



F R O S T & S U L L I V A N

50 Years of Growth, Innovation and Leadership

Frost and Sullivan Case Study Series: MyBiz Solutions Sdn. Bhd.

In collaboration with
Multimedia Development Corporation of Malaysia (MDeC)

This Frost & Sullivan case study features the company profile of MyBiz Solutions Sdn Bhd (MyBiz), and discusses its unique value proposition and service differentiation with respect to the outsourcing industry in Malaysia. MyBiz provides innovative procurement spend management services on the cloud to help businesses control and reduce costs and increase the profit.

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CLIENT SUCCESS STORY

MyBiz Solutions Sdn. Bhd. (MyBiz) implemented strategic sourcing, spend management and Procure-To-Pay at Maybank to tighten its control over its annual procurement spend and provide strategic spend visibility to identify savings opportunities to meet the annual targeted cost savings.

ABOUT MAYBANK

Maybank, a trade name for Malayan Banking Berhad is the largest bank and financial group in Malaysia with significant banking operations in Singapore, Indonesia and the Philippines. The bank has large interests in Islamic banking through Maybank Islamic Berhad and insurance via its Etiqa subsidiary.

Maybank is the largest bank in Malaysia with 431 domestic branches. Maybank is the largest listed company on the Malaysian Stock Exchange, Bursa Malaysia, with a market capitalisation of RM77.6 billion (USD25.4 billion) as at 31 December 2012.



SUMMARY

The strategic procurement team at Maybank, the largest bank in Malaysia, was tasked to transform procurement for Maybank Group through the implementation of a Group-wide eProcurement system. By partnering with MyBiz, Maybank was able to successfully deliver all project outcomes including:

- Project was delivered on time, within 7 months, and on budget, with the system rolled out to over 400 branches nation-wide and more than 1,000 users.
- “No PO (Purchase Order) No Payment” policy was successfully enforced with more than 90% of all purchases against items in authorised catalogues.
- Procurement shared services was set up and able to serve both internal users and external suppliers
- Total Cost of Ownership (TCO) for 1 year was fully recovered from cost savings generated within 6 months of project. TCO for 5 years was fully recovered within 12 months.

BUSINESS CHALLENGE

Maybank needed to consolidate its different procurement systems into a single procurement portal with standardised processes across its business subsidiaries and network of branches across the region. As it grew regionally, the bank understood the importance to automate the enforcement of governance and compliance across all business units and gain detailed visibility into what each operations and branch were spending on.

The bank realized that to gain control of its cost, it needed to have complete control over its spending. This meant standardising the pricing and contracts and, more importantly, to enforce compliance over spend at every level from small operational expenses to large capital expenditure.

SOLUTION PROVIDED

In the current scenario, banks have a strong need for better standardization, management, visibility and accountability for the extended organization. The Spend Analysis, eProcurement and eAuction tools Maybank selected from MyBiz's Business Relationship Network (BRN) product suite mapped role-based workflows, responsibilities, company policies and corporate quality metrics, with user profiles at the central procurement and local business teams.

The Spend Analysis module enabled senior management to make informed and accurate sourcing decisions by allowing them to interactively view operational financial data from a strategic procurement perspective while the eProcurement application addressed the corporate procurement challenges by automating and streamlining the purchasing process to ensure compliance, limit off contract buying and reduce associated operational overheads. The eAuction tool was implemented to gain significant purchase savings.

Working collaboratively with internal stakeholders, the strategic procurement team at Maybank engaged with internal business stakeholders, including the business heads, CFO and CIO to create standardized templates across the procurement process. These processes included creating tender request for proposals (RFPs), vendor evaluation, vendor selection, bid closure, invoicing and payment. Simultaneously, standardized contract terms and responsibilities were put in place for internal users.

The Maybank eProcurement Portal was launched in end-September 2010, with the first eBid event conducted within 30 days of project team mobilization. In seven months, eProcurement went live nationwide. Maybank now transacts in excess of 4,000 electronic purchase orders per month with full control over all purchasing processes from supplier management, sourcing, requisition, order fulfilment, invoice and payment. All suppliers are connected electronically for transparency and collaboration. The entire procurement transaction lifecycle is entirely paperless.

In less than eight months from project start, Maybank implemented Procure-to-Pay, eBidding and Contract Management modules successfully and met all project objectives and go-live dates set by the Project Steering Committee - most spectacularly, the project generated a return on investment to cover the entire costs of the project within one year from the start of the project.



