Realizing the full benefits of today’s global B2B marketplace demands flexibility, responsiveness, and innovation. Yet most organizations struggle to achieve the core technical infrastructure, operational expertise, and foresight necessary to truly maximize their B2B e-commerce potential. More and more organizations are turning to B2B managed services as a method of attaining their supply chain goals.
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Executive Summary

The ability to maintain a competitive edge in today’s marketplace is often driven by a company’s ability to match IT capabilities with its business strategy and processes.

The potential benefits of B2B e-commerce solutions to increase the speed, accuracy, and flexibility of operations and improve visibility in the supply chain are well known, but many companies struggle to achieve them. They find it hard to roll solutions out beyond a few key business partners, can’t keep pace with changing standards and technologies, suffer from a lack of technical expertise and local support in the various countries in which they trade.

B2B managed services is a business-to-business (B2B) outsourcing service that manages your daily B2B integration operations. The managed services provider provides the expertise, technical infrastructure, and program and process support to deliver a B2B electronic commerce solution that meets your company’s current and future needs—one that will enable you to interact more effectively with your business partners and achieve your business objectives.

B2B managed services can help your business benefit from enhanced agility, increased speed, reduced risk, and improved ROI, ultimately ensuring that the benefits of B2B e-commerce solutions reach your bottom line. Partnering with the right B2B managed services provider will enable your B2B e-commerce solutions to open up opportunities for you.

This white paper shows how B2B managed services can improve the capabilities of your business, and explores the issues you should consider when selecting a B2B managed services provider. In making that choice, you need to consider more than the technology offered by managed services providers but also their process and people capabilities. This white paper helps you ask the right questions and understand the answers.
What is B2B Managed Services?

As companies face a wider range of requirements from business partners, operating a global supply-and-demand chain is becoming increasingly complex. Companies find themselves working with suppliers and customers in new geographies, and must react to greater diversity in operational and technical capabilities in their business partner communities. Your company’s ability to manage and benefit from the complexities of today’s value chains will be a critical factor in its success. However, achieving critical business objectives can be difficult enough without the constant concern of configuring, monitoring and managing your B2B e-commerce systems.

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An effective B2B managed services solution should provide:

- **Technology:** the comprehensive *infrastructure* needed to exchange B2B transactions with partners, translate business documents between any of the multiplicity of B2B e-commerce standards now in use, and provide reporting and visibility into B2B transactions and processes. This infrastructure should include:
  - A global B2B infrastructure that spans every major economic region in the world
  - On-demand B2B data translation and delivery
  - B2B business process management and activity monitoring

- **Processes:** best-practice *processes* for implementing or extending the use of B2B e-commerce in your organization, managing your B2B program on an ongoing basis, and quickly and easily bringing new business partners into your B2B network. The processes should include:
  - B2B business process expertise
  - Rapid solution implementation and short time-to-value
  - Global trading community management

- **People:** skilled *people* with both technical and business expertise who can support and deliver a B2B program that meets your current and future business objectives. This includes:
  - Experienced B2B project managers dedicated to your B2B program
  - B2B technology and standards experts
  - 24x7 local-language support

Over 60% of companies have outsourced some part of their supply chain operations, either globally or domestically. This figure includes B2B e-commerce solutions, which the Yankee Group¹ has identified as an ideal process for managed services in the supply chain because of the extremely complex combination of technology, people, and process required to execute a successful global B2B program. Not only has the number and complexity of B2B standards, protocols, and technologies increased, but the need to coordinate cross-enterprise business transactions and processes adds additional layers of complexity, including time, language, legal, currency, and customs differences.

¹ B2B Managed Services Help Companies Expand Footprints and Trading Networks, Yankee Group Decision Note Trend Analysis
Moreover, although B2B e-commerce is a strategic function touching many areas of the business—from procurement to order processing through to delivery and payment—the steps involved in sharing data are similar no matter which area of the business you want to enable with B2B e-commerce. They can also be clearly identified and managed as a service to users within the business. Leveraging a managed services solution usually offers a lower-risk approach, while providing the resources and skills needed to deploy B2B solutions that many organizations can’t justify employing in-house.

