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MANAGEMENT OUTLOOK

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THE B2B MARKETPLACE CHALLENGE – ONE PLATFORM THAT DOES IT

The b2b evolution has been the combined effect of technologies like collaboration, procurement, supply chain management, customer management, auctioning, and content.

These technologies enable a full-service solution that link companies while spanning all marketplace customer requirements from supply chain needs, to product life cycle and customer management. To support this wide range of customer needs while minimizing marketplace management efforts, a technology platform that provides standard tools and re-usable components is needed. This platform should be:

Based on industry standards wherever possible
Supported by an extensible, multi-entity data model to facilitate true many- to many processes
Capable of distributed transactions across multiple applications and organizations
Equipped with an open API for easy integration with other marketplaces and applications
Provided with access to and allow creation and management of rich content
Presented with a personalized user interface (UI).

Evolution of platform requirements
When companies began examining their profitability and competitiveness in the early 1990s, one of the main areas of focus was the supply chain. Initially focusing on their internal operations, they soon started to look beyond their own boundaries for ways to increase efficiencies right across the value chain from their suppliers to customers.

As a result of these efforts, collaboration techniques and software became available in the late 1990s. These collaboration efforts focused on forecasting, manufacturing planning, replenishment (similar to Vendor Managed Inventory -VMI) and later, on design collaboration.

The technology developed was first able to leverage the Internet to link one company with another, and then one company with many of its trading partners. What these solutions lacked was the ability to link many suppliers to many customers in a "marketplace", as well as support non-recurring parts supplies. Additionally, the companies that only focused on these issues did not have the rich supply chain planning software to truly exploit the value of these collaborations.

At roughly the same time, companies looked for ways to reduce their indirect expenses. For manufacturing companies, this has always been a much smaller percentage of the total procurement spending, but nevertheless represents a sizeable amount of money.

And for non-manufacturing firms, this could be as high as 100% of purchasing expenses. Taking advantage of product catalogs that were becoming available, software could be installed that automated the requisitioning processes that removed 'maverick' buying while removing much of the administrative costs What these systems lacked, however, was the ability to handle anything outside a catalog or with limits on availability.

Companies that were looking to leverage trading partners realized the need to streamline and strengthen their own processes and systems. They chose Supply

Chain software to help them plan and execute, generating significant cost savings, revenue growth and time savings. A number of solutions were derived from these systems including Product Life Cycle Management (PLM), fulfillment, and Customer Management. Where these solutions failed, however, was in the ability to handle indirect goods and auctioning.

In the next phase, auctioning systems started to become prevalent. These systems linked buyers and sellers together for commodity or spot requirements. They were built for and used in marketplaces that were typically focused on a small number of industries. As a result of these systems' use, user account management functionality was built to simplify the administration and management issues associated with running a marketplace. What these systems lacked was the ability to handle recurring items that needed collaboration, or small standard items that should be requisitioned.

And as technology turned another corner, came the development of rich content such as product and vendor catalogs, and tools to manage their day-to-day creation and administration. The value that these companies brought to the table was very significant, as they allowed other applications to make appropriate, correct decisions such as finding suppliers that met their price and location issues.

Looking back, it is easy to visualize the convergence of technologies to provide a full service solution for marketplaces. This is achievable only with a technology platform of that combines the features that we have spoken about earlier. At its core, the platform must have certain critical technical components:
Security – covering both outside the firewall as well as inside the marketplace firewall
Monitoring – tools to ensure that users are getting good response times across all applications
Integration – tools that provide easy integration to customer data sources and applications
Content – formatted and unformatted data for user needs
Robustness – tools to ensure that applications are as close to 100% available as possible
Collaboration support - using workflow tools
M2M (marketplace to marketplace integration)

In addition the platform should have certain critical business components: User profile management – tools to reduce administration efforts
Site management – tools to administer which services are being offered and to whom and content syndication and rendering Billing management – tools that allow a marketplace to accurately bill its subscribe based on their usage
Marketplace transaction management – tools to track transactions through their lifecycle
Catalog management – tools to manage formatted content
Furthermore, there are a number of good-to-have features for marketplaces to improve user retention and maintenance including:
Personalization tools to support rule-based content display
Analytic tools to facilitate intelligent reporting and data analysis
Workflow tools to enable redesign of services
Deployment tools to quickly react to customers' changing needs
Communication tools to facilitate integration with EDI, Fax, Email, wireless devices or XML

The B2B Marketplace shootout
A number of early innovators are vying to help companies build up marketplaces, some where there had been traditional exchanges, or some from the scratch. While it's still too early to completely rule out of these offerings, there are clear distinctions about the capability, vision and legacy that each of these market leaders have. There are also some clear issues that separate public and private marketplaces.
There are essentially five categories of solutions:
ERP and transaction systems
Collaborative software
Public marketplaces
EAI & technology focused vendors
Supply Chain vendors

Unfortunately for some of these vendors, their historical focus has placed some fundamental impediments in presenting themselves are marketplace solutions. The more common obstacles are mentioned here:
Single enterprise data model – How can you run a marketplace with many enterprise participants based on a single entity data model?
Scalability – the architecture of most of these applications is structured on a database. This constant read-write at the technology level means both latency and scalability issues.
Content management and delivery – most of these companies have been late in integrating content management and delivery in their solutions, and are hence not in tune with a major requirement.
Lack of optimization tools and techniques – these solutions are very transaction focused and not planning focused.
Lack of a distributed architecture – a 2- or 3-tiered architecture cannot work in a distributed, Internet based world. You need to have a flexible, distributed architecture than leverages the strengths of the Internet, not masks them.
Transaction handling – None of these systems provide the ability to track transactions as they are split apart, moved and potentially re-arranged over a number of entities and applications.
Marketplace services supported – marketplaces may need a wide range of services from simple transactions like catalog-based procurement to complex collaborations and selling. None of the solutions have this kind of breadth, and fall short on several requirements.
Supply Chain Model – Apart from the pure Supply Chain solutions, none of them provide a rich supply chain functionality that facilitates trade between marketplace partners.
Marketplace management services – Other than Public marketplace firms, none provide proper account and service management tools.
Marketplace relationships – Collaboration is a "1:1" and sometimes "1:many" problem; collaboration software cannot handle a marketplace with many-to-many relationships with a new paradigm of data and technology.

Other solutions do not support any type of collaboration.
Integration – ERP systems were meant to integrate all functions. As has been seen over time, this is essentially infeasible and there must be an open infrastructure to accommodate best-of-breed solutions.

SOURCE: WIPRO TECHNOLOGIES