Doing Business with Purdue University

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Denise Laussade  
Interim Director, Procurement Services  
Purdue University

Our Vision

Deliver excellent service, value and expertise to our internal partners and stakeholders through a managed process and a high performing, innovative and diverse supply base.
Agenda

- Purdue Moves/Student Affordability
- Selection of Ariba
- Doing Business in Ariba
- Tools and Resources for Suppliers
- Next Steps
- Q&A
- Additional Resources for Suppliers
“Purdue Moves” announced by President Mitch Daniels in 2013

Purdue will forge ahead in STEM leadership

Purdue will deliver world-changing research

Purdue will be a leader in transformative higher education

The theme of these initiatives is affordability and accessibility in higher education. Purdue seeks to improve the cost/value offering by reducing costs, increasing scholarships, and increasing the value of the Purdue degree.
Focus on affordability - student tuition equivalent

• One year in-state tuition – approximately $10,000

• “Putting students and their families first”
  (Mitch Daniels 3/18/2013 letter about tuition)

• In procurement, this translates to a “total cost” focus for purchasing efforts
About Purdue’s selection of Ariba

• In 2012, existing system replacement was required

• Desire to automate, drive efficiency
  • Streamlined paperless process through the Ariba network
  • Increase efficiency and drive cost-savings for both Purdue University and our valued suppliers
    • Reduce costs
    • Save Time

• Sourcing expectations of wider access and visibility
Wanted: Better business commerce

Purdue’s dilemma

13% manual purchase orders
39% manual invoices
Estimated annual cost due to manual processes – in excess of $230k...that’s more than 23 STE!

Source: Purdue University, Jan 1 – Sept 30, 2014
Technology options: Point-to-point causes inefficiencies
Many-to-many solution
Enabled by network-centric technology
Ariba Network is a leading business network

- 1 million+ companies connected to the Ariba Network across all industries
- 40+ million purchase orders
- 60+ million invoices
- $460+ billion in spend
- 142 countries
- 72 currencies
- 40 invoice-compliant countries

More than 1 million companies are connected for $460+ billion spend

Source - Ariba
Benefits suppliers gain

- ACCELERATE the sales cycle
  - growth in existing accounts
  - growth in new business
  - faster deal closure
  - order processing productivity gains via cXML
  - increase in order accuracy through PunchOut
- IMPROVE customer retention
  - increase in customer retention
  - significant renewal rates
- FIND buyers ready to buy
- PREDICT and APPLY cash
  - reduction in manual intervention
  - decrease in late payments
  - improvement in reconciling payments

Source - Ariba
Comments from some current Ariba suppliers

**FIND buyers ready to buy**
- Grew existing account 300%
- 20% sales growth, and 65% of new clients are a direct result of Ariba
- Won new €500K deals

**ACCELERATE the sales cycle**
- Accelerated deal cycle by 75%
- 32% revenue increase from existing customers due to ease-of-use
- 50% higher conversion rate with 11% increase in lines per order

**IMPROVE customer retention**
- 15% increase in customer retention
- Over 75% growth within four major accounts, and 40% account growth overall
- 99% average fill rate with 98% on-time delivery rate

**PREDICT and APPLY cash**
- Invoices paid as quickly as 4 days
- Real-time visibility and improved cash flow
- DSO reduction of 27 days and 83% PO error rate reduction

Source - Ariba
Supplier value proposition

• “Inexpensive way” versus traditional marketing
• Clean purchase orders should be clean invoices
• Recommendations by other customers
• Customer retention as “preferred” supplier
• Accelerated cash flows
• Electronic ordering & invoicing can generate reductions in operating costs
• Increased visibility via collaboration
Subscription offerings for Ariba Network suppliers

