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In-House vs. Outsourced B2B Commerce Integration:

Evaluating Return on Investment

Introduction

B2B commerce integration, which in simplest terms is connecting buyer and supplier systems through the entire purchase process, has become an essential tool for companies looking to streamline purchasing processes and grow revenue through their eCommerce channel. B2B connected commerce solutions, including PunchOut, PO Automation, and Invoice Automation, allow buyers and suppliers to transact seamlessly and automate processes, freeing up teams to focus on other value-added initiatives.

However, when it comes to implementing eProcurement integrations, companies must decide whether to build in-house or outsource the task to a purpose-built platform backed by an expert team. Both options have pros and cons, and in this article, we will explore which option provides the highest return on your investment.

Understanding the Full Scope of B2B Connected Commerce

There are two phases in the B2B purchasing process: shopping and ordering/invoicing.

Within B2B transactions, buyers commonly begin the shopping experience in their internal eProcurement or spend management system. They authenticate into their supplier's eCommerce platform, browse the available inventory, and ultimately create an order/cart. Rather than "checking out" on the site like in a consumer transaction, the cart is returned to the spend management system for processing and approval. This process is called a **PunchOut**.

The second phase, which includes submitting the order and paying the final invoice, is as follows. Once the purchase is approved in the buyer's spend management system, a purchase order is created and sent to the supplier's eCommerce, OMS or ERP system. The flow is then reversed, where the supplier sends an invoice to the buyer for payment. The integration here automates and validates these documents electronically, opposed to a traditional method involving email, fax and other manual processes.

As evidenced above, there are many steps - and opportunities for failure - within the B2B transaction process.

It is common for companies to assume they have the IT resources and expertise in-house to manage eProcurement integrations and successfully implement B2B connected commerce. While it may seem like a cost-effective solution that provides the most control, the task can quickly become expensive, overwhelming, and difficult to maintain and scale long-term. Companies that manage these integrations in-house may not fully understand the technical burden and maintenance required to facilitate seamless and efficient transactions. Furthermore, they may not appreciate the importance of future scalability and ease of trading partner onboarding.

The reality is that eProcurement integrations require specialized technical expertise. Managing them in-house may result in delays and errors that can significantly impact a company's bottom line. Partnering with a specialized software company can help companies avoid these pitfalls, freeing up resources to focus on other strategic initiatives while ensuring seamless and efficient transactions with trading partners.
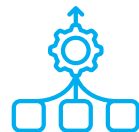
Reduce costs & errors with automation

Improve internal compliance within the procure-to-pay process

Improve visibility & ease of purchasing

Consolidate spend & enhance negotiation power

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Before a company decides to embark on the journey to B2B connected commerce, it's important to evaluate four key considerations: resources, expertise, technology and cost.

Consideration 1: Resource Availability to Build, Support and Maintain Integrations with External Systems

IT teams have a lot on their plate, from developing, operating and maintaining internal systems to fielding employee support tickets and providing technical onboarding. With all their other competing priorities, does the team have the bandwidth to take on the additional workload of building and testing integrations? And even if they can, are they able to do it in a timely manner? In many cases, being "integration ready" can make or break whether or not a company retains existing customers or wins new business.

Further, in-house teams must also be able to handle the ongoing management and maintenance as trading partners update or switch their systems. Buyer systems such as Coupa, SAP Ariba and Jaggaer as well as supplier systems such as Adobe Commerce Cloud, Salesforce and BigCommerce all go through constant upgrade cycles that often break the integration. Considering there are 150+ eProcurement solutions and 75+ eCommerce systems, proactively evaluating and testing compatibility on vendor updates to prevent integration disruption is a hefty undertaking.

Consideration 2: Expertise in B2B Data Protocols and Business Processes

In-house teams must have expertise in 2 dimensions: B2B integration data protocols and business processes. Often, in-house teams have very little visibility or relationship with their trading partners' tech teams, systems and/or data protocol requirements.

A holistic understanding of systems and protocols is absolutely essential in B2B connected commerce. There are very few standards in the B2B integration world, and buyer and supplier systems often don't natively speak the same languages. Companies must be able to transform and translate all key data formats (cXML, JSON, CSV and more) to break down the language barrier between these often disparate systems.

Consideration 3: Platform and Data Insights

A small number of low volume or static integrations can often be supported reasonably well with internal resources. However, larger and higher volume B2B businesses tend to need a platform approach that can provide the following capabilities:

1. Emulation tools to test new integrations quickly and on a self-service basis

2. Monitoring and reporting on trading partner performance to keep track of activity and troubleshoot failures

3. Tools that provide flexibility to adapt to complex business processes such as 3-way matching or data enrichment

4. Data store capabilities that allow users to upload and store data that can be used later to map document data in the required format for internal systems

Consideration 4: Cost

Many full-time employees are required to manage integrations effectively. Hiring new staff can be expensive, particularly talent with specialty skill sets and technical expertise. Factor in the additional costs of recruiting, signing bonuses, and other benefits, and the price to hire employees can multiply quickly.

Turnover rate is another important consideration. If the resource that manages all integrations leaves the company, that complex and intricate workload can unravel quickly if not handled properly. Not only is it expensive to get replacement engineers and developers in place, but it also can cause a costly delay or halt in building integrations - or even worse, a broken connection that interrupts purchases. With these factors in mind, companies must consider whether it would be more cost-effective and provide better business continuity to outsource the work to a specialized software provider.