RESULTS AND BENEFITS

Maybank's Strategic Procurement team was able to deliver the business benefits as planned to gain control over its procurement spend, provide detailed spend visibility for informed management decisions, enforce compliance and standardise policies and processes.

Below are the various benefits observed at different levels across the organization:

- Improved management control:** Business leaders are able to gain better visibility and granularity into their budget utilization and ensure high level of compliance to their budget policies. In addition, they are able to access a wider pool of vendors for their requirements at competitive rates. Furthermore, they are better placed to forecast budgets and compare trends (spend analysis) across different items to offer a more qualified view to the management team. Currently, the bank has category classification (IT, marketing and facility) level procurement manual which ensures standardization across different procurement segments.
- Negotiated lower prices under contract:** By implementing a centralized procurement system, Maybank has encouraged its vendors to be competitive. As a result, the bank has observed general savings of 20–25% in contract renewals as well as 10% over the top savings from process efficiencies.
- Enforced requisitions against procurement catalogues:** Maybank now has an extensive catalogue with standardized pricing available to all businesses of the bank. As a result of this, 95% of items in new tenders use the catalogue in the central procurement system which not only makes the bidding process more competitive, but also helps simplify the process of raising a tender or request for quotation (RFQ).
- Standardise strategic sourcing with tools and templates:** With standardization in tender templates, the technical and financial bids are a standard tool within the company which enable easier comparison of multiple bids from different players as well as ensure compliance to corporate policies.
- Enforce compliance to procurement policies and procedures:** Historically at Maybank, GRNs (Goods Receivable Notes) at the branch level witnessed only 30–40% on time resolution. Under the current system, should there be a delay, an alert and reminder will be triggered to ensure compliance. However, should the GRN user fail to clear the GRN, the Purchase Requester is disallowed from raising fresh Purchase Requests (PRs). Enforcing this has led to on-time payment of vendor invoices, which leads to better satisfaction levels in the vendor community.



- **Expanded vendor development program for qualified vendors:** Under the new procurement system e-portal, vendor registration is mandatory. As part of this , Maybank has to upload corporate and financial information which enables credibility checks and only qualified vendors are approved into the Maybank Supplier Registration.

PORTFOLIO OF SERVICES

MyBiz focuses on the integration between people, both staff and customers, and organisations to each other in a term it calls “Business Relationship Network”. The Business Relationship Network (BRN) model developed by MyBiz using its proprietary Covalence technology is capable of capturing the business complexities unique to the traditional off-line business culture.

MyBiz created the BRN Product Solution Suite to allow companies to collaborate and concentrate on what they do best or where they can add value most - to essentially act as their Business Operating System. These solutions can also be integrated to back-end systems such as ERP for end-to-end processing of the procurement and sales cycle.

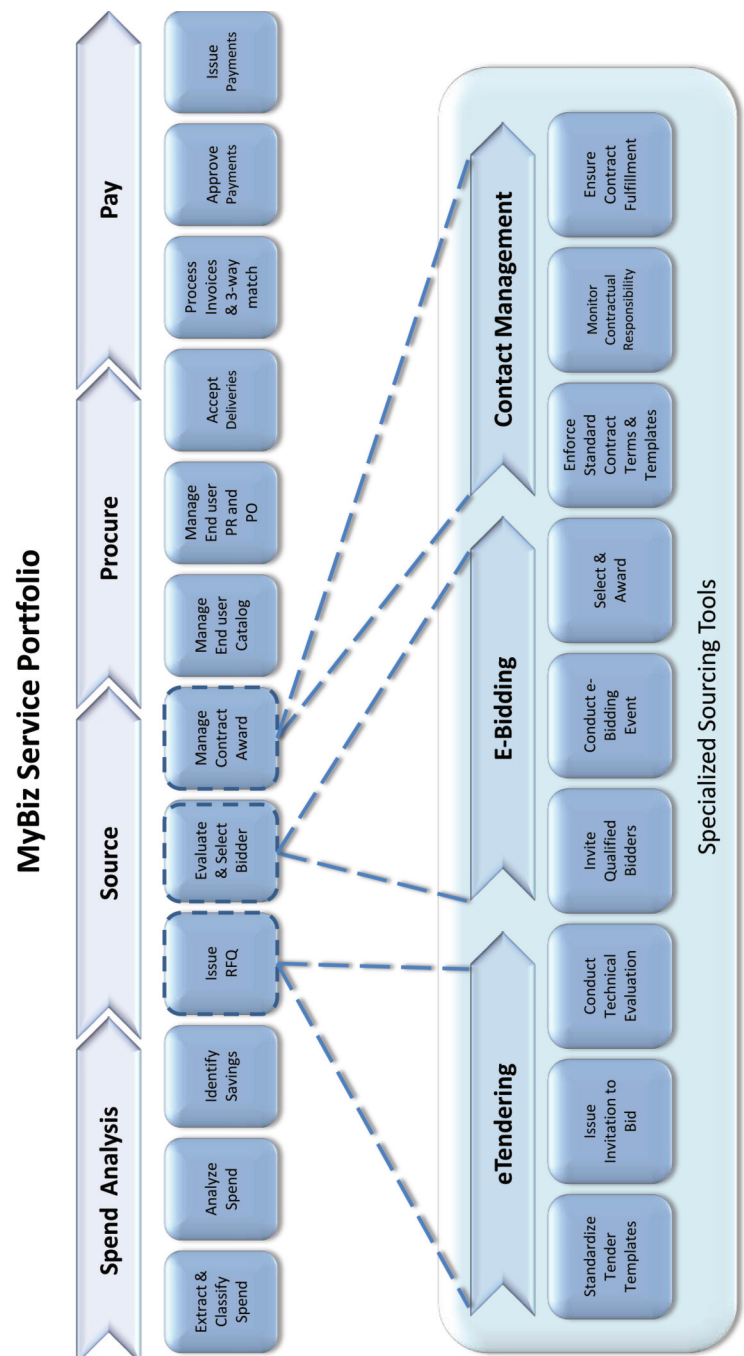
A brief description of its solutions is provided below:

