



## INFORMATION TECHNOLOGY

# From online database to e-procurement: the way ahead or way off target?

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When you need to procure a part, why wouldn't you go look at what you have in store before you search elsewhere? As simple as that sounds, a surprising number of energy companies—and others—do no such thing, despite a variety of installed systems intended to help.

The Web is beckoning change in so many business processes, yet the bulk of the effort is focused on extremely broad solutions led by teams of hired consultants. Few companies are capturing the smaller, proven benefits as they become available, concluding instead that large strides are the only way to advance. Yet a small but growing number are assembling their strategy from proven pieces.

How is your corporation addressing the meeting point of the Internet, your own installed systems, and the management of information? In a microcosm, e-procurement brings this all to a head, and the wild flurry of activity in the area means that sound strategies must peer through and penetrate the cloud of dust. How best to emerge from the e-melee?

### Our story

In Australia and New Zealand, at the geographic end of the supply chain, two ex-British military, ex-PricewaterhouseCoopers consultants teamed up to address what they saw as an abundance of engineering spare parts sitting in end-user storerooms and warehouses. Concerned over the reliability of supply, major plant operators in the antipodes had heavily stocked those high-value, mission-critical spares, tying up working capital in an effort to avert costly stock-outs or downtime. And each plant site had done so, since there was little or no means to share the part information among sites.

Working in New Zealand in 1997 and 1998, the two ex-officers, one a nuclear submarine power-plant engineer and the other a communications specialist from Royal Signals, designed and developed a unique Internet-based database and client-server capability. This system would draw all part information from any commercial maintenance management system—automatically, once installed—and pool those line items on a single database that participants could then search via the Web, using a standard browser combined with proprietary query technology.

So, a good two years before the rush to e-procurement, the base service offering for sparesFinder had been developed and sold commercially. An interesting story, but how does one link from a New Zealand online engineering parts database to e-procurement?

### Content and connectivity

Content and connectivity are two critical drivers of the usefulness of any interactive Internet resource. While engineering spare parts are the domain of sparesFinder's database content, it is having this content both timely and robust that starts to deliver value and establish a platform for further activity. This is where the ability to connect and communicate, or the connectivity, is key.

As mentioned, our client-server approach combined with downloadable custom interfaces allows the system to routinely draw specific parts information from any plant's computerized maintenance module and then store it on the remote database. Such connectivity means that information from different, disparate systems is assembled automatically to create a single database, purely of parts information, that exists nowhere else. A corporation running different maintenance management systems in different geographic operating units, different releases of an enterprise resource planning system (ERP), or different legacy

systems inherited through mergers or acquisitions—simply cannot view all its engineering inventory across all locations. And, of course, it cannot view engineering parts in other companies' systems without creating expensive, custom links, previously via electronic data interchange (EDI).

It is this widely applicable connectivity—disparate systems, automated extracts, simple Internet linkage—that thus delivers robust content. And this content resides in a unique database that few companies can replicate even for their own parts information, and certainly not for information from other companies, which are often using identical parts.

### Taking a new approach

There is other movement in this direction, more or less. Web-based consortiums, Internet marketplace-platform developers, and Web-enabled ERP suppliers are all making giant strides toward broad connectivity with significant transaction focus. However, these advertised and publicized initiatives generally aim for breadth of coverage—suppliers, end-users, service providers—rather than depth of specific content, such as type, location, and contact information about engineering parts held in existing inventory.

Given the need for high precision in much industrial purchasing, there is probably room for dedicated content expertise to be linked into an e-commerce platform. If so, you would probably see the Web at its most useful: a match-up of content, connectivity, and e-commerce. To see it clearly, though, you must peer through the cloud to identify who is looking for a path out and who is just profiting from the stampede.

Some clarity exists in e-procurement strategies. As mentioned, it makes sense to look at what you already have when you think to buy more. Yet few do. SparesFinder is pushing towards its intended e-procure-

ment role as the "front end" of an e-procurement search, to be used in conjunction with other e-procurement tools being developed in broader contexts.

The Internet allows data search and transfer unlike any other medium, and with increasing speed, given the growing installation of broadband. These features deliver stunning desktop capability when a procurement specialist or line engineer wants to find immediate price, availability, and location information about a needed part. On a stand-alone basis, the sparesFinder database delivers such information about all parts held, be they anywhere within a given corporation operating on multiple continents, within a collaborative users' group of different companies, or anywhere on the database and marked for all-subscriber viewing. The searching party can then contact the holding party to arrange transfer, sale, or loan of the sought part, with or without sparesFinder's further involvement.

In a broader context, though, a single procurement query can search multiple databases, drawing from sparesFinder, from local distributors or suppliers, and from OEMs, and return a classified and ordered display—all in seconds, and all transparent to the user. Such a search would allow someone to compare availability and location of existing parts held within a corporation to price and availability from suppliers, and then to choose the best option—all from a single screen, over the Internet.

E-commerce may embody the "new" economy, but any economy has shown itself to run best on sound business principles. E-procurement is no different, and the power of the Internet allows new application of old concepts. SparesFinder is helping companies to look afresh at what's out there. ■

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