

LEARNING MADE EASY

OpenText™ Special Edition

# B2B Managed Services

for  
**dummies**<sup>®</sup>  
A Wiley Brand



Define B2B  
Managed Services

See the benefits of B2B  
Managed Services

Select a  
suitable vendor

Compliments  
of  
**opentext**<sup>™</sup>

Mark Morley

## About OpenText

OpenText enables the digital world, creating a better way for organizations to work with information, on-premises or in the cloud. OpenText™ Business Network simplifies the inherent complexities in trading partner ecosystems, providing a single connection that digitizes all information flows, whether they are suppliers, customers, banks, or other valued partners. OpenText operates the largest B2B integration network in the world, connecting more than 600,000 companies and processing over 24 billion transactions each year. For more information about OpenText (NASDAQ: OTEX, TSX: OTC), visit **[www.opentext.com](http://www.opentext.com)**.



# B2B Managed Services

OpenText™ Special Edition

**by Mark Morley**

**for  
dummies®**  
A Wiley Brand

# B2B Managed Services For Dummies®, OpenText™ Special Edition

Published by: **John Wiley & Sons, Ltd.**, The Atrium, Southern Gate Chichester, West Sussex,  
[www.wiley.com](http://www.wiley.com)

© 2018 by John Wiley & Sons, Ltd., Chichester, West Sussex

*Registered Office*

John Wiley & Sons, Ltd., The Atrium, Southern Gate, Chichester, West Sussex, PO19 8SQ, United Kingdom

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise, except as permitted by the UK Copyright, Designs and Patents Act 1988, without the prior written permission of the Publisher. For information about how to apply for permission to reuse the copyright material in this book, please see our website <http://www.wiley.com/go/permissions>.

**Trademarks:** Wiley, For Dummies, the Dummies Man logo, The Dummies Way, Dummies.com, Making Everything Easier, and related trade dress are trademarks or registered trademarks of John Wiley & Sons, Inc. and/or its affiliates in the United States and other countries, and may not be used without written permission. OpenText and the OpenText logo are registered trademarks of OpenText. All other trademarks are the property of their respective owners. John Wiley & Sons, Ltd., is not associated with any product or vendor mentioned in this book.

LIMIT OF LIABILITY/DISCLAIMER OF WARRANTY: WHILE THE PUBLISHER AND AUTHOR HAVE USED THEIR BEST EFFORTS IN PREPARING THIS BOOK, THEY MAKE NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE CONTENTS OF THIS BOOK AND SPECIFICALLY DISCLAIM ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IT IS SOLD ON THE UNDERSTANDING THAT THE PUBLISHER IS NOT ENGAGED IN RENDERING PROFESSIONAL SERVICES AND NEITHER THE PUBLISHER NOR THE AUTHOR SHALL BE LIABLE FOR DAMAGES ARISING HEREFROM. IF PROFESSIONAL ADVICE OR OTHER EXPERT ASSISTANCE IS REQUIRED, THE SERVICES OF A COMPETENT PROFESSIONAL SHOULD BE SOUGHT.

For general information on our other products and services, or how to create a custom *For Dummies* book for your business or organization, please contact our Business Development Department in the U.S. at 877-409-4177, contact [info@dummies.biz](mailto:info@dummies.biz), or visit [www.wiley.com/go/custompub](http://www.wiley.com/go/custompub). For information about licensing the *For Dummies* brand for products or services, contact [BrandedRights&Licenses@Wiley.com](mailto:BrandedRights&Licenses@Wiley.com).

ISBN: 978-1-119-46689-5 (pbk); ISBN: 978-1-119-46688-8 (ebk)

Printed in Great Britain

10 9 8 7 6 5 4 3 2 1

## Publisher's Acknowledgments

We're proud of this book and of the people who worked on it. For details on how to create a custom *For Dummies* book for your business or organization, contact [info@dummies.biz](mailto:info@dummies.biz) or visit [www.wiley.com/go/custompub](http://www.wiley.com/go/custompub). For details on licensing the *For Dummies* brand for products or services, contact [BrandedRights&Licenses@Wiley.com](mailto:BrandedRights&Licenses@Wiley.com).

Some of the people who helped bring this book to market include the following:

**Project Editor:** Carrie A. Burchfield

**Acquisitions Editor:** Katie Mohr

**Editorial Manager:** Rev Mengle

**Business Development Representative:**  
Frazer Hossack

**Key Contributors:**

Nila LaVanaway Charles,  
Iain Plunkett

**Production Editor:** Antony Sami

# Table of Contents

INTRODUCTION .....	1
About This Book .....	2
Foolish Assumptions .....	3
Icons Used In This Book.....	3
CHAPTER 1: <b>Introducing B2B Managed Services</b> .....	5
Defining B2B Managed Services.....	5
Looking at a History of B2B Integration .....	6
CHAPTER 2: <b>Recognizing the Business Drivers of B2B Managed Services</b> .....	9
Digital Transformation and B2B Modernization .....	10
Trading Partner Integration .....	11
New Markets and Channels .....	13
Mergers and Acquisitions and Divestitures .....	14
Cost Reduction.....	16
ERP Upgrade and Consolidation .....	18
Workforce Optimization .....	19
Vendor Churn and Business Strategy Change.....	21
CHAPTER 3: <b>B2B Integration: Process and Approaches</b> .....	23
Approaches to B2B Integration .....	24
Managing a B2B Integration Program .....	28
CHAPTER 4: <b>The Core Components of B2B Managed Services</b> .....	31
People, Processes, and Technologies .....	31
The Core Components of B2B Managed Services.....	33
CHAPTER 5: <b>The Key Benefits of B2B Managed Services</b> .....	37
Cost Savings .....	38
Business Improvements.....	40
Operational Improvements.....	41

<b>CHAPTER 6:</b>	<b>Building the Business Case for B2B Managed Services</b> .....	43
	Building Your Business Case.....	44
	The Value in Value Engineering .....	47
	Key Models and Tools for Value Assessments.....	48
<b>CHAPTER 7:</b>	<b>Selecting a B2B Managed Services Provider</b> .....	51
	A Simple Elimination Test.....	51
	Provider Key Capabilities.....	52
<b>CHAPTER 8:</b>	<b>Ten Ways to Get More from B2B Managed Services</b> .....	57
	Use Your Service Provider as a Virtual CIO .....	57
	Always Think about the Future .....	58
	Choose Payment Terms to Suit Your Business.....	58
	Listen to Questions as Much as Answers.....	58
	A Contract Shouldn't Be a Straightjacket.....	58
	Take It One Step at a Time .....	59
	You Shouldn't Be the Only Industry Expert.....	59
	Make Sure They Have Remote and Onsite Support.....	59
	Work with a Trusted Partner.....	60
	If It's Not Working, Move On .....	60

# Introduction

Each day billions of transactions pass between companies, their suppliers, and their customers. The digital exchange of business information and business documents increases business productivity and speeds time to revenue.

The potential benefits of Business-to-Business (B2B) integration are well known, but in real-world application many companies struggle to achieve them. They find it hard to roll solutions out beyond a few key business partners. It is difficult to keep pace with changing standards and technologies, and companies often suffer from a lack of technical expertise and local support in the countries where they trade.

Many companies have found an effective solution to those difficulties in B2B Managed Services, an outsourced service that manages daily B2B integration operations. It's made up of three core elements:

- » **People:** The provider delivers skilled people — with the right levels of technical and business expertise — who can support and deliver a B2B program that meets a company's current and future business objectives.
- » **Process:** The provider delivers best-practice processes for implementing or extending B2B integration, managing the ongoing B2B program, bringing new partners into the B2B network quickly and easily, and managing the company's trading partner relationships.
- » **Technology:** The provider delivers the comprehensive, global B2B infrastructure needed to exchange B2B transactions with partners, translate business documents between all B2B standards, and provide reporting and visibility into B2B transactions and processes.

These three core elements work together to provide businesses the help they need to maximize effectiveness in their customer facing and supply chain processes.

# About This Book

*B2B Managed Services For Dummies*, OpenText Special Edition, provides you with a handy guide to everything you need to know to get more from your B2B investment. This book consists of seven short chapters that cover the following:

- » What B2B Managed Services is and how it came to be (Chapter 1)
- » The business drivers for B2B Managed Services (Chapter 2)
- » The major steps involved in B2B integration and the different approaches to its delivery (Chapter 3)
- » The core components of B2B Managed Services (Chapter 4)
- » The key business benefits for B2B Managed Services (Chapter 5)
- » Building a business justification for B2B Managed Services (Chapter 6)
- » How to select a suitable B2B Managed Services vendor (Chapter 7)
- » Ten tips when deploying B2B Managed Services (Chapter 8)

Also, as you're reading this book, you may want to keep the following terms in mind:

- » **Trading partners:** Companies or organizations that transact business together. This includes customers, suppliers, logistics companies, financial institutions, business service companies, and government institutions.
- » **Community management:** The process of managing the relationships that a company has with its trading partners.
- » **Customer experience:** The process of managing the way that your customers interact and engage with your company over the life cycle of their relationship with you.



# Foolish Assumptions

When writing this book, I tried to make this book as accessible and readable as possible for everyone. Its main audience is corporate board members and senior managers within the supply chain, procurement, and logistics areas. But it's really for *anyone* who wants to understand more about the opportunities offered by B2B Managed Services to enhance B2B operations and reduce costs.

## Icons Used In This Book



REMEMBER

I use this icon when there's something important you should commit to memory before you progress on with the chapter.



TIP

You'll find these icons dotted throughout the book, giving you helpful suggestions and bite-sized nuggets of useful information.



WARNING

I don't just know what to do. I also know what *not* to do. Look out for these icons to help you avoid some common pitfalls.



TECHNICAL  
STUFF

This is the jargon buster icon. When I have to get technical, I give a little plain English explanation of what I mean.



