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# Spend Matters™

## Catalog Management to the Rescue! Vroozi's smartOCI Extends ERP Into Indirect Spend Without P2P [PRO]

[XAVIER OLIVERA](#) AND [JASON BUSCH](#) - January 27, 2015 2:52 AM

Most companies have a wide range of technology solutions that support their purchasing function (e.g., e-procurement, spend analysis, contract management, supplier management, sourcing, etc.). In many cases, typical Fortune 500 procurement organizations have invested in multiple solutions in a single area. (Yes, the myth of a single integrated suite is greatly overrated even in cases when a firm deploys a single suite). But one area where many organizations standardize on a single provider or fail to fully make the right set of investments is catalog management, which is more often the case in North America.

In this Spend Matters PRO research brief, we explore Vroozi's smartOCI solution and how a robust catalog management approach and buying front-end can extend ERP procurement capability into the indirect area without necessarily having to use a specialized e-procurement or P2P toolset.

As background, Vroozi is based out of Los Angeles. The provider is primarily focused on the US market with a secondary emphasis on Europe. Vroozi has plans to expand to Australia, Asia and Latin America during 2015 and in the coming years. But it also plans to stay focused on larger companies (e.g., Global 2000) rather than going too deep into the middle market where providers like Coupa, Verian and others initially made their mark.

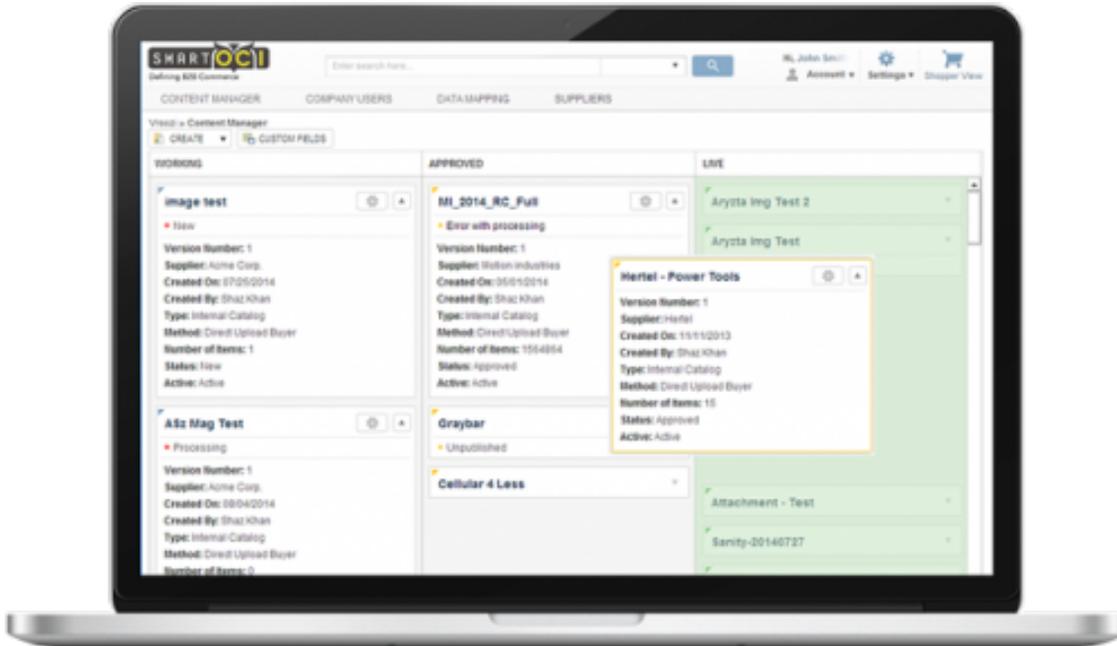
### Catalog Management: Been There, But Not Entirely Done That!

Basic catalog management – and the addition of bolt-on search and shopping capability – is often a core functionality within ERP procurement or simple third-party bolt-on solutions. But only to a point. For example, SAP's failure in this area to create robust catalog management has led to the rise of a number of point solution vendors in Germany and Austria, not to mention Vroozi. Indeed, in few companies we are aware of, SAP SRM stands alone as a core P2P solution without third-party solutions surrounding it. Catalog management complexity requirements can vary dramatically, especially with more advanced use cases (e.g., plant overhaul/maintenance, CAPEX spending, complex services/solution configuration, etc.).

