling Strong Relationships with Suppliers

It is important to remember that supply management solutions require third-party participation for their value to be fully realized. In the case of eProcurement, there is a direct correlation to amount and quality of supplier content and the value generated by a system. If suppliers are not enabled to share their goods and services on the platform and receive and execute orders, enterprise shoppers will not be able to find what they need and all of the problems noted in the section above will occur. While many procurement teams are only able to connect to a small number of their suppliers, strong eProcurement systems allow procurement departments the opportunity to fully harness the power of their supplier relationships and elevate many of them to a more strategic level. Catalog management solutions either built organically within an eProcurement system or connected to one to enhance the shopping experience, enables both buyers and suppliers to manage supplier category content and update it in a streamlined way, saving time for both parties. A properly managed supplier catalog generally results in higher quality data and an improved buying experience.

Holistic P2P ("Procure-to-Pay")

Procure-to-Pay ("P2P") systems can offer a seamless "requisition-to-order-to-payment" process that links the procurement process directly with the invoice and payments processes. By extending a procurement transformation to include accounts payable ("AP"), procurement teams can link processes and tools to achieve a holistic view of supplier transactions and overall relationships. Invoice and payment information provide a great source of data that can be utilized to make better sourcing decisions. While each department can generate value on its own, closing the eProcurement loop with AP automation also extends the value of all earlier technology investments by increasing efficiency, accuracy, and visibility, and results in benefits that include better compliance and cash management.

Conclusion

Lack of automation across the P2P process limits a procurement department's ability to improve its operations and performance and must be addressed over the long-term. The good news is that recent innovation in this marketplace has helped the solutions generally become more usable and accessible, creating greater opportunity for a broad-based impact.

Solution Spotlight – BuyerQuest

Company Overview

www.buyerquest.com

buyerquest

BuyerQuest offers three core solutions (marketplace, eProcurement, Procure-to-Pay) that deliver a B2C eCommerce-like experience. The BuyerQuest B2C buying experience starts with "search" and is designed to support a breadth of capabilities based on the client needs. BuyerQuest was launched in October, 2011 by a group of industry veterans in the procurement technology and consultancy sectors. It is headquartered in Cleveland, Ohio, with offices across North America, Europe, and Australia.

The BuyerQuest team's deep experience working with procurement departments to develop and refine their processes and to automate and transform their operations provided great context in their pursuit of a powerful eProcurement solution. The team also spent years researching and working to acquire a rich understanding of the

Founded	2011
HQ	Cleveland, OH
Employees	60+
Geographic Presence	Offices in North America, Europe, & Australia
Solution Delivery	eCommerce Site
Industry Segments	Quick Service Restaurants, Hospitality, Education, Transportation, Retail Manufacturing, Healthcare
Regions	NA, Europe, Australia
Solutions	eProcurement, eInvoicing, Marketplace
Notable Customers	McDonald's, Kimberly-Clark, United Airlines, IBM, Walt Disney Corp.
Notable Partners	KPMG, IBM Watson, GenPact, CGN Global, Taulia, Hyland, RiseNow

technology requirements needed to develop a suite with a set of features, interfaces, and capabilities that more-closely resembles a B2C eCommerce solution than the traditional enterprise purchasing platforms available today. Blending their expertise in both areas helped them create their three core solutions. Today, BuyerQuest has deployed its solutions at some of the world's largest multinational corporations bearing out its initial vision to offer competitive solutions in the marketplace.

Products and Services

BuyerQuest offers three core solutions that are designed to simplify the buying experience. Its solutions provide an opportunity for greater control and security of the workflow owned by the client, and drive more efficiencies in the overall procurement process. These solutions are designed to help an enterprise manage any decentralized spend and contract leakage and create more savings for their clients. This Ardent Partners Solution Spotlight will focus on the following three solutions:

- **BuyerQuest Marketplace –** The Marketplace is a client-branded eCommerce site that global procurement teams use to host contracted goods and services for their buyers that integrates with your existing ERP/SRM system.

- **BuyerQuest eProcurement –** The eProcurement solution is an extension of the Marketplace solution and includes requisition creation and purchase order generation. Users have the ability to approve and order within this solution.

- **BuyerQuest Procure-to-Pay –** A fully automated, workflow-enabled end-to-end solution that allows users to "flip" purchase orders to invoices, based on preconfigured rules, and without manual intervention.

Solution Capabilities

BuyerQuest offers Procure-to-Pay capabilities to users across an enterprise's geographic footprint, including corporate, facilities, manufacturing sites, and/or retail outlets. With a stated goal of simplifying the business user's shopping experience, BuyerQuest has created a solution that automates high-volume purchasing and requires limited training to get started. Through intuitive solutions, cognitive buying, and expanded visibility, BuyerQuest has designed its solution to enable fast user adoption and increase compliance and overall operational efficiencies for its customers.