In addition, while many companies trade internationally, few have local operations in all the countries where they have business partners, making it hard for them to support business partners in those territories. A global B2B supplier can provide support in areas where a company lacks reach. For many companies, the question they need to ask themselves is not should we outsource our B2B operations, but can we afford not to?

The Business Case for B2B Managed Services

The benefits that can be achieved from B2B e-commerce solutions are well known. They include cost efficiencies, coupled with improved quality for products and services; greater visibility into every part of the supply chain with minimal effort; and streamlining of the supply chain by cutting out unnecessary delays. With improved access to demand and forecasting data, business partners can hold optimal levels of stock while still improving on-time delivery metrics.

By providing the right information quickly, without error, and without the need to re-key data into your own systems before it can be processed, you spend less time on sorting out incorrect transactions, and can redeploy staff to tasks that differentiate your business in your market. With the help of B2B e-commerce solutions, your business can become more agile—able to grow rapidly without back-office operations becoming a bottleneck, and able to change processes easily and quickly to meet new customer demands.

History shows that many companies struggle to achieve these benefits. Many have automated B2B processes with a few key business partners, but have difficulty in rolling the same solutions out to a critical mass of suppliers or customers. That means they are still stuck conducting business through manual processes, by phone, fax, or email. Continuing to work with these business partners in this way not only reduces business process visibility, data integrity and traceability, but also adds significant costs and complexity.

Even where companies have automated B2B processes, they struggle to handle the proliferation of B2B technical standards used in B2B e-commerce, with partners using different standards or different versions of the same standard. The problem is particularly acute for companies with global supply chains—and therefore diverse partners—and those who provide products to multiple industry sectors, each of which may have its own set of industry-specific standards. Companies with global supply chains trading with partners in different countries will need to support different local regulations and laws, communicate in multiple languages, and handle cross-border issues such as providing appropriate customs documentation.

B2B managed services helps companies handle the issues that prevent them from benefiting from B2B e-commerce in several ways.
B2B managed services enhances agility by:

- **Shielding you from complexity**—The technical infrastructure of your supply chain will be changing on a regular basis as standards constantly evolve, business partners refresh their technology according to their own schedules, your business wins new customers, and you work with new suppliers. B2B managed services insulates your company from ongoing technical complexity by placing the responsibility for supporting a multiplicity of standards and translating between them in the hands of the managed services provider.

- **Extending your IT department**—B2B managed services immediately extends the capabilities of the IT department, especially in small- and medium-sized enterprises that simply cannot afford the overhead of a dedicated B2B support team. Your in-house staff is also freed to focus on activities that deliver unique value and competitive advantage to your company, without being distracted by maintaining technologies that are complex but not distinctive.

B2B managed services increases speed through:

- **Delivering rapid implementation**—B2B managed services enables rapid rollout of your B2B solution, whether you want to extend it to more of your existing business partners, take on new customers or suppliers, or expand into new geographies. A managed services provider should already offer support for whatever B2B and transport protocols your partner wants to use, as well as local language skills, and support for country or industry-specific documents such as customs or hazardous materials declarations.

- **Supporting accelerated growth**—Companies that are able to meet new market opportunities or quickly respond to supply chain disruptions are likely to outperform their competition. To do this requires a highly available, flexible, and global B2B infrastructure that can support mission-critical B2B processes, robust processes that have been proven over the long term, combined with a global support organization to provide B2B technical and business expertise. Analysis repeatedly shows that the lack of such expertise, in sufficient quantities, on a global basis is a major barrier to deploying B2B solutions rapidly or making the most of them once they're in place. A B2B managed services provider can offer dedicated community management services to help onboard and manage your business partners quickly and smoothly.

B2B managed services reduces risk in the form of:

- **Lowering the investment risk**—B2B managed services ensures that the cost of a B2B e-commerce solution becomes a predictable expense, through monthly subscription fees that are usually clearly linked to the volume of transactions being processed or network capacity used.

- **Better future-proofing of your B2B solution**—B2B managed services providers are committed to continually improving the B2B capabilities and service levels they offer. This usually far exceeds any commitment achieved and maintained internally.