Differentiate – Grow - Automate

<table>
<thead>
<tr>
<th>Level of Subscription Package</th>
<th>Standard</th>
<th>Select</th>
<th>Premier</th>
<th>Enterprise</th>
<th>Enterprise Plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Advanced</td>
</tr>
</tbody>
</table>
| Advanced                     | • Collaboration  
                              | • Customer support  
                              | • Standard routing and reporting  | • Advanced collaboration  
                              | • Commerce assistance  | • cXML and EDI integration  
                              | • Integration consultation  | • Data cleansing & enrichment – 100 items  
                              |                       | • Technical support  | • Technical consulting  | • Data cleansing & enrichment – 500 items  
                              |                       |                       |                       | • Integration Connector Powered by Dell Boomi  
                              |                       |                       |                       | • Ariba Ready Basic or Bronze  | • VIP Commerce Assistance  
                              |                       |                       |                       |                       | • Ariba Ready Basic or Silver  |

NOTE: Benefits are additive
Doing business in Ariba

The Ariba Supplier Membership Program
Helping Sellers to Differentiate – Grow – Automate

- No cost for sellers to join and begin transacting up to $50K* and 5 documents**; free registration provides everything sellers need to collaborate
- Paid levels provide value-added features, support and services; billing begins once seller crosses $50K and 5 documents within a rolling one-year period; initial billing based on annual projection of recent spend volume
- Subscription billed annually; Network Transaction Service billed in digestible quarterly amounts

### Subscription Fees

<table>
<thead>
<tr>
<th>Annual volume across all customer relationships</th>
<th>Annual fee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard:</strong> &lt; $50K or &lt; 5 documents</td>
<td>None</td>
</tr>
<tr>
<td><strong>Select:</strong> $50K to &lt; $250K and 5+ documents***</td>
<td>$50</td>
</tr>
<tr>
<td><strong>Premier:</strong> $250K to &lt; $1M and 5+ documents</td>
<td>$495</td>
</tr>
<tr>
<td><strong>Enterprise:</strong> $1M to &lt; $10M and 5+ documents</td>
<td>$2,495</td>
</tr>
<tr>
<td><strong>Enterprise Plus:</strong> $10M+ and 5+ documents</td>
<td>$7,495</td>
</tr>
</tbody>
</table>

### Network Transaction Service Fees

<table>
<thead>
<tr>
<th>Annual volume per customer relationship</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$50K or &lt;5 documents</td>
<td>None</td>
</tr>
<tr>
<td>$50K to $12.9M and 5+ documents</td>
<td>0.155% of total volume</td>
</tr>
<tr>
<td>$12.9M and 5+ documents</td>
<td>$20K</td>
</tr>
</tbody>
</table>

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* All monetary amounts stated in US currency; other thresholds and limits apply in other currencies and are available from Ariba upon request
** Document count = each PO, invoice, credit memo, although “transaction volume” is considered in order to avoid double counting for the same sales transaction
*** Sellers that use cXML or EDI technologies and transact 5+ documents and $50K+ annually automatically receive the Premier or higher level subscription

Source: Ariba
## Program cost examples based on document counts and USD transaction volumes

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Docs</th>
<th>Total Transactions Amount</th>
<th>Fee Schedule</th>
<th>Fee Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Any Fee?</td>
<td>Subscription</td>
</tr>
<tr>
<td>Supplier A</td>
<td>4</td>
<td>$10,000,000</td>
<td>No</td>
<td>Standard</td>
</tr>
<tr>
<td>Supplier B</td>
<td>148</td>
<td>$25,000</td>
<td>No</td>
<td>Standard</td>
</tr>
<tr>
<td>Supplier C</td>
<td>500</td>
<td>$50,000</td>
<td>Yes</td>
<td>Select</td>
</tr>
<tr>
<td>Supplier D</td>
<td>5</td>
<td>$250,000</td>
<td>Yes</td>
<td>Premier</td>
</tr>
<tr>
<td>Supplier E</td>
<td>1,100</td>
<td>$50,000,000</td>
<td>Yes</td>
<td>Enterprise Plus</td>
</tr>
</tbody>
</table>

- Document counts and transaction amounts are generally based on POs + non-PO invoices in order to avoid double counting for the same sales transaction.
- Network Transaction Fees are 0.00155 x transaction amounts (0.155% of value) and are capped at $20K per relationship.
- No cost to suppliers where no customer relationship hits 5 documents and $50K in annual transaction volume - these suppliers are not assigned into subscriptions above Standard.

