Web-EDI: To Reach Your Electronic Commerce Goals

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IBM Worldwide Environment

North America

98 Data	U.S.	Global
Total Revenue	$34.9 B	$81.7 B
Employee Population	151 K	270 K

Europe / Middle East / Africa

Latin America

- World's Largest Information Technology Provider
- Has 5 Principle Lines of Business
- Does Business in 160 Countries
- Has Employees in 72 Countries
- Has 27 Manufacturing Facilities
- Has 8 Research Labs

Asia Pacific

Operational Necessities and Strategic Changes Required a Transformation in How We Operate...

- **Operational Necessities**
  - Reduce Cost
  - Improve Customer Satisfaction
  - Reduce Cycle Time
  - Improve Ease of Doing Business

- **Common Processes**
  - Reduced Cost
  - Increased Sharing
  - Reduced Learning

Financial Cost / Revenue
2.9%
Data Centers 67
Transaction Applications 108

50% Productivity Improvement in 24 Months

Financial Cost / Revenue
1.2%
Data Centers 7
Transaction Applications 20

- **Strategic Decisions**
  - Leverage Size and Scale
  - Global Industry Focus
  - Dramatic Services Growth
  - Multiple Routes to Market

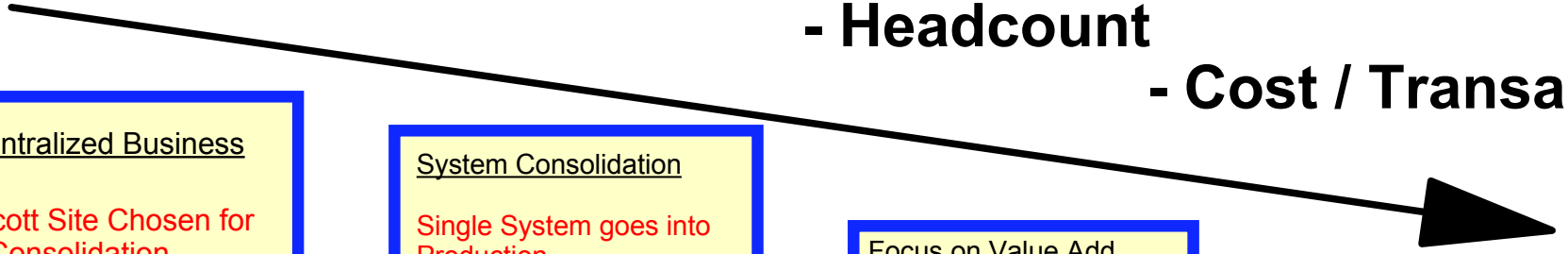
- **Global Data / Global Resources / Simplification / Teaming / I/T Infrastructure**
  - Collaboration
  - Connectivity
  - Information

IBM Accounts Payable Center - Evolution

- Processing Locations

- Headcount

- Cost / Transaction



Decentralized Business

Endicott Site Chosen for A/P Consolidation

Five Accounts Payable Systems Created Based on Geography

1997
- 200K Invoices Processed
- $1 Billion Disbursed

1992
- 800K Invoices Processed
- $4.8 Billion Disbursed

1988 --> 1992

System Consolidation

Single System goes into Production

Electronic Check Request Implemented

EDI/EFT Processes Initiated

DataInterchange Installed

Image Process Initiated

Invoice Processing Outsourced for Cost Savings

Reduction of 178 Regular HC and 50 Non-Regular HC

1993 --> 1996

Focus on Value Add

Teaming with Procurement

AP System Deployed Internationally

Forms Exchange Process Implemented

EDI Duplicate Invoice Process Implemented, Patent Submitted

1998
- 2.9M Invoices Processed
- $26 Billion Disbursed

1997 --> 1998

Continue to Focus on Process Improvement

Maximize e-business Solutions

Maximize Forms Exchange and EDI Connections

Deploy Forms Exchange World Wide

Continue to Deploy WW Single AP System

Paperless Processes

1999 --> 2000 +

Decentralized ----------> Regionalization ----------> E Business

IBM Accounts Payable Center - Evolution

- Processing Locations

: / Transaction

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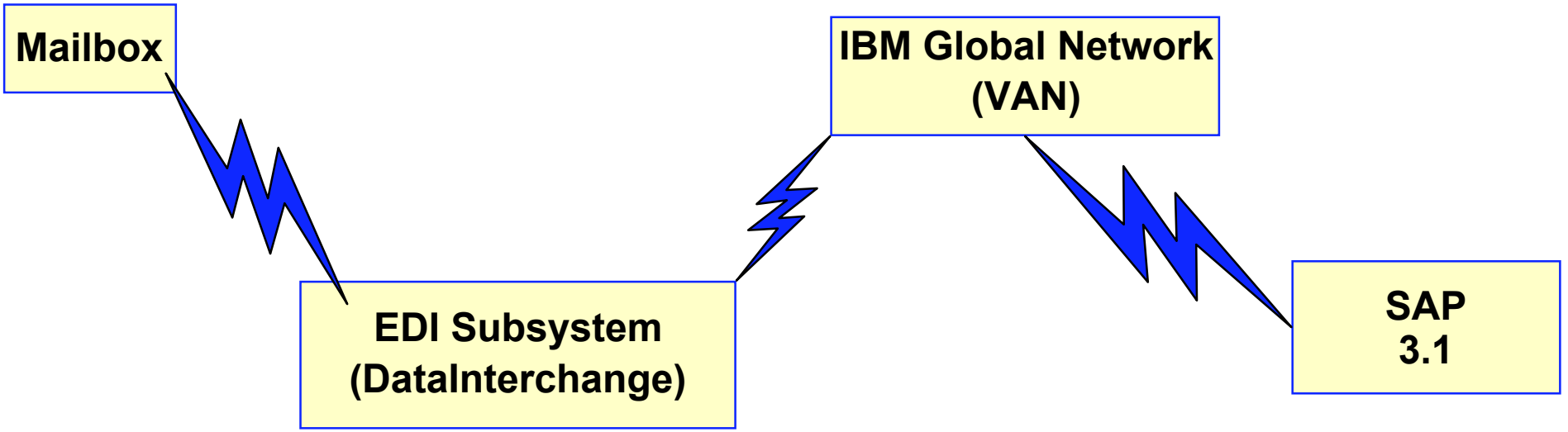
2000 +

Decentralized ----------> Regionalization ----------> E Business

DataInterchange - Implementation

- Started EDI implementation with DataInterchange v1.0
- Currently using DI v1.5 and testing DI v2.1
- Current staff: 2 mappers and 6 administrators
- Approximately 500 TP's enabled before Forms Exchange, now have over 4,000 TP's enabled



"EDI is GREAT!!"