- » Defining B2B Managed Services
- » Understanding how B2B integration and B2B Managed Services came to be

# Chapter 1

## Introducing B2B Managed Services

Today's companies must work closely with customers, suppliers, and partners. They need technology and processes that let them transact business smoothly and effectively, but those tools can be complex and costly. B2B Managed Services offers an attractive alternative to trying to manage everything single-handedly. In this chapter, you get an intro to B2B Managed Services and how it came into existence.

### Defining B2B Managed Services

B2B Managed Services is the management of your B2B operations by a trusted, experienced partner. *Business-to-Business (B2B)* describes the interactions that a company has with other companies in order to conduct business. For example, a manufacturing company works with suppliers when making its products and with logistics companies when supplying those products to customers. It then works with customers when it sells the products and develops new ones. And, of course, it works with banks and financial institutions to make sure everyone gets paid. Those are only a few of the stakeholders with whom companies exchange B2B transactions every day.

B2B operations involve three components: people, processes, and technologies (I cover these more in Chapter 4). Of course, as long as there have been companies, there have been B2B transactions that involved people and processes. The new, game-changing component is the technology that can make transactions more efficient and increase business performance.

*B2B integration* is the term widely used today to refer to the technologies involved in B2B Managed Services. The next section, “Looking at a Brief History of B2B Integration,” helps set the scene to explain why so many companies are using technology to manage their B2B requirements. You can also flip to Chapter 3 for the different approaches to and processes within business integration.

## Looking at a History of B2B Integration

Manual processes tend to be slow, inefficient, and hugely prone to human error. Turning these manual processes into digital ones can save time and money and make customers happier in the process. That’s not a new idea. Experts have been working on ways to automate B2B interactions since the 1960s.



TECHNICAL  
STUFF

It all started with a man named Ed Guilbert, who is widely recognized as developing Electronic Data Interchange (EDI), first used by the Transportation Data Coordination Committee in 1968 to allow shipping companies, railroads, airlines, and trucking companies to exchange electronic messages using standard formats. EDI was to become the B2B standard for the next 50 years. Early EDI-based B2B systems focused on replacing manual business documents with automated alternatives that could be shared electronically between trading partners. The benefits revolved around improving response times and reducing data errors. Increases in business efficiency were significant and reduced costs while increasing profitability.

Early successes in automating simple documents such as invoices and purchase orders demonstrated the benefits of EDI. This led to the extension of B2B systems deeper into the business functions of organizations. Later systems encompassed a much wider range of business documents and provided greater visibility into the entire B2B transaction life cycle.

New generations of exchange standards and communications protocols developed over time and made communication between B2B systems more complicated. Early EDI solutions were augmented with new communication protocols and languages, such as FTP, AS2, and XML. Large partners or customers developed their own customized B2B systems. Smaller companies required simple spreadsheet or web form capabilities to exchange information electronically. In addition, B2B exchanges such as Covisint (now owned by OpenText) and Exostar were developed to serve the needs of specific industry sectors.

As major marketplaces have become more global, the exchange of information with growing trading communities in different regions has become exponentially more expensive and complex. Every company has to deal with an ever-increasing number of documents, in an ever-increasing number of formats, with an ever-increasing number of regulations, standards, and protocols.

Today's B2B integration environment has gone well beyond document exchange. It now includes areas such as business process improvement, trading partner community management, and customer experience management. Successfully managing B2B operations has become a struggle — in terms of time, cost, resources, and skills — for even the largest global companies.

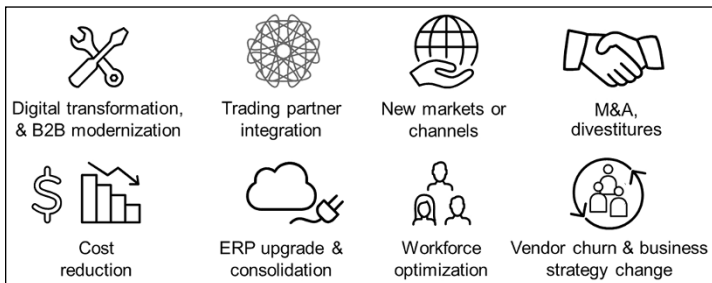


- » Modernizing your business
- » Reducing cost
- » Looking at new markets and channels
- » Optimizing the workforce
- » Working with vendor churn

## Chapter 2

# Recognizing the Business Drivers of B2B Managed Services

While there are sound business reasons to transition B2B operations to outsourced B2B Managed Services at any time, many companies are motivated to do so when specific business events or situations occur. This chapter gives you the most common business drivers for making this move. Figure 2-1 summarizes the eight key business drivers for outsourcing B2B integration to a third-party vendor.



**FIGURE 2-1:** The eight key business drivers for outsourcing B2B integration.

# Digital Transformation and B2B Modernization

One key challenge of digital transformation is to ensure that you have the resources in place to manage your B2B integration platform and network of trading partners, while simultaneously trying to embrace new digital technologies across your business.

Every CIO around the world is trying to embrace new disruptive digital technologies these days. IT departments are deploying new networks, connecting new devices to these networks, and managing new types of digital information coming from these connected devices. Companies are digitally transforming their supply chains for greater flexibility and agility in building trading partner communities and extending market reach. While IT resources are focused on deploying digital technologies, there is less money or resources to meet your B2B requirements.

Research firm IDC found in its 2017 report, *Digital Transformation Drives Supply Chain Imperative*, that a majority of companies look to initially transform their supply chains. However, 31 percent said they lacked the bandwidth for new digital transformation projects. This led two thirds of the companies surveyed to consider B2B Managed Services.

Whether you need to change the way you work with specific trading partners, adapt your B2B infrastructure to support new types of business processes, restructure your entire supply chain, or simply modernize your B2B infrastructure, ensuring you have the correct B2B resources in place to support these initiatives is crucial.

New technologies require information to be exchanged seamlessly with back-office enterprise systems and external trading partner communities. This, in turn, requires companies to think about moving from behind-the-firewall B2B environments to more modern, cloud-based infrastructures. These platforms may need to support new transaction types and communication protocols and to ensure that web services-based information can be embraced with ease. Cloud-based platforms can provide the scalability to support business operations anywhere in the world and offer the flexibility to adapt to changing consumer demand and market conditions.



Outsourcing the management of your B2B program allows your business to focus 100 percent on deploying new digital transformation initiatives. A B2B Managed Services environment provides a highly available, state-of-the-art cloud-based B2B infrastructure — and the necessary resources and personnel to support your B2B operations. Pervasive integration supports any type of business document or communication, and information can be seamlessly exchanged between internal enterprise systems and external trading partners. New digital technologies can be quickly implemented and, where appropriate, integrated into the B2B platform.



**TIP**

B2B Managed Services can help with digital transformation and B2B modernization as

- » Your B2B environment needs the scalability and flexibility to support supply chain transformation initiatives.
- » You need resources for pervasive integration that enables the system to accept any type of document format and support any communication protocol.
- » You need to digitally enable 100 percent of your trading partner community, regardless of geographical location or technical capability.
- » You need to have a modern, cloud-based B2B environment to fully support those goals.

## Trading Partner Integration

Today's digital business environment requires a fully integrated supply chain, in which data is available and visible in real time. Your B2B systems must be able to address the internal business processes of both your customers and your suppliers, while having the flexibility to accommodate changes as they occur. This gives you the foundation to automate entire supply chain processes and improve the customer experience.

To achieve that goal, your company's processes must accommodate the incredibly complex environment of customer mandates, document types, standards, communications protocols, and regulations that are involved in the effective B2B operations of any

trading partner community. While the larger customers and suppliers you work with may have sophisticated B2B systems, many smaller ones will still use email or fax when placing or receiving orders. Where companies have implemented legacy EDI systems, they're likely to have amended the document standards to fit their own business requirements. As your partners implement newer B2B capabilities, you may face new document types and customer mandates that you'll be expected to quickly support.

B2B Managed Services can reduce the cost and complexity of customer and supplier integration in key areas such as partner onboarding, B2B efficiency, supply chain performance, and customer satisfaction. Given the complexity of the B2B environment, onboarding new suppliers and customers can be time-consuming and costly. It may involve creating new document maps to translate your documents automatically to a format your partner's system can accept. Slow onboarding can put the viability of business with new customers at risk.



**WARNING**

Data accuracy plays an important role to B2B success. The more documents that you automate — PO, invoice, ASN, and so on — the more responsive you are to customers, but the more easily and quickly an error can permeate throughout your supply chain and other business systems. A single error in the data within a purchase order can easily lead to the wrong items being delivered to customers — or delays in the supply chain as the error is identified and rectified. Such mistakes can be costly in terms of call-offs, penalties, and canceled orders.

B2B Managed Services allows you to get more from your data. As all your B2B information passes across the provider's business network, you gain visibility across all your key supply chain processes. As a result, you can become increasingly demand driven. For example, in order to fulfill customer orders in a timely fashion, companies often overstock to ensure availability of inventory. This is costly and inefficient.



**TIP**

With B2B Managed Services, you can

- » Remove the technical integration overhead involved in trading with partners
- » Increase data quality to ensure efficient B2B operations

- » Gain visibility across your entire supply chain
- » Begin to move from a supply-driven to a demand-driven business strategy

## New Markets and Channels

Today, large and mid-sized companies must manage networks of hundreds and even thousands of trading partners across multiple global locations. Each must be identified, recruited, and on-boarded quickly and efficiently. Whether you're recruiting global partners to control costs or to shorten supply chains, your B2B systems must be able to integrate data from new partners without affecting customer service.

Your speed of market entry depends on how quickly new partners can become productive members of your extended trading community. Within developed markets such as North America and Europe, on-boarding relies on being able to accommodate the latest communication protocols and technical standards — especially where they're industry specific. In parts of the world where technology tends to lag behind, you may have to explore B2B options that overcome the technical limitations of trading partner systems. Even the simplest web-based forms may not prove successful in an area where the telecommunications infrastructure isn't reliable.

