

# FORTUNE

## Show Me The **Money**

*Whether it's buying online or digitizing documents, sophisticated cost-management software lets businesses watch every penny.*

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**IQNavigator**

THE LEADER IN GLOBAL SERVICES PROCUREMENT

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**W**hen times are good, companies are more willing to open the money spigot so cash can flow freely to all sorts of projects, but as soon as there's a downturn this surge often ends abruptly. With U.S. businesses spending more than \$17 trillion a year

on goods and services, a new generation of cost-management software seeks to help managers grapple with boom-and-bust spending cycles. The technology does everything from digitize procurement to automate outsourcing.

"American businesses spend a lot of money every day to purchase everything from supplies and computers to raw materials," observes Jeff Pikulik, director of buy-side research at the Boston-based Aberdeen Group. "So, cutting a little here and there adds up quickly." Best practices include replacing paper forms with digital documents and bringing buyer and seller together online using sophisticated electronic-procurement systems. About one in five F500 companies relies on e-procurement to trim prices by an average of more than 7% annually, slashing delivery times by 67%, according to a recent Aberdeen survey. "E-procurement not only makes most things a company buys cheaper," adds Aberdeen's Pikulik, "but it streamlines purchasing and lets a company concentrate on strategic thinking."

approved vendors. They're all in one place and ready for sale, regardless of whether it's a box of pencils, a tray of croissants, or a steel beam. The catalog reflects negotiated pricing and approved delivery options so that employees are pointed to the preferred supplier to cut down maverick spending. This ad hoc buying of off-contract items is surprisingly expensive and can be controlled with e-procurement, saving millions of dollars for the typical large firm. "For companies, it's a painless way to save a pile of cash," adds Aberdeen's Pikulik, "because most employees don't care where their paper or pencils come from. Success comes from making it simple and convenient."

He points to SciQuest, a software and services company based in Cary, N.C., and its on-demand SelectSite procurement software. Currently used by thousands of suppliers and large corporate and university users, the product's primary modules cover all corporate purchasing. Configurable for organizations with existing ERP or financial software investments, SelectSite is also a comprehensive solution. SelectSite's Sourcing Manager automates the bid process, Requisition Manager handles the actual purchases and approval workflow, Order Manager is for processing purchase orders and tracking order status, and Settlement Manager updates accounts payable.

A case in point is worldwide pharmaceutical giant GlaxoSmithKline, which started using SelectSite in 2002 for purchasing all the supplies used by its research and development operations globally. Until then, ordering was done by fax or requisition form, but with SelectSite, the company saves more than \$2 million a year through automation efficiencies and improved contract compliance.

With so much business currently being outsourced, according to Aberdeen's Pikulik, the next step is to extend this streamlined purchasing beyond physical items to various services. That's where Denver-based IQNavigator comes in: It has an e-procurement system that specializes in managing purchased services, such as temporary workers, outsourcing agreements, marketing, IT, and professional services at the best quality and price. By using an

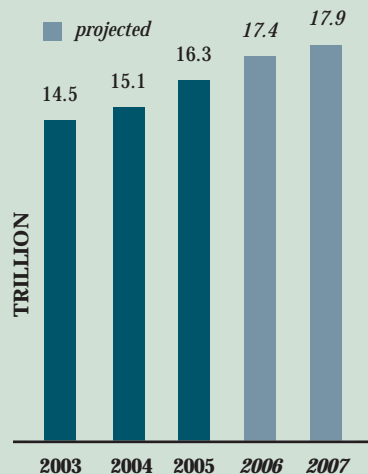


**Virtual Shopping Mall**

The center of attention is an online catalog of items that employees can buy from the company's

**Spending Spree**

Dollars U.S. companies dole out on goods and services\*



\*Excludes labor costs and large capital expenditures. SOURCE: Visa Commercial Consumption Expenditure Index

## E-procurement can trim corporate spending by 7% annually and slash delivery times by 67%, according to an Aberdeen survey.

online auction that makes vendors compete with one another for the company's business, costs are reduced. "Compared to buying items off a catalog or parts list, these sourcing-to-settlement activities are much more complex," explains John P. Raeder Jr., chief executive officer of

IQNavigator. "The financial benefits are greater as well." The typical pay-off is savings of 10% to 35% when employees use approved vendors who compete with one another. At the same time, quality and compliance can be improved because the IQNavigator solution monitors every

stage of the process, and payment is only made when the job is completed satisfactorily. Firms typically see a 70% improvement in process efficiency in areas such as accounts payable, according to Raeder.

Large companies in many industries have achieved and sustained cost savings and improvements with IQNavigator for a variety of types of purchased services, which typical e-procurement systems can't accommodate. IQNavigator's Software-as-a-Service solution also delivers payback within a few months thanks to fast implementations and monthly per-use subscription prices. As a result, customers often expand deployments to additional types of purchased services around the world. "Organizations can finally see and analyze what they are spending on their services globally. They can identify trends and forecast more accurately and now control the spending throughout their organization," adds Raeder.

**2006 CONTROL SERVICES SPENDING**

**2004-2005 centralize indirect spending**

**2000-2003 optimize supply chain**

**COST SAVINGS**

**The Next Cost Management Opportunity: Services Spending**

Dozens of Fortune 500 companies have saved over \$10 million within the first year of selecting IQNavigator to manage their purchased services. Find out how by requesting the free white paper "Managing the Cost of Procured Services" by emailing [fortune@iqnavigator.com](mailto:fortune@iqnavigator.com), or **CALL 877.267.0905**

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### Resource Guide

Learn how to impact your organization's bottom line through innovative and proven supply-management strategies during the Institute for Supply Management's (ISM's) 91st Annual International Supply Management Conference, May 7-10, 2006 in Minneapolis. It will feature more than 100 workshop sessions and 2,000 supply professionals in attendance, so you can reap the benefits of knowledge and best practices.