1,000,000 EDI Invoices Processed Annually

Automated Duplicate Invoice Rejection

Reduction in Vendor Processing Head Count

Greatly Reduced Transaction Cost

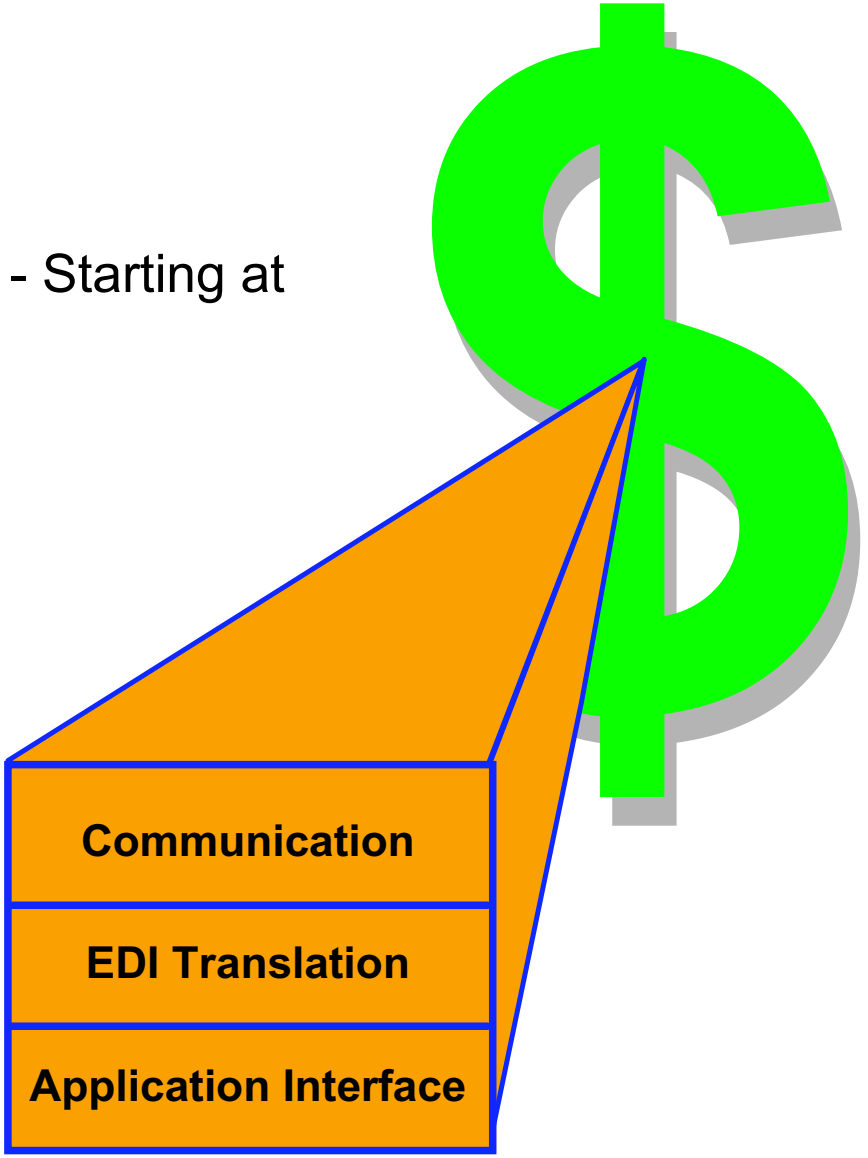
Fewer Errors - Electronic RTV

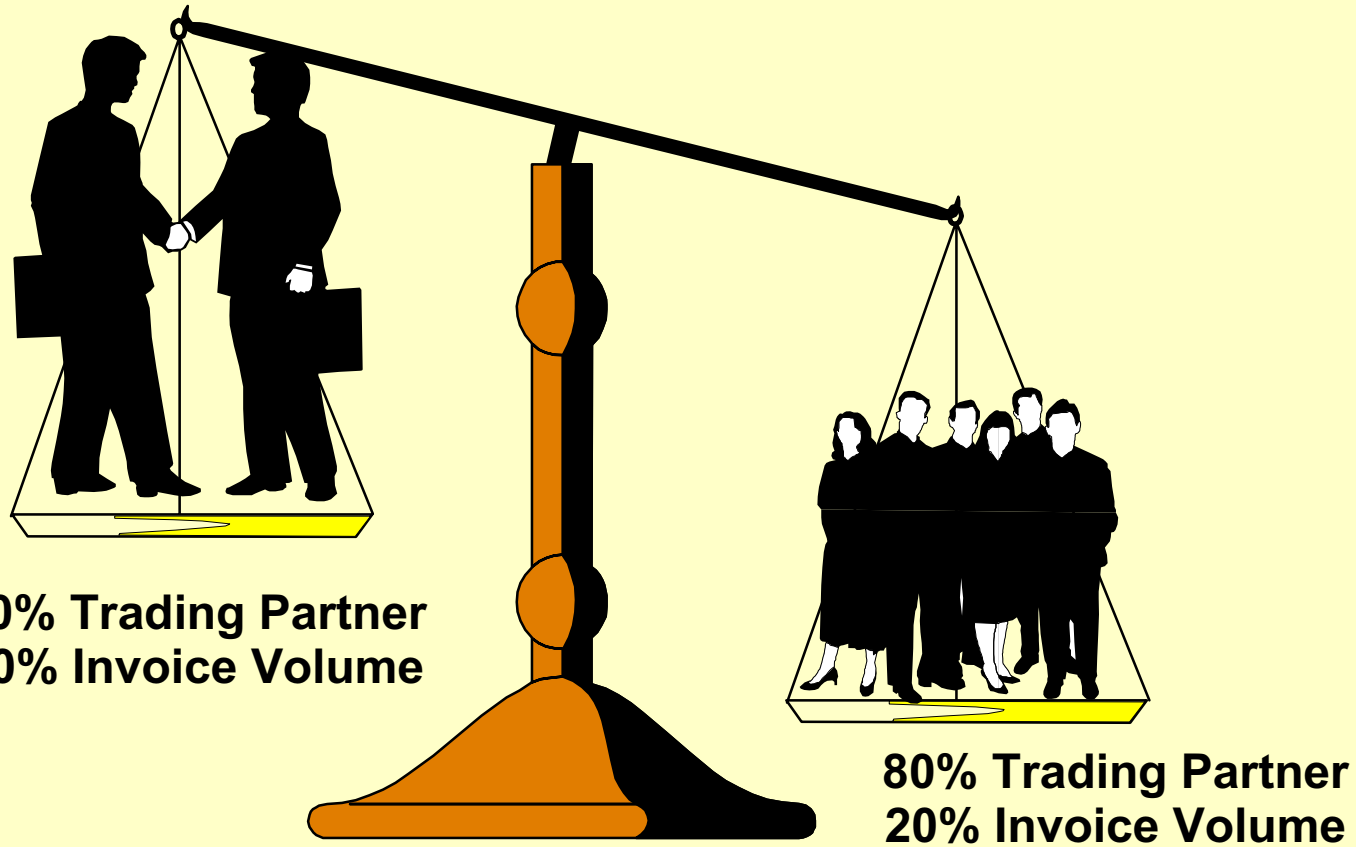
But.....