But as we have noted before on Spend Matters, basic catalog management capabilities become important when:

- Procurement thinks it is important to incorporate consumer (i.e., Google) search approaches into the P2P process
- The expected level of catalog maintenance and updates is not something that a single internal resource using a standard ERP toolset can expect to accomplish across dozens or hundreds of suppliers
- IT will take a secondary role, without dedicated resources, in the administration and ongoing support of the P2P environment (and content management, to be specific)
- The ability for suppliers to control and update their own content (with validation/approval) is a known requirement
- Organizations need to manage complicated, often configuration-driven buying and specification approaches
- New catalogs/catalog content (within existing catalogs) will be added (e.g., new attributes to existing SKUs)
- Catalog content management takes on a vertical focus with specialty suppliers possessing unique sets of defined product attributes
- Federated search (i.e., across multiple catalogs either internal or supplier hosted), supplier web sites and potentially other information sets are required
- Kitting and bundling is an important part of the requisitioning process (e.g., a decision to buy one SKU can then lead to a required request/form to order another related SKU)
- Information ontology and the potential for faceted navigation of complex information will improve the buying process

Many of these scenarios may seem non-trivial to enable. But the good news is that when properly deployed, catalog management tools can extend capability within native ERP procurement modules. And some are becoming faster and more straightforward to deploy, without large upfront professional service cost. This is where Vroozi enters the procurement stage.



Source: Vroozl. Screen Testing and Reporting Environment

Whether using Vroozl or another solution, the proper management of supplier information in a catalog management system along with a search/shopping front-end brings with it a number of benefits built on addressing the requirements that we have listed above:

- Increasing spend under management
- Insuring compliance with contracts
- Raising data quality levels
- Increasing collaboration with suppliers and simplifying its management process
- Measuring and monitoring the performance of buyers and suppliers
- Removing IT dependency and putting power in the hands of users and enabling supplier-self service
- Generating savings through guided-buying approaches to steer users to the right items
- Using advanced approaches to enable and manage complex scenarios and overcome supplier catalog complexity (e.g., purchase lists, diverse standards/web formats, intelligent formatting, complex contracts, enforcing procurement policies, etc.)

## Introducing smartOCI

SmartOCI is a cloud-based catalog management solution from Vroozl, hosted in Amazon cloud services. This makes it different from traditional-installed or single-tenant solutions from providers such as WALLMEDIEN, jCatalog and Simeno with similar experience enabling SAP indirect procurement in the European market (note,

some of these providers offer cloud approaches as well – but multi-tenant deployment approaches are non-standard).

Yet smartOCI is designed for the US and global stage – not the policy-led catalog management obsessed world of European indirect procurement. But it is not a typical solution that you would find in an e-procurement or a P2P suite because it's basically an add-on for ERP, which means that any company that has already invested in an ERP system (SAP, Oracle, PeopleSoft, Infor, etc.) can leverage the solution without specific ERP indirect procurement module investment.

## **Catalog Management: New vs. Old**

New generation of IT capabilities, including cloud solutions, break many paradigms from the past. For example, the current generation of solutions helps companies to overcome high acquisition costs and TCO while minimizing overinvestment in complexity and customization to meet the needs of each business. Moreover, they do not require IT ownership for everything related to technology solutions, nor do they add risks when giving configuration and system/tool access to business and frontline users (vs. IT and procurement alone).

SmartOCI fits well with this paradigm. Vroozii has leveraged technology advances to build a current generation catalog management solution that overcomes the high customization, configuration and management costs of first generation approaches to enabling SAP ecosystems, among others. It also helps overcome a number of myths of catalog management. Consider how with smartOCI:

- Catalog management is no longer a fundamental IT challenge – rather procurement and suppliers can manage their own catalogs including the deeper levels of upfront configuration
- IT hardware and software capacity challenges are no longer an issue as the cloud-native approach can scale with the needs of the business (i.e., no need to purchase a database license or buy additional servers or capacity)
- There is no concern that servers cannot handle the escalating number of items from suppliers given the scalability of cloud capacity brings with it built-in performance guarantees and fail-over capacity if needed
- Companies can break the paradigm of catalog management as an expensive upfront or annual fixed investment; rather a monthly subscription based on scale/usage fosters business transparency
- Catalog management is no longer limited to storing and providing product-centric information alone (with smartOCI, users can access services as well)
- Catalog management can be deployed as a user-centric tool from the start

Vroozii and its smartOCI solution dispel many of the myths (which were rightly earned, mind you!) of earlier generation ERP centric catalog solutions. Yet beyond breaking myths, how does smartOCI compare to other current alternatives?

