

# Supplier Network 2.0 Is Here

Supplier Network 2.0 uses technologies like search and web services to help companies create “virtual” supplier networks that leverage the connectivity, content and community of the Internet!

Whenever the subject of supplier enablement for e-procurement comes up, a discussion regarding the merits of supplier networks usually isn't far behind. Today, as companies work to drive bottom line savings from their e-procurement investments, using a supplier network is usually the pat answer provided by consultants and analysts alike.

## Supplier Networks are Evolving

Is using a supplier network the right answer? Yes, but (there's always a “but”) supplier networks as they exist today might not be the right answer. As a matter of fact, today's supplier network model has existed since 1997, and ten years later, hasn't changed much and, based on some recent analysts reports on user adoption and spend coverage, hasn't delivered.

So what needs to change? For this discussion, let's call the current supplier network model Supplier Network 1.0, and the proposed improved model, Supplier Network 2.0.

The difference between 1.0 and 2.0 is that 2.0 will leverage the connectivity, content and community of the Internet (sound familiar...see Web 2.0).

## Redundancy Adds Expense

1.0 currently doesn't. From a connectivity standpoint, the Internet only serves as an on-ramp to the vendor-proprietary network. 1.0 also re-creates the content (e.g. catalogs stored in a database), even though the content already exists at the supplier's website. This gap will only widen as suppliers continue to invest in their online capabilities, which they cannot fully leverage in 1.0. In 1.0, to be part of the community, you have to pay (e.g. suppliers pay membership fees, client access fees; % of sales fees).

All this redundancy is expensive. In 1.0, providers house their own networks, servers, databases, and pay people to operate everything, build catalogs, and manage the process and so on. These costs are passed on to the participants...buyers and suppliers.

## The Internet is the Network

In 2.0, the Internet is the network, thus provides the connectivity! The content is managed by the community member best suited to the task, suppliers for product content and buyers for contract pricing and compliance. And the community is fluid. It can be everyone, or one to one. It's up to the participants;

the elimination of the complexity of 1.0 makes Supplier Network 2.0 extremely efficient and elegant. And best of all, it's less expensive for all parties.

The 1.0 model exists because when it was conceptualized, the Internet had unreliable connectivity, little content, and a partial community. But all that has changed, so the model must change.

## Take Advantage Web 2.0 Technology

In the end, 2.0 will allow companies to create “virtual” supplier networks using Web 2.0 technologies like search and web services, and static catalogs and proprietary one-to-one connections will be a thing of the past. Cost and compatibility, the two biggest barriers today, will be addressed...and B2B commerce will begin a growth trajectory similar to that of consumer commerce.

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## Want to Leverage the Power of a Virtual Supplier Network?

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