"Why Can't We Get Every Supplier to go EDI?"

EDI Inhibitors - for Small/Medium Suppliers

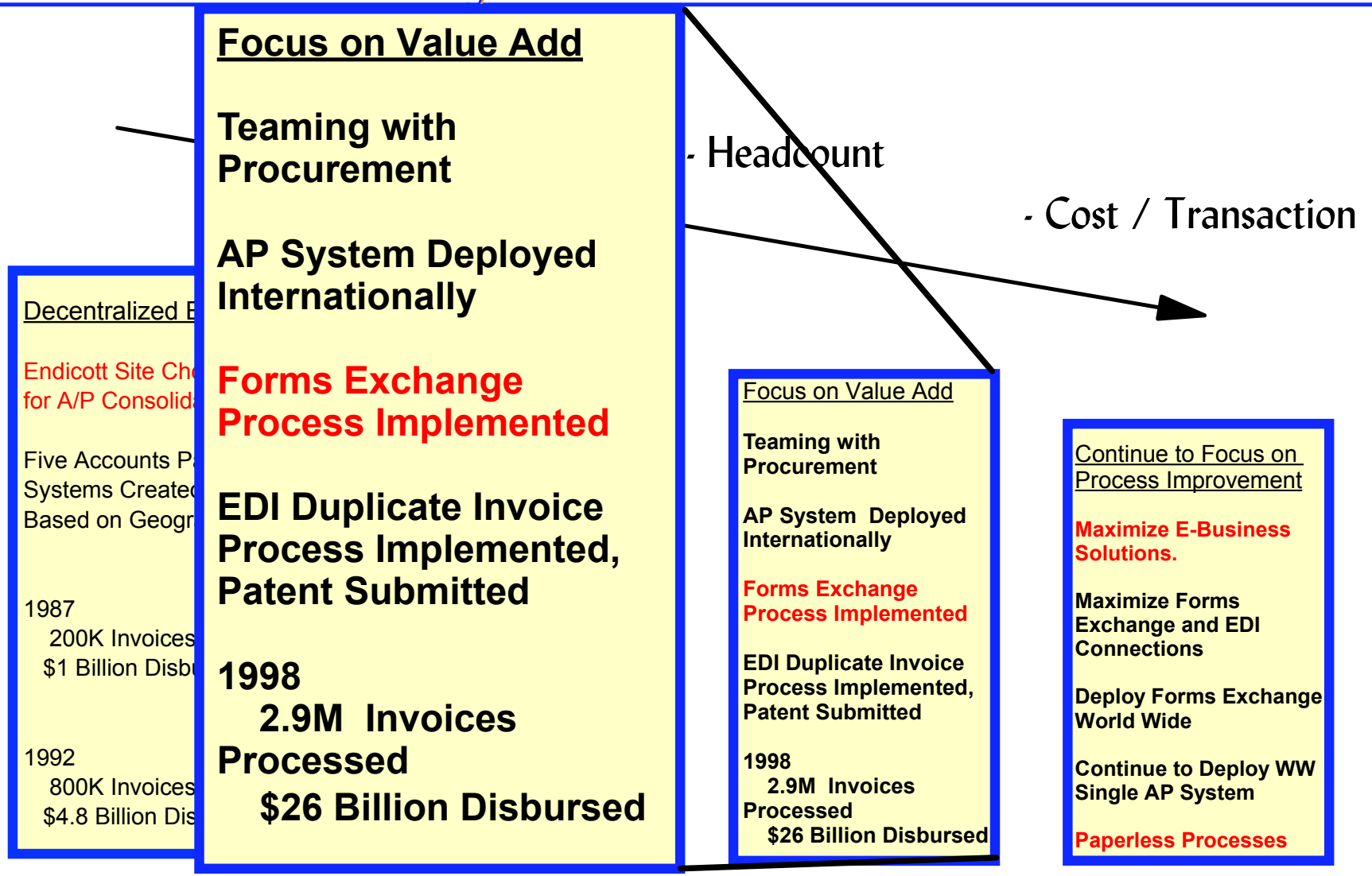
- Hardware / Software Investment
  - Dedicated System Required
  - EDI Translation Software (Avg. Cost - Starting at $3,000.00)
- Technical Requirements
  - EDI Standards Mapping
  - Implementation
  - Testing