- **MySpendNet:** Allows senior management to make informed and accurate sourcing decisions by allowing them to interactively view operational financial data from a strategic procurement perspective on a real-time basis. It utilises business rules to classify and analyse procurement spend data over and above what is available in established ERP (Enterprise Resource Planning) and legacy systems.. My Spend Net turns spend analysis into a repeatable and automated process to define sourcing strategies, increase spend leverage, and monitor compliance.
- **MyTenderNet:** This is a sophisticated web-based solution designed to cover the entire tendering process from tender specifications right up to tender approval and award. The system’s processes and features are based on Industry Best Practices, including workflow functionality which routes documents to appropriate people or alerts individuals of actions in the system, collaboration facilities enabling several people to work on creating an ITB (Invitation to Bid) document and automated evaluation of tenders and award notification.





- **MyAuctionNet:** This is an end-to-end Electronic Bidding Solution that covers all the steps in the traditional bidding cycle and more. It offers a sophisticated e-Bidding Solution designed to deliver high operating efficiency and significant purchase savings. The system's processes and features are based on Industry Best Practices, and the user interface is designed with many common Windows UI features and elements that are already familiar to most computer savvy users, yet still simple enough for a new user to learn easily. My Auction Net is a web-based solution and is accessible via today's popular Internet browsers - users only need an Internet connection and Internet Explorer to connect to the System.



Source: MyBiz and Frost & Sullivan analysis

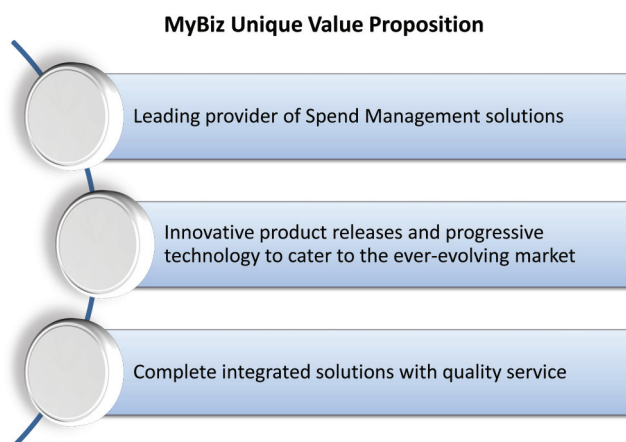
- **MyProcureNet:** Handles both direct and indirect goods and services purchase and addresses the corporate procurement problem by automating and streamlining the purchasing process. It is a web-based solution enabling organisations to reap the benefits of electronic procurement and supports online business transactions including auctioning, supplier management, sourcing, and order fulfilment.
- **MyContractNet:** Solution creates a single repository of contracts, information about projects and performance of vendors and suppliers which is shared across the entire organization, increasing knowledge and reducing usage of ineffective contractors. Early alerts as to due dates, actions to be taken, the amount of claims for delays provides a means by which project delays can be minimised/mitigated, losses due to delays can be claimed or used as bargaining points for other benefits. It can help reduce a company's annual contract management expenses by between 20% to 50%.
- **MyKeyNet:** This solution integrates User Identity Management and Digital Signing of Documents to secure access management and ensure integrity of documents and transactions. Using PKI, My Key Net authenticates the identity of employees, buyers and suppliers, and verifies the integrity of digitally signed documents. My Key Net manages the registration, distribution as well as the management of the individual Buyer and Supplier Identity Keys issued to users of the system. A full audit trail is kept to track all activities conducted online through each module of My Key Net and to provide comprehensive monitoring of online transactions.
- **MySupplyNet:** Synchronises supply chains to provide visibility, assists manufacturers to source more effectively, performs product customisation to meet customers' needs and manages delivery efficiently. It is a merger of My Procure Net and My Sell Net, enabling companies to source from multiple suppliers and then sells to multiple buyers - using technology to match demand and supply minimises the bullwhip effect by creating visibility throughout the supply chain.
- **MySellNet:** is a comprehensive and sophisticated sell channel - a relationship-based online sales solution enabling organisations to reap the benefits from selling online, directly to their distributors or customers. My Sell Net is a multiple buyer, single supplier solution - the mirror image of My Procure Net which addresses the single buyer, multiple supplier purchasing scenarios of large organisations.



