

## B2B Reality Check

### Overcoming Challenges in B2B Transaction Automation

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*There is a common perception that supply chain automation has created an environment in which transactions move quickly and efficiently between organisations in industries such as the retail supply chain, the automotive manufacturing supply chain and high-tech manufacturing. This perception is challenged by a recent research study summarised in this report, based on interviews with 400 management representatives of medium to large organisations in the USA, UK, Germany and France.*

#### MAIN POINTS

- **The value chain is highly complex and challenging**

The majority of the medium to large organisations interviewed as part of this study have a large number of business suppliers and customers, with more than 40% of responding organisations having over 1,000 active suppliers and a similar number having over 5,000 active business customers. There is also a significant focus on ad hoc activity, particularly with customers, where one off sales are common. Optimising trading activity across large numbers of partners with differing characteristics and capabilities is a significant challenge.

- **The complexity and dynamic nature of standards, technology and the international trading environment add to the challenge**

There is high complexity in the standards that companies need to implement and manage to facilitate B2B trading, leading to problems with managing the in-house technical solutions that are needed for further automation. The issues in this area are compounded by the rate of change of partners' technical solutions, with companies struggling to handle multiple versions of standards in the value chain. Geopolitical issues create yet another level of complexity through the need to deal with local legal, native language and logistical issues.

- **Problems of managing complexity are a barrier to fully exploiting automation capability**

Over 80% of companies have an EDI or internet-based system at their disposal for facilitating automated transactions. The combination of complexities described above, however, has led to real problems in applying this capability beyond the limited subset of trading partners where relatively stable mechanisms can be put into place. The end result is that most transaction and collaboration activity taking place today still depends on manual communications such as the telephone, e-mail and the exchange of paper documents.

- **Continued reliance on manual processes perpetuates business cost and risk**

Organisations generally understand the cost implications of continued reliance on manual processes. The lack of integration into companies' systems must also raise issues around the fidelity of information being acted upon, and how this may harm governance and audit.

- **Outsourcing the tactical management of B2B complexity to a managed service provider can remove the barriers and drive business efficiency**

Working around the complexities to deliver broader automation capabilities that can cope with the differing and ever-changing standards via in-house solutions can be cost prohibitive. Confining capability to a limited subset of the standards and mechanisms used by trading partners is a possible compromise, but risks alienating customers and suppliers who may use a different approach. Outsourcing to a managed service provider who can use their economy of scale to support and maintain a much broader range of standards and mechanisms can create a more inclusive trading capability, allowing the benefits of automation to be significantly extended – benefits which are confirmed by 74% of those that have gone down this route. Such users also highlight benefits associated with access to more up-to-date information from trading partners and increased business visibility in general.

#### RESEARCH NOTE:

The information presented in this report was derived from interviews with senior IT influencers and decision makers who were able to provide an informed view of trading practices within the B2B value chain. 400 respondents were randomly selected from a mixture of medium and large organisations in the retail supply chain, automotive manufacturing supply chain and hi-tech manufacturing across the USA, France, Germany and the UK. The study was commissioned by GXS and completed in June 2005, with all research conducted on an independent basis by Quocirca Ltd.

#### CONCLUSION

Automation of transactions has long been touted as an enabler of efficiency in the B2B supply and demand chains. The irony is, however, that the more broadly organisations attempt to apply automation, the more they fall foul of the complexity and expense of dealing with the myriad of technologies and standards that exists across their customer and supplier bases. Few have the capability to solve this problem in-house cost effectively, so outsourcing options that leverage economies of scale are key to achieving broad and inclusive automation and realising the benefits that come from this.

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# 1 Research Methodology

Quocirca carried out native language interviews with 400 respondents during May 2005 – 100 each in the US, UK, Germany and France. This research was carried out independently, and respondents were unaware of the commissioning agent for the research (GXS) until the end of the interview.

The research was conducted looking only at business to business (B2B) transactions – retail sales to consumers are not included within the remit of this research.

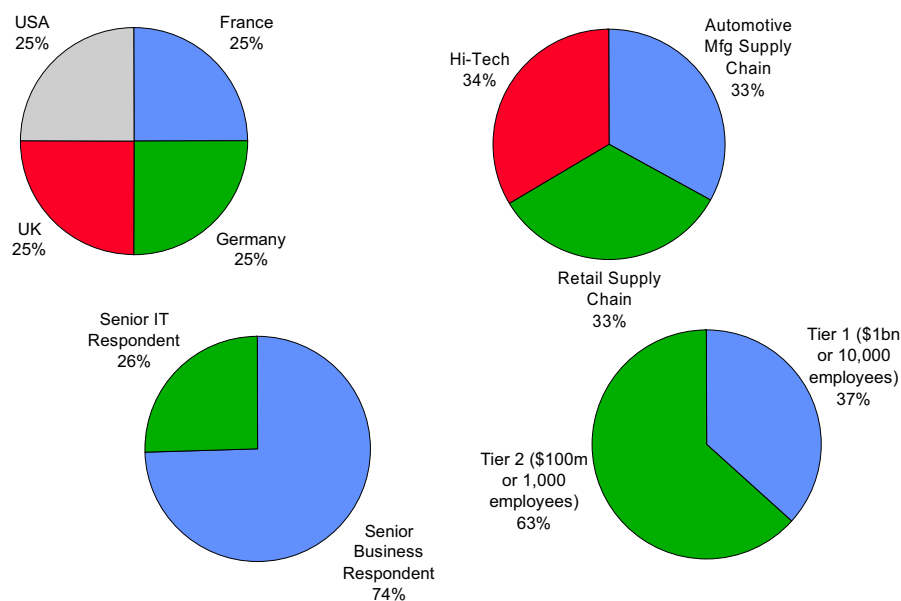
The sample was based on a random group of organisations drawn from the retail supply chain, automotive manufacturing supply chain and hi-tech markets, with a split between medium and large companies of 65%/35%. For the purposes of this study, a medium sized company was defined as being one with revenues between \$100m/€100m and \$1b/€1b, and/or between 1 000 and 10 000 employees. Large organisations were defined as having greater revenue and or employee levels than this.

Respondents were qualified based on their role within the supply chain – only those stating that they had sufficient familiarity with the workings of the supply chain from a sales and/or procurement perspective within their company were included in the research.

Respondent profiles may be reviewed at a glance when looking at Figure 1.

**Figure 1**

## Respondent Profiles



## 2 Introduction and Overview

In the 1990s, supply chain management gained a large amount of coverage, both from companies looking to drive cost out from the business sales and procurement functions, and from software vendors looking to provide B2B solutions in this space. Supply chain management (SCM) vendors such as Ariba and Commerce One made their name through the provision of software which managed the internal processes of the procurement function, but have struggled to deal with the complexities of technological evolution. Many companies have been forced into strategic reviews of SCM software usage due to the failure, or approaching failure, of their software provider. Enterprise resource planning (ERP) vendors such as SAP and Oracle have taken on the mantle to integrate SCM with other corporate back office functions, with varied results. Even the front office vendors, including customer relationship management (CRM) vendors such as Siebel Systems, provide B2B transactional components within their solutions.

It is against this background that Quocirca investigated the nature of supply chain activity in three important vertical markets – retail supply chain, automotive manufacturing supply chain and high-tech manufacturing – to determine whether availability of all of this technology has had a real impact on the implementation, penetration and efficiency with which transactions are executed in a B2B context.

This report details some of the challenges uncovered during the research and takes an objective look at some of the options for dealing with them. In particular, we look at how companies should decide which elements of sales and procurement transaction management are best handled within a company versus outsourced.

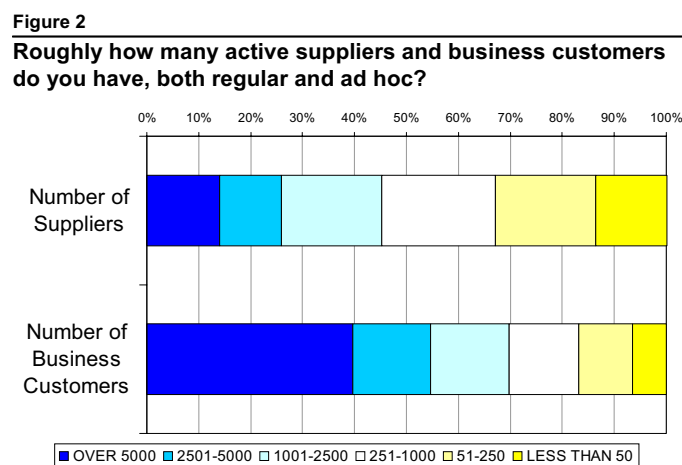
To begin with, however, we need to understand more about the B2B supply chain to fully appreciate the complexities that have an impact on how easily or otherwise B2B transactions may be automated.