We'll conclude our analysis in the second installment in this series.

# Catalog Management: Vroozzi, smartOCI and Enabling P2P as an ERP Extension [PRO]

[XAVIER OLIVERA](#) AND [JASON BUSCH](#) - January 28, 2015 2:35 AM

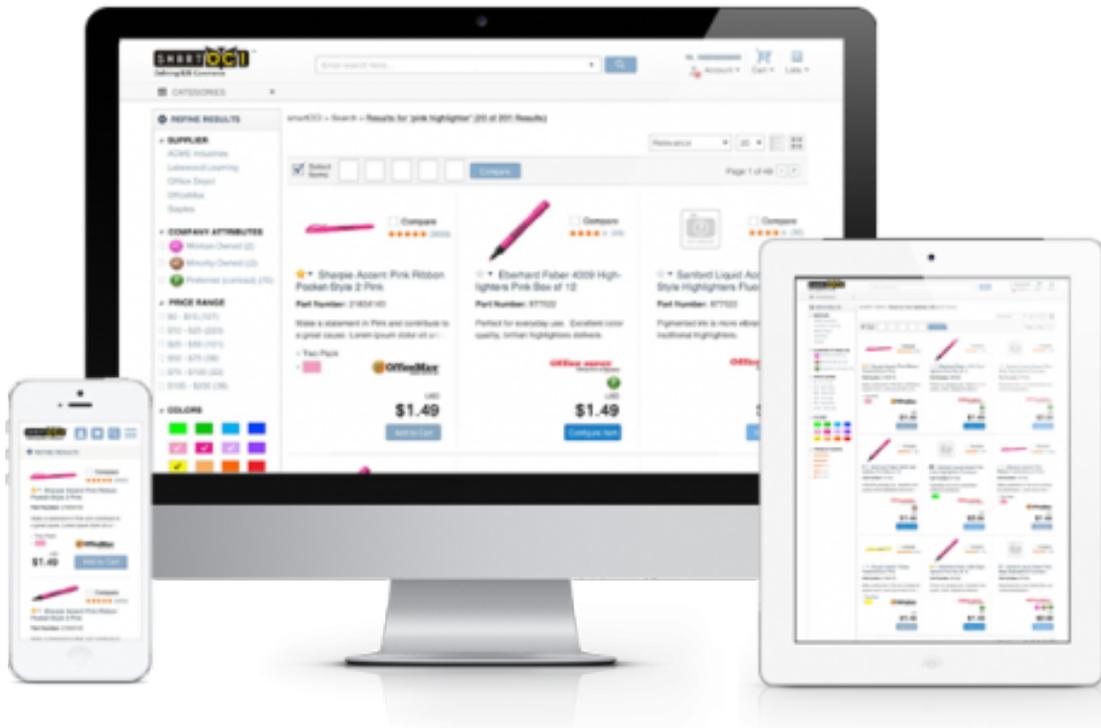
Catalog management is a Trojan horse of sorts. Inside complex ERP procurement environments, it can serve as a gateway to driving indirect and services spend under management as a foundation of a broader indirect procurement program (in certain cases without specialized e-procurement capabilities from P2P providers). But more important than simply extending ERP, catalog management occupies a curious space that sits between a buyer's ERP environment – or more likely, multiple ERP environments – and supplier data. Part production information management, part configurator, part search tool, part stealth workflow enabler (in certain cases), catalog management is often misunderstood, yet can bring significantly more value to procurement than most realize. As we continue our analysis of one approach to integrated catalog management, **Vroozzi's smartOCI** solution, we turn our attention to additional functional requirements and capabilities as well as provide additional insight on the smartOCI toolset.

