



**TRADE
INTERCHANGE**
Smarter Supplier Management

White Paper

RFI vs. eRFI

How the need for improved vendor governance, visibility of supplier capabilities and standardised procurement processes are driving the rise of the eRFI.

1. Overview

eSourcing projects typically follow a process that is initiated with searching for potential suppliers. This process usually generates a large pool of possible suppliers which procurement teams are required to qualify. A request for information or RFI is a business process that is often used for gathering basic information to reduce a broad base of potential suppliers and to ascertain more in-depth information about the capabilities of various suppliers. RFIs typically precede requests for further details (proposals, tenders, quotations) and eAuctions, or can be used independently to ascertain suppliers.

Traditionally the RFI process has taken place across multiple documents and spread sheets, but increasingly companies are discovering efficiency savings through adopting online RFI systems and embracing eRFI software.

2. The problem with traditional RFIs

Offline, spread sheet based RFIs have been used for decades to enable procurement professionals to gather and qualify supplier information. Over time organisations' needs have evolved and the recent economic climate has brought much of the business world's focus to the procurement arena as it increasingly drives organisational development and business strategy. As a result there is a growing need for transparency within the buying process, central storage of supplier information and consistent and comparable data. These evolving business requirements have highlighted a number of key shortcomings with traditional, offline based RFIs;

- **Lack of central visibility of the data collection process**
There is little visibility into the progress of suppliers' RFI completion, which can often lead to bottlenecks and delays in the sourcing process.
- **No central storage of information for future sourcing events**
Supplier data isn't centrally stored meaning information lacks visibility between teams and departments. No central repository of information makes it hard to share information between stakeholders and information isn't always utilised in future sourcing projects.
- **Duplication of tasks and information**
People across teams and departments are often running parallel tasks or collecting duplicate information which can reduce efficiency and cost saving opportunities.
- **Limited number of questions**
Offline RFIs can make it cumbersome to deal with high volumes of data, meaning buyers have to limit the number of suppliers or questions they include in the process.
- **Inconsistent supplier information**
Despite clear instructions, suppliers often submit their information in different formats which can make it hard to make supplier comparisons and lead to inconsistent and inaccurate supplier decisions.

- **Inaccurate analysis of information**
Due to inconsistencies in the information gathered, human error and miscommunication between supplier and buyer, there are often inaccuracies in the analysis of data.
- **Failure to promote best practice processes**
Offline RFIs can prove cumbersome to use, and do not provide management with visibility of progression, resulting in some employees lacking inspiration or engagement to follow spread sheet based processes.

3. The rise of the eRFI

As a result of these issues many companies are increasingly looking to streamline their requests for information and improve efficiencies through more visible, accessible and accurate procurement processes, which is resulting in more companies adopting online RFIs, or eRFIs as they are commonly called.

Trade Interchange has seen a major growth in the number of companies adopting eRFI (a generic term for all requests for information, quotes, tenders etc) as part of their overall sourcing process. Between 2009 and 2011 Trade Interchange has seen increases in excess of 200%, and has already seen a 48% increase on the first quarter of this year compared to the first quarter of 2011, indicating a continuing trend towards companies using and adopting eRFIs, as part of their sourcing strategy.

So why, after more than 10 years since eSourcing strategies and technologies have been introduced are more and more companies adopting this approach?

General Healthcare Group (GHG) is just one company that has been increasing its usage of eRFIs over the last few years. Lee-Ann, Clinical Buyer at GHG puts this down to a number of factors:

***“eRFI’s are very much part of our current eSourcing strategy and have delivered huge benefits since we introduced them, not just in terms of significant time savings, but also in data quality, visibility of information and helping us streamline our overall sourcing and tendering strategy.*”**

Increasing industry regulations and requirements within the healthcare sector means we are constantly requesting more detailed and complex information from potential suppliers. Online RFIs make it much easier to request specialised and comprehensive information, with the ability to upload technical documents, detailed breakdown of precise requirements and information relating to compliance to specific industry standards.

eRFI allows us to share data, best practice, templates, past questionnaires and supplier information more easily, freeing up our internal resources and enabling us to make more informed business decisions based on more detailed and accurate information.”

4. Economic reasons affecting the growing need for eRFIs

As well as internal issues driving eRFI growth, there are a number of wider economic issues that are leading companies to review the way they gather supplier information;

- **More complex tendering processes**
As the importance of vendor governance increases, companies are looking at the sourcing process to gather more detailed preliminary information relating to supplier compliance, quality assurance, insurance and environmental policies and corporate social responsibility.
- **Cost reduction**
The current economic climate has meant companies are under mounting pressure to reduce costs and make increased savings. eRFI supports cost savings through increased efficiency and time savings.
- **Need for more company visibility**
As procurement functions within organisations get more attention from the board, there is an increased need for visible and consistent data to be shared across the business.
- **Improved technology**
As technology develops, companies look to integrate their internal systems, automating and streamlining processes where possible.
- **Accessibility to a wider spectrum of companies**
As cloud technology continues to grow, eSourcing has become more affordable and accessible to smaller organisations, which in the past might have not considered its benefits.



