

### THE BACKGROUND

In the fiscal year 2001-02, the purchasing department of the University of Southern California (USC) dealt with 12,784 vendors, the top 20 of which represented 50-60 percent of the products purchased and more than 25 percent of the purchase order volume. (Many of the other vendors represent only a single or an occasional purchase.) All of this activity routes through a 25-member purchasing department.

About four years ago, Director of University Purchasing Services Juliana Huehn-Johnson, determined that the time had long since passed when the manual handling process was adequate for the growth and complexity of the institution.

### THE SOLUTION

Huehn-Johnson approached Phillip Berres, associate director of administrative information services at USC, in early 1999 and detailed her objective: to implement some sort of electronic transaction system for large volume vendors. She also detailed her specific goals: to increase efficiency, reduce human effort, lower costs, and improve turnaround time. In addition, USC wanted to house vendor catalogs locally, to assure 24/7 availability and to eliminate dependence on vendor IT systems.

In autumn of 2001, the university's purchasing process cut much of its traffic, by switching over to an electronic purchasing system from ACOM Solutions, Inc. The new solution makes transactions with high-volume vendors faster and easier by employing partial to full automation, according to Huehn-Johnson.

Under the new ACOM system, using a combination of ACOM's **EZConnect EDI/XML** and **EZWebForms** solutions, manual handling continues for low volume suppliers, but transactions with the highest volume vendors take place electronically, using the World Wide Web as the transport.

"Some large vendors have already implemented EDI, but many companies we deal with have not and are not likely to implement it, because of cost and commitment of resources," he says. "By using the Internet as the transport, we can open the system to all."

The ACOM solution fit the university's criteria well, Berres says. While it was compatible with all VANs, it did not require their use. It could provide an array of transfer protocols to accommodate vendor requirements, and it could send and receive documents seamlessly, with only minor modifications to the financial software.

### IMPLEMENTATION

Implementation of EZConnect was the initial phase of the project, since it is the engine that performs the data translation and connectivity with the transport - in this case the web. EZConnect resides on a Pentium III computer, connecting to an FTP server in front of the firewall that serves as the interface to the vendors, via the web. EZConnect also serves as the interface between the ACOM server and the financial application software.

Next, implementing EZWebForms involved four phases:

- Setting up vendor catalogs -- normally 200-300 items
- Creating the purchase order form
- Creating the purchase order acknowledgement
- Creating the invoice

### THE PROCESS

On the buy side, the users -- usually department administrators -- access the online catalog and select their items, then fill out their requests using the university purchasing system. When approved, these requests are automatically converted into purchase order forms (PO's) and posted on the web.

"This is our first serious attempt at electronic purchasing, although we have had electronic invoicing in the past," Huehn-Johnson says. "We have not implemented electronic payments yet, but we definitely are going in that direction, and the ACOM solution can accommodate that activity very easily, by installing a payment module."

The process is very inclusive because of its "openness," he says. "Using the web forms solution, there is no limit to the number of vendors that can participate, since they only need an Internet connection and a web browser to access the forms, which virtually all companies now have."

USC's initial goal of establishing electronic purchasing relationships with their 20 largest vendors, was more than half accomplished within weeks of the system kick-off. Next year, Berres says, the focus will be on the "Tier II" vendors, those vendors who do significant volume with the university, just below that of the Top 20.

### SUCCESS!

The initial group of participating vendors is excited about the system, he says, because they recognize the advantages that it provides them, as well as the advantages it provides the university. The entire transaction proceeds much faster -

- purchase orders and acknowledgments are received and executed within a half-hour to a half-day. Paperwork and data input are reduced dramatically, resulting in cost reductions of 25 percent or more, Huehn-Johnson projects. To vendors, it means:

- Getting the order faster, in a format that can be handled paperlessly
- Submitting the invoice more quickly with little or no effort
- Getting paid sooner

## ACOM SOLUTIONS, INC.

ACOM develops solutions that integrate with enterprise applications to enhance back office and B2B processes for electronic, Internet and paper-based commerce. ACOM solutions run in all computing environments (host-resident on Windows NT, iSeries and AS/400), and are compatible with all financial management/ERP applications.

Solutions include:

- Software solutions that enable users to send and receive e-payments (ACH & F-EDI)
- Software solutions that enable users to send and receive e-remittance details (via e-mail, fax or EDI)
- Software/Hardware solutions to print MICR laser checks, forms and remittance details
- Electronic data interchange (EDI/XML) software solutions for e-commerce between multiple trading partners
- Software to enable/enhance internet-based commerce

ACOM, the payment management expert, has worked with thousands of companies around the world to help them update and enhance their payment processes. Whether you need an enterprise-wide solution or a solution for a single site, ACOM can help.

Most of ACOM's solutions can be purchased as a Total Solution Package or as integrated EZ Modular Solutions. Call us today for more information. We look forward to helping you.

###