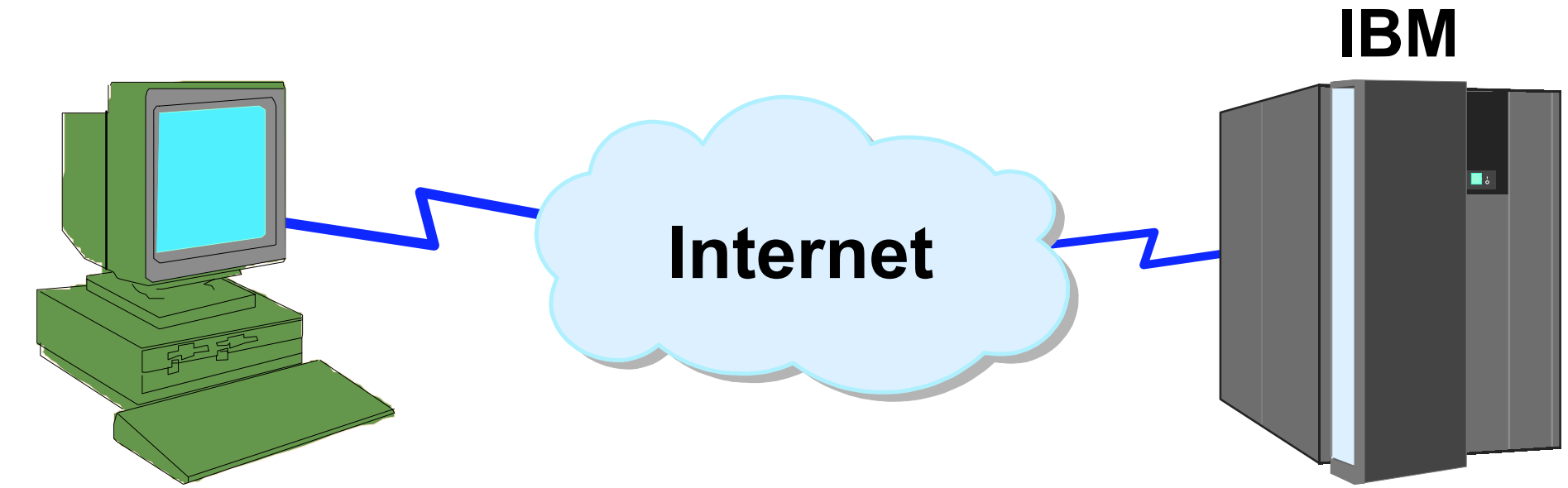


"So What We Need is a Method of Targeting the Small to Midsize Trading Partner"

IBM Accounts Payable Center - Evolution

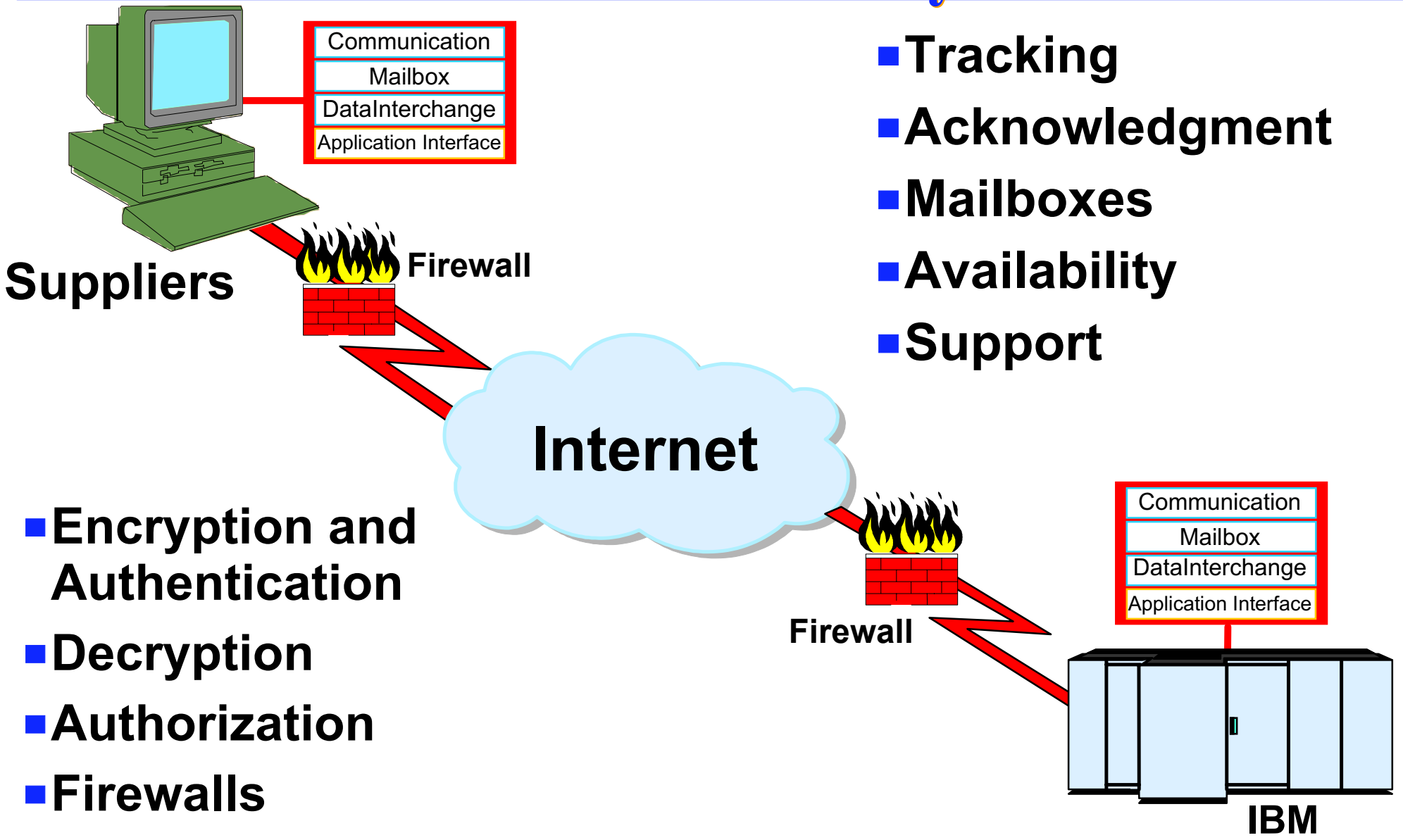


"What About the Internet?"