## A Crowded Market

The catalog management market has been more competitive in recent years than in the past with European providers investing more in North America and raising the bar with new capabilities. Within this competitive mix, smartOCI is also playing the catalog management “Feature 500” game here as well. Yet it, unlike competitors, is taking a North American-centric view rather than adapting European-focused capabilities to the US and Canadian market. This includes providing the following sorts of capabilities:

- Catalog access personalization – including flexible views of content, collections and groupings of catalogs, user and country profiles, etc.
- Simplified connections to different ERP systems for marketplace shopping and back-end reconciliation; this is necessary for multinational companies and having access to all global content through a single interface can prove especially valuable in the case of heterogeneous buying (i.e., supplier) and back-end environments. Said another way, this is a “night vision” set of glasses to provide a 20/20 view of the various item, supplier and system shapes moving in the background.
- The configurations of “help content” including videos, policy documents, contact information, etc. No longer is it possible to “play dumb” when it comes to how to use these solutions (i.e., punch out to Grainger or Staples; don't go to the website or a custom portal outside of ERP).
- The enhancement of supplier's records with logos and both supplier and SKU attributes, as well as the ability to search and manage information and different catalog structures/ontologies on a highly granular level.
- Multiple user interface languages (e.g., English, German, Spanish, Portuguese, German and French), with Chinese and Korean soon to be released. (Note, certain competitors already have Asian language capability.)

- A flexible catalog loading process that leverages either excel, CSV file formats or a template that suppliers filled and load it by themselves directly to smartOCI.
- An accelerated initial onboarding process that can load a basic catalog in 30 minutes – no, we are not making this up!
- The ability to build “custom fields” and “rate cards” within the catalog environment (e.g., hourly rates/payment types) for products with services or services alone.
- The ability to include “free text” fields if a user cannot locate an item (in which case the system will send a message to a buyer to identify sources or include it in a specific catalog load).



- Source: Vroozii. From the Back-End to the Front-End of Catalog Management on Different Devices and Form Factors → “Plumbing Meets Faucets”

## Overcoming Catalog Management Hurdles

One of the main set of issues in catalog content management today revolves around data quality and structure including the management of accurate spend categories and classification, suppliers IDs, unit of measure and currency codes. SmartOCI tackles these issues on a foundational level with pre-configured templates that work as an engine to map existing companies codes with supplier and distributor coding (e.g., Staples, Grainger, etc.).

Such a mapping structure is essential for implementing any catalog management solution and avoiding any data issues when transferring content from a marketplace (smartOCI) to the ERP system and without custom coding activities that require significant maintenance to keep current.

Another challenge we often see with the management of catalog data is the onboarding of small suppliers into a procurement environment. Vroozi has given a lot of clever thought to supplier self-service for loading content in a manner that essentially makes smartOCI a private procurement marketplace where suppliers are invited to load their content directly. It is important to note that smartOCI catalog content is linked to a contract and/or approval process before publishing to enable compliance.

The interface is clever and stands out – the smartOCI approval and publishing process uses a drag and drop interface, which includes catalog workflows and email notifications. The proprietary process enables catalogs in 3 different states: working, approve and live. It's practical and easy to follow (and I say this having implemented Ariba and other catalog management systems in the past).

SmartOCI pricing is straightforward and based on newer commercial models vs. the old software paradigm. Pricing is based on a “set-up fee,” a “user-based annual fee” and a “storage annual fee,” the latter of which is based on a number of items. For large deployments, Spend Matters recommends that users negotiate caps or significantly sliding scales as numbers hit certain thresholds.

## Parting Thoughts

Vroozi smartOCI is fundamentally centered on extending ERP capability and ultimately providing an Amazon-like experience for shopping. For companies that have invested in an ERP system and do not want to buy an e-procurement or P2P solution (for whatever reason), it is a logical short-list candidate to include. No doubt, there are some opportunities areas for smartOCI to extend its capability into new areas, such as offering broader analytics and visibility (e.g., SKU price purchasing trending and variance).

But expansion areas and related breadth quibbles aside, Vroozi's smartOCI is one of the few North American-centric approaches to ERP procurement enablement and catalog management that we've seen. Our “gut” suggests it is likely to be more appealing than the European providers for US- and Canadian-based procurement organizations looking to extend ERP procurement (but of course, in the US, specialized P2P tools such as Coupa and Ariba are winning the day, versus firms wanting to extend ERP through catalog management centric approaches).

Perhaps the more interesting global question is how, compared with jCatalog, WALLMEDIEN and Simeno, Vroozi's smartOCI will stack up to Latin American and Asian requirements for ERP procurement extensions, which are yet to be fully defined. The emerging market battleground will be interesting to watch here, especially as Oracle combines its own native capabilities with broader shopping, enablement, search and content management capabilities from Endeca (Oracle native), Vinimaya and Transcepta as well.

Vroozi has more up it sleeve, too, centered on delivering a complete mobile-centric e-procurement solution in 2015 that leverages smartOCI at the core.