

Seven Steps for Your eCommerce Program Success

By Susan Steckclair

Are you in charge of the new EDI program? Did your biggest customer just dictate that you must be on RosettaNet before April of next year? What is AS2? X12? OAGIS? How can you get started?

To reduce costs and maintain a competitive edge, companies are mandating that their suppliers receive their purchase orders and send back invoices electronically. The beauty of a B2B (Business to Business) initiative can be seen in the following simple example:

- A Purchase Order (PO) can be automatically generated from your customer's system
- It is transmitted via the internet within minutes to your system
- An internal sales order is automatically created
- Your system generates a pick-list and it is printed on the manufacturing floor
- The product is picked, boxed and shipped
- Your account receivable system automatically generates an invoice.
- This invoice is transmitted back to your customer where it automatically updates their accounts payable system.

Humans only need to pick and pack the product from inventory -- and, in some cases, even this is performed by robots. The cost savings from an eCommerce implementation can be quite impressive. Transaction intense programs such as **Just-in-Time (JIT)** are augmented by and often necessitate B2B programs. AMD's Vice-President of Distributor Operations, Al Frugaletti, credited AMD's program with:

- Developing stronger ties with their distributors
- Improving business processes
- Shrinking their cycle-time from 8 weeks to 5 days.

When cycle-times are reduced by 7 weeks in a manufacturing operation, there is an **impressive** project ROI due to lessening inventory requirements, reduced scrap, and increased customer satisfaction.

But these are challenging programs, impacting a number of organizations and processes.

Here are seven steps for success:

Step #1: Contact your Strategic Customers and Suppliers

Your customers or suppliers may be a great source of knowledge and can help you understand of the rewards and pitfalls of initiating an eCommerce program in your industry. Develop a **simple** questionnaire with contacts, targeted transactions such as Purchase Orders, Invoices, and Advanced Shipment Notices. Ask them which transactions they use or would like to implement (There are hundreds with numerous business models). What standards and version? If they have implementation guides, ask for them now.

If you have quarterly reviews with your customers or suppliers, this is often an ideal time for this discussion. Your partner may be very excited about the prospect of initiating an eCommerce program with you, so ensure that they understand you are in the Investigative Phase of the project. Do not over commit at this phase

Step #2: Determine what your industry is doing.

Your trading partners may be participating in industry focused groups. Find out how to join and participate in the organization. Often you gather the best information informally speaking to your peers over lunch or at the networking events. The “peer-to-peer” sessions are often informative. Beware of veiled sales pitches from software providers’ that may oversell their solution and over simplify the process.

Step #3: Evaluate and Purchase the Proper Tools

Avoid the pitfall of developing a translator or parser process in house. There are a variety of controls required that are not obvious to the uninitiated. Any decent translator or parser should have these capabilities. Prepare a list of requirements for your evaluation, and interview a series of providers. There are many low cost solutions on the market. However, ensure scalability if your company dramatically increases in size or the number of transactions.

You may consider outsourcing for the 1st Phase. Keep in mind there are trade-offs with this solution and you may lose visibility and control. If you choose this route, prepare a clear Service Level Agreement (SLA) on timing, issue resolution, communication, visibility of trouble-tickets, and escalation procedures.

Avoid boxing yourself into a proprietary solution that will be costly to migrate to in-house translation at a later date.

Step #4: Start simple

Prioritize the transactions you wish to implement. In most order management projects the Purchase Order must be the first implementation in order to capture information required for the outbound transactions.

Evaluate your ERP system and research their recommended method of integration of eCommerce into their applications. Do not reinvent the wheel. Minimize customization. Send several of your key plays for training.

You should plan on integration to reap the benefits of eCommerce such as the reduction of errors. However, if your budget or the amount of transactions are small, you may look at solutions that allow you to view, print the transactions and manually enter them into your system.

Use a VAN for your communication process if possible. They have received bad press for being expensive and not “real time”. However, there are low-cost VAN’s, it is a secure process, and the implementation is generally much easier than implementing AS2 or an internet solution. You can move to an AS2 or alternate solution at a later phase.

Step #5: Create a Project Team

Perform a Staffing Analysis and create a Communications Plan. In the case of the implementation of your inbound PO process, for example, you may have the following team members:

- Director of Order Management who is championing the project. He/she needs to ensure the business requirements are documented, help define error procedures and audit processes once the project is implemented.
- Order Management Analyst who is the focal point for explaining the current process flow and helps to define the new exception processes.
- Ecommerce consultant or resource responsible for suggesting best business practices; and conversion of business requirements into eCommerce technical business objects or flat files. The consultant should also assist in the configuration and integration into the ERP system.
- An ERP programmer who is responsible for changes to your ERP system if you require some proprietary processes. Most do.

Once you have completed your internal unit testing, your first trading partner will join the team for the completion of integration testing. If possible, it is optimal to begin with an experienced and friendly customer or supplier. Communicate early with your test partner to ensure they have resources available when you are ready for testing.

Tip #6: Document your requirements

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Ecommerce tools exist for the development of specifications to give to your trading partners. Intelligent, well developed specifications or guidelines can dramatically reduce testing times and avoid misunderstandings. It give the appearance to your partners that you have a professional eCommerce program. If the tools are not within your budget, still prepare a document to give to your customers or suppliers. With each partner, you might perform a GAP analysis and specifically discuss and document what you can or cannot do in relationship to their requirements.

Tip #7: Hire a consultant

To jumpstart your process and avoid the common pitfalls of a new implementation, hire a consultant that specializes in this area. Even if you are implementing a complete ERP system with a large consulting company, ensure you can interview and – if necessary reject -- the consultant assigned to the eCommerce implementation. Hire your own resources if the firm is offering you someone with limited successful experience in eCommerce. A four week internal training course does not make a successful eCommerce expert.

Once the first few implementations have been completed of your various business models, you should be able to perform incremental implementations with an internal resource. Your infrastructure should be in place by this time. Maintenance agreements with your consulting company are also an option to ensure a resource in case of new development or a technical issue.

Summary

Your **eCommerce Program** is an essential strategic tool for reaching your customers, suppliers, banks, carriers, distribution centers, and contract manufacturers. The proper blend of technology and best business practices ensures better returns for your growing business by stream-lining operations and automating procedures.

About the Author: Susan Stecklair founder of [Electronic Commerce, Inc.](http://ElectronicCommerce.com), has nearly 20 years experience integrating and managing complex ERP projects. She has successfully managed projects for Cisco, Juniper Networks, Electronic Arts, Hewlett Packard, Sun Microsystems, National Semiconductor and a number other smaller companies. Prior to founding Electronic Commerce, Inc. in 1993; Susan was in IT, financial and operational management at Philips Semiconductor and Applied Materials. She has a B.S. and an M.B.A. in finance from the University of Michigan. Susan can be reached at 408-996-7492 or Stecklair@ecommerce-inc.com.

About Electronic Commerce, Inc.: ECI has proven methodologies for process assessment, solutions, planning and design; and specializes in ERP integrations with SAP and Oracle. ECI has a team of consultants available for business process analysis, programming, mapping, technical specifications, ERP configuration, and project management skills.

Electronic Commerce, Inc. has a partnership with SoftshareTM, a provider of low-cost, easy-to-use eCommerce Solutions for small-to-medium enterprises. Softshare's products can be integrated with bar coding and RFID products. ECI has also managed successful implementations with GentranTM, Inovis' TLETM, and other eCommerce solutions.

For More information email: info@eCommerce-inc.com
www.eCommerce-inc.com/contact.html

Phone: (408) 996-7492
5869 Castano Dr.
San Jose, CA 95129