Creating a global B2B infrastructure is time-consuming and complex, but it pales in comparison to the complexity and difficulty of ensuring international legal and regulatory compliance. States, countries, and even groups of countries (such as the EU) have their own regulations, as do specific industries in each of these areas. To make things worse, these regulations are constantly being revised.

Every new geography or market sector you enter imposes its own compliance requirements for both commerce and shipping. You must not only implement secure cross-border payment processes but also find quick and cost-effective ways to ship parts and orders country-to-country, and calculate the shipping costs and tariffs accurately.



REMEMBER

B2B Managed Services is often the ideal route to new markets. Because the B2B provider already has an established trading network within your target location, it can provide an immediate footprint in the regions where you're expanding — with B2B specialists who understand the technical, business, regulatory, and cultural processes. The provider can supply all the local knowledge and support you require. The B2B Managed Services provider can also give you access to local logistics and financial partners who know the best approaches to cross-border trade in that region.



TIP

With B2B Managed Services, you can

- » Quickly establish a new supply chain in target markets
- » Onboard a new trading partner regardless of its IT infrastructure or B2B readiness
- » Gain a presence in every country in which you trade
- » Keep on top of all local regulations and compliance issues

## Mergers and Acquisitions and Divestitures

Mergers and acquisitions (M&A) and divestitures are two sides of the same coin. The sale of a company or business unit raises major issues in terms of customer and community management and IT services for both the seller and the purchaser. When such events occur, you need to preserve business continuity as the key departments are making the necessary changes to business processes, data, people, and IT systems.



TECHNICAL  
STUFF

Research shows that this area is where both purchasers and sellers struggle. McKinsey suggests that 50 to 60 percent of the initiatives intended to capture synergies from M&A activity are within IT systems and IT-enabled processes such as B2B, HR, Finance, and customer experience.

After the deal is agreed on, both buyers and sellers feel a great deal of pressure to harmonize organizational structures. Companies that have spent years integrating and consolidating their business processes and IT systems find themselves with 12 months to de-couple and transition them. This is hardly sufficient time to

select and implement a new ERP or supply chain system. There is often a need to show tangible results within the first 100 days to meet quarterly accounting deadlines.

The divesting company probably has an established trading partner network across the globe. It has fixed contracts in place. It has a huge amount of historical data regarding these relationships, so the divested organization needs to maintain continuity in its supply chain and B2B transactions — at least in the short term. The acquiring organization, in turn, has to find a way to integrate these partners into its systems and to impose its business processes and contract agreements to achieve efficiencies through economies of scale.



**WARNING**

Any inability to maintain positive and productive relationships with customers and partners can damage both short-term profitability and long-term growth for both buyer and seller.

Separating IT environments is generally regarded as one of the thorniest aspects of a divestiture. It is challenging enough when those systems are entirely internal, but much more difficult for B2B systems that are integrated with external partners. The nightmare scenario is where the IT systems are not sold with the organization and new systems have to be put in place — with data transferred — to meet the divestiture deadlines.

Even when some IT systems are sold, the acquiring organization will likely want the acquired company's systems to integrate with its corporate IT infrastructure. The acquirer must quickly establish which aspects of the B2B system to transfer and retire, which to transfer and maintain, and which can be absorbed into its existing B2B infrastructure. When time is short, such strategizing becomes a very resource-intensive activity.

**B2B Managed Services can play two key roles:**

- » It can function as an interim solution through the transition period to ensure business continuity. For example, its electronic invoicing services can ensure that any transition of supply chain, financial, or ERP systems will be invisible to your trading community.
- » It provides the acquiring organization the opportunity to upgrade to the latest B2B infrastructure and systems without significant investment in equipment or personnel.



TIP

Benefits in this area of B2B Managed Services include the following:

- » Maintaining the highest level of business continuity during the transition process
- » Completing the B2B transition process in acceptable timeframes
- » Ensuring the smooth transfer of trading partner information and activity during the transition period
- » Gaining the right level of B2B skills to meet project requirements

## Cost Reduction

All areas of IT are facing reductions in their budgets and are being asked to do more with less. Whatever the economic conditions, though, it makes good commercial sense to drive down costs with well-designed business processes and best practices.

B2B Managed Services solutions have the potential to deliver more than simple direct cost benefits. While increasing productivity, these solutions provide the opportunity to extend your business network, as well as introduce new cost-saving practices and valuable B2B capabilities. Ovum research suggests that companies can save up to 40 percent annually compared to running B2B operations internally.



REMEMBER

Cost reductions, as a result of B2B integration, typically occur in two areas:

- » **Technology and infrastructure costs:** Every company has an ever-expanding network of trading partners that can be anywhere in the world. All those trading partners use different document types, industry standards, communications protocols, and technology infrastructures that you must seamlessly accommodate into your business network. What's more, unlike your other IT systems, your B2B capabilities are likely to be affected by each new technological advance,

because at least one member of your trading community is likely to implement it. Building a global supply chain requires integrating with other B2B systems to onboard and begin working with new suppliers and customers wherever they are in the world and whatever their technical capabilities.

- » **Internal staffing costs:** Many B2B skills are highly specialized, such as document mapping. These skills can be at a premium in the marketplace. Recruiting new staff with the correct skill set can be expensive. Retaining the skills internally to support legacy EDI systems can be equally challenging. At a time when most organizations are looking to reduce rather than expand head count, internal B2B resources can quickly become a major drain on resources that could be deployed elsewhere to achieve greater value.

B2B Managed Services should allow you to eliminate — or, at least control — these two major sources of ongoing investment. Your B2B provider should have a technology upgrade program that enables you to connect with partners regardless of document type, communications protocol, or industry B2B standard. The provider should also offer all the personnel support you need — including 24-hour local language support — to implement, change, extend, and manage a B2B infrastructure that can encompass your entire trading community. This type of technical outsourcing has two major benefits. One is that you remove B2B as a capital expenditure from your balance sheet. The other is that you gain much greater control over B2B costs because most B2B Managed Services charges are based on a monthly transaction rate.



TIP

With B2B Managed Services, you can

- » Economically support the latest technologies and communications protocols
- » Free internal resources for higher-value activities
- » Have constant access to support staff with all the skills you need, including specialized B2B skills such as document mapping
- » Replace capital expenditures with flexible operational expenditures

# ERP Upgrade and Consolidation

One of the biggest and most complex projects an IT department can undertake is to upgrade or consolidate an ERP system. B2B integration's role within ERP programs, while often overlooked, is pivotal to a successful deployment.



TECHNICAL  
STUFF

A recent analyst study revealed that over one third of the data in ERP systems originates from outside the organization. The effectiveness of your ERP strategy depends on the quality and timeliness of information you receive from customers, suppliers, and trading partners.

The challenge for B2B within many companies during an ERP upgrade or consolidation is that so many resources are dedicated to the successful completion of the project that the company's B2B capabilities suffer. As customers and suppliers of B2B systems change, you may find it difficult to keep up with the changes.

Changing your ERP system will also introduce new internal document types and formats, requiring new document maps to be developed. Very few companies have access to the specialized mapping skills required to generate these new maps in a timely manner. Research shows that almost 50 percent of companies attempt to onboard more partners or accept more transaction types as part of their ERP upgrade programs.



WARNING

The biggest single issue surrounding B2B and ERP integration is data quality. Inaccurate information from suppliers will affect the entire supply chain, reducing customer satisfaction and impacting both the bottom and top lines of your business. At the very least, external information won't be clean enough to be processed by your ERP system, so you will have to manually re-enter it. Worse, something as simple as an incorrect part number can lead to delays in manufacturing that in turn create delays in payments or cancelled orders.

Analyst research found that almost 80 percent of respondents had an error rate of over 1 percent for B2B data, and 65 percent of respondents admitted inadequate testing of B2B integration prior to their ERP launches. The data from your trading partners must be available immediately, and you must have confidence that it's accurate and complete. In addition, your ERP system requires extremely high B2B availability. The same research identified that



over half the companies it surveyed had experienced ERP production outages due to a lack of B2B connectivity.

ERP to B2B integration requires an immense amount of coordination across your enterprise. If you use your program to extend the functionality of your ERP systems, you must carefully manage the process to introduce the correct amendments into your B2B solutions. Outsourcing the B2B element of your program frees up resources to concentrate on the area where the value of your business lies — your ERP system.



TIP

By connecting to a global B2B infrastructure, you create that firewall to provide assurance on the quality of data you receive from partners. And, most importantly, you gain access to skilled specialists — from mapping experts to local language technical support — without retaining full-time employees to fulfill all the necessary roles. Other benefits include

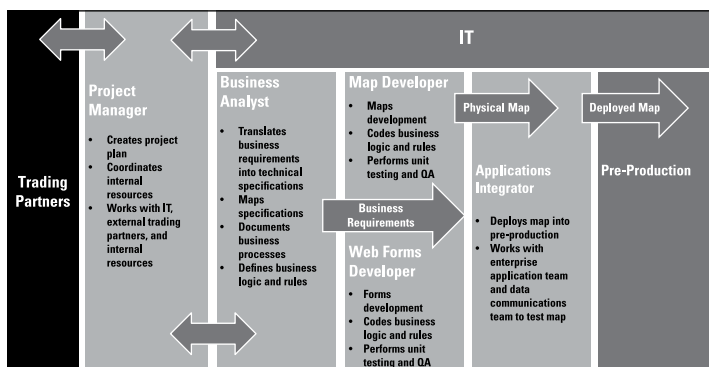
- » Ensuring that the B2B element of your ERP program is properly addressed
- » Improving the data quality within your ERP system
- » Freeing your IT staff to concentrate on the ERP program
- » Gaining access to the right levels of B2B skills and resources

## Workforce Optimization

Managing your own B2B integration can be an expensive proposition. The cost of hiring, training, and retaining workers with the needed skills is significant, and research from the Stanford University Supply Chain Forum shows that many companies begin to investigate B2B Managed Services when they find that they can no longer justify the cost of managing B2B solutions in-house.

