Activity 2.5

What is the difference between separate and aggregated catalogues?
For what types of purchase items are e-catalogues normally used?

E-sourcing and trends

Although there are problems and challenges with sourcing from the e-marketplaces, e-sourcing offers so many advantages that they are here to stay. It is redefining the way firms manage their supply chain. Buyers and sellers located in different countries can now meet electronically any time any place. As depicted in Figure 2.9, it will be the tool that drives supply management into the future, creating values by:

1. Reducing the total cost of ownership.
2. Streamlining the purchasing process.
3. Procurement innovation.

![Figure 2.9 Benefits of e-sourcing](image)

However, as we have discussed earlier on purchasing technologies, the degree of applicability of e-sourcing is not universal for all procurement items. The procurement item’s position in the value chain determines the degree of applicability. The lower the risk impact and the more generic the goods or service is, the more ideal it is for e-sourcing. Figure 2.10 shows the e-sourcing commodity continuum. The generic products and services are easily specified commodities. The complexity increases as we move from left to right on the continuum. We shall look into the procurement item characteristics in more detail in Unit 3.