B2B managed services enhances ROI through:

- **Minimizing upfront investment**—B2B managed services allows you to leverage the existing infrastructure of the B2B managed services provider with minimal capital investment in technology or new staff and skills when developing or expanding your B2B capability. Leveraging that existing infrastructure also delivers the bottom-line benefits of your B2B program—such as savings on transaction handling costs and fewer errors in transactions—within months rather than years.
Lowering the Total Cost of Ownership (TCO)—B2B managed services reduces the TCO of your B2B solution. Because the technical infrastructure and expensive skills are leveraged across many customers, a managed services provider can deliver a B2B solution at lower cost than is possible in-house. According to a recent report issued by Stanford University’s Global Supply Chain Management Forum titled, “B2B Managed Services, Business Value and Adoption Trends,” 96% of companies surveyed reported that B2B managed services increased the value of their B2B integration programs. Furthermore, for 47% of these companies, the increased value was accompanied by a decrease in costs.²

There is no doubt that, together, the benefits of B2B managed services can make a powerful difference to your bottom line and your competitiveness.

Customer Case Studies

Dawn Haymond is the Manager, Solution Architect for Global IT at Roche® Diagnostics, a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. A forward-thinker focused on making IT-related decisions that result in the most value for the company, Dawn was confident that a managed services model was right for Roche. She believed it would reduce costs by at least 10% and decrease the number of full-time employees (FTEs) required for Roche’s B2B operations support. Dawn implemented OpenText™ Managed Services, formerly GXS Managed Services, at Roche Diagnostics’ North American location. To date, a reduction of more than 10% in costs and FTEs has already been realized. Roche Europe is currently implementing managed services and Dawn is taking the managed services success story to all of Roche’s locations and divisions across the globe.

Renato Occhiuto is an IT manager for the Brazil operations of Whirlpool®, the world’s leading manufacturer of major home appliances, with 65 manufacturing and technology research centers around the world. With an extensive knowledge of the B2B operations and requirements at Whirlpool, Renato has worked collaboratively with the business to continually improve B2B integration between Whirlpool and its partners. As EDI volumes grew on the Whirlpool B2B integration platform, Renato realized that the company needed a more scalable platform in the near future. He then initiated discussions with his internal team, conducted a detailed analysis of future business requirements and evaluated potential technology options with vendors. Using managed services, Renato was able to scale Whirlpool’s B2B integration program to support the needs of the growing Brazilian market and the increased complexity of its supply chain.

Selecting a B2B Managed Services Provider

Selecting a B2B managed services provider is a strategic decision that will have a profound impact on your ability to deliver successfully on your business objectives. In making that choice, you need to ask questions not just about the technology offered by the provider but its processes and people. The key to deploying B2B solutions is flexibility and inclusivity. B2B projects struggle to take off when you or your business partners fail to automate B2B transactions because of the technical limitations on one side or the other. You may lose potentially lucrative customers or feel forced to abandon good suppliers if it’s too hard to automate critical B2B processes. A B2B managed services provider should provide a range of options for a wide variety of business partners that opens up opportunities for you, not close them down.

When it comes to **technology**, you should look for a provider with:

- **A global infrastructure.** Few companies transact only with business partners in their own country or region. Working with a B2B managed services provider with a global presence will not only ensure you can communicate with your current business partners but make it easier for you to exploit new geographies or industry sectors when seeking new suppliers or customers.

- Support for a broad range of B2B translation and communication standards. Again, this will help you connect more quickly to business partners, and seek out new partners without having to worry about technical limitations.

- Support for a broad range of integration mechanisms—web forms, integration to accounting or ERP packages and direct connections. This will help you bring a wider range of partners into your electronic trading network. For example, web-based solutions enable you to share data with smaller partners or those in emerging markets where the level of technological development is minimal.

- The ability to deliver **every application** in the process, including translation as well as transmission of data. Providers should be able to offer flexible and customized services that mesh with your existing investments in B2B e-commerce rather than replacing them, and that also offer the same degree of flexibility to your business partners.

When it comes to **process**, you should look for a provider with:

- **Full B2B program management** covering both technical implementation and ongoing maintenance. Two things are certain about your B2B solution—it will be technically complex and it will be constantly changing as standards evolve and your myriads of business partners change their systems. You need a provider who has strong processes for installing, rolling out and testing solutions, and managing the introduction of new elements into the solution.