Another study revealed that 30 percent of companies believed a lack of skilled resources was having a negative impact on their B2B projects. It's not difficult to see why. Creating a standard B2B program is procedurally similar to creating most other business systems, but a number of extra factors complicate the process. First, planners must spend much more time with external sources to understand their needs — at both a business and

a technical level. In addition, document mapping specialists and web form developers are needed to translate business requirements into systems that allow for data to travel effectively end-to-end. These positions require specialized B2B skills, such as the ones outlined in Figure 2-2, that can be hard to find and costly to recruit.



**FIGURE 2-2:** Specialized B2B skills.

Once implemented, the B2B environment requires continuous management and maintenance. New advances in document types, technical standards, and communications protocols are appearing all the time. For many organizations, this means maintaining older EDI applications while moving toward newer standards such as AS4 or XML. It is extremely difficult to retain the correct levels of skills in legacy applications while recruiting or re-training to cover skills gaps as new technologies emerge. An aging workforce with the correct EDI skills may need to be paid more than market value due to their length of service and specialized knowledge. When they retire, their knowledge goes with them, and often no documentation exists on how the legacy EDI system has changed over the years. All of this impacts your IT budget.

A B2B Managed Services provider gives you immediate access to all the skilled personnel required while removing the concerns over global support and maintenance issues. It enables you to reassign your own IT staff onto higher value activities while ensuring that you have the right level of B2B skills available when you need them.



TIP

With B2B Managed Services, you can

- » Have flexible access to the right B2B skills when you need them
- » Redeploy internal resources to higher value activities
- » Reduce the time and cost to recruit B2B professionals
- » Support trading partners wherever they are located

## Vendor Churn and Business Strategy Change

As enterprises look to become more lean and agile, the ability to respond rapidly to changes in business strategy is essential. Companies are looking toward increased centralization and consolidation in areas such as B2B integration to achieve agility without the expense of reinventing or extending your back-office functions. In addition, companies may feel that their current B2B integration provider can't offer the end-to-end services that the business needs. For example the company may decide that it needs to adopt a cloud-based strategy across the extended enterprise, but its incumbent B2B vendor can only offer on-premises based solution offerings. Alternatively, the incumbent B2B integration vendor may be continuously missing agreed-on service level agreements (SLAs). This leads companies to look at alternative B2B integration vendors in the market.

Most medium and large organizations' B2B systems develop piecemeal B2B systems over time. As a result, a company's overall B2B capabilities at a national or business unit level may be made up of a number of different solutions, from a number of different suppliers, on a number of different platforms. These diverse systems may support a huge range of document types, communications protocols, and technical standards. Further, the expertise on each of these systems is typically held locally. Even consolidating in a few regional centers takes extremely careful planning and implementation.

Such a piecemeal B2B infrastructure makes it almost impossible to know what's happening across the entire supply chain. The real-time data flow needed to fully capitalize on supply chain optimization is simply not available. By consolidating onto a single B2B infrastructure, a company can gain much more control over all aspects of the supply chain. This allows the company to more quickly and accurately identify business opportunities and develop into new markets.



TIP

Consolidating B2B systems into a single, integrated system has other benefits as well. For example, the company can benefit from economies of scale for cost and performance. In a piecemeal system, different business units and countries will have own their preferred providers — especially where they're using Value Added Network (VAN) providers. Each business unit will have its own service levels and cost structures. In some cases, a VAN can be working with two separate business units and charging different pricing to different SLAs, under several different contracts. By consolidating onto a single B2B infrastructure, managed by a single global B2B Managed Service provider, companies can ensure that they receive the highest level of service at the best prices on a single central contract.



TECHNICAL  
STUFF

A VAN is a private network provider that's hired to facilitate EDI or provide other network services.



TIP

With B2B Managed Services, other benefits you can enjoy include

- » Consolidating all your B2B networks onto a single B2B integration platform
- » Ensuring the best prices with a single contract for all B2B capabilities
- » Ensuring the highest levels of B2B performance from a single SLA
- » Ensuring business agility with a fast and secure way to quickly connect to new trading partners.

- » Learning about the different approaches to delivering B2B integration
- » Implementing your B2B integration program

## Chapter 3

# B2B Integration: Process and Approaches

A company's B2B operations are constantly growing and evolving. New trading partners are being added. New technologies, document types, and new standards pop up all the time and have to be successfully integrated. For B2B integration success, you must not only follow the right steps, but also people with the right skills must perform each task. Most companies aren't staffed to meet the requirements of modern B2B integration platforms. The skills typically needed include

- » Project management
- » Business analysis
- » Map development
- » Applications integration
- » Web forms development
- » B2B IT maintenance and support
- » Community relationship management
- » Infrastructure planning
- » Analytics and business intelligence

- » Data management and security
- » Identity management

In this chapter, you look at the approaches to B2B integration and the steps involved in building and maintaining a successful B2B integration program.

## Approaches to B2B Integration

There are three different approaches to creating a B2B integration program. I cover them in this section.

### Do it yourself

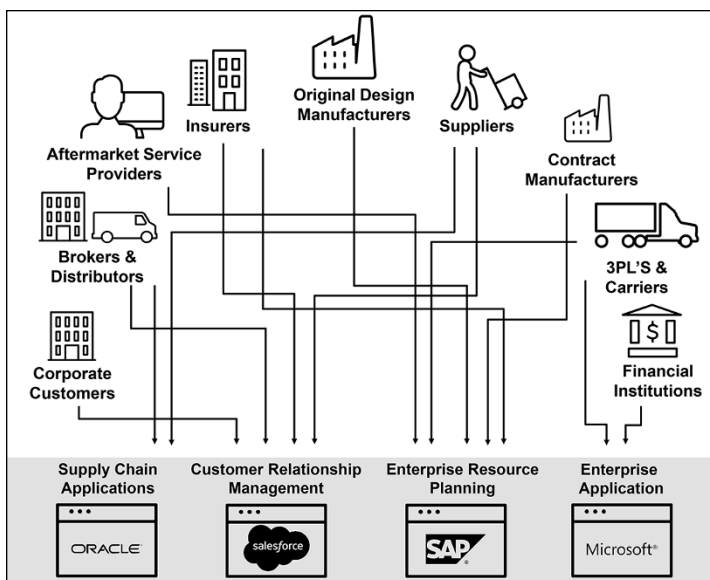
For small businesses that trade infrequently with a limited number of partners, a do-it-yourself approach to creating a B2B integration program works well. There's no benefit in adopting a full-blown B2B Managed Services system in a company that sends out one or two invoices a day. Small businesses don't stay small forever, though. At some point, when a business expands to multiple locations and markets and its trading partner community grows larger, it may be time to take another look at B2B Managed Services. If your partners require B2B capabilities, then your B2B volumes don't need to be very high before B2B Managed Services becomes attractive. Figure 3-1 highlights the complexities of managing trading partner integrations by yourself, with many different point-to-point integrations to manage.



TIP

When creating a B2B integration program on your own, ask the following questions:

- » **How many trading partners are you connecting with?** Where different trading partners have different B2B requirements, only a handful of partners can place strain on your B2B management.
- » **How many document types are you exchanging?** As most B2B integration programs grow so does the variety of document types that need to be converted and managed.



**FIGURE 3-1:** Complexities of managing trading partner integrations by yourself.

- » **How frequently do you exchange those documents?** As the frequency of document exchange rises so does the pressure on internal resources to process those documents.
- » **Is this likely to change in the future?** Business growth normally leads to increased B2B activity, so you'll need the technical infrastructure and internal resources to respond.

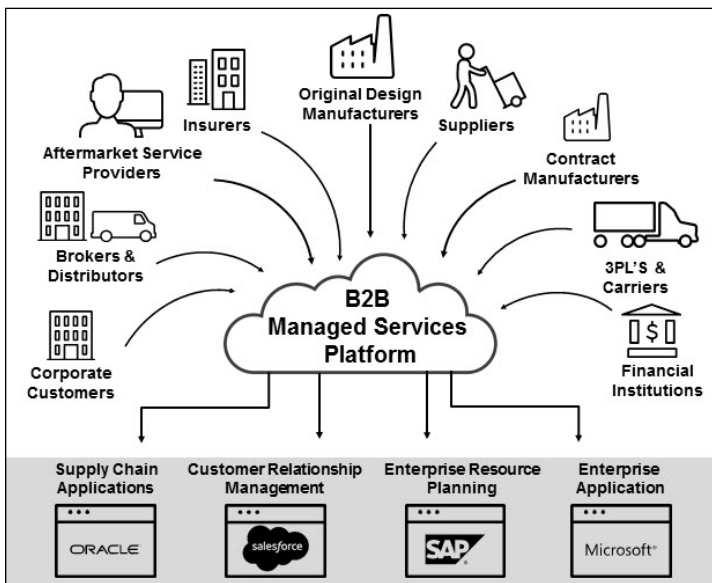
## Cloud-based B2B Managed Services

Where companies are frequently exchanging information with several trading partners, outsourcing B2B integration to a trusted partner becomes an attractive option. Using a Cloud-based B2B Managed Services provider enables you to

- » Eliminate the need to invest in hardware or software to support your B2B program.
- » Gain flexible access to all the B2B skills and resources you need, when you need them.

- » Gain access to a secure and scalable global Cloud-based B2B platform.
- » Gain access to related B2B systems such as community management and supply chain analytics.
- » Replace the capital expense of your B2B program with a repeatable and predictable operating expense.
- » Release your IT staff from B2B management to focus on higher-value activities.

Your B2B Managed Services provider will already have hundreds or thousands of similar companies on its platform, which means you benefit from the document maps and web forms already in existence. This can accelerate and streamline the onboarding process for new trading partners. Figure 3-2 highlights how trading partner integration becomes easier by connecting through a single B2B Managed Services provider.