**NOTE:** These examples are based on one customer relationship.

Source - Ariba
Doing business in Ariba with Purdue

Procurement via the Ariba Network (AN)

Purdue Buyer browses Ariba Discovery and/or issues e-mail invitations from Ariba Network

Supplier receives e-mail and accepts invitation for the buyer-supplier relationship

Purdue RFx to solicit, evaluate and approve supplier proposals, award contract

Purdue pays supplier

Supplier receives orders from Purdue and orders and invoices are sent

Purdue & supplier evaluate use of catalogs for Purdue
Doing business in Ariba

Ariba’s commitment to the supplier community

- **Account Managers for Strategic Suppliers**: Specific goals and objectives to drive success with their trading partner relationships
- **Services and Training Resources**: Experienced program management and enablement professionals
- **Supplier Steering Committee**: For best practices, solution roadmap and feedback exchange
- **Product Investment**: Ongoing investments in innovations for sellers
- **24x7 Global Support**: Experienced support team, with ability to support suppliers, handling over 1,000 cases per week in eight languages

*Source - Ariba*
Tools and resources for suppliers

• Electronic Integration
• Hosted & Punch-Out Catalog
• Supplier Self-Nomination Tool
• Ariba Discovery for Suppliers
• Ariba Ready Programs
• Additional Resources
ELECTRONIC INTEGRATION
What factors justify integration?

- High document count (purchase orders, invoices)
- Speed invoice processing
- Minimize risk of error
- Improve process flow for resulting faster payment
- Reduce invoice inquiry by exchanging real-time invoice status via Ariba Network
Electronic Integration

Manual vs electronic invoices: why suppliers automate

According to the Hackett Group, 3.5% of invoices contain errors; this can be reduced to 1% through B2B process automation or up to 2.3% via use of e-invoicing through a portal.

Suggested thresholds for integration:
- cXML: >100 invoices/month (1,200 annually)
- CSV: >20 invoices/month (5/week, 240 annually)

Source - Ariba
# Electronic Integration: Methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>cXML</td>
<td>Most commonly used; Ariba’s native format; direct connection with automatic validation</td>
</tr>
<tr>
<td>EDI (VAN or AS2)</td>
<td>Interface with Ariba through your VAN or using EDI over the internet</td>
</tr>
</tbody>
</table>
| Dell Boomi* | Pre-built adapters for several accounting systems including:  
  - Intuit QuickBooks  
  - Sage 50  
  - Microsoft Dynamics GP  
  [CommerceAssistance@ariba.com](mailto:CommerceAssistance@ariba.com) |
| CSV        | For invoice submission only                                                 |

* Dell Boomi requires Enterprise/Enterprise Plus subscription level

Source: Ariba
Tools and resources for suppliers

HOSTED AND PUNCH-OUT CATALOG
## Hosted and punch-out catalogs

<table>
<thead>
<tr>
<th>Hosted Catalog</th>
<th>Punch-Out Catalog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Static file, in cxml or cif format, containing item descriptions and prices</td>
<td>Web-based catalog</td>
</tr>
<tr>
<td>Hosted on Purdue’s Ariba site</td>
<td>Hosted on supplier’s website, accessed via a link on Purdue’s Ariba site</td>
</tr>
<tr>
<td>Supplier uploads a catalog file to the Ariba Network</td>
<td>Supplier loads the URL for the catalog on the Ariba Network</td>
</tr>
<tr>
<td>No web development for supplier</td>
<td>Requires web development by supplier</td>
</tr>
<tr>
<td>Must have a small number of items (&lt;1000) that will not change often</td>
<td>Number of items and changes to catalog are limited only by the supplier’s capacity and the contract with Purdue</td>
</tr>
<tr>
<td>Does not allow web content such as photos, promotional codes, document attachments, etc.</td>
<td>Allows web content such as photos, promotional codes, document attachments, etc.</td>
</tr>
<tr>
<td>Available 24x7</td>
<td>Availability depends on supplier, but usually 24x7</td>
</tr>
</tbody>
</table>
Tools and resources for suppliers

PO-FLIP™
What is PO-Flip™?

A simple process enabled by Ariba Network that allows a supplier to easily convert a purchase order into a clean invoice, and transmit that invoice to the customer that placed the purchase order. This may be especially useful if full B2B application is not feasible.