FROST AND SULLIVAN COMMENTARY

The solutions provided by MyBiz on procurement spend management services cover all key aspects of the procurement, spending, selling and bidding cycle. Its unique value proposition lies in its visionary management team, best practices in employee management & retention, and in the quality of its solutions for diverse verticals such as banking and oil & gas.

UNIQUE VALUE PROPOSITION



Source: MyBiz and Frost & Sullivan analysis

Malaysian-based MyBiz is the leading provider of Spend Management solutions in this region, offering a myriad of effective cost containment, spends optimisation and automated procurement. It was recognized by Gartner in its recent “Cool Vendors in Business Process Services 2013” report as one of three innovative examples framing the future landscape of business process services solutions to their clients. MyBiz launched a new service line for Managed Services, covering Strategic Sourcing, Spend Management and Requisition-To-Pay. Its own proprietary technology automates the full procurement cycle and streamlines the purchase-to-pay process while providing complete visibility of spend-transaction life cycles. Gartner recognised MyBiz as “the first time any Asian vendor appears in the Gartner Magic Quadrant for Strategic Sourcing Application suite” in its recent publication in July 2013. MyBiz was ranked #1 for Category Management and #2 for Spend Analysis, Business Services and Cloud Operations against all vendors in the MQ Benchmark Report. MyBiz’ score was also rated as best in class for Product/Service in a written detailed commentary.

MyBiz is raising the industry standard in Asia Pacific with new product releases and progressive technology to cater to the ever-evolving market, claims its CEO and Co-Founder Cheong Yuk Wai. “We provide Integrated Spend Management on the Cloud to give clients total control of their spending and it is our aim to partner with visionary business leaders to deliver truly innovative and intuitive software solutions that help manage and control all direct and indirect expenditure,” added Cheong.

MyBiz appeals to most business segments by offering integrated, scalable and cost-effective solutions that are imbued with quality service. In 2010, Microsoft recognised MyBiz as a Top Three Partner of the Year for Independent Software Vendor/Software Solutions globally.



ABOUT MDEC

The Multimedia Development Corporation (MDeC) was incorporated in 1996 to strategically drive the Malaysian Government on legislation, policies and standards for ICT and multimedia operations as well as to oversee the development of the Malaysian Multimedia Super Corridor (now MSC Malaysia). MSC Malaysia became the platform to nurture the growth of Malaysian Small and Medium Enterprises (SMEs) in the IT industry whilst attracting participation from global ICT companies to invest and develop cutting-edge digital and creative solutions in Malaysia.

In 2011, 15 years after the introduction and successful implementation of MSC Malaysia, MDeC's mandate was broadened by the Prime Minister to include driving Malaysia's transition towards a developed digital economy by 2020 through Digital Malaysia. Following this, in 2012, Digital Malaysia was official unveiled as the national transformation programme to achieve this aim.

Founded on three strategic thrusts, Digital Malaysia is a natural progression to harness the building blocks already laid by MSC Malaysia. It will drive wealth creation, stimulate efficiency and enhance quality-of-life by harnessing and building upon Malaysia's varied ICT initiatives, resulting in a nation that connects and empowers government, businesses and citizens through a vibrant and demand-focused digital ecosystem.

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