## 3 The Complexities of the Value Chain

Value chains are inherently complex, but the overall complexity tends to remain hidden from key parts of the business. The B2B sales and procurement functions within the business are undoubtedly aware of the inherent issues, but articulating the nature of the overall complexity challenge to non-specialist stakeholders and decision makers in the company may not be a simple task. It is therefore useful to be clear and precise about the various aspects of this complexity, of which, four were confirmed by our research as follows:

### 3.1 Physical complexity

The root of the first area of complexity is the sheer number of partners that companies have to deal with in the value chain (Figure 2).



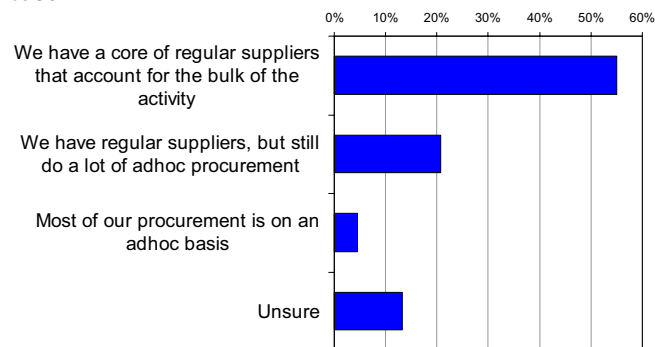
As a reminder, the sample was comprised of two thirds medium-size companies and one third large organisations. As we can see, 45% of respondents have over 1000 active suppliers with 70% having over 1000 active business customers. Over 40% of respondents have over 5000 active business customers. If we extend the value chain by just one level to include our customer's customers and our suppliers' suppliers,

we can see that the number of partners involved in a relatively simple chain can rapidly grow to very high levels. The challenges here are significant in terms of partner and transaction management, particularly when the pressure is to do everything more quickly and cheaply. In more complex chains, where supply dependencies can go back many levels, value chains become highly dynamic and trying to control them is not an option - indeed, it is often a case of doing the best you can to minimise the risk and cost of dealing with such a fast-moving and unforgiving trading environment. Even at the business level, the outsourcing of activities such as logistics and the supply of assemblies has led to increased complexity and pressure on the underlying technology infrastructure.

Not surprisingly, organisations take whatever steps that they can to minimise these kinds of complexity. The majority of respondents, for example, have attempted to rationalise the number of suppliers that they use (Figure 3).

**Figure 3**

**How is procurement activity spread across your supplier base?**

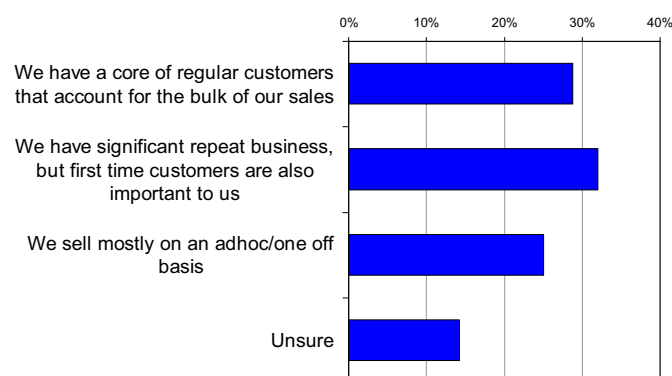


Here, we see over 50% of respondents concentrate on a core set of suppliers, with less than 5% having a completely ad hoc approach to procurement.

Such rationalisation is more difficult to achieve on the sales side, however, where narrowing markets, prospect and customer bases is not always in the best interests of the business. Not surprisingly, the research shows that respondents have a much greater dependence on ad hoc activity in the context of sales – with 25% working on a completely ad hoc basis, and less than 30% being dependent on a core set of customers (Figure 4).

**Figure 4**

**How does sales activity break down?**



Focusing on a core number of customers and suppliers can make life easier from an immediate business execution perspective, but when demand can originate several steps up the chain and a critical fulfilment dependency can exist several steps down it, it is clear that we need to think about more than just simple transaction execution. In an ideal world, planning, forecasting and fulfilment information would flow freely back and forth.

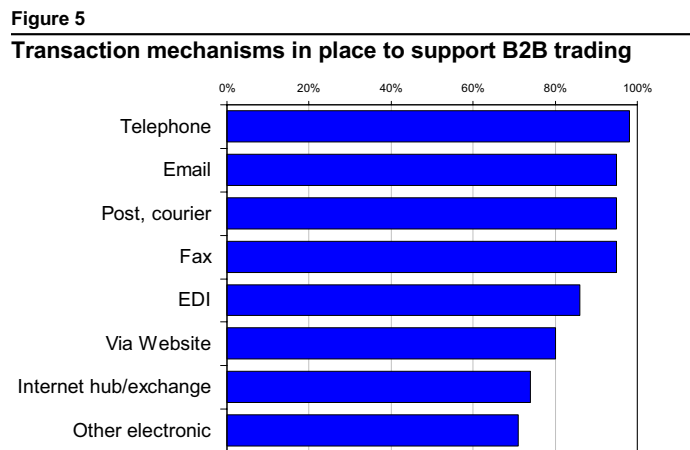
Trying to deal with these requirements is a challenge that many companies find distracts them from focusing on core competencies and hinders their effectiveness in the market. Increasing the level of automation provides a potential solution to many of the problems, but this brings with it a whole set of other complexities, e.g. in the area of standards.

### 3.2 Standards Complexity

Electronic Data Interchange (EDI) was supposed to provide the answer to companies needing to exchange transactional data. However, standards are only helpful if they are implemented and used by companies in the real world, and here is the root of the problem that has led to complexity in this area.

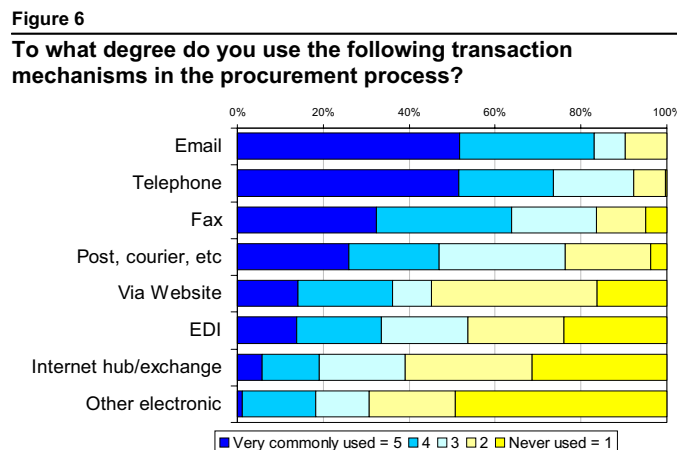
Not only was the EDI standard never a single standard in its own right, it has also fragmented greatly to meet perceived needs of specific verticals. We have also seen the emergence of other vertical and horizontal standards that have undermined the potential benefits of driving down a standardisation route. In the area of B2B transactions, the old saying “The great thing about standards is that there are so many of them to choose from” is becoming ever truer.

Nevertheless, when we look at the mechanisms that companies have in place to manage transactions it becomes clear that most companies have a choice of automated ways to support B2B trading (Figure 5).



Over 85% of respondents have EDI mechanisms in place and 80% have access to extranet functionality for initiating and managing transactions.

The problem comes when usage of these mechanisms is discussed, however, particularly in the procurement process (Figure 6).

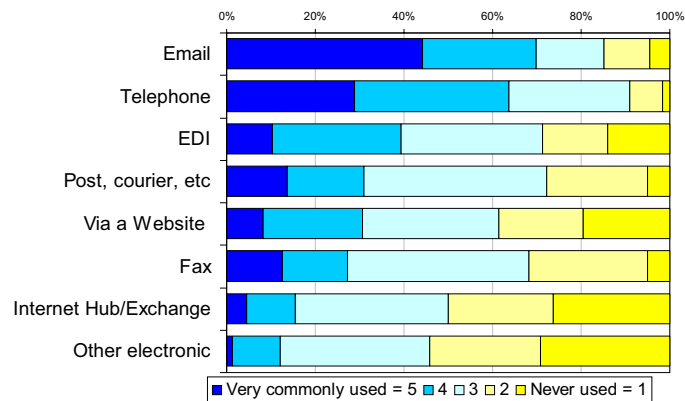


Less than 15% of respondents said that EDI and extranets were "very commonly used" in relation to procurement, with common usage being only around the 35% level.

