

E- procurement at ibm



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IBM was able to reduce its procurement costs by sending purchase orders, receiving invoices and paying suppliers by using the World Wide Web as its transaction processing network. Much of the savings came from eliminating intermediaries—IBM was able to eliminate intermediaries because the Internet allowed IBM to work with multiple tiers of suppliers simultaneously.

2. The speed and ease of using the Internet allowed IBM to form partnerships with small suppliers even though many of these small suppliers were supplying IBM with a small volume, specialized, one-time-only purchase. . In addition to cost reduction, IBM's other main reason for switching to Web-based procurement was forming strong long-term supplier partnerships. The Internet allows IBM to collaborate with its suppliers over issues related to scheduling, inventories and forecasting. 4. The use of an Internet procurement process reduces mistakes that occur during manual recording and processing because manual entry and processing requires typing or writing prices, part numbers, etc. n multiple documents. On the other hand, Web based procurement automatically generates most transaction documents to process all procurement transactions and contains computerized checks to catch entry errors. 5. IBM developed a Web-based portal to provide a single entry point to the company Web site instead of having suppliers connect to the needed areas with separate URLs based on their specific needs.

Most large companies like IBM have multiple types of relationships and interfaces with suppliers involving quality, purchasing, engineering and other dimensions of the business. Having a single entry point for suppliers makes the communication process easier and increases the speed of the supply

chain. Speedy communication between suppliers and IBM is very important, especially during the product development stage due to the short life cycle of most electronic products.