

BLOG

E Sourcing vs ERP: the advantages of using a modular sourcing solution

ERPs are nearly ubiquitous in organizations. Common to the accounting and HR fields, they excel at the core [transactional activities](#) of a business. However, they often fall short when it comes to handling processes that require flexibility, adaptability, and collaboration.

Let's face it — sourcing is one of those processes that require flexibility and collaboration. Trying to conduct sourcing through an ERP system such as Oracle or SAP Ariba can often feel like trying to 'fit a square peg in a round hole.' As a result, procurement teams often resort to conducting decisions outside the system via spreadsheets and email — leaving you with incomplete visibility over your spend, unsatisfied stakeholders, and inefficiencies in the process.

Modular e sourcing solutions provide a good alternative to address this challenge. Working alongside ERP systems, they provide a purpose-built software environment to manage the complexities of sourcing, contract management, and supplier management. With an emphasis on ease-of-use and adaptability, modular solutions can be implemented quickly, require little to no training for stakeholders, and deliver a quick ROI — often within the first couple of projects.

In a [recent ProcureCon webinar](#), Andrew Wolfe ([Wolfe Procurement](#)) and Cam Davies ([Bonfire](#)), tackled the topic of how procurement teams can employ modular e sourcing solutions to fill the gaps left by traditional ERPs.

From their discussion, here are the top three advantages of using an e sourcing tool alongside your ERP:

1. E sourcing tools are flexible to different types of purchases or procurement strategies.

ERPs can easily handle simple quoting if you have incumbent suppliers from whom you need to request quotes according to pre-loaded parameters. However, they typically provide only one way of doing things from a sourcing perspective.

Most organizations need a tool that covers a broad range of purchases and purchasing strategies. [Modular e sourcing solutions](#) offer that adaptability for teams and include purpose-built tools to manage the complexities of RFPs with multiple geographies, stakeholders, and suppliers.

2. E sourcing tools facilitate easier stakeholder engagement.

In a transactional environment where all the buyers are centralized on one team, ERP procurement modules may fit the bill. However, that's just not the reality for most teams. Especially when the goal of the department is to capture indirect spend, sourcing activities are required to be highly collaborative, involving multiple stakeholders whose input is crucial to the success of the project.

Often, ERP procurement modules do not support stakeholder participation in the evaluation process. Even if they do, ERPs are notorious for a steep learning curve — and for occasional users that are in the system infrequently, it can be insurmountable to repeatedly re-learn how to use the system in order to participate.

"Once you train an evaluator, they may only be in the project for a week and then not use the system for another few months, which makes it very difficult as you're constantly having to retrain your users," explained Andrew Wolfe.

Echoing this statement, 42% of procurement practitioners surveyed in the [ProcureCon webinar](#) reported that stakeholder engagement was a key challenge in their sourcing function.

E sourcing solutions have the advantage of being extremely user-friendly, often requiring [little to no training for stakeholders](#). Furthermore, the flexible set-up enables procurement teams to segment the evaluation to give stakeholders only the parts of proposals they need to evaluate.

The result is a smoother process for both evaluators and buyers. Your evaluators can get in and get their job done quickly, and you have a direct line of sight into where everyone is in the evaluation process, so you can easily manage the project and ensure evaluators have done their part.

3. E Sourcing tools foster more innovation.

For companies that want to stay competitive in an ever-changing marketplace, procurement must be a partner in delivering innovation. But it's hard to do that with a tool that does not adapt to your changing needs and challenges.

“When it comes to fostering innovation, this really comes down to looking for a tool that moves with your business,” explains Wolfe. “I find these SaaS based tools are constantly up-to-date not only with current technology but also with the way things are being done.”

E sourcing tools are purpose built; they're specifically designed to support the sourcing process, meaning they are built to help achieve your goals. As a result, you benefit from [continuous improvements](#) to the software as well as general adaptability to your needs — which helps you to deliver a competitive edge to your organization.

For more on how modular e sourcing platforms can address gaps left by your existing ERP, **listen to the full webinar.**