**FIGURE 3-2:** Connecting through a single B2B Managed Services provider.





TIP

Consider the following for Cloud-based B2B Managed Services:

- » **How many trading partners do you have and where are they based?** If you have a global trading partner community, your partners will have a range of B2B requirements as well as a range of technical capabilities depending on their size and location.
- » **Do you need to exchange a wide range of document types, in a wide range of formats?** Document mapping and translation is one of the most complex elements of B2B integration. The more document varieties you have to accommodate, the more you need the right B2B skills.
- » **Must you respond quickly to customer mandates and changing regulations?** Compliance requirements are always changing. You're unlikely to have all the skills and knowledge internally.
- » **Do you already have the in-house skills you need to build a robust B2B integration program?** In addition to the other skills outlined, you need technical experts to ensure your B2B systems are always operating at peak performance.

## Hybrid approach to B2B integration

Hybrid B2B integration is a combination of on-premises and Cloud-based B2B Managed Services. This combination enables you to retain control over some of the software and hardware within your B2B infrastructure. The hybrid approach is increasingly popular with companies where data security and data sovereignty are vital, particularly in regulated industries.



REMEMBER

The hybrid approach is the most attractive if you're looking to optimize your B2B workloads and maintain a core infrastructure while taking advantage of the latest technologies, flexible skill sets, and security developments. It helps you transition from fully on-premises B2B to fully Cloud-based only when that move is right for your business



TIP

When choosing the hybrid approach, consider the following:

- » Do you want to place your B2B systems where they're best optimized?
- » Do you want to maintain an internal infrastructure but need the skills to manage it?
- » Is there some data that must be kept secure?
- » Do you want to augment, rather than replace, your B2B skills?

## Managing a B2B Integration Program

A B2B integration program is complex. There's no way of getting away from it. Transacting with even a small number of trading partners involves a great deal of work. However, very few companies are dealing with only a handful of partners. Companies will typically need to exchange electronic transactions with suppliers, customers, logistics and transportation companies, distributors, financial institutions, and possibly contract design or manufacturing partners. The exact type and size of a trading partner community will vary by industry sector.



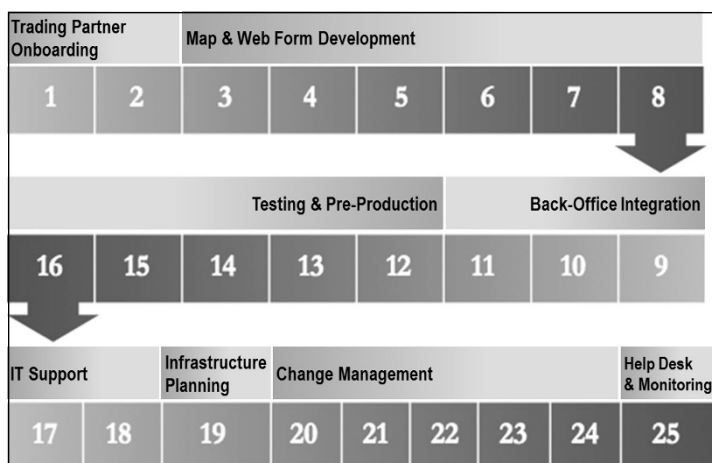
REMEMBER

Managing any IT system is an ongoing process with steps happening at the same time and being repeated as your B2B program grows and expands. Managing a B2B integration program involves many steps, 25 to be exact, but they don't always occur in a single, linear flow. Think of this explanation more as a process overview than a strict step-by-step instruction to follow. Figure 3-3 provides a high-level look at the steps.



REMEMBER

B2B integration program upkeep is like painting the Golden Gate Bridge. When you reach the end of the 25 steps, it's time to start at the beginning again. The steps within the process are iterative and recurring. The more trading partners you connect with, the more skills and resources you need to complete those steps.



**FIGURE 3-3:** B2B integration program management: The 25 steps.



**TIP**

For more in-depth information on each of the 25 steps of B2B integration management, visit [www.b2bmanagementservices.com](http://www.b2bmanagementservices.com) and click Resources and then Infographics.



- » Understanding how people, processes, and technologies combine to create B2B Managed Services
- » Discovering the components of B2B Managed Services

## Chapter 4

# The Core Components of B2B Managed Services

**B**efore you decide to move to B2B Managed Services, you need to be confident that the service will provide everything you need to connect, communicate, and collaborate with your trading partners. In this chapter, you look at what components comprise B2B Managed Services.

## People, Processes, and Technologies

B2B Managed Services takes over the management of your daily B2B operations, delivering all the expertise, technical infrastructure, and process support to meet your current and future needs. In this section, I give you an overview of what managing B2B operations involves.

### People

To be an effective support partner, your B2B Managed Services provider's staff must include people who understand your industry sector and key markets. Their skills in compliance, data security, and analytics help you realize the full benefit of your B2B integration program (for more info, see Chapter 3). Dedicated

delivery and program managers can ensure that you always receive the service levels you need.

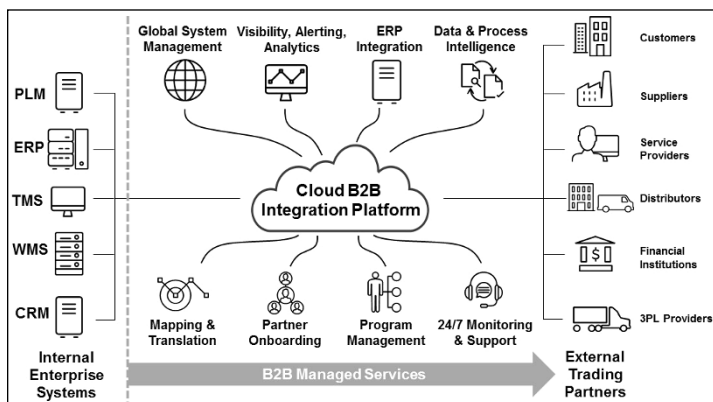
## Processes

A B2B Managed Services provider doesn't have to reinvent the wheel for each customer. IT already has best-practice processes in place for establishing, managing, and extending a B2B integration program. The ability to quickly extend the program is an important benefit as your company grows and your pool of trading partners changes. A provider should offer more than simple document exchange, including full-features community management processes that help you engage with your trading partners.

## Technologies

Technologically, B2B Managed Services can deliver value in ways that internal IT infrastructure can't. B2B Managed Services provides a comprehensive, global B2B infrastructure that connects thousands of companies in every economic region, facilitating B2B transactions in any format between trading partners anywhere in the world. It can enhance data quality and security while offering reporting and visibility into all your B2B transactions and processes.

The service provider acts as a trusted interface between you and your trading partners, as shown in Figure 4-1. It shields you from the complexity and cost while increasing the performance of your B2B operations.



**FIGURE 4-1:** Cloud-based B2B Managed Services acts as an interface between you and your customer.

# The Core Components of B2B Managed Services

To be able to deliver complete end-to-end capabilities for your B2B operations, B2B Managed Services should comprise certain core components.

## Global system management

You outsource all the day-to-day management of your B2B infrastructure. The B2B Managed Services provider hosts your entire B2B operation in its data centers. The provider delivers all the services needed to ensure you have the highest levels of availability and system performance. These include system health monitoring, data backups, network management, systems administration, and application support. Global providers have geographically dispersed data centers for built-in redundancy, so your B2B operation continues to run even if your primary server fails.

## Mapping and translation

You have access to a team with the highly specialized skills needed to manage data mapping and translation tasks, perform change management, and resolve any implementation issues. It delivers any-to-any integration of key business documents into and out of your enterprise system. The team's experience with a wide range of document formats, standards, and protocols, and its archives of customizable maps, significantly reduces the time it takes to begin trading with new partners.

## Visibility, alerting, and analytics

As all your B2B transactions pass through the service provider's B2B integration platform, you gain far greater visibility across your B2B and supply chain processes than you would have using your own internal system. Advanced analytics ensures that you can optimize your key processes, better predict customer demand, and drive improved supplier performance. Real-time alerts and reporting enable you to proactively resolve potential problems, minimizing system downtime and supply chain disruption.

## Partner onboarding

B2B Managed Services connects you nearly effortlessly with *all* your trading partners — regardless of their size, location, or technical capabilities. The service provider will rapidly onboard the partners; create, implement, and test maps and web forms; and educate your partners on the new B2B platform.

## Data and process intelligence

B2B Managed Services improves data quality and business process integrity because it automatically monitors inflight data and identifies errors within individual transactions and across long-running business processes. The ability to check the quality of all inbound B2B transactions ensures that any downstream business systems such as ERP are fed with accurate information. If transactions contain inaccurate information, there's a chance that production lines could be impacted and in some cases halted altogether. Real-time data quality checks, rules-based exception management, and data quarantine improve and accelerate your trading partner transactions.

## ERP integration

You can access a range of services for enterprise application integration, from complex document mapping to managing business partner relationships, managing data quality, and ensuring end-to-end implementation testing. The most common type of enterprise integration is with ERP systems. However, leading service providers can deliver native integration into Enterprise Information Management, Customer Relationship Management, Warehouse Management Systems, and a range of other supply chain applications.

## 24/7 monitoring and support

With B2B Managed Services, you have a dedicated helpdesk and support team to proactively monitor all processes and transactions that flow through your B2B operations. Leading vendors can also deliver advanced services such as translation monitoring, exception management, and incident management.



## Global program management

You have access to a pool of talent whose sole responsibility is managing B2B programs worldwide. An appointed service delivery manager works closely with you to ensure implementation success. B2B experts provide dedicated and customized support throughout the full life cycle of your B2B program. Global B2B Managed Services providers are able to deliver 24/7, multi-language, “follow the sun” support. Providers have B2B experts in every continent to provide local management wherever required.