When the sales process is considered, there is little real difference – EDI and extranets are very commonly used in around 10% of cases, with common usage being between 35% and 40% (Figure 7).

Figure 7

When selling goods or services, how commonly are the following transaction mechanisms used?



This picture is a direct reflection of the complexity in this area. A raft of "standards" has emerged over recent years that companies need to keep up to date with. EDI, for example, offers standards such as - the Accredited Standards Committee (ASC) X12 and the United Nations (UN) EDIFACT. Each of these is now moving towards utilisation of eXtensible Markup Language (XML), leading to standards such as ebXML and xCBL, amongst many others. Although XML is seen as more flexible, the early fragmentation of approaches to creating XML-based standards has already led to the need for translations between different XML transactional dialects. Furthermore, outside of the two major ASC/UN standards, we have multiple vertical EDI standards, such as HEDNA, MISO and IFX.

Beyond EDI and XML, we have many other standards and transport mechanisms that are utilised to facilitate B2B transactions, such as simple data export mechanisms, the File Transfer Protocol (FTP), Simple Mail Transfer Protocol (SMTP), and X.400/X.500 messaging transports. These may be useful for highly formalised interactions between known partners, but allow for little in the way of integration between the incoming data stream and the applications that need to take action on the information. This is because they are generally more concerned with the physical transport layer than they are with the business logic layer that deals with requirements such as transaction mapping.

To complicate matters further, we also have groups with responsibility for other technical areas, such as the internet Engineering Task Force (IETF), who have been defining EDI-INT (EDI over the internet), and have developed the Applicability Statement 2 (AS2) as a definition of how documents should be exchanged over the internet. Then there are groups such as Odette, JAMA/JAPIA and STAR, associations of automotive groups in Europe, Japan and the US respectively, and RosettaNet, a consortium of electronics companies, all creating their own "standardised" means of exchanging documents and transactional information between their own members. These have bred further standards and transports such as the Odette File Transfer Protocol (OFTP) and the RosettaNet Implementation Framework (RNIF).

The outcome of all of this is that we are moving further away from standardisation, rather than towards it. We must also consider the fact that few value chains are completely vertically aligned, often only two or three steps away from a more horizontally focused partner. For example, in the automotive industry, a car maker will require many components that are made with sheet steel or with injection moulded plastics. The original raw material suppliers may not specialise specifically in automotive – they will also be supplying, say, the aerospace industry, consumer packaged goods, electronics and furniture manufacturers.

For suppliers to multiple vertical markets, managing such complexity in-house is a big task – so they tend to stay with basic solutions, such as the telephone and e-mail, which is why we see manual mechanisms figure so highly in the research.

The significant impact that non-integrated and non-audit capable methods may have in today's highly regulated business environment cannot be overlooked when it comes to demonstrating compliance and good governance.

### 3.3 Technical Complexity

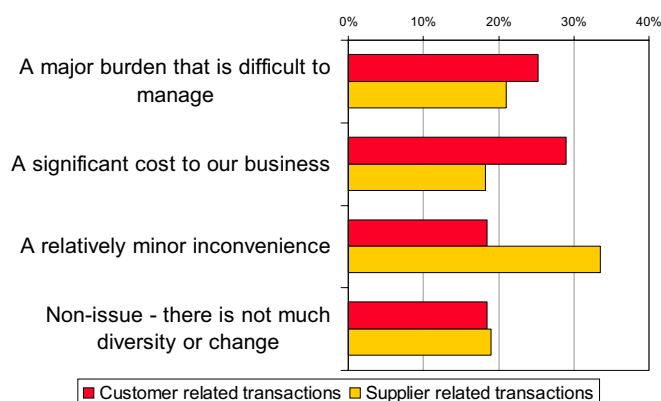
Given the complexity in the standards arena, maintaining systems that provide a suitable level of integrated transaction automation capability is a serious challenge. One option is for a company to choose a set of standards that it will support, but for many of them, the chances of all of its suppliers and customers adopting the same standards is remote. There is also the problem of standards evolution, which often requires technical development or adjustments to systems to manage these developments. Relying on consistency amongst trading partners in terms of when and how they move forward with emerging standards and technologies is virtually impossible. In reality, individual trading partners tend to move at their own pace, meaning that at any one moment in time, an organisation is likely to be required to support multiple versions of standards and associated technologies.

In an ideal world, it would be possible to implement a technological solution that manages all of this complexity and the dynamics associated with it in a transparent manner, so freeing up the company to concentrate on its core competencies.

However, creating such an environment is not easy. In the research, over 50% of respondents said they felt that dealing with technology changes was a major or significant burden to their businesses in relation to customers, with 40% stating the same for suppliers (Figure 8).

Figure 8

**How would you describe the burden of dealing with the rate of technology change in B2B transaction mechanisms?**



To illustrate the problem in practical terms, let us suppose that a company has a stable automated transaction mechanism between themselves and a major partner, based upon a specific standard. The company and its partner use different back-office systems and the software vendor which provides the partner's system updates their software. Within this update, the software vendor provides support for the latest version of the standard that is being utilised. However, the original company's back-office software vendor's plans are for an update much later on. The company can try and persuade the partner not to upgrade, could try and work with them on maintaining support for the earlier version of the standard, or could just wait and see what happens. In many cases, it will be the last option that is defaulted to, as the partner will not be in any position to exhaustively check with the many thousands of partners in their value chain as to the impact this change could have on each partner's system.

Looking at the extended value chain, it can therefore be pretty much guaranteed that changes will be happening on a regular and frequent basis, and that companies will not necessarily be aware of them until they find that transactions are not progressing as would be expected.

### 3.4 Geopolitical complexities

The last area of complexity that we will touch on within this report is the complexity caused by geographical location and by local regulations and laws. In the efforts to drive cost out of the value chain, the procurement

function has been driven to source cheaper components, basic assemblies and other goods from wherever possible. Increased usage of the internet has also made it far easier for people to identify suppliers from abroad – one of the contributing factors to the high number of suppliers identified by respondents in the research.

However, taking a global or even a regional procurement approach has its own issues. Many suppliers will not have the capability to communicate outside of their native language or to the required technology standards of their customer. These suppliers will also have to deal with local laws in areas such as health and safety, and may have different legal requirements placed on them e.g. with the use of hazardous materials in products they supply and other specifics of this nature. There will then be possible problems with the logistics behind moving goods from the supplier to the customer's warehouse or point of usage – including cross-border issues such as import duties, and so on, that must be dealt with.

If a company identifies a prime supplier within a cheaper geography, it may make sense to decide how to deal with all of these issues in order to engage the supplier on an ongoing basis. However, the research identifies a lot of current activity which is being conducted on an ad hoc basis, so it is going to be questionable whether it is worthwhile doing all of this for a single order from a prospective partner.

The impact of these issues will depend on your organisation and its current practices. If there are suppliers who already have agreements in place which include the required local language skills, understanding of local laws and regulations, logistics and suitable technology standards, then it makes sense to utilise this existing experience to facilitate one-off transactions requiring the same or similar approach. The availability of such experience for one geography, however, does not automatically mean a company is well positioned to deal effectively with other geographies. Issues will differ between Asia and Eastern Europe, for example, and, indeed, between countries in the same region such as Korea and China.

Maintaining the skills and human resources to deal with this geopolitical complexity can represent significant overhead to the business which must be offset against the savings being made in the procurement deals conducted internationally.

### **3.5 Summary of the complexity challenge**

Based on the above discussions and the research findings to which they refer, we can summarise the complexity challenge as follows:

- The value chain is highly complex. The number of trading partners is usually very high with a mix of ad hoc as well as more stable trading arrangements.
- When the complexity associated with standards, technology and international trading are layered on top of this, the challenges are magnified significantly.
- Together with the rapid rate of change in these areas, most organisations are held back from fully exploiting automated transaction systems as the burden of implementing and maintaining capability against this complex and ever-changing background is so great.

The fundamental problem we have here is that automation is an obvious enabler of efficiency in the supply chain, but the complexity of the environment limits the degree to which automation can be achieved without running into the problem of escalating costs which undermine the original objective. It is a classic Catch-22 situation.

## **4 Business Priorities and Tactics**

Before looking at ways of dealing with the complexity challenge, it is useful to take a step back and consider business priorities and tactics for performance improvement in relation to the sales and the procurement functions. This can provide important business context for considering the overall value and appropriateness of solutions and services that we will discuss later in the report.

## 4.1 Business priorities in relation to the value chain

Quocirca's research shows that respondents are looking primarily for cost savings in the value chain (Figure 9 and Figure 10).

Figure 9

Which of the following would you regard as a priority for your business with respect to procurement?