The BuyerQuest buying experience – everything starts with "Search"

Unlike other procurement solutions, where users frequently have to punch-out to a supplier's website in order to make purchases, the BuyerQuest solutions can capture and host all supplier content within this single storefront. This includes detailed product attributes that

incorporate more information than what is usually found in a standard CIF file. This general aggregation of supplier content is a powerful differentiator.

BuyerQuest believes that several key elements are needed to provide a next generation P2P experience and have worked hard to ensure they are central to the user experience:

1. **Rich Product and Catalog Content** including images, descriptions, characteristics, configurable items

2. **Contextual Search** that can deliver relevant, contextual information to your end users throughout the buying process

3. **Scalable Cloud Infrastructure** that can support millions of SKU's across the marketplace

When matched with a federated search capability, users are better able to compare and contrast items and add additional accessories from other catalogs to more directly model a traditional B2C eCommerce shopping experience. It is much easier for the user to search, compare, and find what they need across the full supply base.

The search tool itself features an autocomplete algorithm that offers results of matching goods and services as the user begins a search. It has a predictive feature so that as the user types, the system automatically begins to fill in the search drop down with the most likely option(s) the system "thinks" the user will need. The functionality allows the user to search and ultimately drill down into different paths — by Product, or Supplier, or Category for example. There is also a precision search option that allows for multiple search parameters to be layered together and deliver a more precise result.

Another aspect of the Search function is the ability to mark and prioritize items as "Preferred." If the client has a product from a preferred supplier, it can highlight the items from that supplier and feature them in search results. For example, the search algorithm works so that if a preferred item or supplier is on the list returned in a search, the system will move it into the top position and direct more spend towards that preferred item.

The solutions BuyerQuest offers to its customers can tie together the full P2P process into a workflow that can be both separate and connected. All of the solutions are run on a single SaaS platform which allows BuyerQuest to offer product upgrades on an almost monthly basis and accelerate their solution development across the full P2P suite.

The BuyerQuest Marketplace

BuyerQuest is best known for the differentiated shopping experience and capabilities that it offers via its Marketplace solution. The overall design and architecture of the marketplace is more similar to those found in leading eCommerce sites than almost any other offering in the market today. The impressive usability and robust feature set can be leveraged by shoppers, administrators, and suppliers alike to provide a rich shopping experience with robust content and an impressive set of search and order capabilities. While the Marketplace has been used by many procurement departments to enhance an investment in different eProcurement solutions, it works best when paired with BuyerQuest's native eProcurement solution.

Some key features of the Marketplace include the ability to manage access to suppliers and inventory items at the user level. Users can also reorder items from previous purchases, set pre-built bundles in the system to cut down on shopping time, and present options at the item level which can dynamically impact the price of an order. The Marketplace can also be customized with the customer's logo, providing a unique look and feel and a generally deeper sense of system ownership.

The Marketplace offers features found in sophisticated eCommerce sites like the Quick Order Form option that lets users add items to their shopping cart on the fly. Clients can also map an array of "identifiers" or "key words" to specific catalog items, making it easier for users to search and find what they need in an efficient and effective manner.

Catalog Management

Content is king in eProcurement so it is critical for suppliers to be able to easily upload their catalog content and for buyers to review and approve as needed. Catalog management within the BuyerQuest system is an automated process for both buyers and suppliers. Catalog formats are standardized across the BuyerQuest domain so suppliers are able to reuse (or copy) their catalogs across different customers on the BuyerQuest platform. Suppliers are able to import their catalogs directly by uploading their catalog file via FTP. Once that is done, the system fully automates the processing, validation, and loading phases of the process to enable virtually touchless processing. Suppliers are able to interact with the marketplace and view what their customers are seeing so that they can ensure that the actual shopping experience is precisely what they have planned. Once a catalog has been imported, buyers can pre-determine if a supplier's catalog is immediately accessible and in production or if a

review and approval are required first. The approval process for buyers is also automated. When a catalog is updated, the system can track and highlight any changes across the entire catalog and can also identify any price changes above a predefined threshold. Buyers can approve and accept catalogs and changes or reject them. Manual reviews are also possible of new and updated catalogs.

Services Procurement

Customers are able to initiate and manage service requests, create procurement process web forms, and create structured processes for other non-catalog purchasing. The forms engine allows users to create dynamic requisition forms with unlimited permutations. Users can create requisitions, add line items as needed, and build in rate card lines or project milestones. BuyerQuest says that its customers use these forms for categories like, IT contract labor, legal services among others and they also frequently create generic service order forms and service labor & materials order forms.

