



Honeywell

Corporate e-Procurement Project

Honeywell is a diversified technology and manufacturing leader of aerospace products and services; control technologies for buildings, homes and industry; automotive products; power generation systems; specialty chemicals; fibers; plastics and advanced materials.

■ The Vision and the Problem

The Honeywell/ESIS partnership began in 1996 when the former AlliedSignal chose ESIS to streamline its purchasing processes. Prior to their acquisition by Honeywell in 1999, AlliedSignal had undertaken a comprehensive program to improve cash flow and operating margins, to increase productivity, and to position the company as a global competitive force for the years ahead.

As part of that effort, AlliedSignal wanted to be able to communicate with their direct materials suppliers via EDI. They realized that EDI could offer the company significant savings over manual processes. The problem was that the translation software and the technical expertise necessary for suppliers to do EDI made it impossible for most of them to comply.

■ The Solution

At that time, ESIS had just introduced their new web-based EDI product, Harmony Order Management, which allows users to receive documents sent in EDI using a web browser. Since the ESIS solution formats the information and displays it on a secure web page, suppliers do not need translation software or special technical expertise. A majority of AlliedSignal's supplier base elected to use ESIS. Because ESIS was able to demonstrate speed and efficiency, it became AlliedSignal's first choice for any supplier EDI connections.

In the ongoing relationship, ESIS worked to determine the company's business needs and made significant modifications to the ESIS system which allowed for even greater efficiency. ESIS also worked with the company, now Honeywell, to define and create a new component of its services. This new Buyer Module allows Honeywell to handle more of their own business processes using electronic means.

■ The Honeywell E-Procurement Initiative Today

The company's relationship with ESIS was continued and expanded after Honeywell acquired AlliedSignal in 1999. The project is now managed by Paul Bealor, the Electronic Data Interchange Manager in Honeywell's Corporate Information Technology group, under a corporate contract that provides autonomous Honeywell sites with the option of using ESIS services in their purchasing departments.

Today 17 Honeywell sites use ESIS to communicate with 2,000 suppliers, bringing new efficiencies to processes from bidding and procurement to shipping and receiving. Honeywell uses several of the available ESIS documents including purchase orders, change orders, requests for quotes, planning schedules, and inventory advice notifications. Although ERP systems sometimes differ among the participating sites, ESIS and Honeywell have worked together to provide a common format and interface for suppliers and to build on the existing infrastructure to further enhance business processes. ESIS processes 85,000 documents for Honeywell each month.

Honeywell suppliers log onto one secure ESIS web site to receive orders from all their customers. In addition to the web-based solution, ESIS offers suppliers direct delivery options including EDI and XML. ESIS handles all ongoing supplier support and document tracking.

As new Honeywell sites are added, ESIS works with them to document their process flows, create project plans and set up their suppliers. The Honeywell/ESIS partnership allows these business units to implement supplier enablement rapidly while receiving significant savings on ESIS services.

Challenges

- Reduce and eliminate costs associated with manual processing of orders
- Improve buyer productivity
- Empower all suppliers, regardless of size, to receive electronic documents
- Enforce business rules
- Work with disparate ERP/MRP systems
- Provide an easy and rapid way to bring on new Honeywell sites

Solutions

- Outsource SCM function including ongoing supplier support
- Implement ESIS' Harmony Order Management System
- Automate buyer/supplier communication
- Share planning schedules with suppliers
- Automate order status inquiries and advance ship notifications
- Provide ESIS services option to all sites under a corporate agreement

Benefits

- Fax, phone and paper orders eliminated
- All suppliers accommodated
- Data from all ERP/MRP systems accommodated
- Buyer productivity increased
- Redundant data entry eliminated
- Purchasing personnel freed for strategic tasks