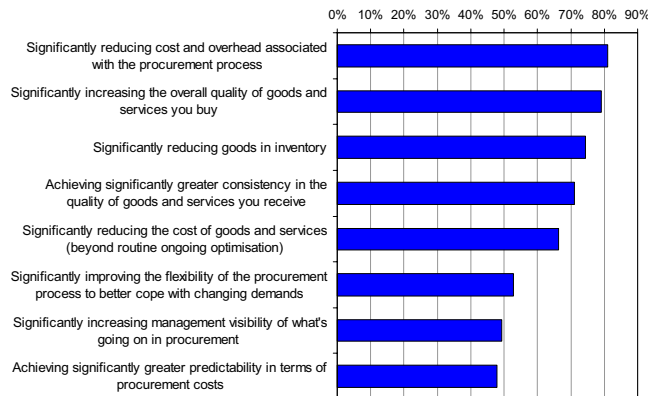
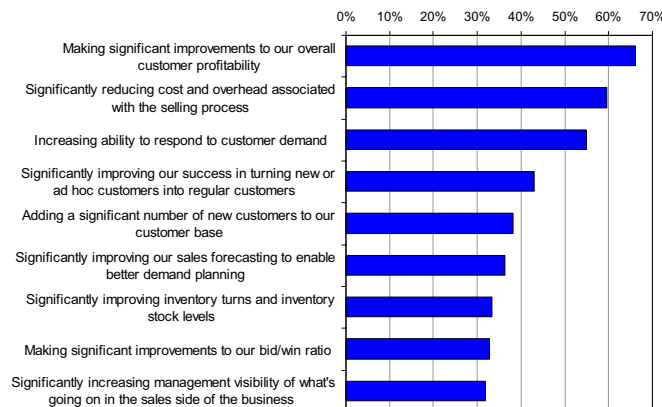


Figure 10

Which of the following would you regard as a priority for your business with respect to sales?



On the customer side, profitability is the main issue. This is not surprising as one result of the growth of the internet is that competitive pricing for goods supplied is more transparent thus pressuring companies to keep prices low. Many buyers will carry out a degree of web research to find indicative pricing, and will then use this knowledge to negotiate with existing suppliers. The fact that one of the main drivers on the sales side is the requirement to drive cost out of the process correlates with findings on the procurement side - for suppliers with high fixed costs or who are struggling to manage variable costs, meeting the cost requirements of the customer can lead to the problems with quality that buyers have identified.

The observation that customers are seen to be increasingly demanding is also not surprising – the pace of change in today's markets is phenomenal: windows of opportunity that used to be measured in months are now in weeks, those in weeks are now in days. Meeting these customer demands means finding suppliers who can cope with more challenging requirements. This can be the difference between survival or going out of business. Many buyers accept lower quality for the sake of meeting delivery deadlines – provided that a sufficient proportion of the delivery does meet minimum quality standards. The problem then becomes what to do with those items that do not meet that level of desired quality?

Although cost is a factor in three out of five of the supply side issues, quality of goods supplied is also seen as a major issue. This demonstrates that companies are still facing challenges with sourcing suitable "solutions" from their suppliers (constituting a service that delivers to time, to budget and to quality, not

purely to lowest price), and that suppliers are too often struggling to meet the requirements placed upon them.

Quocirca sees this as a direct correlation of market forces – procurement is told by the business to lower costs in the value chain, but the value chain in itself is inherently complex (and therefore expensive). The cost of goods supplied therefore becomes a major force in the decision making process. In order to provide goods to the price demanded, companies are often tempted to cut corners, and quality therefore suffers. For the supplier's competitors, they need to be seen to be competitive in the market, and so must drive cost out of their process – leading to them putting pressure on their own suppliers for lower costs, and so creating an escalating issue of lower cost/lower quality goods in the value chain.

Inventory also remains an issue, denoting that companies do not have real visibility in the supply chain and thus do not have the capability to forward plan adequately and ensure that sufficient supplies will be available when required without expensive storage arrangements.

In the next section we look at some different ways in which challenges and pressures in the value chain have created the priorities we see in terms of performance optimisation.

## 4.2 Common tactics for driving performance improvements

A range of tactics were highlighted in the research for driving improvements in line with priorities we have been discussing (Figure 11 and Figure 12).

Figure 11

Are you employing any of the following tactics to drive improvements in your procurement process?

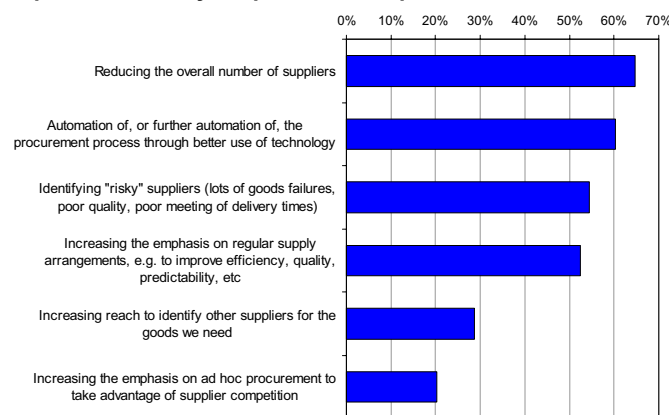
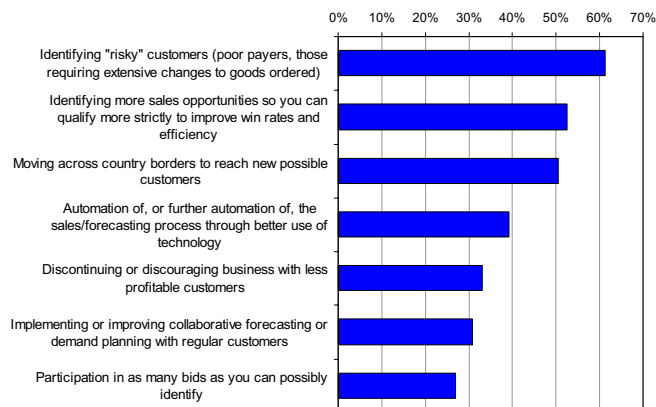


Figure 12

Are you employing any of the following tactics to drive improvements in the sales process?



Not surprisingly, companies are looking at rationalising the number of suppliers they have, while growing the number of customers. Identifying "risky" customers (those that do not pay on time, those to whom cost of

sale is higher than normal, etc) and suppliers (those with low overall quality, those who miss deadlines, etc) is high in both cases.

The supplier findings point towards placing more control around the supplier function – fewer suppliers receiving larger orders leading towards lower prices per item. Greater emphasis on regular agreements also underlines this control imperative – bringing in known factors such as on-going quality, delivery times, knowledge of inventory levels and so on. However, moving towards creating a prime supplier environment raises its own issues – what happens if the supplier cannot fulfil a specific order, or worse, if the supplier goes out of business? How much time will need to be spent on tracking the quality of the goods supplied and ensuring that the supplier meets the requirements that have been placed upon them? Will it be possible to renegotiate the deal if prices from competitors drop considerably – and how will this information be tracked? Against this, we also have to look at the increased outsourcing of distinct areas of the business, such as logistics, and the move towards the provision of assemblies, rather than components, in areas such as manufacturing. This drives towards further complexity – and more potential problems in managing all the issues discussed here across a more diffuse value chain.

An alternative (or, in many cases, synergistic) approach is to use automated means to facilitate the transactions between partners. This ambition to automate or further automate transactions across the value chain is prominent in both supplier and customer context, as is the drive for efficiency gains through better forecasting of sales and supply needs. This brings into sharp focus the business impact of complexity limiting the degree to which electronic mechanisms may be implemented, whether for simple transaction management or for higher-level functions such as collaborative forecasting and planning.

On the sales side, this could enable a move towards identifying more sales possibilities, enabling companies to weed out prospects and customers where the cost of sale, or risk of sale, may be too high. It could offer a larger pool of opportunities to choose from, and the resource to carry out a higher degree of qualification to identify the high value, low risk deals worth going after. However, it is inherent to most companies that they go after as many opportunities as they can identify – and broadening the scope may lead to a drastic stretching of the company's capabilities unless full due diligence and qualification is carried out.

Another tactic being employed on the sales side is to extend the company's reach to other geographies to tap into new markets. While this is a tactic that has been utilised for a long time and often with great success in the past, today's markets are changing. There are more legal requirements to meet, more complexities in dealing with cross-border issues and more competition on a local, regional and global scale to deal with.