- Access to Millions of Potential Trading Partners
- Minimal Investment

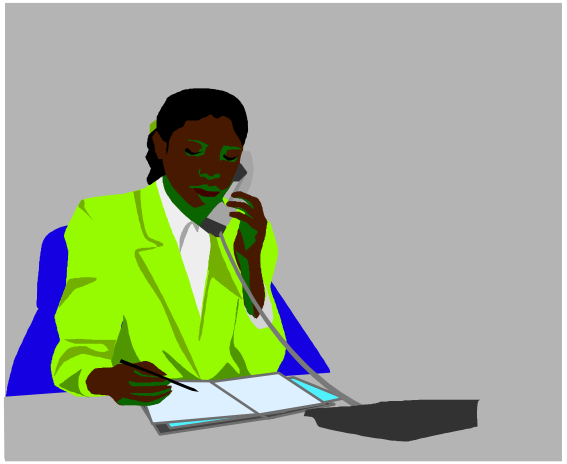
Internet EDI: The Whole Story



- Tracking
- Acknowledgment
- Mailboxes
- Availability
- Support

- Encryption and Authentication
- Decryption
- Authorization
- Firewalls

Teaming with Procurement Is Key!



Purchasing

Accounts Payable

EDI X12
850 (P.O.)

P.O. Form

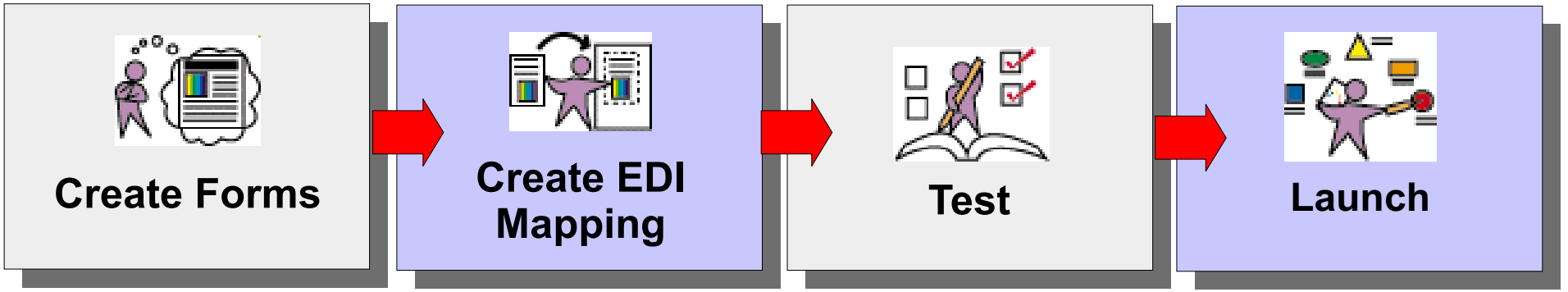
IBM Global Svcs
Network

Invoice Form

EDI X12 810 (Invoice)

P.O. Form Transformed to **Invoice Form** With a **CLICK OF A BUTTON**

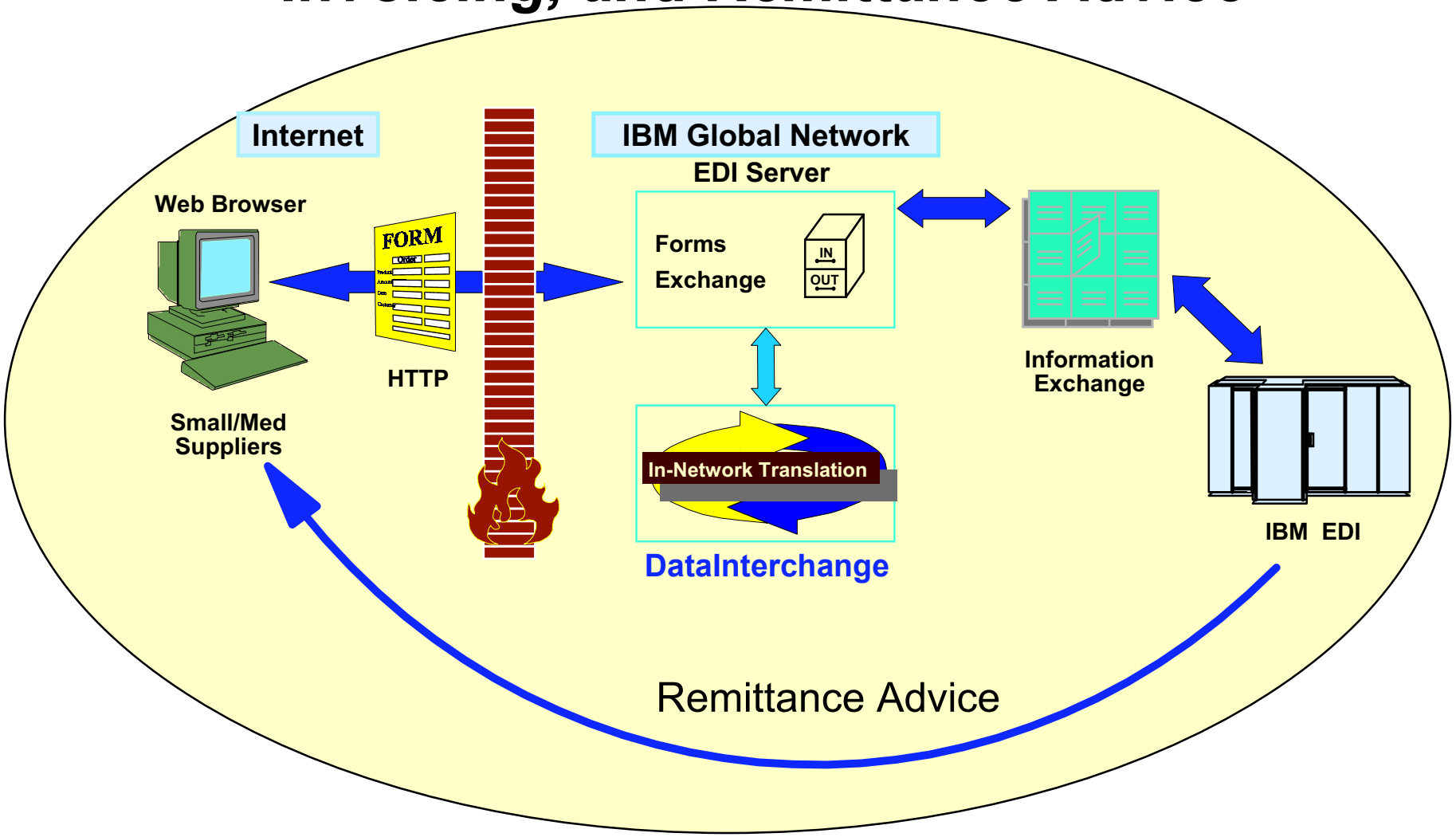
Forms Exchange: Roles and Responsibilities



