

# OIG – Osiris Innovations Group Innovation in Supply Chain Management

## The Path is Clear



## **Tier One Partnerships: A Client White Paper on Supplier Direct Connect**

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## Executive Overview

Office Depot and Osiris Innovations Group have partnered to provide an electronic procure-to-pay solution in support of Office Depot's supply chain diversity program. Office Depot identifies historically under-utilized businesses (HUBs) and helps them to develop business with mid- and large-tier companies, particularly those seeking diversity credits. Office Depot provides a strong brand association, complimented with purchasing power, marketing and training expertise and mentoring to these small businesses to enable them to grow. Utilizing Osiris' e-procurement platform, these businesses can capture and process purchase orders and payments electronically, reducing costs and building efficiencies needed to profitably support much larger organizations.

## Building Success for Small Business

Office Depot launched their supply chain diversity initiative in 1999. Their Tier One program focused on helping these small businesses become profitable enterprises and expand their marketshare. To accomplish this, they developed a mentor-protégé program to closely guide their Tier One partners toward success. Office Depot recognized that these small enterprises needed training and mentoring on all business practices – from human resource management to marketing to financial matters. By providing support in these critical areas, the likelihood of developing a sustainable enterprise increased.

In 2004, Office Depot sought an e-procurement solution to support the procure-to-pay process for their Tier One partners. Office Depot had selected an electronic procurement engine to create purchase orders to be sent to the Tier One partners, but they needed a way to enable these companies to capture and process the orders. Office Depot approached Osiris Innovations Group because of their cutting-edge, highly innovative order receipt to payment processing application, OS Fulfillment. Osiris had designed their application to act as a "catcher's mitt" – it could capture electronic POs and then enabled the vendor (in this case, the Tier One partner) to electronically process an advanced ship notice and invoice, generating payment through either a pcard or via EFT. All transactions occurred electronically - the only manual intervention needed was the entry of packing slip information. The first Tier One partners launched with the OS Fulfillment platform in mid-year 2005.

These organizations quickly realized the benefits of electronic order receipt, invoice generation and payment administration. They did not need to add additional order

management staff as their order quantities grew. They were able to easily process purchase orders and generate payment, reducing the accounting staff needed to support the increasing volume of business. They gained clear line of sight between purchase order, ship notice and invoice as all three documents resided electronically in one source.

Additionally, because Osiris' platform provides "software as a service" with its web-based application, these small companies did not have to make extensive financial investment in software and hardware purchases nor need to hire IT staff to support a resident application. They simply accessed a secure-URL and began conducting business.

### **Expanding the Clear Path to E-Commerce**

In early 2006, Osiris launched its new e-procurement engine, OS Procura. They quickly displaced Office Depot's current e-procurement provider as they became the premier supplier of a complete closed-loop procure-to-pay solution. By June 2006, Osiris had migrated its two primary Office Depot Tier One partners onto this new platform, bringing along twelve Tier One customers.

The basic model for the program, a clear path of e-commerce, was simple: The Tier One customer (mid-to-large-size businesses) used OS Procura to purchase office supplies through the Tier One partner. The Tier One partner was able to meet the office supply demand using Office Depot as their distributor. Buyers would access Office Depot product through OS Procura. The purchase order, upon approval, would flow to the Tier One partner for processing in OS Fulfillment. The Tier One partner would in turn, submit the order to Office Depot for distribution. Office Depot received and processed these orders via cXML transmission. Upon shipment notification, again via cXML back to the Tier One partner, a ship notice would be issued, which automatically generated an invoice, to the customer. Depending on the Tier One partner, payment for the invoice was processed against a credit card by the payment function within OS Fulfillment or via EFT to a lockbox.

## Experiencing Supplier Direct Connect

By January 2008, OS Fulfillment was replaced with an upgraded application, OS RAM, which offered greater reporting capabilities and enhanced security features. This completed the OS Interchange applications for Osiris Innovations Group. This powerful tool enabled these small businesses, with limited capital, to directly connect with any purchasing organization. OS RAM allowed the Tier One partners to capture and process purchase orders, ship notices and invoices electronically, including complete integration into existing POS systems. This provided a competitive advantage over other small business and allowed them to compete even against much larger companies. Through Osiris' Supplier Direct Connect enablement, the strategic goals of Office Depot and its Tier One partners were advanced.

## Success Story Defined

According to the Director of eCommerce and Implementation Services for Office Depot, "Osiris products are state of the art and simple to use, and their support team is extremely proactive and responsive to Office Depot and our partners". The Osiris and Office Depot relationship continues and is expanding. Currently, there are 10 Tier One partners, supporting a total of 72 customers and 18,000 users. Clear Path Commerce through Supplier Direct Connect has proven an effective model to support customers across multiple verticals – medical, educational, municipalities, manufacturing and service. In 2008, purchase orders processed through the Osiris – Office Depot partnership totaled in excess of \$19M. Program expansion in 2009 is targeted to increase this amount to \$32M. Clear Path Commerce through Supplier Direct Connect has proven an effective model to support customers across multiple verticals – medical, educational, municipalities, manufacturing and service. The model is strong, the results are meaningful, and the opportunities are endless.