### **4.3 Summary of business challenges and objectives**

We can summarise the business challenges and objectives pertinent to the discussion in this report as follows:

- Many organisations refer to a supply chain or demand chain strategy, but the evidence suggests that existing approaches still tend to be tactical and reactive
- Improvements in partner management and order qualification are objectives for many, underlining the need for better visibility and information availability as well as pure transaction efficiency
- Organisations also articulate the need, both directly and indirectly, for better collaboration and information exchange at a level above simple transaction management.

These points, as derived from the research findings, underline the need for a more capable transactional infrastructure in many organisations, including communication and collaboration functions. We now turn our attention to the specific imperatives to bear in mind when considering this next step.

## **5 Business imperatives in relation to transaction infrastructure**

From the discussion so far, we can conclude that many organisations would benefit from infrastructure improvements that would enable them to move more tangibly and quickly towards meeting the objectives they have articulated. In some cases, this could be achieved by extending or upgrading the technology infrastructure that exists in house already. We will shortly discuss the alternative approach of outsourcing all

or part of the B2B transaction infrastructure. Whether reviewing an existing infrastructure, qualifying an infrastructure replacement or upgrade, or considering an outsourced service, it helps to be clear and precise about the business imperatives that are important in this context. We will now consider each of these in turn.

### **5.1 The need for an inclusive approach**

Many partners will have already invested much time, resource and money in implementing systems that include an element of automated transactional capability. Others may be constrained in terms of internal skills or funding available to invest in and continue to maintain up-to-date automation solutions. Attempting to deal with the issues of complexity by dictating the standards or transactional mechanism a partner must use is therefore doomed to failure for most companies and will constrain their options in terms of viable trading partners as well as potentially disrupt working relationships with existing partners. Any solution considered should therefore ideally have the capability to be inclusive, enabling the rapid adoption of existing partners as well as adding new ones easily and transparently –all the while being realistic about partner capability, motivation and willingness to invest along the way.

### **5.2 The need for “live” information**

A suitable solution should open up many more new opportunities to compare information across partners to achieve the desired result. Only through these means can companies remain competitive within the shortened windows of opportunity available. This is only possible if the solution provides a means of looking at live catalogues of products and services, pricing information, inventories and so on. The solution would ideally also provide the necessary communication and collaboration frameworks for negotiations to be entered into, as well as a means of managing settlement and logistics.

### **5.3 Transacting efficiently, accurately, reliably and visibly**

Any B2B transaction within a company must be guaranteed – it must happen once and once only. The transaction must be efficient in that it is carried out within the agreed rules and timescales that are required (or that an exception is raised if this is not possible), and it must be accurate from end to end. All transaction information must be easily viewed, in context, enabling reporting against business – and governance - requirements.

### **5.4 Keeping pace with evolving business practices**

The solution chosen must be flexible enough to deal with constant change, enabling the company to maintain internal and external best practices and utilise new and evolving standards as and when the company deems it to be necessary.

Also, we are working in a far more rigid business environment these days. The need to be able to demonstrate compliance and the requirement for strong corporate governance means that we must be able to keep track of our transactions – and we must be able to respond to changes in the laws around compliance, traceability and governance driven by local and global governments.

### **5.5 Assessing your position and potential options**

By concentrating on the business imperatives identified above, reviewing existing capability and/or identifying possible new solutions becomes easier to achieve on an objective basis.

Given the findings of the research, we would encourage organisations to spend some time at least reviewing their current capability against the criteria we have discussed. To accelerate this process, we provide a generic assessment of the various ways of implementing B2B transaction capability in the following section.

## **6 Possible approaches to streamlining B2B transactions**

Quocirca has identified five main ways of approaching the issue of creating a more flexible means of dealing with the complexities of the value chain. When viewed against the business imperatives outlined above, we can identify the relative pros and cons of each approach.

## 6.1 Complete In-house Solution:

### 6.1.1 Proposed solution:

This solution is a complete in-house solution which provides support for the transactional standards utilised by the other partners within the value chain.

### 6.1.2 Inclusivity

An in-house solution can be made inclusive – its reach is wholly dependent on the number of standards and the number of versions of those standards that a company is able to implement and support cost effectively, either via its own resources or with the help of key suppliers such as software vendors and system integrators. There is also a dependence on how much time and funding the company is willing to allocate on an ongoing basis to integrate existing and new partners into the solution, as some will need help and others will need motivation.

### 6.1.3 Access to “live” information

Access to live information is likely to be difficult, as this requires partners to set up specific feeds from their systems to the company's. Although this is possible (and is relatively simple with XML), the perceived burden on suppliers against perceived gain across a broad front of possible customers would limit the scope of such a solution, with the most likely outcome being live information available from selected partners only. Other forms of live communication can be implemented via the use of web chat or instant messaging to gain the desired information, but these are clearly manual rather than automatic mechanisms with no tracking capability.

### 6.1.4 Effective transactions

Unless a company's partners have similar solutions already in place and the company has fully integrated these partners, the effectiveness of the transaction mechanism can only be measured to the point of handover of the transaction to the partner.

### 6.1.5 Keeping pace with evolving business practices

Again, keeping pace with evolving business practices becomes an issue depending on the effort the company and/or its IT suppliers can justify putting into the solution on an effort/return basis.

Against the constraints of compliance and governance, this solution will need internal skills to provide the flexibility to manage data against the various different compliance requirements – and to maintain the flexibility to reflect regional and new requirements over time.

### 6.1.6 Overall assessment

Overall, Quocirca believes that a complete in-house solution will always be limited in its ability to deal with the complexity we have described. The need to manage the technology as well as the evolution of standards alongside the partner details themselves leads to a defocusing on the matters that count – such as ensuring that the company gets the best possible overall deal when buying and selling goods and services and being able to satisfy customer demand effectively. The upshot is that organisations will be unlikely to reap the benefits of automation beyond their dealings with a relatively small number of regular trading partners. This will perpetuate the need for manual processes that are currently relied on for the majority of B2B transactions.

## 6.2 Extranet Solution:

### 6.2.1 Proposed solution:

An extranet made available to existing and new partners enabling them to transact by directly accessing the company's systems.

### 6.2.2 Inclusivity

An extranet solution is theoretically completely inclusive – it provides an independent web based on-ramp for partners to access and input transactional information. All that is required in most cases is internet access and a username and password. There are partners that will have problems with this kind of approach, however; specifically those that prefer to deal in an automated manner. It is therefore likely that a pure web

based solution would need to be augmented by a transaction gateway that provides a system to system level interface as described in 6.1.

### **6.2.3 Access to “live” information**

The amount of near-live information is again down to how willing the partner is to provide such information. As there is often no direct connection between a company extranet and the partner’s existing solution, the provision of truly live information is generally not possible. The use of “call me” buttons, web chat and instant messaging can be implemented on the extranet, enabling partners to request a live discussion. The use of such tools towards customers would not be possible.

### **6.2.4 Effective transactions**

An extranet solution provides a suitable means of controlling all transactions, as all activity takes place within the company’s own systems. However, this means that there is no capability for downstream transaction visibility.

### **6.2.5 Keeping pace with evolving business practices**

An extranet can be changed to meet the needs of the company, and the partners have little choice but to comply – or walk away. However, as with a full in-house solution, the capacity for an extranet to keep pace with evolving business practices is dictated by the amount of effort the company is willing to put in to the solution – and the skills that the company has available or is willing to pay for from a third party professional services provider or software developer.

Against compliance and governance, we have the same issues as in 6.1. However, this approach does maintain all the data within your environment, providing a better chance of being able to demonstrate compliance within your own data sets.

### **6.2.6 Overall assessment**

An extranet approach provides a more flexible set of facilities for ad hoc transactional dealings in the sales and procurement environment, but does not offer the overall integration that is required to fully automate the day-to-day transactions between the company and its core partners. We therefore see this approach as complementary to automated transaction handling mechanisms rather than a solution to be used in isolation.

## **6.3 Use of an EDI-based or other prescriptive standards-based approach to specific suppliers/customers in the chain**

### **6.3.1 Proposed solution:**

An in-house solution utilising specific standards, generally with the aim of automating transactions with core customers and suppliers rather than the general partner base.

### **6.3.2 Inclusivity**

The use of a single specific standard limits the partners that can be included in the automated transaction chain. Such an approach has little inherent inclusivity.

### **6.3.3 Access to “live” information**

Many standards include support for the exchange of electronic documents and data feeds, enabling the two-way exchange of information such as inventories and portfolio catalogues. Many systems also have the capability to initiate live communication and collaboration systems to discuss issues.

### **6.3.4 Effective transactions**

The use of a single standard enables the highest level of fidelity in the value chain, provided all parties are capable of utilising the standard, and are at the same version. A dedicated single standard solution will provide the best solution for effectiveness of suitable transactions.