BuyerQuest eProcurement

BuyerQuest's eProcurement solution provides robust options for requisition creation and the associated approval workflow. The solution is designed to help users minimize ordering time, improve productivity, and provide tight corporate controls over the full requisition-to-order process. Users log into the system via a home page that features a dashboard that can be configured utilizing different widgets and display important information like recent order status and updates, required tasks and activities, and custom reports. User access to different widgets, reports, and data is based upon permissions within their enterprise and the specific configuration.

When a requisition is created, a customer-designed and system-generated approval chain is enacted. Dynamic approval workflows can be designed with routing based upon specific user, cost-center category, supplier factors, as well as other process guidelines and policies. Approval requests and notifications can be sent via email, mobile device, and/or online. Approvers engage the system via an intuitive user interface and can navigate into the system dashboard to view the full scope of requisitions in need of action and those orders previously approved, modified, or rejected. The system also notifies requisitioners and others in the approval chain when an action is taken in the workflow. Purchase Orders are automatically generated once approvals have been completed, and depending on the supplier's capabilities

PO's can be sent via email, EDI, and cXML. The system keeps a detailed account of the status of all orders and requisitions as well as a comprehensive history of all enterprise purchasing activity.

The BuyerQuest team worked to create a platform where system administrators were managing a system more similar to an eCommerce storefront than a procurement system. This means that there is a flexible back-end configuration and management at the system administrator level. The system also offers features that drive users to the right products based upon their profiles and system histories. The robust feature set also includes options like "Saved Accounting Strings" so that users can create reusable templates to streamline complex ordering and cost allocation processes. Additionally, all internal accounting information can be saved within a user's profile, which can help decrease processing time.

BuyerQuest Procure-to-Pay

BuyerQuest extends its Marketplace and eProcurement, with eInvoicing and settlement capabilities that allows its customers to complete a closed-loop Procure-to-Pay process. Users can operate the BuyerQuest invoice function to view invoices, purchase orders, and receipt documents and ultimately receive, process, and approve their invoices. This module's interface is configurable for all users, including those who would be approving invoices. The solution also features a widget at the top that shows "Savings by using BuyerQuest" with a dollar amount.

Orders & Invoices

Once an order has been received, buyers and suppliers can collaborate in invoice management to help to ensure an exception-free process. The system has two- and three-way matching in order to tie the PO to invoice, contract and/or receiving documents. Suppliers have multiple options to create — either created directly in the BuyerQuest system, or via integration with cXML, EDI, or CSV formats. BuyerQuest supports both PO flip and non-PO invoices, as well as partial invoicing, tax, shipping, handling, discounts, and any other miscellaneous charges that are part of the order.

Users can search for all invoices in the system through multiple filter options and track histories and all related order/invoice documentation. They also have the ability to re-validate, approve, and/or add a comment as they go through the reconciliation and approval processes. Invoices can be evaluated at the line level and the system provides different

options on how to proceed with the invoice workflow including "Update & Re-Validate," "Approve as is," "Reject," and "Add/View Comment." By standardizing what the approver can do, the AP process is streamlined. Once an invoice has been approved it moves to "Ok to Pay," and from there it is automatically moved from the system's back end to the appropriate mechanism or platform to schedule and execute supplier payments.

Analytics

BuyerQuest also offers an Analytics dashboard as a way to view and present reports on an enterprise's spend activities. The dashboard is widget-based and can be pre-configured to provide reporting for specific uses and roles. By combining transactional data with behavioral intelligence, the Analytics module offers the client a multi-dimensional view into its spending patterns. The system's behavioral intelligence leverages buyer activity within the application, search and/or results data, and product and service performance metrics. This information can potentially help administrators identify how buying and search behavior can impact orders and overall spend. The system also enables real-time spend visibility to assist with demand planning and help procurement professionals plan for future sourcing opportunities.

Cognitive Thinking

BuyerQuest has partnered with IBM (Watson) to enable cognitive procurement capabilities across its marketplace. One of the many benefits of hosting all of the supplier catalog content within a single platform is that there is significantly more data to analyze. By focusing its analytics on a customer's Marketplace data, BuyerQuest is able to provide insights to improve the shopping experience via personalization. For example, the system utilizes machine-learning recommendations from enterprise-wide searches to improve future results and the overall shopping experience. As the system begins to recognize common user patterns, it can deliver personalized content based upon specific roles or user groups with real-time supplier insights and advanced contextual-based search assistants. One of the reasons why BuyerQuest says it been able to offer low- or zero-touch training for clients is because each user benefits from a curated and highly-personalized experience.

Summary

Since its founding, BuyerQuest has focused on developing a highly-intuitive and very usable eProcurement solution that captures and centralizes supplier agreements and catalogs into a Marketplace with a single storefront and today, it offers its clients a powerful shopping experience more similar to how consumers shop on Amazon or eBay than what is generally available in the market today. Strong usability also extends to system administrators and suppliers to maximize catalog content and ensure the highest levels of contract compliance.

