

ERP Extensions and B2B

An Interview with Pradheep Sampath—Originally Recorded on Trading Grid Radio

Steve Keifer: Welcome to Trading Grid Radio. My name is Steve Keifer and I am your host for the program. Today we are happy to be welcoming back one of our regular guests on the show, Mr. Pradheep Sampath. Pradheep is the Director of Product Management for the Active Applications Suite at GXS. Welcome back, Pradheep.

Pradheep Sampath: Hello, Steve. It's good to talk to you.

Steve Keifer: So, Pradheep, inviting you on this edition of Trading Grid Radio, we're focused on the specific topic of ERP projects in B2B integration and the critical link between those two things, which I think is something that's not as well understood by most manufacturing companies as perhaps it could be. And I wanted to talk to you today about some of the supply chain applications that companies, particularly manufacturing companies, add on to their ERP systems and some of the challenges that they have with realizing the expected ROI benefits that they had planned when they bought the software. Can you comment on some of those challenges that manufacturing companies might be experiencing with those add-ons to the ERP?

Pradheep Sampath: Certainly, Steve. The fact that manufacturers have global supply chains is really the new normal, and manufacturers have to work with a host of business partners, be it freight forwarders or 3PLs or customs brokers, all these entities before they can get their products in consumer hands. Now, each of these trading partners that I mentioned has a key role to play in ensuring that a manufacturer's supply chain application, be it replenishment planning or VMI or warehouse management, any of these applications, have access to data that is accurate, complete and timely. Now bear in mind, all of these applications that we are talking about, right, they're expensive. And it's evident that a lot of these applications did not achieve their stated goals or investment ROIs within an acceptable period of time because all of these global stakeholders in a company's supply chain that need to interact with these applications are not on-boarded for electronic trading, or even when they are there is little done to ensure that there is quality and accuracy and timeliness of data from these parties to power these supply chain applications. So these are the main challenges that manufacturers face these days.

Steve Keifer: Interesting. So it's very related with the other discussion we were having about the ERP Firewall in the other session of the show. So to help me understand this a little better, can you give me an example of a real world application perhaps that manufacturers struggle with: are we talking supply chain planning, supply chain execution? Please give us an example.

Pradheep Sampath: I would say it pertains to both supply chain planning and execution, but one specific application is transportation management systems, or TMS applications, because they are particularly vulnerable to this phenomenon that I was talking about a moment ago. Now, TMS applications, right, they fulfill functions like raw planning and transport mode and carrier selection, and you know, they pretty much live and breathe trading partners. They live and breathe carriers and so you'll see how robust integration with carriers becomes vital to the essential functioning of a TMS application.

But on the other hand, you also see that transportation providers, they range from multi-national corporations to small mom and pop LTL type carriers, and each of these entities, they come with their own unique capabilities and constraints and compulsions when it comes to supporting EDI- or XML-based integration. So manufacturers have to plan for a rock-solid carrier on-boarding and certification program hand-in-hand or in tandem with their TMS initiative. I don't think you can separate one from the other. And once on-boarded, the functioning of these TMS applications can be severely constrained of critical documents, like, for example, low tenders or ASNs or even shipment status updates or freight invoices if they have data quality shifts in them. So TMS applications are a perfect example of a supply chain application which manufacturers struggle with in terms of either trading partner participation or data quality.

Steve Keifer: That makes a lot of sense. So these companies, they go out and they spend a million, maybe five million, maybe even ten million dollars on a transportation management system all the while assuming that the data they're going to get in from the carriers and the 3PLs is going to be of high quality and that they're going to get them on-boarded quickly, and in fact that doesn't necessarily pan out and so they end up not achieving anywhere near the benefits that they were expecting.

Pradheep Sampath: That's right.

Steve Keifer: So how can B2B integration teams either inside a company or perhaps at an external vendor, an outsourcing vendor, help with some of those challenges that you just described?

Pradheep Sampath: Well B2B integration, I think, holds the key to unlocking the value that's hidden within these investments. And for starters, manufacturers would really benefit from a B2B integration solution that comes with a large global network of participants. So really we're talking about converting a supply chain into an extended business network. Let's take a TMS analogy for a second. So if a B2B integration solution came with a network, or brought with it a network of many hundreds if not thousands of pre-connected and pre-configured carriers and agents and brokers and freight forwarders, you will make the on-boarding and certification process much faster. And so the time to value for that application would be significantly enhanced if an organization could leverage a network that comes with a B2B solution. Now the second, and perhaps equally-important thing is when an organization has to deal with a myriad of acronyms (like ANSE, AF2, secure FTPs, and different versions of XML) in order to connect and collaborate with these trading partners, their heads often start spinning because their core competency is not dealing with acronyms, but with manufacturing and distribution. So a B2B integration solution can also help shield organizations from the complexities of dealing with protocols and formats and help them do what they do best. And finally, right, it's not just connecting and dealing with all of these different trading partners and carriers and protocols and formats, but it's also having a watchful eye on these transactions on a continuous basis, babysitting these transactions and looking at the flashing lights to ensure that you can catch the failures in these transactions before they hit ERP systems, before they hit supply chain, warehouse management, VMI and transportation systems and render them pretty much worthless.

Steve Keifer: So that's the ERP Firewall concept.

Pradheep Sampath: Yeah, it's the ERP Firewall concept applied to supply chain applications and Transportation Management Systems.

Steve Keifer: Interesting, and I imagine these B2B integration efforts probably cost a small fraction of what you're paying for the licenses and the overall project to implement a new supply chain app, but probably pay back pretty quickly when you think about actually realizing the return that you were expecting.

Pradheep Sampath: Right, right—and the ROI is much more predictable and it's a lot faster because a B2B integration solution, especially one that's outsourced, can grow with your growing needs. It's available and it's almost like integration on demand where you only pay for the extent of services that you use in on-boarding your partners and dealing with the volume of transactions.

Steve Keifer: Yeah, another good point. Well unfortunately we are out of time for this edition of the show, Pradheep, but I wanted to thank you so much for coming on again and talking us through the dynamics around these ERP extensions, particularly in the supply chain applications.

Pradheep Sampath: Thank you Steve. It's my pleasure.

Steve Keifer: And thanks to everyone for listening in, we hope you will join us again in the near future for another edition of Trading Grid Radio. <http://www.gxs.com/tradinggridradio>

About GXS

GXS is a leading global provider of B2B e-commerce solutions that simplify and enhance business process integration and collaboration among trading partners. Organizations worldwide, including more than 70 percent of the Fortune 500, leverage the on-demand services on GXS Trading Grid® to extend supply chain networks, optimize product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility. GXS Managed Services, GXS' B2B outsourcing solution, empowers customers with the expertise, technical infrastructure and program support to conduct B2B e-commerce with trading partners globally. Based in Gaithersburg, Md., GXS has an extensive global network and has local offices in the Americas, Europe and Asia-Pacific regions. GXS can be found on the Web at www.gxs.com.



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