### **6.3.5 Keeping pace with evolving business practices**

Maintaining a single standard is far easier than maintaining multiple standards, and as such keeping up with the pace of change should be relatively easy. However, should it become apparent that a new standard is usurping the current standard, it may involve major change to switch to supporting the new standard.

The use of a single standard solution provides the best level of compliance and governance solution, as you have the highest level of transaction fidelity across the chain.

### **6.3.6 Overall assessment**

The use of a specific standard guarantees a highly accurate and efficient system, but cuts down on the flexibility and inclusivity of the solution. However, within certain specific verticals involving short value chains and specific vertical partners, such an approach can provide a suitable solution.

## **6.4 Use of managed transactional B2B services**

### **6.4.1 Proposed solution:**

Outsourcing the provision of support for the transactional standards and transport mechanisms involved in B2B trading, along with other communication and collaboration functions, to facilitate efficient coordination and information exchange with trading partners.

### **6.4.2 Inclusivity**

An external solution should provide the broadest support for standards as the third party provider has the advantage of economy of scale, so leading to the solution being the most inclusive. Where a partner has little to no capability themselves, the managed service provider will typically provide an easy internet-based on-ramp for the partner (an integrated, managed form of an internal extranet as discussed in 6.2).

### **6.4.3 Access to “live” information**

Managed B2B transaction services should provide communication and collaboration tools as a bare minimum, and most will provide the capability to manage and synchronise product catalogues and inventory information, alongside other functions.

### **6.4.4 Effective transactions**

The managed services provider should be able to track transactions through from end to end, unless a partner within the value chain has chosen not to utilise the managed service. Where the partner is part of the managed service, the managed service provider should maintain the context of the transaction and be able to raise exceptions against any issues arising in the chain.

### **6.4.5 Keeping pace with evolving business practices**

It is beholden on a managed service provider to maintain support for legacy, existing, evolving and new standards, once these become a credible force within the market. The provider should also support all versions of any standard that is still in common usage.

On the compliance and governance issue, a managed service should be able to provide you with audit logs of the data required. Again, due to the complexities of managing an “anything to anything” transactional environment, there may not be an immediate high-fidelity solution against any new legal requirements – but a good service provider should be one of the first to market with a solution, and should be able to support regional requirements.

However, it should be noted that the managed service provider will tend to move at its own pace – a single company will not be able to dictate to the provider that support for a standard must be provided. To this end, the service provider must have and must be able to demonstrate the flexibility not to constrain the future strategic and tactical developments within the organisation through being responsive to customer needs.

### **6.4.6 Overall assessment**

A managed approach provides the best overall support for a mixture of standards and for flexibility. This will come at a cost, however, based on transaction charges and possible subscription costs, but these must be offset against the work that would be required to be done by other means to provide such a solution internally.

## 6.5 Use of a hybrid solution

### 6.5.1 Proposed solution

For many, going for a full, managed solution is seen as an “abdication” of control, and yet they will accept that they will struggle to manage the complexity of their existing environment. Therefore, it is possible to maintain transactional management of specific known key partners in-house, through the use of any of the solutions in 6.1, 6.2 or 6.3, and to offload management of less standardised or ad-hoc partners to a managed provider.

### 6.5.2 Inclusivity

As 6.4.

### 6.5.3 Access to “live” information

Provided that the in-house managed partners are being dealt with via standard automated means, this solution will provide suitable access to information. However, if non-automated means are being utilised, problems will remain.

### 6.5.4 Effective transactions

Provided that in-house managed partners are being dealt with through automated means, the effectiveness of the transactions should be strong.

### 6.5.5 Keeping pace with evolving business practices

By minimising the number of in-house managed partners, the company can maintain effective business practices across this smaller group more easily than across the complete partner group. The managed services provider can then facilitate the business practices across the less standardised/ad hoc partner base.

### 6.5.6 Overall assessment

For many, this will provide the best starting point for an optimised transactional partner solution. The strategic management of key relationships remains within the company, while the day-to-day issues of dealing with less strategic and ad-hoc partners is offloaded to the managed service provider – enabling the company to maintain a large (and often growing) partner base.

If the managed service provider approach is then seen to work, the company can migrate the remaining partners as it makes sense.

## 6.6 Use of Marketplace technologies

### 6.6.1 Proposed solution:

Outsourcing the complete technical procurement and sales function to a fully managed environment dedicated to a specific vertical market involving as many customers and suppliers within that market as possible.

### 6.6.2 Inclusivity

As with a managed transactional B2B provider, a marketplace should offer a full range of standards support – although this may be focused within a specific vertical market only.

### 6.6.3 Access to “live” information

Marketplaces provide full access to catalogues, inventory information and trading data within the marketplace. Live actions such as auctions, reverse auctions, web conferencing and instant messaging are also often provided.

### 6.6.4 Effective transactions

The marketplace covers all aspects of the transaction – the transaction starts and finishes within the marketplace, with data being sent into the partners’ sites to update their systems.

### 6.6.5 Keeping pace with evolving business practices

Essentially, marketplaces should be capable of managing change as effectively as a managed transactional B2B provider. However, many marketplaces have suffered as competition has split specific verticals into multiple marketplaces, and the problems found by more horizontal partners in having to pay subscriptions and transaction payments to multiple marketplaces has led to many marketplaces curtailing their operations (and so moving more towards a managed transactional B2B play) or going out of business.

### 6.6.6 Overall assessment

A marketplace should provide the logical end result of moving to an outsourced, managed solution. However, the costs of creating and managing marketplaces heavily outweigh those of a managed transactional B2B service, due to the additional functionality that has to be provided. At this stage, Quocirca finds it difficult to recommend marketplaces, as there are too many recent failures within the space.

## 6.7 Checkpoint summary and conclusions on possible solutions

All of the above solutions are viable depending on context. However, when we look at the challenges and dynamics uncovered in the research, we can draw some general conclusions in terms of their suitability and effectiveness dealing with future requirements in an environment that is becoming increasingly more complex as time goes on:

- In-house solutions can work, but will require dedicated resource and specific skills, and often end up as partial solutions from automation perspective
- Extranets are suitable in specific situations involving ad-hoc sales and purchases, but are not, in themselves, viable for use in isolation
- Prescriptive standards based approaches can work in highly specific, short value chain, vertical environments
- Managed B2B solutions are suitable for more complex environments with long chains or broad basis of trading partners, where multiple standards are involved
- Marketplaces are generally struggling, and are slowly changing into a more managed B2B service model.

Of all of these options, the first three are generally extensions of the approach that most organisations have taken to date and are reasonably self-explanatory. The last option is becoming less attractive over time simply due to the way activity in some of the major industry verticals has unfolded in recent years.

The option that warrants further investigation, however, is the managed B2B services approach, and this is something that was examined as part of the research by considering the views of both users and non-users of this type of offering.

## 7 Managed B2B services approach in more detail

Before looking specifically at the use of the managed service approach in the context of B2B transactions, it is worth noting that outsourcing in general is something that has become widely accepted in association with other functions, both at an IT level (Figure 13) and at a business process level (figure 14).

Figure 13

**Do you make use of managed services or any other form of outsourcing in any of the following areas or might you consider doing so in the future?**

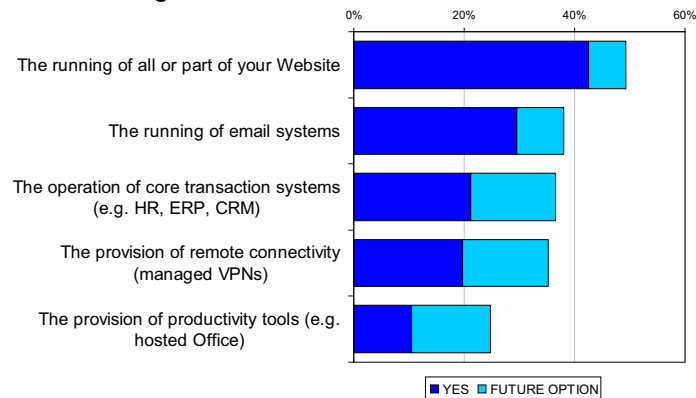
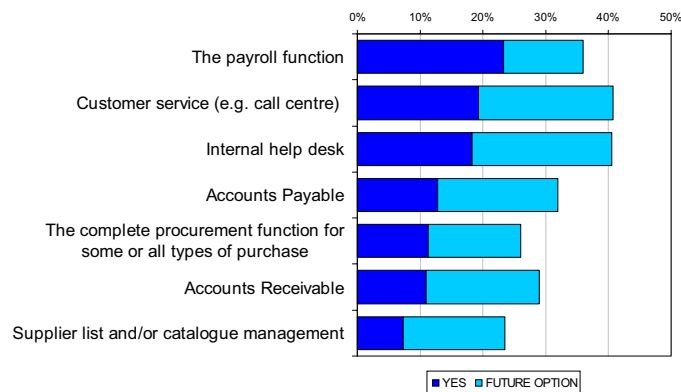