5. Benefits of eRFI compared to RFI

eRFIs have built-in features that overcome the issues that spreadsheet based RFIs can often present, helping businesses deliver more informed sourcing decisions and make significant time and efficiency savings.

Issues with RFI	eRFI Features	Benefits of eRFI
Lack of central visibility into the data collection process	Real time tracking of supplier progress	Supplier tracking gives companies complete visibility over the progress of suppliers' responses online, giving greater transparency of the buying process and the ability to quickly resolve any bottle necks and supplier issues as they arise.
No central storage of information for future sourcing events	Central repository of supplier data	eRFI centrally stores supplier information making it available in the cloud. Information is transparent and easily shared with current stakeholders or future projects.
Duplication of tasks and information	Online eRFI templates	Templates and past eRFIs questionnaires can be shared across the company dramatically reducing duplication of tasks.
Limited number of questions (restricting supplier and question volumes)	Controlled response times and online evaluations	Controlled response times make it easier to approach a larger pool of potential suppliers and online evaluation and objective supplier comparisons make it easier to evaluate a larger volume of questions.
Inconsistent supplier information	Standard data collection format	Standardised templates, questionnaires and online evaluations ensure consistent supplier information and more informed sourcing decisions.
Inaccurate analysis of information	Weighted and scored questions	With the ability to easily add scoring and weighting to questions, users can ensure consistent, accurate and more informed analysis of supplier data.
Failure to promote best practice	Intuitive wizard	Through online wizards you can streamline the RFI process, promoting best practice and encouraging employee buy-in through intuitive and time saving technology.

Trade Interchange ARCUS[®] eRFI

Trade interchange offers ARCUS[®] eRFI as part of its eRFI module, which sits on the ARCUS[®] platform. ARCUS[®] is a cloud based eSourcing platform that allows customers to configure flexible eSourcing solutions depending on their exact business needs.

ARCUS[®] eRFI is an innovative product that has been developed to drive time savings and increase sourcing efficiencies. ARCUS[®] intuitive and easy to use software offers the following distinctive features;

- **Market Leading Software**

Our in house software is considered amongst the most user friendly eSourcing solutions on the market. Designed around 'end user experience', it ensures maximum time, cost and efficiency savings through unique additional features including our step by step Wizard.

- **Comprehensive Reporting Functionality**

Assess comprehensive reporting functions, including side by side reports, which can be exported to excel or centrally stored in the cloud, making data transparent and easily accessible to current and future stakeholders.

- **Integration with other ARCUS[®] eSourcing modules**

Once you have pre-qualified your suppliers via our eRFI module, you can seamlessly migrate your data into our other eSourcing modules including our eAuction software, to continue your negotiation process.

Next step for implementing eRFIs

Are you currently using offline spread sheets to gather, record and analyse supplier information? What percentage of your sourcing information is managed through centralised and formal esourcing eRFIs?

As an initial step, you should begin by reviewing your current processes. Here are a few questions that you could start by looking at;

- What inconsistencies are there in your current supplier information gathering processes?
- What are the current limitations of the existing sourcing solution impose?
- What % of time is being spent creating and updating RFIs in offline spreadsheets?
- What visibility and reporting functionality do you have over supplier responses?
- How is supplier information currently stored and shared between departments?

If you are looking to gain better visibility, central governance and improved efficiencies over the information gathered across your company, we invite you for a next step discussion where we can better understand your goals and current limitations. From this we can evaluate your requirements and offer a tailored presentation on the benefits our eRFx module delivers.

Learn how Trade Interchange's ARCUS® eRFx can impact your entire eSourcing process;

Call us on **+44 (0) 20 8780 0610**

Email us on info@tradeinterchange.com



Trade Interchange helps organisations reduce the costs, risks and complexities associated with managing a large supplier base. Its solutions support a range of supplier management activities: from initial tenders and supplier information management (SIM), through to supplier contract and performance management. The cloud-based proprietary ARCUS® platform features a suite of easily-configurable modules that are fast to deploy and simple to use. The ARCUS eSourcing modules also underpin the fully managed eAuction service.

Founded in the UK in 2000, Trade Interchange is a privately held company with offices in London, Teesside and Sydney, Australia supporting international clients, including leading brands such as Brakes, Centerparcs, Macmillan, Morrisons, Sodexo, Whitbread and WHSmith. Trade Interchange is accredited to the ISO27001 information security management standard.

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