TIP

*Follow the sun support* means that, no matter where you are or what time it is, you're able to speak with someone if an issue occurs. This places the focus on the multi-language capabilities of the service provider. After all, it doesn't matter whether you can speak to someone if they don't speak your language. Make sure your provider can demonstrate the right level of language skills.

The B2B integration platform connects you immediately to an existing global community of customers, suppliers, and other supply chain partners. Within this community are thousands of pre-existing document maps and translations that are tested, standards-compliant, and ready to go. The B2B Managed Services provider's platform can increase your sourcing flexibility and business agility when entering new markets in ways that it would be prohibitively expensive to recreate on your own.

As a result, you can concentrate on developing and improving your trading partner relationships, while the B2B Managed Services provider uses its platform to manage your daily B2B operations.



#### IN THIS CHAPTER

- » Uncovering the cost benefits of B2B Managed Services
- » Understanding the business benefits of B2B Managed Services
- » Looking at the operational benefits of B2B Managed Services

## Chapter 5

# The Key Benefits of B2B Managed Services

**B**2B Managed Services is an attractive option for many companies faced with growing trading partner communities and complex, global supply chains. It is important from the outset to understand the benefits that this approach can bring. Key benefits break down into three areas: cost, business, and operational benefits. This chapter looks at each.

### THE BENEFITS — IN NUMBERS

Are businesses that have implemented B2B Managed Services happy with their decision to do so? In a word — yes! A global study by Stanford University Supply Chain Forum surveyed such businesses and found the following:

- 96 percent of companies indicated that B2B Managed Services increased the value of their B2B integration program.
- 78 percent of those using B2B Managed Services for more than five years agreed that trading partner onboarding significantly improved.

*(continued)*

(continued)

- 74 percent agreed that the ability to replace capital expenditure with an on-going monthly subscription fee was of value to them.
- 59 percent were able to reduce costs related to B2B integration (developing maps, onboarding business partners, and so on).
- 46 percent were able to redeploy some of their IT staff to other projects/roles.

## Cost Savings

One important benefit of B2B Managed Services is that it helps save money. In many cases, *a lot* of money. For many companies, that's the primary reason they look at implementing such an environment — it just makes good business sense. This section gives you the cost benefits to expect with B2B Managed Services.

### Lowered investment risk

Using B2B Managed Services replaces Capital Expenditure (Capex) with Operational Expenditure (Opex). The cost of your B2B operations becomes a predictable expense, through monthly subscription fees that are usually linked to the volume of transactions being processed or network capacity used. You can fund expenses faster through operations rather than needing to borrow money or divert it from other projects to pay for your B2B infrastructure.

### Minimized upfront investment

B2B Managed Services lets you leverage the existing infrastructure of the chosen provider. This means there's minimal capital investment in technology or new staff and skills when developing or expanding your B2B capability. Leveraging that existing infrastructure also delivers the bottom-line benefits of your B2B program — such as savings on transaction handling costs and fewer errors in transactions — within months rather than years.

### Improved cash-to-cash cycle

B2B Managed Services replaces paper-based processes with digital ones and increases visibility across your supply chain. By reducing

errors and accelerating the key business document exchange, you can speed up both parts of your cash-to-cash cycle — the order-to-cash and procure-to-pay processes — to boost revenues and customer satisfaction. Studies show that process improvements that improve time-to-revenue boost the profit per partner that you receive.



TECHNICAL  
STUFF

The *cash-to-cash cycle* is the time between paying cash to a supplier and receiving cash from a customer. The concept is used to determine the amount of cash needed to fund ongoing operations, and is a key factor in estimating financing requirements.

## Reduced penalties and delayed revenues

For companies dealing with retailers, errors in business transactions result in penalties and delayed revenues. End-to-end visibility across your supply chain is the key to addressing these issues. You need to know the status of every order, how well your suppliers are performing, and how well your inventory is optimized. B2B Managed Services enables you to conduct all transactions across the provider's platform, giving you instant visibility and advance analytics to improve the performance of your supply chain to significantly reduce penalties and delayed revenue.

## A PLATFORM FOR GLOBAL EXPANSION

The global leader in fibre cement building products was expanding rapidly around the world but was limited by a costly on-premises legacy EDI system. The company needed a B2B network that would deliver high levels of performance and security. Its top priorities were system scalability and the availability of local support in the new regions. The company realized that a hosted B2B service from a strategic partner it could trust was the best way forward. B2B Managed Services has enabled the efficient, secure exchange of information anywhere in the world for greater business agility for many businesses like this one.

# Business Improvements

Companies need to continually find ways to improve the day-to-day working relationships with trading partners and become more responsive to changing economic conditions and embrace new market trends. The most important business benefits are covered in this section.

## Improved customer satisfaction

B2B Managed Services can help you to become a customer-centric business. By reducing errors, ensuring on-time and accurate orders, and improving inventory management, you can enhance your customer experience. B2B Managed Services enables you to better serve your customers to build lasting and profitable relationships.

## Faster response to changing demands

B2B Managed Services provides greater visibility across your supply chain, as well as the ability to communicate and collaborate more effectively with your customer and trading partner communities. You can become much more demand-driven through identifying purchasing trends and patterns and understanding individual customer preferences.

## Accelerated business growth

Taking advantage of new market opportunities and quickly responding to supply chain disruptions require a highly available, flexible, and global B2B infrastructure that can support end-to-end B2B operations. B2B Managed Services offers dedicated community management services to help onboard and manage your business partners quickly and smoothly.

## Future-proofed B2B operations

B2B Managed Services providers are committed to continually improving the capabilities and service levels they offer. This is their competitive advantage. The result is that you always have access to the latest and most advanced B2B capabilities without the cost or delay of managing this internally.

## ENHANCING DIGITAL TRANSFORMATION INITIATIVES

A leading global supplier of water treatment and process chemicals began digital transformation initiatives but found the process hampered by outdated, legacy B2B platforms that often relied on manual processes. The company moved to Cloud-based B2B Managed Services that allowed it to automate all transactions with suppliers and customers worldwide. While increasing business efficiency and driving down costs, B2B Managed Services helped the company achieve its main goal for guiding key staff to focus on the business rather than the B2B platform.

## Operational Improvements

Continually improving business operations is a goal for every organization. For B2B activities, operational improvements revolve around trading partner collaboration and supply chain performance. I cover the most important benefits to operations in this section.

### Focus on core competencies

B2B Managed Services helps you outsource daily B2B management so your internal resources can focus on the initiatives most critical to your company. IT staff has time to work on large programs such as ERP upgrades, and it's happier too because you've released staff from mundane administrative tasks. You have flexible access to the B2B skills you need, when you need them, without tying up your own people.

### Shield yourself from technical complexity

B2B standards constantly evolve. Business partners refresh their technology according to their own schedules, your business wins new customers, and you work with new suppliers. B2B Managed Services insulates you from this ongoing technical complexity by placing the responsibility for supporting your B2B infrastructure in the hands of your provider.

## Expand and upgrade with ease

B2B Managed Services enables you to rapidly expand and upgrade your B2B solution, whether you want to extend it to more of your existing business partners, take on new customers or suppliers, or expand into new geographies. Your provider should already offer support for whatever B2B and transport protocols your partner wants to use, as well as have the local language skills for the area in which your partner operates.

## Boost compliance and minimize risk

Does your staff's knowledge pool include a detailed understanding of the tariffs and regulations involved in international shipping to and from every country in the world? Probably not. Nor does it need to. B2B Managed Services gives you access to knowledge and experience of handling and supporting country- and industry-specific documents for all international shipments, including customs forms and hazardous materials declarations. Your provider ensures compliance with industry standards and regulations globally in a way your own company can't. Comprehensive supplier management and collaboration tools reduce your risk of fines, penalties, and even legal action due to improperly managed international transactions.

## CONNECTING A GLOBAL SUPPLY CHAIN

The world's leading steel company, with operations in more than 60 countries, needed to speed customer onboarding and overcome the limitations of point-to-point connections with individual trading partners. By moving to B2B Managed Services, the company was able to provide a single, seamless B2B platform for all its global trading partners. In addition to connecting customers more quickly, the company gained visibility across all its B2B transactions for the first time.



- » Learning the steps to building a compelling business case
- » Understanding Value Engineering and why you should use it
- » Learning about the key tools used within a Value Assessment

## Chapter 6

# Building the Business Case for B2B Managed Services

**A**fter you've decided to outsource some — or all — of your B2B capabilities to a B2B Managed Services provider, you need to sell your company's decision-makers on the idea. Prove that using B2B Managed Services is a good idea. In other words, you need to build the business case. Even if you happen to be the sole decision-maker for the company, or the most senior one, building a business case is still a good idea to make sure you're thinking things through clearly.

This chapter shows you how to develop your business case, using a tried and tested methodology. You also discover how to apply a Value Engineering method to help you build and test your business case.

# Building Your Business Case

Sitting with a blank sheet of paper and a business case to write can seem a daunting prospect, but if you take it step-by-step, you'll find it's quite straightforward. A business case for B2B Managed Services needs to answer five key questions:

- » How will this help meet my business strategy and objectives?
- » What are the cost reductions that this will deliver?
- » What process and workflow improvements will this deliver?
- » How will this reduce the risk my business currently faces?
- » How will this improve the quality of talent available to my business?

The tricky part is getting comprehensive answers to those questions. Armed with the right tools and a thorough systematic approach, you'll have it cracked in no time.

## Be clear on your business objectives

Begin by clearly defining which pain points within your business would be addressed if you moved to B2B Managed Services. Are you simply looking to reduce the costs of your B2B operations? Or are you hoping to increase the business's growth or agility? You'll probably have a number of objectives. Try to map the benefits of B2B Managed Services to the steps needed to achieve those objectives. This gives you the platform you need for the next two steps.

