



Monetize your Punchout

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“ In 2019 electronic sales grew 10.9%. Growing faster still was B2B ecommerce, which grew year over year by 18.2% in 2019 to \$1.3 trillion.”

INTRODUCTION

Distribution industry experts agree that e-commerce is now table stakes for distributors to compete. The onset of the pandemic has driven both distributors and customers online and digital transformation is even more critical for distributor survival. So how do you identify the right digital strategy for your business investment, based on your existing resources, skills, and available capital? One way is to maximize your resources and investments by amplifying your existing e-commerce platform rather than starting from scratch. If you have already invested in punchout to service your larger accounts leverage that capability and investment to drive additional revenue across your customer base. Punchout and its role in e-procurement resonates well with end-customers grappling with spend visibility and adherence to business rules, particularly during these uncertain times. You have a window of opportunity to both help your customer with their challenges while monetizing your punchout investment.

STAND OUT FROM THE PACK

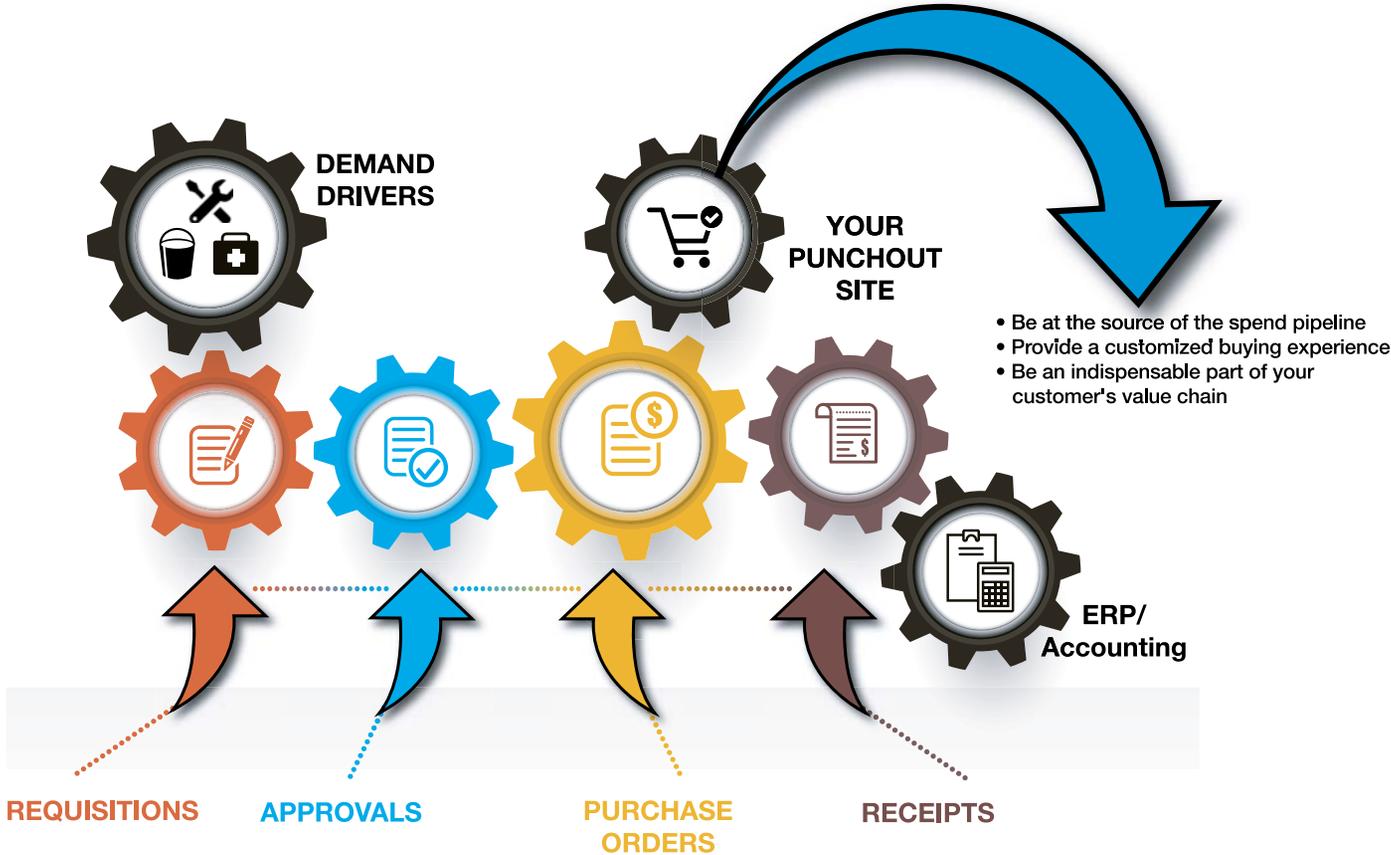
Providing value-add services differentiates your company from a crowded field of MRO distributors. But to be really successful your value-add offering must be different from your competitors. Your competitors, particularly the nationals, have e-commerce sites. Most offer some sort of Vendor Managed Inventory (VMI). Layering e-procurement alongside your VMI program delivers a two-pronged value-add solution to your end-customers. True value-add service is one that solves your customer's problem while favorably positioning your brand with the customer. An e-procurement + VMI solution helps your customer drive efficiencies and productivity by breaking down the barriers between Operations, Procurement and Accounts Payable, throughout the consume > buy > pay journey.