1. Access your PO via the Ariba Network
2. Pre-populate PO data into the invoice
3. Adjust shipping information, when appropriate
4. Review final invoice, edit if necessary, and send
5. Access your invoices to see real-time payment status
Tools and resources for suppliers

SUPPLIER SELF-NOMINATION TOOL
Supplier self-nomination tool

Functionality in Ariba Network where you can search for your existing customers and initiate a trading relationship with them on Ariba Network.

- Visibility of on-boarding buyers
- Initiate the trading relationship with your customer
- Showcase your capabilities such as catalog, integration, Ariba Ready, etc.
- Opportunity to increase your business with participating buyers

**Find out** if your existing customers are accepting relationship requests from suppliers on Ariba Network.
Tools and resources for suppliers

ARIBA DISCOVERY FOR SUPPLIERS
Benefits to Sellers

New Opportunities
Access $5 billion of business opportunities each year

Immediate Access
Immediate access to decision makers in the buying cycle

Effective
Automatically receive high-quality leads that match your capabilities

Big Business
Get invited to nation wide contract opportunities

Interactive
Showcase your company to your target customers

Integrated
Join over 1 million sellers across 20,000 categories in more than 190 countries
Attend an Ariba Discovery demo
http://www.ariba.com/resources/live-demo

Learn more about Ariba Discovery

Choose “Ariba Discovery for Sellers” and select the best date and time available
Effective lead generation

Ariba Discovery addresses the challenges suppliers are facing across industries

- Increasing revenue from existing customers
- Generating revenue from new customers
- Developing awareness in prospective accounts
- Publicizing qualifications
- Getting more qualified leads
- Reaching decision makers
- Gaining awareness in existing accounts
Tools and resources for suppliers

ARIBA READY PROGRAMS
Ariba Ready programs

Ariba Ready Platinum: For suppliers already using Ariba Network as a strategic channel to service many customers, that want to drive even more awareness, business, and differentiation.

Ariba Ready Gold: The best choice for an experienced Ariba supplier ready to grow their B2B e-commerce channel, needing networking, supplier marketing, and consulting expertise to realize big results fast.

Ariba Ready Silver, Bronze, and Basic are included among the Enterprise and Enterprise Plus subscription packages.
Next steps

• Trading Relationship Request letter
  Follow instructions in letter to register or to accept the relationship using an existing Ariba Network account

• After trading relationship is established, Ariba will follow up with suppliers to aid in completing essential tasks

• Visit Purdue University’s Supplier Information Portal at http://www.purdue.edu/business/procurement/audience/suppliers.html to find details on transacting with Purdue University

• Questions regarding Ariba Network: help@ariba.com

• Buyer-specific business questions: enablementhelp@purdue.edu
What does it take to become enabled?

- Receive Transaction Relationship Request letter from Purdue.
- Accept the transaction relationship and terms of use. The acceptance of the letter is also considered an Ariba task.
- Configure all tasks. This includes configuring purchase order routing and notifications, configuring invoicing, and configuring remittance ID.
- Test receiving a live Purchase Order from Purdue.
- Test sending a live invoice to Purdue.
- Full enablement is achieved with completion of all tasks.
- Begin transacting with Purdue over the network.
enablementhelp@purdue.edu

Much of the information in this presentation has been provided by Ariba, an SAP Company.

No representation is made by Purdue University about the information provided by Ariba or any changes to this information subsequent to the date hereof.
Tools and resources for suppliers

ADDITIONAL RESOURCES
Additional resources

Collateral / Web
Ariba Answers: http://www.ariba.com/help/ariba-answers/suppliers

Webcasts / Demos
http://www.ariba.com/resources/live-demo

Ariba Global Customer Support
Call 1-866-31ARIBA, or to find your local number:
   From any Ariba Network page, click Help in the upper right corner, then Help Center, then Support Center, then Get help by phone (lower right corner)

Purdue Supplier Enablement Team
Enablementhelp@purdue.edu

Purdue Supplier Task Guides:
https://www.purdue.edu/business/procurement/audience/suppliers.html
   Link to supplier page on procurement services website that contains useful guides on PO Flip, entering remittance information, and changing order routing methods.