



Negotiate

Purchasing and sourcing departments are increasingly playing a greater strategic role in companies. One of the first areas that many purchasing departments have tackled is automating the labor-intensive and repetitive tasks to free procurement professionals for more value-added activities. i2 Negotiate™ is designed to automate the typically time-intensive and error-prone creation, distribution, response, and analysis of the bid package process. i2 Negotiate is part of the i2 closed-loop workflow for sourcing execution.

This tool also facilitates the creation of a repeatable sourcing process, which can be used for both planned and unplanned materials, to find new or alternate parts and suppliers for new products, as well as the complex sourcing of OEM manufacturing processes and assemblies. This repeatable sourcing process can translate directly into time-to-value for the enterprise.

Complete Sourcing Capabilities

i2 Negotiate can provide global sourcing capabilities, including support for multiple currencies, unit-of-measure conversions, and an internationalized user interface. It can allow buyers to analyze bids with flexible pricing and terms (e.g., with price breaks based on dollar amount or quantity), as well as with multiple time periods and ship-to locations. i2 Negotiate can also assist buyers in analyzing total purchase cost, and bid packages can include cost variables such as tooling, transportation, distribution, insurance, inventory, duties, and tariffs. Alternatively, companies can add cost variables in bid analyses. i2 Negotiate can audit bid revisions, and bids can be analyzed through a side-by-side comparison on any parameter across sites and schedules.

Extend the Sourcing Process

Automation and decision support can be extended to other parts of the sourcing process through other capabilities in the i2 Supplier Relationship Management™ suite if needed. For example, the first step in a bidding process is to analyze suppliers against sourcing strategies, answering questions such as: Is the company at risk with too few or sole-sourced suppliers? How is this supplier performing? Using i2's capabilities for spend insight and supplier performance analysis, buyers can look at past performance in terms of on-time delivery and quality, for example. With spend analysis, buyers can look at how much is being spent with which supplier as well as aggregated demand planning, which can allow regular sharing of forecast demand with supply chain partners, lending credibility to negotiations where product may be allocated across multiple sources.

Key Features

- Allows purchasing to collaborate with product development on bid packages
- Flexible—includes variables such as tiered pricing, multiple ship-to locations, and variables of total landed cost
- Integrated with spend analysis, supplier performance, and contract management
- Powerful bid analysis capabilities to find best-cost options
- Handles complex multi-tiered bills of materials (BOMs)

Planning Strategies for Sourcing

Templates Speed Bid Package Creation

i2 Negotiate is designed to provide out-of-the-box templates for catalog items, commodity items for direct materials, templates for BOM RFQs, and custom templates.

Select Accurate Items for Inclusion in Bid Package

i2 Negotiate can tap into cleansed, enriched, cross-referenced data enabled by i2 Component and Supplier Management.™ Selection of valid bid package item data is guaranteed, and powerful automated search functions are available for item selection. i2 Negotiate can automatically derive approved suppliers, approved manufacturing part numbers, and complete specifications in the bid package.

Include Tiered Pricing, Multiple Ship-To Locations, Multiple Time Periods

i2 Negotiate can support multiple ship-to locations and tiered pricing within a single RFQ. In addition, demand forecast can be automatically added to consider multiple time periods for shipment in a bid.

Add Variables for Total Landed Cost

With the increased use of foreign sources, accurate calculations of total landed cost have become both more difficult and more important. Companies need to gain insight into the “hidden” costs of foreign supply, which include added transportation costs, duties, and tariffs. In fact, one company calculated that purchases from foreign sources cost an additional 13–27 percent above the base cost.

i2 Negotiate can also include Incoterms (International Commerce Terms) as well as associated costs such as forwarding charges, inspections, trade documentation, and harbor maintenance fees to facilitate calculating total landed costs.

Online Diagnostics for Bid Package

Online diagnostics can flag and fix errors during creation of large bid packages.

Collaborate Within and Across Departments

i2 Negotiate can enhance internal cross-organizational collaboration by leveraging advanced workflows to drive the sourcing and negotiation process. i2 Negotiate can also provide group collaboration to rapidly construct a bid package. Group collaboration can speed time to market, especially in the areas of new product introduction.

Collaborate with Engineering

Especially in the case of new product introduction, sourcing and product development can collaborate in the bid preparation process. i2 Negotiate capabilities coupled with i2 Product Sourcing™ can allow purchasing departments and product development to collaborate on a BOM, ensuring that correct product specifications are part of the bid package and that approved parts and vendors are considered.

Integration with i2 Product Sourcing can provide for RFX creation from an engineering project workspace, linking the initial BOM sourcing process to the creation of RFQs. i2's multi-tier BOM quoting is designed to support rapid turnaround time in the collaboration process with contract manufacturers and with their approved suppliers and manufacturers.

Integration with i2's capabilities for performance management can provide the sourcing professional with supplier scorecard information. Additionally, integration with i2's procurement capabilities can provide for the automatic conversion of an awarded bid into a purchase requisition, which is then available for approval processing and can be sent directly to the supplier.

Execution Strategies for Sourcing

i2 Negotiate has the capability to send the quote to selected suppliers and also specify the contacts who can work on the quote. One or more contacts can be specified during bid package creation.

Dashboard and configurable e-mail alerts can be sent to draw the supplier's attention. The supplier users can collaboratively build the quote, as well as add notes and attachments. The suppliers can then view the revisions of the quote and compare versions.

Multi-Round Bidding

The buyer and the supplier can go through many rounds of negotiation specifying values to negotiation terms, cost drivers, and notes. The supplier can also provide price breaks based on alternate periods. Audit trails are maintained for both the buyer and supplier. All revisions are available for viewing at any point of time during negotiation.

A Tool for Global Operations

i2 Negotiate is designed for companies with global operations, providing support for multiple currencies, units of measures, and user-selectable multiple languages. A supplier portal allows for easy interaction between buyers and suppliers. Suppliers can tap into the portal with just a browser and Internet connection.

Analyze Bid

i2 Negotiate can enable buyers to simply compare multiple bids side-by-side with multiple associated criteria. This tool can support a broad set of landed cost properties that can be populated by suppliers or imported from third-party logistics providers. Currencies and units of measure are converted for buyer analysis.

For more complex bids, i2's sourcing optimization extension can be used to automatically analyze bids, based on multiple variables and constraint criteria determined by the sourcing organization. For example, when allocating spend, companies may want to consider factors such as awarding to locations close to manufacturing facilities.

i2 Negotiate can also enable real-time communication between the buying organization and its suppliers—accelerating collaboration. The tool can send event notifications to any individual or group as triggered by predefined events. This is particularly beneficial when sourcing and procuring time-critical goods or when up-to-date information regarding availability is required for decision making.

Award

i2 Negotiate can be used to create a contract from an awarded RFQ. Not only can new contracts be negotiated and created, but with i2's alert system, contract managers are notified of upcoming contract expirations. The existing contract can also be copied into an RFQ automatically for renewal from i2 Contract Management.™ This can potentially provide savings in time spent on contract renewals and renegotiation.

Capabilities and Features

- Request for quote capabilities including power/commodity RFx, BOM RFx, custom-item RFx, and catalog-item RFx
- Quote templates, flex fields, and quote repository
- Bid analysis and history
- Thin-client/web architecture built on industry standard components and methodology

For more information on i2 Negotiate and other i2 solutions, visit www.i2.com.



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