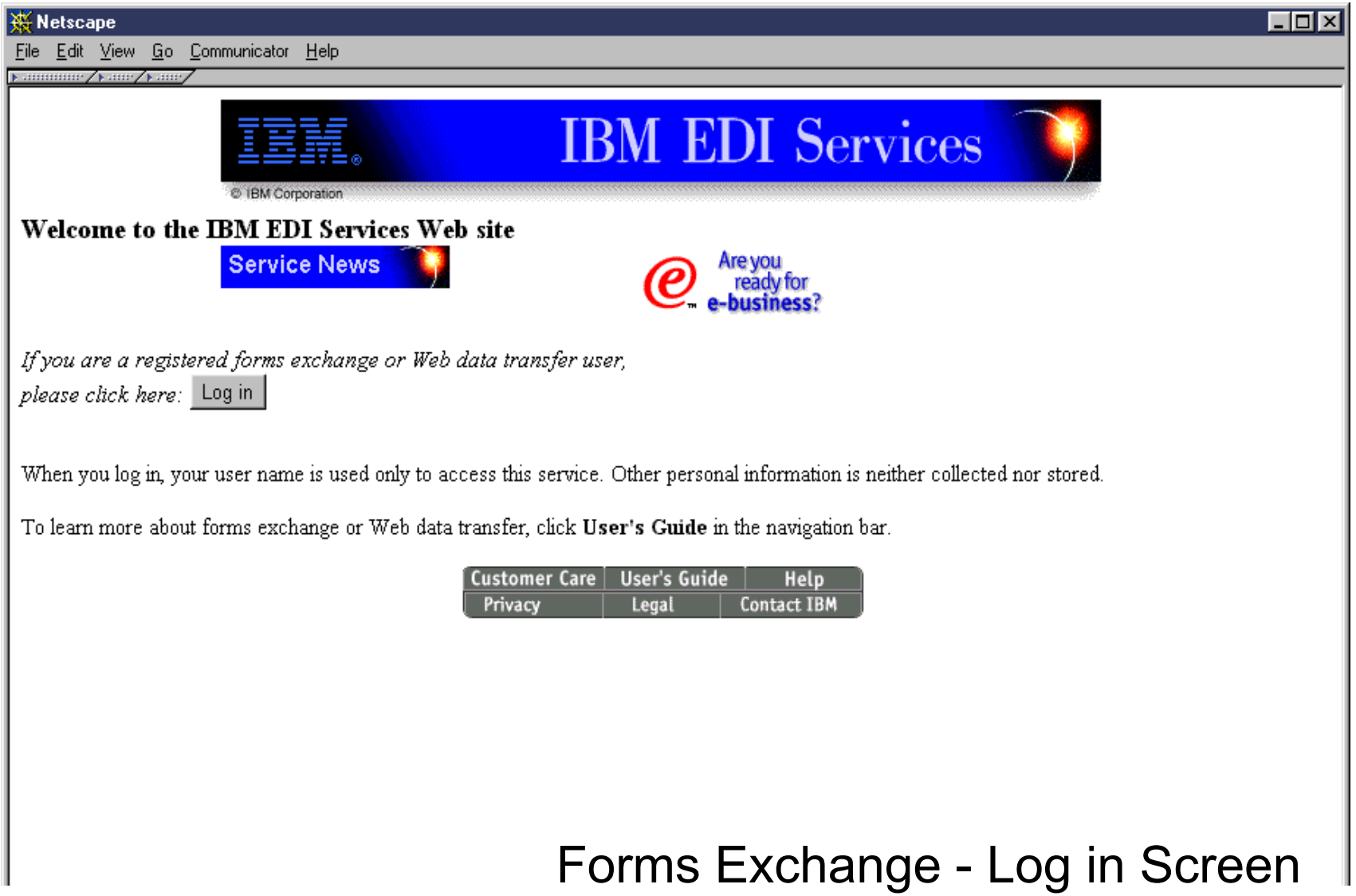
IBM Global Services	IBM Procurement	Suppliers
▪ Manage Forms Exchange service ▪ Provide sample forms ▪ Customize forms ▪ Mapping ▪ Trading Partner enabling	▪ Provide form layout ▪ Provide EDI Implementation Guide ▪ Pay for form development and mapping	▪ Register ▪ Send and receive forms ▪ Pay for services

