

ERP Firewall

An Interview with Pradheep Sampath—Originally Recorded on Trading Grid Radio

Steve Keifer: Welcome to Trading Grid Radio. My name is Steve Keifer and I am your host for the program. Today we are excited to welcome back a repeat guest on our program, Mr. Pradheep Sampath. Pradheep is the Director of Product Management for the Active Applications Suite at GXS. Welcome back, Pradheep.

Pradheep Sampath: Thank you, Steve. It's great to be back on Trading Grid Radio.

Steve Keifer: So, Pradheep, this month we are doing a series of special interviews on the subject of ERP Projects in B2B integration and specifically wanted to get your take on this concept of an ERP Firewall that I know a number of people at GXS have been talking about. So maybe you could start off by just telling us what is an ERP Firewall and, if I'm the manufacturing company, why do I need one?

Pradheep Sampath: Sure, I would describe an ERP Firewall as an infrastructure that either allows, prevents, or even goes so far as to take corrective action to B2B transactions that are exchanged between an organization's ERP system or its supply chain management applications and its external trading partners. Why do manufacturers need one? Numerous studies have indicated that even as much as a third of all the data that traditional ERP application modules like materials management or sales and distribution data create or consume come from sources outside an organization's corporate boundaries. And this percentage can be even higher for supply chain applications like transportation management or WMS/warehouse management systems, and so it's important. Manufacturing companies have to deal with hundreds, if not thousands, of contract manufacturers, logistics companies, suppliers and customers and so the role that an infrastructure like a data quality firewall can play can not be overstated, Steve.

Steve Keifer: Okay, so it's about data not originating from end users within the company, but actually from their trading partners. And I think I heard you say that a third of the data in an ERP comes from outside the Firewall.

Pradheep Sampath: Yeah, that's what numerous studies have indicated.

Steve Keifer: Very interesting, but it makes sense when I think about some of the big manufacturing OEMs that have outsourced a lot of their logistics or even their production to contract manufacturers. So most of these companies have an SAP or an Oracle or an ERP system. So you're saying that those systems don't have the ability to ensure data quality? I've heard all this talk about master data management from those vendors; I thought that was part of what this was solving.

Pradheep Sampath: Well, all the ERP companies have recognized the importance of data quality and they've made significant investments in this area. But I'd say they've focused primarily on ensuring the quality of static data, or in other words, data that has been obtained from many disparate sources within a company's infrastructure and less so on transactional data which are typically exchanged on a daily basis with a company's external trading partners. So master data management is purely an initiative that is focused on helping a company get a better handle on cleaner data that's more accurate and has been compiled across multiple internal data sources. So they've made significant strides in this area, but there's still a lot of room for a B2B integration to play in intercepting and intermediating with helping clean and provide accuracy of ongoing transactional data.

Steve Keifer:

Yeah, and it's not surprising given the fact that most of the ERP vendors have always struggled with B2B integration. It's never really been a strong point of theirs, so it's not surprising to hear you say that. So in terms of an ERP Firewall, can you give us a practical example, is there perhaps a client of GXS or a case study that you could reference and explain how they're using an ERP firewall today and maybe some of the benefits or ROI that they received.

Pradheep Sampath:

Yeah, a company which comes to mind is a leading specialty chemicals manufacturer and they've got extensive manufacturing and distribution operations in North America and Asia and in Europe. Now they've rolled out a very impressive single global SAP instance, but despite that they've suffered from over thirty percent of all their inbound invoices from their suppliers failing within SAP, and then requiring manual intervention. So we worked with this specialty chemicals manufacturer to put in place an invoice firewall solution on the GXS Trading Grid, which went on to ensure that suppliers could only submit invoices that would completely be in line with the business rules that are defined within SAP. And as a result of that, they saw a dramatic improvement in the invoice failure rate, reducing from thirty percent like I said a moment ago, to less than one percent. And that clearly shows how an invoice firewall, or an ERP firewall, which sits on a B2B platform like GXS, can help save an ERP system from bad data being presented to it.

Steve Keifer:

Yeah, I mean well these are some pretty big numbers you've been throwing out here—a third of all data in ERP systems. And that case study was pretty compelling going from thirty percent to one percent failure rates. With the kinds of millions or tens of millions of dollars these companies are spending on ERP systems, this sounds like something that would be a worthwhile investment.

Pradheep Sampath:

For sure.

Steve Keifer:

Okay, well Pradheep, unfortunately we are out of time for this edition of Trading Grid Radio (<http://www.gxs.com/tradinggridradio>), but I want to thank you so much again for coming on the program and we look forward to having you back again in the near future.

Pradheep Sampath:

Thank you, Steve.

**About GXS**

GXS is a leading global provider of B2B e-commerce solutions that simplify and enhance business process integration and collaboration among trading partners. Organizations worldwide, including more than 70 percent of the Fortune 500, leverage the on-demand services on GXS Trading Grid® to extend supply chain networks, optimize product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility. GXS Managed Services, GXS' B2B outsourcing solution, empowers customers with the expertise, technical infrastructure and program support to conduct B2B e-commerce with trading partners globally. Based in Gaithersburg, Md., GXS has an extensive global network and has local offices in the Americas, Europe and Asia-Pacific regions. GXS can be found on the Web at www.gxs.com.

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