## Get your senior sponsors onboard

As I'm sure you already know (perhaps from first-hand experience), any IT initiative needs strong executive support to succeed. If the higher-ups are against an idea, it's doomed. The most successful programs are those in which the senior sponsors do more than support; they act as board-level advocates. With the move to B2B Managed Services, you need to gain senior sponsorship early so you can more clearly define your business objectives to align with those of the company as a whole. You might also have to look for more than one sponsor. Any B2B program will span several divisions and departments, each of which needs to be engaged at some level.

## **Engage your stakeholders**

It's not just at a senior level that you need to engage advocates. For B2B Managed Services, your user communities are spread throughout your organization — and beyond it. You need to fully understand stakeholder requirements and processes and the underlying business cultures. Approval for this program will likely come from a wide range of departmental and managerial levels. You need a thorough understanding of their needs and be able to demonstrate how the move will benefit them.

## **Dive into that data**

There's no way of avoiding this step. Sorry. You're going to have to roll up your sleeves and get your hands a little dirty. You need to be an expert on all the details that help you quantify the benefits you expect to achieve. Find out all the things you need to know in areas such as spend details, supplier performance and contracts, current workforce allocations, and supply chain operations. The data might be held in a number of different systems, and you'll need to find a way to identify the right data and bring it together to enable you to make informed decisions.

## **Create a realistic view of your cost benefits**

Drill down into your B2B Managed Services program and identify all the anticipated benefits. Benefits such as reductions in headcount and infrastructure costs, for example, are tangible and easy to quantify. However, there are also the intangible benefits that you won't want to overlook. These can include increased time to market, improved customer satisfaction, or optimized supply chain operations. It's worth running different scenarios to give a realistic picture. You may want to provide expected cost benefits along with best and worst case scenarios to give a reasonable idea of the outcomes.

## **Estimate the operational benefits**

Cost is only one factor when considering B2B Managed Services. B2B Managed Services might not reduce costs in every part of your operations. In some areas, improving supply chain collaboration, enhancing data security, and delivering business continuity may be key components of your B2B requirements. Clearly define how B2B Managed Services will deliver beyond your current situation.

## Remember that you're not alone

Where some IT programs can stay internally focused, B2B Managed Services has a major external component. In addition to getting a handle on how the new environment will benefit your own company, think about how it will benefit your partners — and how your relationship with them will change. Find out what your competitors are doing to make sure your processes compare favorably. And, looking at the big picture, you should research wider industry trends to know where B2B technology is likely to go in the future.

## Focus on risk

What risks are inherent in the change process? Don't stick your head in the sand and pretend that there aren't any. Thinking about risk is as important as benefits. First, think about the personal and cultural factors. How will your staff take the new approach? What can you do if they resist the change? You need to plan for the risks associated to the culture of your business.

Next, consider governance and compliance issues. Perhaps the biggest risk to consider in this category is business disruption. How do you ensure adoption, compliance, and a smooth migration from manual to digital processes — or from in-house to cloud solutions — without impeding business operations, reducing revenues, or negatively impacting margins? How will the move to B2B Managed Services manage these risks?

## Ensure that the business owns the benefits

How many great business cases are now on a shelf somewhere gathering dust? The main reason great ideas get abandoned is lack of connection and agreement between those creating the case and those that would have to live with its consequences.



**TIP**

Maintain engagement with your stakeholders by asking the stakeholders to help define the benefits and agreeing to take ownership of their delivery. For example, if your Accounts Payable process will potentially improve by 20 percent, will the relevant manager commit to helping make it happen?

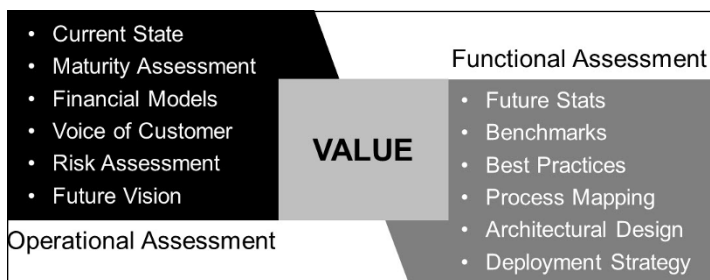
## Think about working with a partner

A business case is a very sensitive thing to share in the early stages, of course, but consider whether you may benefit from outside help. External partners can provide insight into industry trends and competitor behavior that you would struggle to gain yourself. A partner with in-depth B2B Managed Services experience brings its skills and knowledge to bear. Outside partners, such as potential service providers, are able to help you arrive at more realistic cost benefit and risk mitigation strategies based on work they've already done with similar companies.

## The Value in Value Engineering

After you know how to build your business case (see the section “Building Your Business Case”), you just need the tools to do it. One of the most comprehensive approaches is *Value Engineering*, which is a comprehensive method of improving the value of a business operation or a set of operations. Value is achieved by improving the operation, reducing the cost, or a combination of both.

The goal of Value Engineering is to provide in-depth measurements of your current B2B operations and provide evidence-based insight into the effect that B2B Managed Services will have on your company. At its core is a set of financial, process, and risk models that, taken together, provide a comprehensive value assessment picture across your organization and supply chain. Figure 6-1 provides a summary.



**FIGURE 6-1:** The core components of a value assessment.

Using Value Engineering allows you to systematically engage with key stakeholders to identify how B2B Managed Services will affect them at a business and technical level. You're able to drill down to assess the financial and process improvement benefits that your company can realistically achieve by moving from your current situation.

Modern Value Engineering can be applied to a range of business programs — including B2B Managed Services — and is based around a series of models and tools, which are covered in the next section.

## Key Models and Tools for Value Assessments

Many tools and models can be used during a value assessment. Some are very specialized and technical, but I just concentrate on the main ones that apply to most businesses. By using these tools, you can gain the information and insight you need to reach a well-documented, fact-based conclusion.

### Total Cost of Ownership

Total Cost of Ownership (TCO) modeling systematically accounts for all costs related to operating your B2B environment. TCO covers all costs, direct and indirect, for installing, running, and maintaining a system or business process. These include infrastructure, labor, management, maintenance, and software and services costs. The model enables you to compare different B2B deployment from a financial perspective over different timeframes.

### Return on investment

The return on investment (ROI) model enables you to work out the estimated ROI after investing in B2B Managed Services. The tool captures the direct cost benefits from these investments, as well as other benefits such as process efficiencies and operational performance. The model can be used to reveal costs and benefits, as well as provide budgetary guidance and estimate the point at which your investment will break even.

## Process mapping

Process mapping is one of the basic quality or process improvement tools used in Lean Six Sigma. The tool enables drag-and-drop interface to easily illustrate business processes. This tool can identify where different processes intersect and identify key communications points. You can use this tool to identify stakeholders and establish dialogue among them to optimize performance across business processes.

## Voice of customer

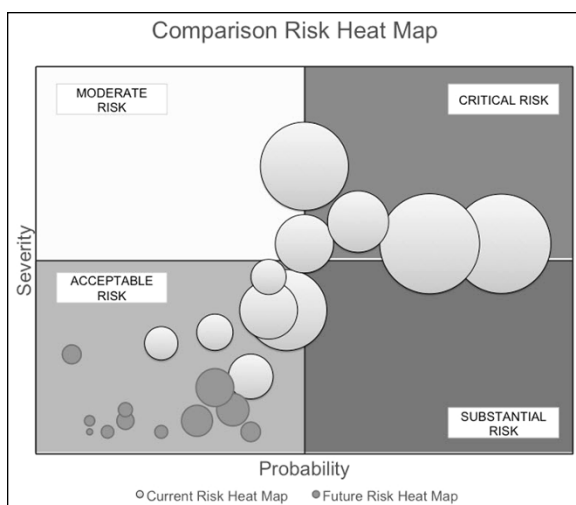
Voice of customer tools have become popular as part of customer experience initiatives, but they can also be used to understand the needs, expectations, and pain points of internal customers when it comes to B2B integration. It's especially powerful for IT and B2B teams because it allows them to accurately capture business needs, including uncovering previously hidden or misunderstood needs. The tool allows you to collect and analyze voice of customer information as well as providing the basis for creating an action plan.

## Strategy and vision mapping

The strategy and vision mapping tool allows you to describe and communicate your B2B strategies and initiatives concisely and succinctly in a graphical manner. The strategy map demonstrates how B2B Managed Services can create value by building on strategic themes such as growth, profitability, or agility. Well-constructed maps will help all stakeholders understand how B2B Managed Services can help your company meet its business objectives.

## Risk mitigation

The risk mitigation tool lets you focus on identifying, analyzing, and prioritizing the risks in different B2B approaches to achieve your strategic goals. It lets you model the risk profile of B2B Managed Services against your current situation. Risks are shown as bubbles that demonstrate how much of your business the risk can affect, as in Figure 6-2. This tool helps you uncover hidden risks and identify which risks are the most important to address.



**FIGURE 6-2:** The risk mitigation tool.

## Best practices

If you're working with a B2B Managed Services provider to complete your Value Assessment, they can probably offer you a range of best practice tools to assist with your planning. Their assistance might include anything from simple checklists to full industry-wide benchmarking. You can take full advantage of your partner's experience while gaining valuable insight into what is happening within your industry or within a similar size or type of company.



- » Eliminating providers to refine your search
- » Understanding important provider capabilities

## Chapter 7

# Selecting a B2B Managed Services Provider

**C**ompanies that have well-managed and effectively supported B2B operations have a competitive advantage in today's global economy. If you've decided that B2B Managed Services is the best way to optimize your B2B operations, it's time to select a service partner to work with. This is going to be a long-term relationship, so it's worth investing time and effort to make the right decision. This chapter provides some advice about what you should be looking for.