Figure 14

**Have you outsourced any of the following business functions to one or more third parties (not just systems, but the whole process) or might you consider doing so in the future?**



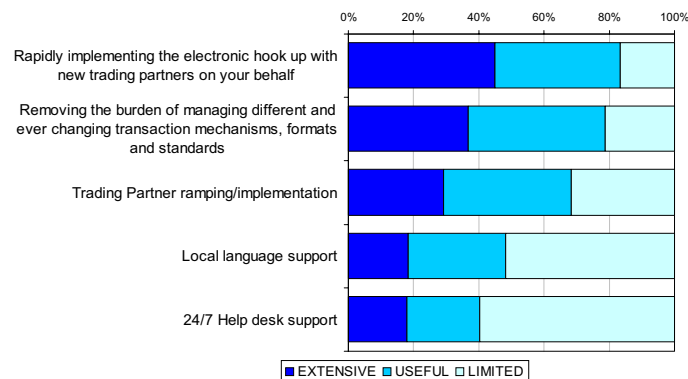
This level of outsourcing activity confirms that many companies are already comfortable with the concept of using managed services provided under a service level agreement (SLA) as an effective method of removing the distraction of maintaining operational facilities, allowing more focus on core business activities. Overall, around half of the organisations interviewed had taken advantage of outsourcing in one area or another.

In the context of B2B trading, outsourcing is particularly relevant as a service provider can take advantage of economy of scale to justify investment in supporting a wide range of technologies and standards. In theory, outsourcing in this area can deal with many of the complexity related issues more effectively allowing the advantages of automation to be exploited much more broadly.

Indeed, those who have some familiarity with or understanding of the B2B managed services proposition (just under half of our sample) highlight as key benefits the ability to hook up rapidly with new trading partners for automatic transaction handling and to more easily manage changes thereafter (Figure 15).

Figure 15

**How would you rate the benefit or potential benefit of the following support and implementation functions that may be offered by a managed B2B service provider?**



This is not surprising as typically, a managed B2B transactional services provider will provide the following as a base level of functionality:

- A managed infrastructure, with guaranteed up times and an agreed service level agreement (SLA)
- A range of transaction services enabling the customer to deal with any other member of their value chain participating in the service, irrespective of the data formats and technologies used
- A knowledge of local requirements, whether this be around cross-border transactions, legal requirements around data protection or whatever
- Capability to carry out transactions in any currency
- A means of direct communication and collaboration with other members of the value chain – in a manner which is auditable
- Native language support for dealing with members of the service
- Provision of functionality for suppliers to maintain easily accessible, up-to-date product and services catalogues
- A means of reporting against historical transactions
- High levels of scalability to meet your current and future needs
- Full back up and restore services
- Business continuity and disaster recovery services
- A simple means for members of your value chain to access the service, without any major changes to their existing systems

Of course some organisations remain sceptical, and although this number represented less than 10% of those who provided a view in the research, it is interesting to see that the reasoning of those rejecting the idea revolves predominantly around cost (Figure 16).

Figure 16

For the 10% of the sample not interested:

**Why would you not consider such services?**



This highlighting of the cost issue is important as there may be an initial outlay in implementation costs, and there will also be definite expenditure in streamlining processes so that the optimum benefit can be gained from the use of such a solution. There are also transaction costs to consider, though, many providers will offer banded cost models, so maintaining a more predictable cost for users.

It is obviously important for this cost to be offset in benefit terms. The savings that come from more efficient management and maintenance of automated transaction processing plus the reduction in administration overhead arising from increased automation per se, are clearly part of this equation.

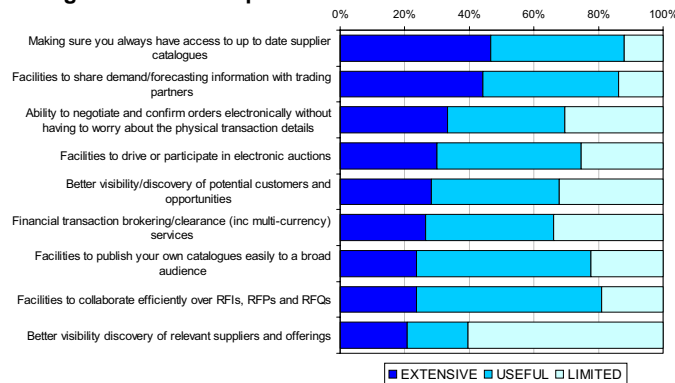
But going down a managed B2B services route can also bring other benefits beyond simply removing the technology and standards related burden.

We would therefore recommend that organisations investigating a managed B2B transaction services approach also look at whether the provider can offer some of the more effective value add services, such as:

- The capability to manage demand through predictive reporting
- Logistics planning and management
- Financial settlement services
- Simple integration solutions into existing software solutions (e.g. ERP, Accounting)
- Managed data pools offering data cleansing, matching and data synchronisation to minimise wrong product provisioning

When we inquired in the research about the value of such services and some of the other spin-off benefits from the B2B managed services approach, the overall value becomes more clear (Figure 17).

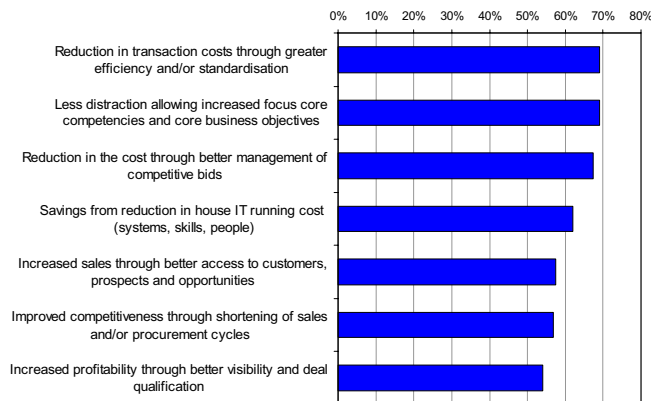
**Figure 17**  
**How would you rate the benefit or potential benefit of the following business functionality that may be offered by a managed B2B service provider?**



When evaluating options and formulating business cases, therefore, the value of exploiting some of these high ranking benefits (such as access to up-to-date information and the ability to negotiate without having to know about the partner’s technology capabilities) should not be underestimated.

When we pull all of the threads together and ask users of such services (that represented just under 10% of the overall sample) what drove them in this direction, we can see that the business case is typically very well rounded (Figure 18).

**Figure 18**  
**Which of the following would you consider to be significant in driving you towards the use of managed B2B services?**



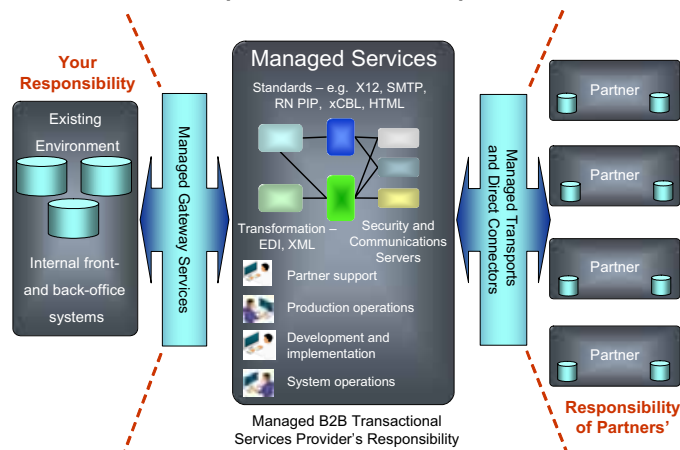
In practice, by outsourcing a company’s B2B transactional functions, an environment is provided where it is possible to concentrate on the core business needs. Existing back-office systems can be optimised and further return on investment in these systems obtained, and the service provider should provide a fully managed system that deals with the translations required between different transactional systems across different partners.

The managed system should enable easy on-ramping of existing partners and customers, as well as making it simple to add new partners as needs evolve.

The idea is not to take away the strategy of the company’s trading methods, nor to replace existing capabilities that are supporting the company’s internal processes. There is a distinct break between the responsibility a company and its partners take for their own systems and what they do, and what the managed service provider takes responsibility for (see Figure 19).