The solution suite is among the most advanced and capable in the marketplace today. And with its recent advances in cognitive capabilities and overall reporting and analytics, BuyerQuest's solution suite should continue to compete strongly for many years to come. The company continues to punch above its weight and is expected to become a major player in the P2P space. Procurement teams in the market for an eProcurement, catalog management, and/or complete P2P system over the next few years would be wise to consider BuyerQuest in their evaluations.

Ardent | Partners
RESEARCH WITH RESULTS

REPORT SPONSORSHIP

The views and opinions in this report represent those of Ardent Partners at the time of publication. Sponsoring companies have had no measurable influence on the content and research in this report. The contents of this research report are the exclusive property of Ardent Partners. Please direct any comments or questions regarding our research sponsorship policy to Ardent's Chief Research Officer, Andrew Bartolini, at abartolini@ardentpartners.com and / or 617.752.1620.

Sponsor:

buyerquest

BuyerQuest is an enterprise Procure-to-Pay solution that delivers a world-class eCommerce experience to procurement organizations all around the world. Our software streamlines and enhances the corporate buying process allowing our customers to increase user adoption, drive contract compliance, and save money. BuyerQuest combines the power of cognitive computing with the discipline of enterprise procurement, offering an agile solution that empowers companies to solve their complex procurement problems. BuyerQuest customers have the spend transparency, deep insights, and advanced intelligence capabilities they need to focus more on strategic priorities and less on tactical, lower value tasks. Global organizations use BuyerQuest to fundamentally transform their procurement experience and more efficiently manage their entire P2P process. Visit www.buyerquest.com to learn more.

Contact:

Matt McCarrick
Chief Marketing Officer
matt.mccarrick@buyerquest.com

Appendix

About The Authors

Andrew Bartolini, Founder & Chief Research Officer, Ardent Partners

Andrew Bartolini is a globally-recognized expert in accounts payable, sourcing, procurement, and supply management. Andrew focuses his research and efforts on helping enterprises develop and execute strategies to achieve operational excellence within their finance and procurement departments. Andrew is also the publisher of CPO Rising, the news and research site for Chief Procurement Officers and other procurement leaders (www.cporising.com).

Advisor to corporate executives and leading solution providers alike, Andrew is a sought-after presenter, having lectured and presented more than 325 times in eight different countries. Over the past decade, Andrew has benchmarked thousands of enterprises across all facets of their accounts payable, sourcing, procurement, and supply management operations and his research is currently part of the Supply Chain/Management curriculum at several US universities. He actively covers the technology marketplace as well as trends in sourcing, procurement, supply management, and accounts payable and has been published or quoted in leading business publications including The Wall Street Journal, Business Week, Investor's Business Daily, Forbes, and Fortune, as well as the major trade publications focused on accounts payable and supply management.

Prior to becoming an industry analyst, Andrew developed, packaged, deployed, and used supply management solutions on behalf of enterprises in the Global 2000 while working for Ariba and Commerce One. Additionally, his experience in strategic sourcing (where he managed sourcing projects totaling more than $500 million in aggregate client spend), business process transformation, and software implementation provides a "real-world" context for his research and writing.

Andrew has been named a "Pro to Know" by Supply and Demand Chain Executive three times and holds a B.A. in Economics from The College of the Holy Cross and an M.B.A in Finance from Indiana University. He welcomes your comments at abartolini@ardentpartners.com or 617.752.1620.

Ardent | Partners
RESEARCH WITH RESULTS

Philip Bartolini, Research Associate, Ardent Partners

Philip Bartolini is a Research Associate at Ardent Partners and currently contributes research to the firm's "ePayables" research practice, including accounts payable automation, financial management, cash management, and supply chain finance. Phil's work includes the intersection of people, processes, strategies, and technologies within financial operations, as well the converging, collaborative value that can be generated by procurement and finance. Since joining Ardent in early 2014, Philip has led or contributed his expertise to research studies on eInvoicing, ePayments/payment management, business networks, and extended financial value chain platforms (such as supply chain finance and dynamic discounting). He earned a B.A. in Political Science from Hobart College, and can be reached at pbartolini@ardentpartners.com

About Ardent Partners

Ardent Partners is a Boston-based research and advisory firm focused on defining and advancing the supply management strategies, processes, and technologies that drive business value and accelerate organizational transformation within the enterprise. Ardent also publishes the CPO Rising and Payables Place websites. It also hosts the prestigious annual CPO Rising Summit. Register for exclusive access to Ardent Partners research at ardentpartners.com/newsletter-registration/.