- Ongoing **monitoring and reporting** for both specific events and overall performance. A basic B2B solution will guarantee that transactions happen once and once only, and will provide exception reporting for problem transactions, but a B2B managed services provider should be able to offer much more in the way of audit and analysis. For instance, your outsourcer can help you gather and analyze information on the performance of business partners in terms of criteria that are important to you such as—speed of response, performance against delivery targets for suppliers, speed of payment for customers, and other measures.

- Support of **community management** activities such as business partner onboarding, synchronization of product data, synchronization of inventory information, and access to product catalogs.

- **Flexibility** to allow you to outsource as much or as little of your B2B solution as you want, and enable you to take it back in-house if subsequently required.

Finally, you need a provider with the right **people** to enhance your B2B capability. Look for a provider with:

- Technical expertise to manage a complex technical solution and ensure it delivers robustly and securely to a service-level agreement that meets your business needs.

- Business process design expertise to ensure they implement robust, efficient processes to communicate with business partners, and help you streamline your internal processes to achieve maximum benefit from your B2B solution.

- Community management expertise, to help onboard new business partners and to negotiate and develop agreed-upon protocols and processes, and to manage change within your existing business partner community.
• 24x7 support in the native language(s) for you and your business partners
• Change management expertise to deal with the constant evolution of technology, data exchange standards and turnover in your business partner community

Summary

B2B managed services:
• **Combines** technology, process and people to deliver robust B2B e-commerce solutions
• **Tackles** the issues that prevent companies from achieving the benefits of B2B e-commerce—business partner enablement, constantly evolving technology and standards, lack of expertise, and local support for business partners
• **Delivers**
  • Enhanced agility by shielding you from complexity and extending the capabilities of your IT department
  • Increased speed by delivering rapid implementation and supporting accelerated growth
  • Reduced investment risk and better future-proofing of your B2B solution
  • Enhanced ROI by minimizing up-front investment and lowering the total cost of ownership
• **Should** be provided by a provider who has
  • The right technology—a global infrastructure, support for a broad range of translation and communication standards, comprehensive integration capabilities, and the ability to deliver every application in the process
  • The right processes—full B2B program management, ongoing monitoring and reporting, community management and flexibility
  • The right people—24x7 native language support for all your business partners, and expertise in change management, business process design and community management as well as technical skills
Moving Forward with B2B Managed Services

GXS, a wholly owned subsidiary of Open Text Corporation, is a leading B2B integration services provider and operates the world’s largest integration cloud, OpenText Trading Grid. GXS products and services are now a part of the OpenText Information Exchange Suite, which delivers a comprehensive, integrated suite of products that accelerate time to transaction. The Suite includes messaging and B2B Integration services such as secure mail, large file transfer, fax, EDI, and notifications, enabling any-to-any transactions. Available via Cloud or on premises, Information Exchange Suite enables businesses to accelerate and control how information is delivered, increasing the security and reliability of sensitive or complex communications.

We have extensive experience in implementing and operating the infrastructure that enables our clients to communicate more effectively with their business partners. We operate in 20 countries with customers in 59 countries, and have more than 45 years’ experience supporting B2B operations. Our products and services support more than 600,000 business partners and we process 16 billion electronic transactions each year. When it comes to B2B managed services, no one has more experience than GXS and OpenText.

More Educational Resources for B2B Managed Services

To learn more about B2B managed services:

- Check out the managed services websites:
  - In North America, go to: www.b2bmanagedservices.com
  - In Europe, go to: www.b2boutsourcing.co.uk

- Read the report by Stanford University’s Global Supply Chain Management Forum titled, “B2B Managed Services, Business Value and Adoption Trends.”
  http://www.gxs.com/resources/research/stanford_research_study

- Listen to the webinar: B2B Managed Services: What is It and Why You Should Know
  http://www.gxs.com/resources/webinars/b2b-managed-services-what-is-it-and-why-you-should-know

- Download a B2B Managed Services Vendor Selection Checklist: 
  http://www.gxs.com/what_is_new/new-checklist-app-for-%20selecting-a-b2b-managed-services-provider

About OpenText

OpenText provides Enterprise Information Management software that enables companies of all sizes and industries to manage, secure and leverage their unstructured business information, either in their data or in the cloud. Over 50,000 companies already use OpenText solutions to unleash the power of their information. To learn more about OpenText (NASDAQ: OTEX; TSX: OTO), please visit www.opentext.com.