## A Simple Elimination Test

The first step in the search is to eliminate the candidates that definitely won't work. Draw up a list of potential partners and then shorten that list to include only the companies that can provide what you need. That way you won't waste your time talking to companies that don't fit your basic criteria. Here's a simple

elimination test. If the provider answers no to any of the following questions, you can safely move on:

- » Do you have a global infrastructure that lets me connect to customers and suppliers anywhere in the world?
- » Do you support the majority of B2B translation and communication standards, as well as integration mechanisms and APIs, to accommodate legacy systems and mobile B2B requirements?
- » Can you achieve 100 percent automation with all my trading partners, whatever their size and technical capabilities?
- » Can you facilitate the smooth integration of your B2B infrastructure with my existing B2B solutions, enterprise applications, and business processes?
- » Can you protect my existing B2B investments while letting me outsource as little or as much as I require?
- » Do you support the full range of community management activities, such as new partner ramping, inventory data synchronization, and up-to-date product catalogue access?
- » Do you have the programmatic and technical capabilities for initial implementation, change management, and ongoing support everywhere my business operates?
- » Is your support available in the native languages of my customers and trading partners?
- » Does your B2B infrastructure facilitate local trading law and regulation compliance?
- » Can you scale your service upwards and downwards quickly?
- » Is every part of your service covered by an effective Service Level Agreement?
- » Do your contracts have the flexibility to accommodate change without imposing heavy penalties?

## Provider Key Capabilities

A B2B Managed Services provider must be able to supply a wide range of capabilities in each of the three main components of B2B integration: people, processes, and technologies. This section

outlines the minimum capabilities you should expect from a B2B Managed Services provider.



REMEMBER

Providers have their own distinct cultures — the philosophy behind what they do and how they do it — just as your own company does. Some providers prefer a very systemized and structured relationship with their clients, while others lead through personalized customer service. One culture isn't necessarily better than the other, but obviously some cultures are going to mesh much better with your own. You're forming a partnership with your B2B Managed Services provider, not a traditional customer/supplier relationship, so the cultural fit is important. Spend time getting to know your potential providers, and determine how well you might work together.

## People

When it comes to people, your provider should have

- » **Technical expertise:** Helps manage a complex technical solution and ensures it delivers robustly and securely to a service-level agreement that meets your business needs
- » **Business process design expertise:** Ensures the provider implements robust, efficient processes to communicate with business partners and helps you streamline your internal processes to achieve maximum benefit from your B2B solution
- » **Community management expertise:** Helps onboard new business partners, negotiate and develop agreed-on protocols and processes, and manage change within your existing business partner community
- » **Change management expertise:** Deals with the constant evolution of technology, data exchange standards, and turnover in your business partner community
- » **Regulatory and compliance expertise:** Ensures you meet the customer mandate, industry standards, and governmental regulations in all markets where you operate
- » **A flexible and global pool of B2B expertise and resources:** Ensures that you always have the skills you need

## Processes

When it comes to processes, your provider should have

- » **Full B2B program management capabilities:** Covers aspects such as technical implementation, day-to-day management, and on-going maintenance
- » **On-going monitoring and reporting:** Used for both specific events and overall performance
- » **Analytics and optimization processes:** Ensures that you benefit from the highest levels of system performance and business continuity
- » **Support for community management activities:** Examples include business partner on-boarding, synchronization of product data, synchronization of inventory information, and access to product catalogues
- » **Flexibility:** Allows you to outsource as much or as little of your B2B solution as you want and enables you to take the entire operation back in-house if needed at any point
- » **Strategic alliances:** Complementary solution providers that can extend the reach of your B2B operations into your organization and beyond

## Technologies

When it comes to technologies, your provider should have

- » Support for all the key elements of B2B integration including B2B information exchange, community management, monitoring analytics, supply chain visibility and optimization, service delivery and management, flexible deployment, and security management
- » A global infrastructure to connect your current business partners and make it easier to enter new geographies or industry sectors when seeking new suppliers or customers
- » Support for existing legacy B2B infrastructure and APIs to introduce mobile B2B and other future developments

- » Support for a broad range of B2B document translation and communication standards
- » Support for a broad range of integration mechanisms — Web forms, integration to accounting or ERP packages, APIs, and direct connections
- » The ability to deliver every application in the process, including data translation and transmission



**TIP**

## THE OPENTEXT SELECTION CHECKLIST

OpenText uses a handy checklist that gives you a practical basis to evaluate B2B Managed Services providers. It's quite extensive and technical in parts, so we can't include the entire thing here, in print, but if you head to [www.b2bmanagementservices.com/select](http://www.b2bmanagementservices.com/select), you can print it out or peruse it online to see if potential providers meet the needs of your business.



#### IN THIS CHAPTER

- » Finding out how a B2B Managed Services vendor can become an extension of your own IT department
- » Learning about the importance of working with a trusted partner to manage your B2B environment
- » Understanding how you can leverage your B2B Managed Services vendor in other ways

## Chapter 8

# Ten Ways to Get More from B2B Managed Services

**T**his chapter presents ten handy tips to help you gain extra benefits from B2B Managed Services.

## Use Your Service Provider as a Virtual CIO

To stay ahead of the competition, your service provider researches and implements the latest and greatest technologies and processes. Your B2B system benefits by always being technologically current, of course, but there's an additional benefit. The provider knows the latest market trends and can advise you as you plan for the future. Don't forget that you can access the provider's knowledge as well as its service.

## **Always Think about the Future**

Every company is looking to embrace digital transformation. Many new technologies are appearing to help companies get more from their digital strategies. You need to know how upcoming technologies are likely to impact your B2B operations. Does your provider have a record of quickly adding new complementary technologies? Is it already working to extend its portfolio with emerging technologies?

## **Choose Payment Terms to Suit Your Business**

B2B Managed Services providers offer a range of payment terms. Two of the most popular are per month, where you pay a flat fee for services, and per user, where the fee adjusts depending on the number of trading partners. Shop for payment terms that work for your business. Choosing long-term, multi-year payment terms, rather than paying everything upfront, can provide long-term financial predictability by locking in rates. On the other hand, a pay-as-you-go type of approach gives you the flexibility to change your service as business volume dictates.

## **Listen to Questions as Much as Answers**

They say the art of good communication is more listening and less talking. That's definitely true when you're interviewing service providers. Rather than firing off questions about their capabilities, stay quiet and you'll find out if they know the right questions to ask about your requirements, your business, and your industry.

## **A Contract Shouldn't Be a Straitjacket**

Just like payments, your B2B Managed Services contracts should have the flexibility to enable all parties to respond quickly and positively to issues. You want to ensure that your provider delivers



everything it says it will, but you don't want a provider to stick slavishly to the initial terms. If something needs fixing fast, you need to know your provider will do it.

## Take It One Step at a Time

Don't attempt a drastic, all-or-nothing changeover when transitioning to B2B Managed Services. You're better to migrate in a measured and systematic way. Take time to identify the business processes that are easy to transition and will reap the maximum benefit from a managed services approach. That's where you should start.

## You Shouldn't Be the Only Industry Expert



TIP

Select a B2B Managed Services provider that's very active in your industry sector. Not only will the provider know which B2B capabilities are most suited to your sector, but also it's likely to be working with many of your customers and suppliers already. The provider will also have access to the type of trading partners you require to quickly enter new markets and geographies. It can take a good deal of the pain and cost out of business expansion.

## Make Sure They Have Remote and Onsite Support

B2B Managed Services providers should offer both remote and onsite support. Even where you have completely outsourced to a Cloud-based B2B Managed Services, there is no substitute for face time with your B2B professionals. Research has shown that many companies select a provider for purely business reasons — cost reductions, for instance — but find that the biggest benefit is in the knowledge they get from their provider's staff.

## Work with a Trusted Partner

Working with a B2B Managed Services provider is a long-term relationship. It has to be an open and honest partnership. The trust flows both ways in this relationship. Find a provider with whom you're comfortable. Some B2B Managed Services contracts look to share internal business information where it affects the relationship.

## If It's Not Working, Move On

Partnerships in business are like partnerships in life. They don't always work out. If you find yourself continually dealing with recurring problems involving your service provider, you should be able to move on. Make sure you establish exit plans at the outset. Hopefully you won't ever need them, but hoping for the best and planning for the worst is never a bad maxim.

# Is your supply chain ready for the digital age?

From upgrading ERP environments, consolidating IT infrastructures to embracing new disruptive digital technologies, these projects require extensive resources to execute effectively. Diverting internal resources onto such projects can leave your B2B integration projects exposed.

Through a combination of people, process and technology, OpenText B2B Managed Services can take care of your B2B integration requirements while you focus on core business activities. Outsourcing the management of your B2B integration to a trusted partner such as OpenText allows you to establish a flexible and scalable B2B environment that will help drive significant improvements across your supply chain operations.

For more information on how B2B Managed Services can benefit your business, please visit:  
[www.opentext.com/b2bmanagementservices](http://www.opentext.com/b2bmanagementservices)

Alternatively you can phone us today on:  
**1-800-334-2255** and select option 3



# Achieve full B2B integration

The benefits of Business-to-Business (B2B) integration are well known, but many companies struggle to achieve them. It can be difficult to keep pace with changing standards and technologies, but that's where B2B Managed Services steps in. Use this outsourced service to manage your daily B2B integration operations. *B2B Managed Services For Dummies*, OpenText Special Edition, gives you guidance on how to get more from your B2B investment.

## Inside...

- B2B Managed Services business drivers
- The steps to B2B integration
- Core components of B2B Managed Services
- Key business benefits
- Building the business justification
- Get more from B2B Managed Services

## opentext™

**Mark Morley** works within the Business Network division of OpenText and is responsible for the product marketing activities for B2B Managed Services. Mark has 25+ years in the manufacturing sector and spent nine years managing the OpenText global manufacturing strategy.

**Go to [Dummies.com](http://Dummies.com)®**  
for videos, step-by-step photos,  
how-to articles, or to shop!

**for  
dummies®**  
A Wiley Brand



Also available  
as an e-book

ISBN: 978-1-119-46689-5  
Not for resale

# **WILEY END USER LICENSE AGREEMENT**

Go to [www.wiley.com/go/eula](http://www.wiley.com/go/eula) to access Wiley's ebook EULA.