Figure 19

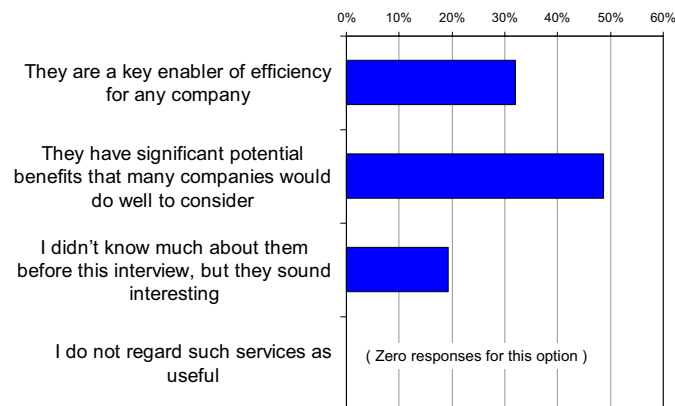
**Technical Ownership of Value Chain Components**



Examining the evidence, managed B2B transactional services would appear to be of potential benefit to many organisations looking to optimise their dealings with trading partners. This was confirmed by the concluding feedback from the informed group within our research respondent base (Figure 20).

Figure 20

**When all factors are considered, which of the following best sums up your overall view of hosted managed B2B services?**



## 8 Conclusions

What we have found from this research is that value chains are highly complex and that companies are struggling to manage the various forms of complexity involved. The majority of companies seem to have suffered from a lack of focus on the technologies required to create a flexible value chain environment in the past. Although respondents recognise that their systems have failings and that automation or further automation of the systems would add distinct value, there appears to be little in the way of serious investment in the technologies required.

Companies are still looking for ways to optimise the operation and outcome of the value chain - from cutting down on the number of suppliers to extending global focus to reach more possible customers. There has also been a strong focus on cost savings – though often to the detriment of quality of goods received and shipped.

The lack of usage of automated means of transactions such as EDI, VANs and XML should not, therefore, be surprising. The usage of EDI has promised much and many companies have invested in the base capability, but the fragmentation of standards, the emergence of new standards and the complexities of dealing with connections between disparate systems puts the majority of companies off from trying to exploit such solutions to a greater extent.

The research points to B2B transaction management not being a core strength for most companies, and suggests a need to investigate new approaches to solving the problem. Existing approaches utilising in-house solutions struggle to keep pace with the stresses of the multiple complexities placed on them, and companies dependent on such solutions will find themselves needing to refresh human skills or buy in skills from professional services organisations to maintain not only the technology involved, but also the knowledge of what's happening within the highly dynamic world of proliferating and evolving standards

Over 50% of companies already outsource some part of their IT, with many companies already outsourcing "commodity" areas, such as web hosting and e-mail, and others outsourcing what can be seen as stand-alone business processes, such as payroll and help desk. There is a perception amongst a few that the value chain is not a correct focus for outsourcing, and that the process is too strategic for handing over to a third party. As the majority of companies seem to struggle to manage the value chain themselves, Quocirca would prefer that companies reverse this logic and ask themselves whether facilitating the processes involved in the value chain is actually too strategic to keep in house.

It is Quocirca's strong belief that the outsourcing of the value chain can provide strong business benefits on an on going basis and this is clearly confirmed by the research. This will not necessarily be through direct cost savings on every B2B transaction that is carried out, but will manifest itself through enhanced quality of goods received/supplied, better responsiveness against RFIs, RFQs and RFPs, more integrated communication and collaboration and a more flexible means of dealing with ad-hoc or new partners – no matter where they are in the world.

Quocirca advises looking for a B2B transactional services provider that can supply services to a strong SLA, can demonstrate existing skills within your markets, has global reach and can show that they understand the dynamics of the transactional standards utilised within your market. We would also advise that you choose a partner who will work with you to encourage other members of your value chain to participate in the managed environment – as by being inclusive, we believe that the managed environment will provide an optimal return.

## 9 Appendix 1

### Checklist to qualify whether a managed B2B service is suitable for your company

So, how would a managed B2B transactional service work for you? Quocirca utilises a methodology called Total Value Proposition (TVP) to help companies decide whether a solution is right for them or not. Although TVP is a 4-step process in its complete form, the main area that should be concentrated on here looks at Value, Risk and Cost.

Quocirca maintains that any change (whether technology or not) within an organisation can only change one of three areas – the overall value to the company (does it enable it to do more of the same, open up new areas?), the risk to the company (does the change lower the risk to the company against key areas) and the cost to the company (will it cost more to gain the benefits, will the benefits drive cost savings on an on going basis?).

Quocirca therefore provides you with this simple checklist as a means of identifying the key areas that you should ask of yourself and your company to help quantify whether a managed solution would benefit your organisation.

#### Value:

- **How complex is your value chain?**

The more partners you have in your chain, the more need there will be to manage multiple standards when automating the transactions you have within the chain. Also, the longer your chains are, the greater the need to be able to audit transactions up and down the chain.

- **How changeable is your value chain?**

If you are bringing in more partners all the time, you cannot be prescriptive in how they must deal with you. High levels of change within the value chain denotes a need for rapid addition of the partner's system into your environment – without the need for major change on yours or the partner's part.

#### Risk:

- **What proportion of your goods receivable is delivered out of specification or completely wrong?**

If you suffer continually from the delivery of wrong goods, then this generally denotes transcription errors within the value chain. This is often down to the chain being disconnected, with systems being incapable of moving the requisite information from one system to another

- **Do you suffer from high degrees of quality defects on goods received?**

If you have repeated problems with the quality of goods being received, then this denotes issues in the manner in which deals are being carried out. Generally, this is down to a combination of price pressures forcing the supplier to cut corners and the lack of suitable communication methods to ensure that requirements are fully understood and adhered to.

**Are receivables often delivered late?**

*Again, if a specific supplier is often late on its deliveries, it denotes issues around communication. With suitable systems in place, inventory and demand information can be shared between yourself and the supplier, ensuring that planning can be better implemented to minimise late deliveries.*

#### Cost:

- **What cost is associated with bringing a new supplier or customer on board to your existing systems?**

If you find that the cost of adding a new supplier or customer into your existing system is often prohibitive, then you are constraining the flexibility of your business. The addition of new partners must be easy and at a minimal cost, enabling you to add new partners even for the smallest of deals.

- ***What cost is associated with managing changes between your internal systems and your partners' systems?***

If you find that you have problems in dealing with major partners when they change their systems, this points to problems with managing the rate of technological change within your own environment. Any change within the technical environment within a value chain should be transparent to all users – and this can only be the case where a third party takes the responsibility for managing the implications and impact of these changes.

- ***What costs are associated with chasing down poor payers, poor suppliers and goods in transit?***

If you are expending a large amount of time and effort in chasing down issues within the value chain, then this is often wasted money for your own organisation. A managed environment can provide the tools required to more effectively monitor your partners, and to more effectively communicate with them over any issues that may arise.

If you find that you empathise with the majority of the points above, then Quocirca believes that you should be investigating a managed service.

## About GXS

GXS is a leading worldwide provider of business-to-business integration, synchronization and collaboration solutions. The company operates a highly-reliable, secure global network services platform enabling more than 30,000 businesses, including over half of the Fortune 500, to conduct business together in real time.

GXS offers an extensive range of solutions to help companies, both large and small, connect worldwide with their business partners, synchronize product and price information, optimise inventory levels and demand forecasts, and speed the overall execution of their global supply chains. With the broadest array of capabilities and an unsurpassed worldwide reach, GXS ensures No Trading Partner is Left Behind™.

For more information, please see [www.gxs.com](http://www.gxs.com) or contact GXS at:

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## About Quocirca

Quocirca is a perceptual research and analysis company with a focus on the European market for information technology and communications (ITC). Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry in the following key areas:

- Business Process Evolution and Enablement
- Enterprise Applications and Integration
- Communications, Collaboration and Mobility
- Infrastructure and IT Systems Management
- Utility Computing and Delivery of IT as a Service
- IT Delivery Channels and Practices
- IT Investment Activity, Behaviour and Planning

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate.

Quocirca has a pro-active primary research programme, regularly polling users, purchasers and resellers of ITC products and services on the issues of the day. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, Dell and Cisco, along with other large vendors, service providers and more specialist firms. Sponsorship of specific studies by such organisations allows much of Quocirca's research to be placed into the public domain. Quocirca's independent culture and the real-world experience of Quocirca's analysts, however, ensure that our research and analysis is always objective, accurate, actionable and challenging.

Quocirca reports are freely available to everyone and may be requested via [www.quocirca.com](http://www.quocirca.com).

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