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Pros and Cons of In-House Builds vs Outsourced Builds

Keeping B2B connected commerce in-house gives companies the freedom to build using proprietary technology, which provides complete ownership and full end-to-end quality control. If a company already has a team in place that can handle these integrations, and they can retain IT knowledge in-house with on-standby resources that are available at any time, building integrations in-house may be a good option.
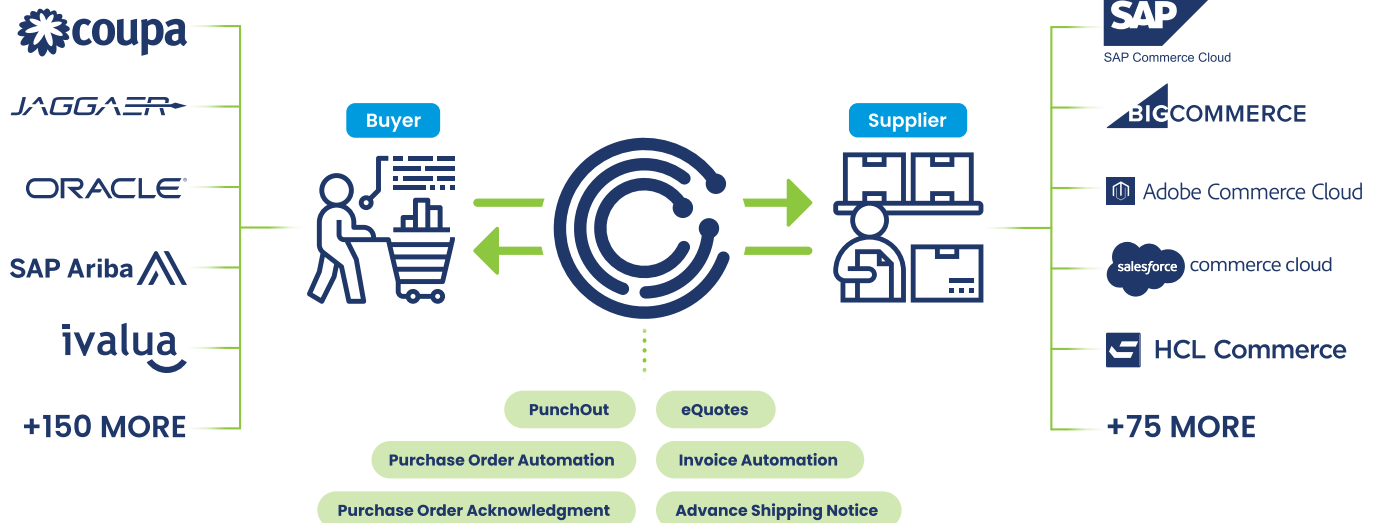
However, building B2B connected commerce in-house requires time and resources to create, manage, and maintain. They may need more technical expertise to complete integrations, which can be much slower due to a lack of pre-built connectors. It is also much harder to scale, requiring companies to stay up-to-date on any changes in connections and make the appropriate adjustments. Additionally, IT resources need to scale internally. These integrations are expensive to maintain, and customer support requires deep knowledge of procurement and eCommerce.

Alternatively, many companies opt to outsource B2B connected commerce to specialized software companies who are devoted solely to building integrations efficiently and have unmatched expertise in the entire procure-to-pay lifecycle. Outsourcing takes the burden off the IT team or whoever owns that process, saving the company money by not having to take technical resources away from more strategic projects. There is no need to disrupt current workflows, and there is no need to hire new specialized technical talent.

Despite its many advantages, there are other factors to consider with outsourcing, such as the possible loss of control and visibility into the integration process. There may be concerns about data security and the risk of vendor lock-in. When evaluating specialized software firms, be sure to ask about their data and security and independent audits.

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Automating B2B trade through a single, seamless integration platform

coupa
JAGGAER
ORACLE
SAP Ariba
ivalua
+150 MORE

Buyer

Supplier

SAP
SAP Commerce Cloud
BIGCOMMERCE
Adobe Commerce Cloud
salesforce commerce cloud
HCL Commerce
+75 MORE

PunchOut
eQuotes
Purchase Order Automation
Invoice Automation
Purchase Order Acknowledgment
Advance Shipping Notice

Evaluating True ROI

Regarding B2B connected commerce integrations, outsourcing to a third-party provider can provide companies with significant short and long-term benefits. Partnering with a true expert in the space allows companies to free up valuable resources that would otherwise be spent building and managing integrations. These resources can then be redirected towards more strategic initiatives, allowing companies to focus on core business operations and driving growth.

In addition to freeing up resources, third-party providers give companies confidence that their connections will be long-lasting, secure and scalable. An experienced provider will have the necessary technical expertise to build and maintain robust integrations that can handle large volumes of transactions, ensuring that suppliers and buyers can transact seamlessly. Furthermore, specialized software companies have a dedicated team solely focused on building integrations quickly. This allows companies to scale their operations as needed without investing in additional internal resources or technology.

Outsourcing also helps companies stay up-to-date on changes in the market and technology. A third-party provider will have partnerships with both eProcurement and eCommerce platforms, allowing them to adapt to new technologies and updates to software quickly. By staying ahead of the curve, companies can future-proof their operations and remain competitive in an ever-changing business landscape.

For the vast majority of companies, outsourced B2B connected commerce provides exponentially more ROI than doing it in-house. Hobson & Company, a leading research firm focused on ROI studies, conducted independent research consisting of in-depth interviews with numerous TradeCentric customers across a variety of industries to explore how connected commerce drives operational efficiencies and revenue growth. Download the white paper to learn more.

By partnering with a true expert in the space, companies can ensure seamless and efficient transactions while freeing up valuable resources to focus on core business operations and driving growth.

Get started

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