

## Frequently Asked Questions: Moving forward with eCommerce solutions

### 1. We are not ready for this yet

- This is often a subjective view that they operate in the construction industry and that surely this type of technology cannot relate to them.
- Many construction companies are now embracing the use of new technologies and are reaping the rewards of it now.
- It is technology that is here now and being widely used - not something from Tomorrows World!

### 2. We haven't even implemented our Procurement system properly yet.

- eCommerce should make using your procurement system easier to use and thus easier to roll out across your business.
- Clients are actually using it to speed up the implementation by skipping a whole layer of functionality and moving straight to electronic ordering

### 3. Suppliers aren't ready for it

- Many of the Supplier we talk to are more ready than the clients
- The openness of the systems now available lowers all the barriers to entry for suppliers allowing Companies with relatively low levels of IT capability to start trading electronically with their clients

### 4. We have no framework agreements in place with suppliers

- eCommerce does rely on a trusted relationship with your supply chain
- Build IT can help to identify and set up framework agreements with suppliers through a consultancy project if required or help you to align your business to make the implementation of such a strategy easier.

### 5. What are the costs to suppliers

- Typically supplier charges relate to the number of messages that they will send in a calendar year.
- There may be an investment in technology by the suppliers to enable them for eTrading but many see this as required investment to enable them to compete in the future

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### 6. How many suppliers are trading live through eCommerce solutions

The following suppliers are trading live with their customers using eCommerce solutions

#### **Builders Merchants**

- Travis Perkins
- Wolseley Centres
- Jewson
- WT Burden

#### **Plant Hire**

- Speedy
- A Plant
- Hewdon Plant
- GAP
- Brandon Hire

#### **Protective Equipment**

- Greenham Trading
- Parker International (Hagameyer Group)

#### **Concrete & Aggregates**

- Tarmac
- Hanson
- Aggregate Industries

#### **Reinforcements**

- Express Reinforcements
- BRC

#### **Concrete Products / Fixings & Tools**

- Hilti
- VJ Technology
- Grace
- Tollway Fixings

#### **Stationary**

- Lyreco
- Oyez straker
- Guilbert

#### **Wire & Electrical Specialists**

- Anixter

### 7. What happens when suppliers are signed up to different hubs

- The supplier either signs up to deal directly through the contractors chosen HUB
- Or a connection is made to transport messages HUB to HUB in order to link the supplier with the Client – A commercial agreement must be in place either with the other HUB or with the Client directly

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### 8. The savings take time to accrue when will we get return on our investment

- This will depend on the supplier roll out programme with regards to the identified suppliers
- The ROI will also depend on the proportion of Invoices that you can route through electronic means typically if you can capture 20 -30% of invoices in the first year then your ROI will be approx 8-9 months. Subsequent years will then decrease in line with the proportion of invoices that are received electronically.

### 9. The savings are difficult to quantify or actually achieve – are they real

- In order to fully achieve the savings that can be identified via a business review and subsequent case study a degree of restructuring within a clients' business would be required. However there are other ways of assimilating the savings including:
  - Providing greater capacity from existing resources thus business expansion can be undertaken with no increase in staffing
  - Provides existing staff with ability to undertake more value added task rather than paper chasing or query settling

### 10. How open is the system

- Due to technology embedded on the HUBs that enables message formats to be translated automatically the system allows suppliers to generate documents in the native formats directly from their existing systems safe in the knowledge that they will be able to be processed by their clients' Coins systems.
- Any flat file format can be taken and translated into the xml format supported by Coins
- The eCommerce HUB can also translate the native system's xml based orders into the required format that the supplier requires in order to load and process the messages straight into their existing back office system.
- Suppliers can chose their own method of connecting to the chosen HUB thus ensuring that no additional infrastructure or costs are incurred in order to link with their Clients via the HUB.

### 11. How may Contractors are using eCommerce Solutions

- Dean & Dyball - eOrders / eInvoices
- Laing O'Rourke - eOrders / eInvoices
- Morgan Est -eOrders / eInvoices
- AMEC – eInvoices
- Osborne - eOrders / eInvoices
- Balfour Beatty Rail Projects - eOrders / eInvoices
- Balfour Beatty Plant - eOrders / eInvoices
- Raynesway Construction Southern -eInvoices
- NG Bailey – eOrders / eInvoices
- Jackson Civil Engineering - eOrders / eInvoices
- EW Beard - eOrders / eInvoices
- SWH – eInvoices
- Haymills - eOrders / eInvoices
- Select Plant - eInvoices

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- ROK - eOrders / eInvoices
- Bluestone - eOrders / eInvoices
- MPG eInvoices

### 12. What about the security of data and messages

- Messages are sent directly from server to server via IP links. The solutions often use SSL and SSH technology to set up an encrypted tunnel that allows documents to be exchanged securely between systems.
- Copies of messages are archived on the HUB in case of problems with the Client's or Supplier's systems to allow messages to be resent.
- Most HUB's have their hardware is hosted at a secure locations together with extra back up servers located at other locations. There will normally be a RAID disk recovery system in place and the main server is mirrored onto the back up server frequently during each day.

### 13. How much does it cost

- The software provider will normally price the solution based on the individual requirements of each customer.
- Most providers will charge a transaction fee for each document processed through their HUB to the customer's back office system.

### 14. Are there any hidden costs

- There will be consultancy costs associated with the set up and testing of the contractor's back office system to enable eCommerce solutions to be used.
- Training and change management costs will also need to be allowed for.

### 15. How do we get going

- Contact your back office system provider and see if they offer eCommerce solutions to allow you to link to your supply chain.
- If a contractor requires further help in justifying the implementation of eCommerce then Build IT Consulting will be happy to provide an independent assessment through a consultancy project for a Business case that will review their business and outline the full justification on ROI terms for implementing the eCommerce within their business.

### 16. But people like paper!

- There are implications of moving to an eCommerce trading situation and there is a degree of change management that has to take place.
- We can help in educating the necessary people involved in the eCommerce Project and provide back up and advice to the organisation.
- The contractor must appoint a project sponsor to oversee the implementation of the eCommerce solution and this person must have credible leverage within the organisation to ensure that the necessary resources are allocated and tasks and programmes are completed and adhered to.
- This is the 21<sup>st</sup> century and technology can provide massive benefits to businesses you must embrace this and optimise your business processes in order to compete and not get left behind.

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### **17. What are the implications of VAT and the TAX man**

- HM Customs have issued a Guide Note for companies who are intending to receive invoices electronically.
- eCommerce satisfies the criteria laid out in the Advice Note
- The contractor must have some method of viewing and printing invoices from the xml documents ie to search for and view invoices using a stylesheet rendered view of the data.

### **18. We don't have the knowledge or expertise to manage the implementation of eCommerce**

- BITC can offer implementation services. We can set up a project for the delivery of set outcomes and we will be responsible for co-ordinating participant in the project to ensure its successful delivery.