Accounts Payable Electronic Commerce

Forms Exchange - Internet Purchase Order, Invoicing, and Remittance Advice

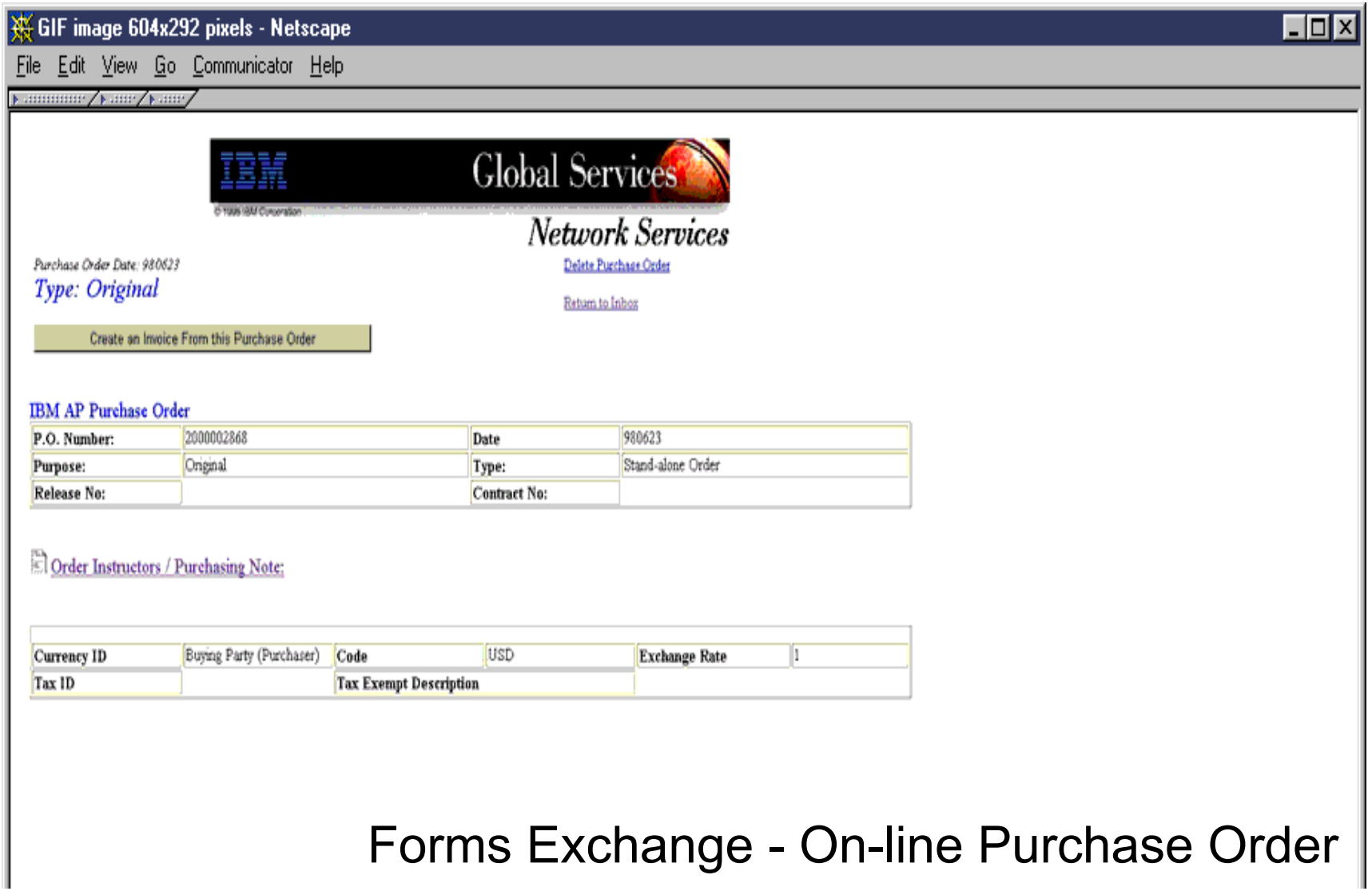


Accounts Payable Electronic Commerce



Forms Exchange - Log in Screen

Accounts Payable Electronic Commerce

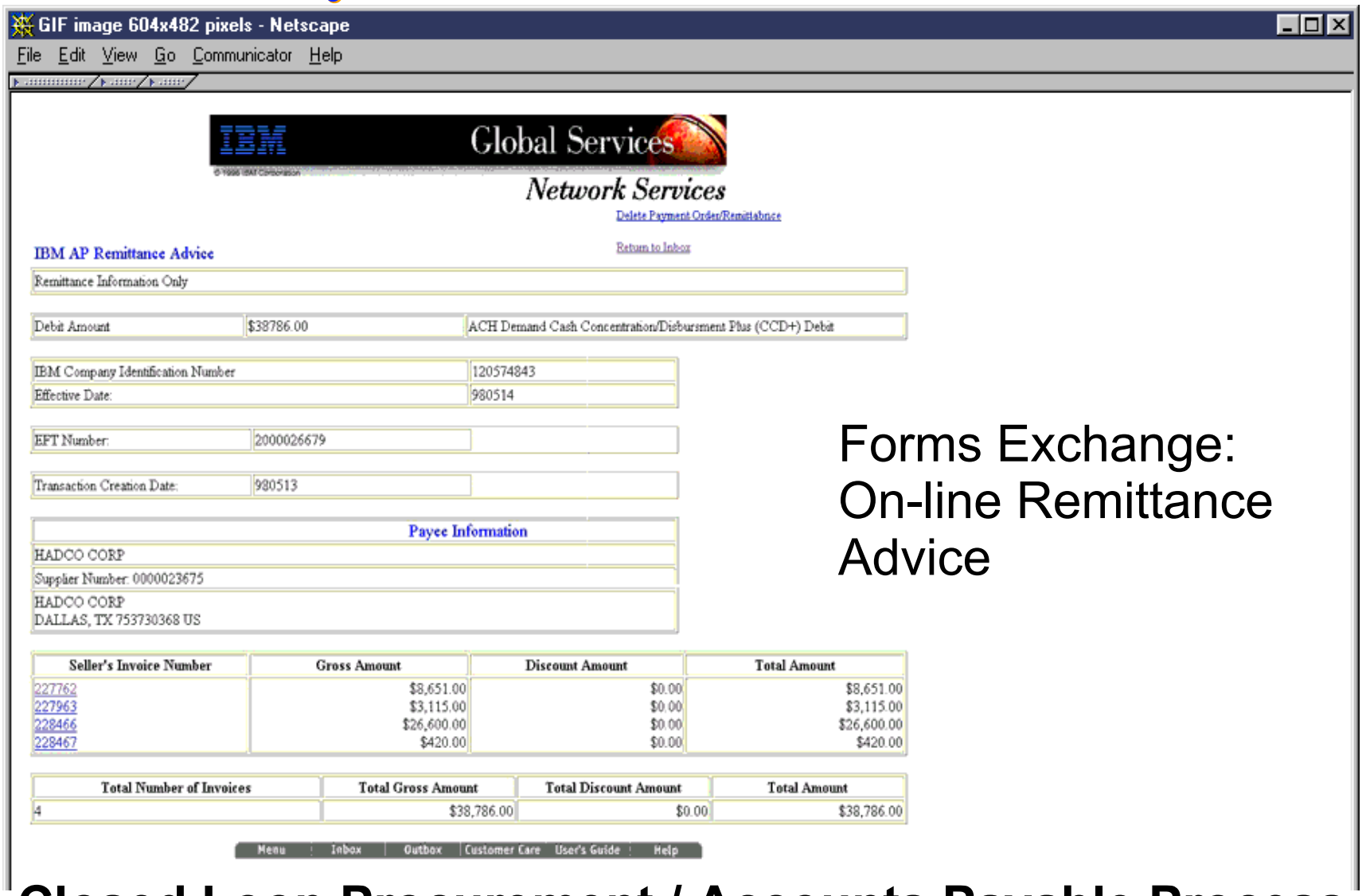


Forms Exchange - On-line Purchase Order

Accounts Payable Electronic Commerce

Forms Exchange:
On-line Invoice

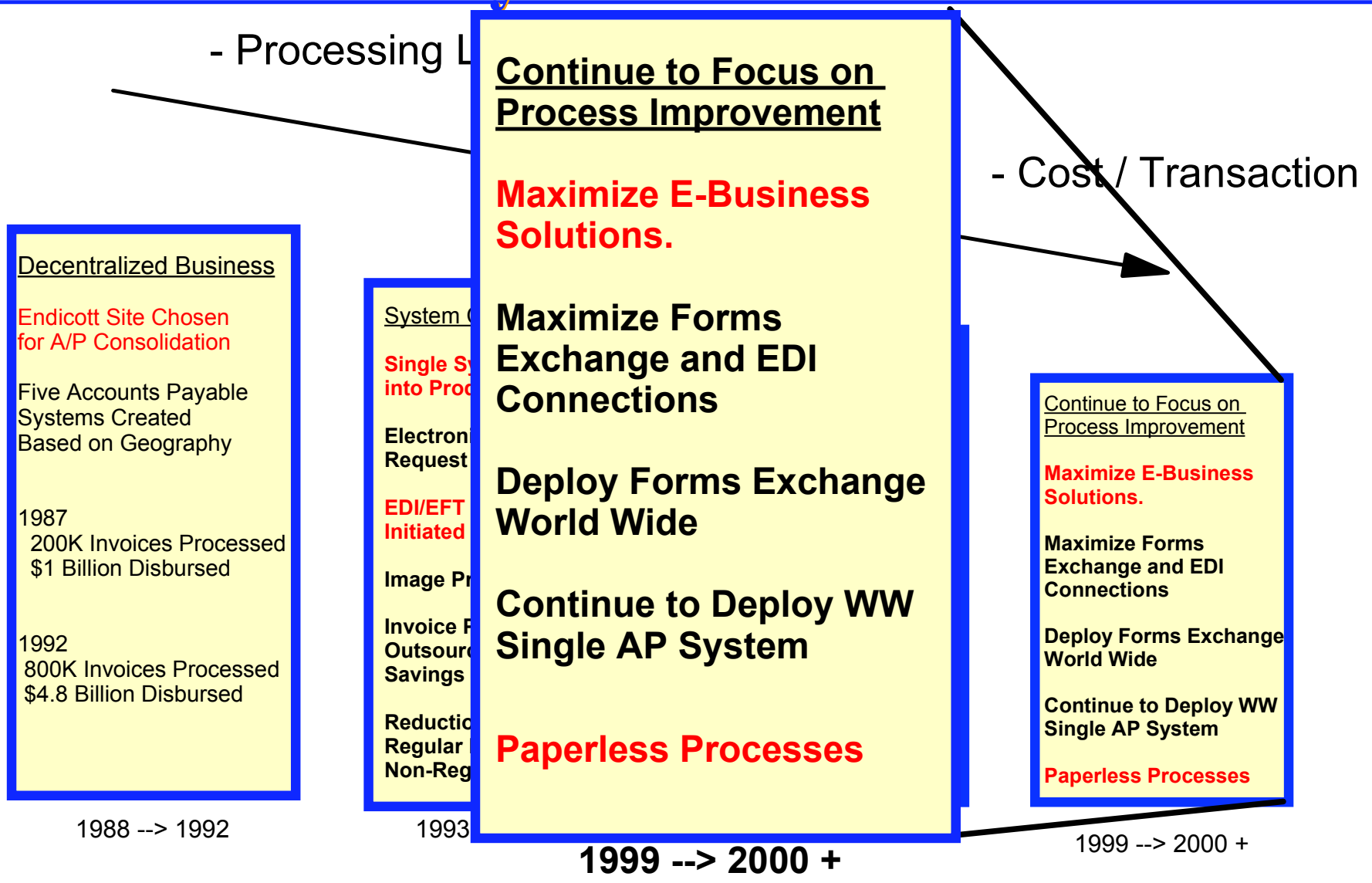
Accounts Payable Electronic Commerce



Forms Exchange:
On-line Remittance
Advice

Closed Loop Procurement / Accounts Payable Process

IBM Accounts Payable Center - Evolution

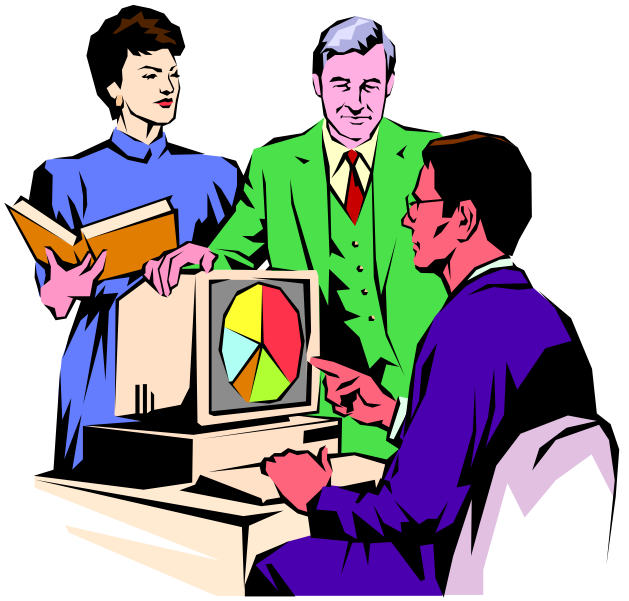


IBM Accounts Payable: The Future!

- 1999 WW IBM Forms Exchange Goal:
  - 12 Billion Dollars 10,000 Suppliers
- FAX To EDI
- Intranet/Extranet Queries
- XML Enhancements to Forms Exchange

IBM Internet Invoicing: "Lessons Learned"

- Teaming is Critical and Basis for Improvement
  - Procurement
  - Accounts Payable
  - Suppliers
  - IT with EDI Administration & Support
- Process Integration
- Transaction Simplification
- Benchmarking/Best Practices



IBM Internet Invoicing: "Keys to Value-Add Success"

- Align Procurement and A/P Goals and Targets
- Understand the Business Needs (They Change)
- Paperless, Paperless, Paperless (End to End)
- Do Not Underestimate the Resistance to Change...
- People Empowered and Recognized
  - Change Agents
  - Cross Functional Teams (The Way Work Gets Done)
  - Enhancing Skills (Priority on Project Management)

"You are the EDI Experts"

"You need to take the Lead"