E-procurement

E-procurement (electronic procurement) is the business-to-business or business-to-consumer or business-to-government purchase and sale of supplies, work, and services through the Internet as well as other information and networking systems, such as electronic data interchange and enterprise resource planning.

To accomplish this goal, procurement staff establishes relationships with suppliers; negotiate contracts, and set guidelines or purchasing limits on the types of purchases that are allowed and the kinds of items the money can be spent on. E-procurement software enables procurement leaders to automate policy observance, contract management, and vendor relationships within the system.

The e-procurement value chain consists of indent management, e-Informing, e-Tendering, e-Auctioning, vendor management, catalogue management, Purchase Order Integration, Order Status, Ship Notice, e-invoicing, e-payment, and contract management. Indent management is the workflow involved in the preparation of tenders. This part of the value chain is optional, with individual procuring departments defining their indenting process. In works procurement, administrative approval and technical sanction are obtained in electronic format. In goods procurement, indent generation activity is done online. The end result of the stage is taken as inputs for issuing the NIT.

Government agencies were among the first organizations to implement e-procurement, which offers a quick ramp-up, along with benefits such as spend savings, a one-stop, seamless system, and transparency in the purchasing of goods and services.

E-procurement makes every detail of government purchasing, contracts and vendor relationships available to the public such as:

- Current and past procurements and contracts, as well as possible future procurements

- Detailed information on rules, processes, and standards driving each procurement

- Bidding opportunities and statewide contracts

- Information on vendor names, items procured, prices paid and the purchasing agency

- Metrics and sorting such as purchases by an agency, top 20 vendors and top 20 commodities purchased

Benefits of E-procurement

E-procurement often offers substantial benefits to the purchasing organization, such as:

- **Cost savings**: Built-in monitoring tools help control costs and maximize performance, reducing overhead and paperwork. Fully automated systems streamline processes and can result in a faster cycle from creating an order to fulfillment. There also is an opportunity for a larger selection of products and services.

- **Shorter purchasing cycles**: Centralized transaction tracking simplifies reporting on orders, payments, and requisitions, as well as ensuring contract compliance, all of which can reduce delivery time. Buyers have electronic access to available products, services, and prices.

- **Improved inventory control**: Procurement professionals can quickly locate products from preferred suppliers and are limited to the purchases they can make, so inventory is better controlled.

- **Transparency**: All information is centralized and can be made available to management, stakeholders, shareholders or the public, as appropriate.

Supply Chain Management

Supply chain management is the management of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace.

SCM represents an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains cover everything from production to product development to the information systems needed to direct these undertakings.

It is an expansive and complex undertaking which ensures that each partner i.e. from suppliers to manufacturers and beyond performs well. An effective supply chain management is a combination of change management, collaboration, and risk management which helps to create alignment and communication between all the entities.

Supply Chain Management involves three types of decisions:

- **Strategic Decisions** refers to all long term decisions related to location, production, inventory management and transportation.

- **Tactical Decisions** involves medium-term decisions including weekly demand forecasts, distribution and transportation planning, production planning and materials requirement planning.

- **Operational Decisions** are the day-to-day decisions that are part of typical management activities.

Supply Chain Management involves three types of flows:

- Product Flow

- Information Flow

- Financial Flow

Supply chain and E-Commerce

Supply Chain Management (SCM) is a range of activities needed to plan, coordinate, schedule and control the procurement, production, and deliveries of products to customers. SCM is the backbone of ecommerce and is a very crucial component in its growth. Supply Chain Efficiency ensures the right product reaches the right place at the right time. It ensures cost reduction and enhancement of cash utilization.

Since E-Commerce is buying and selling of goods over the Internet, hence besides payment between the two parties, it is movement of goods that also needs to happen in a correct and timely fashion, hence the need of supply chain. For businesses to boom in time of E-Commerce, supply chain becomes the most critical aspect which needs to be quick, un-interrupted and secure. The competition is fierce as there are not one or two but hundreds of E-Commerce firms fighting for market share, each identifying and developing unique selling and delivery strategies.

Consumers today want quick results, if they can order and have a good delivered at their doorstep today, they would not want to wait for 2 days to have it delivered; they would go with the firm that offers quick and hassle-free delivery.