GREATER SHARE OF SPEND + STICKINESS

Now that we've established the value to the end-customer, what's in it for the distributor? First and foremost the point-and-click access that benefits the customer drives spend to the distributor. By having your punchout catalog easily accessible at the source of the spend pipeline you access a larger share of wallet. You are selling the way your customer wants to buy. They are already buying MRO online, so seamlessly leverage your existing punchout investment and make it easy for them to not only shop online but at your site. You will have first-mover opportunity at spot-buys with a branded solution. Spot-buy and secondary spend automation is a win-win for the customer and distributor. You get the sale and the customer realizes control over what are too often maverick purchases.

An e-procurement solution builds stickiness. Using your program solutions for both operations and procurement allows your customers to not only buy what they need but also browse related items, all the while enforcing their business rules. Your solution becomes critical to their operational efficiency and excellence, which in turn locks you in as a supplier.



GROW YOUR CUSTOMERS

A value-add toolkit that combines e-procurement and VMI helps to both win new business and drive more spend to your site with existing customers.

Prospective customers:

- Use your punchout capability to win new business with large customers who have invested in e-procurement solutions such as Ariba or Coupa.
- If you are working with a mid-size prospect who is thinking of e-procurement, you can present a number of options to the prospect. You can integrate your punchout with their chosen standalone e-procurement system or you can offer an economical e-procurement + VMI bundle that can meet not only procurement but operational needs.

Existing customers:

- Offer them a value-add service that helps them manage spend beyond inventory control and includes purchasing control. An embedded solution that unifies the Operations, Procurement, Accounts Payable silos with a single work flow simplifies their reporting and their end-user experience.

Customer retention during these days of supply chain instability is critical. Approaching your existing customers further develops the relationship and demonstrates empathy for both their business and pain points. You have an existing trusted relationship and offering them a value-add solution shows you're there to support them for the long haul.



ENHANCE YOUR PUNCHOUT ROI

If you already have punchout then you want to leverage the sunk cost with a value-add offering. You have already paid for the punchout implementation and even if you have a monthly fee per e-procurement connection, that is a nominal fee compared to the revenue it will drive. By adding more connections, you are spreading the cost of the initial implementation across more customers. If you don't have punchout, build your business case with bundled e-procurement.

To build your e-procurement + VMI value-add program, continue to leverage the cloud.

- Cloud software means minimal capital, incurring costs only when the customer is set up in your program.
- Software that has a fixed cost rather than a per user cost helps you build a predictable financial model. Your financial model can have the customer pay for the cost of the software as part of the e-procurement + VMI program. As an added incentive to drive wallet spend to you, consider a rebate on software licensing based on sales or orders.
- Think about ERP integration. On your side, if you built connectivity to your ERP when you built your e-commerce/punchout solution, then that's another sunk cost you should be leveraging through this offering. On your customer side, they will be looking to link any procurement system to their A/P process so ensure any solution you offer can be integrated with their ERP, enhancing the overall value proposition.



A TRUE WIN-WIN

True value-add services solve your customer's problem, not yours. But why not solve both, given you both want to manage spend efficiently? As a distributor, further monetizing an existing investment in e-commerce and punchout makes sense. For your customer, providing an economical solution that helps them achieve convenience, efficiency and spend visibility drives real value to their bottom line. And having an engaged and committed customer ultimately brings you a larger share of wallet, resulting in a true win-win solution.

About Tofino

Tofino was founded in 2008 on the belief that fully integrated intuitive e-commerce capabilities embedded with inventory and maintenance management creates value for each participant in the supply chain. Tofino's fully integrated software suite is feature-rich while providing the option and flexibility to easily integrate with existing ERPs to ensure all data is available for financial reporting and analytics. Tofino's flexibility means customers can continue using their existing CMMS and integrate with Tofino's e-procurement capabilities. Our distribution partners have achieved stickiness and grown their wallet share while delivering a user-friendly digital experience that helps the customer drive efficiencies and savings. We understand that to accelerate adoption, buy-in, and ROI, new software should be complementary with existing solutions—evolutionary, not revolutionary.

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