



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION – SUPPLY CHAIN MANAGEMENT
4TH YEAR 2ND SEMESTER 2016/2017 ACADEMIC YEAR
MAIN CAMPUS

COURSE CODE: ABA 440

COURSE TITLE: E-PROCUREMENT & SUPPLY CHAIN MGT

EXAM VENUE: LR 11

STREAM: (BBA - SCM)

DATE: 22/12/16

EXAM SESSION: 9.00 – 11.00 AM

TIME: 2 HOURS

Instructions:

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

QUESTION ONE-COMPULSORY (30 MARKS)

Read the case below carefully and answer the questions below;

Consolidated Electronic Invoicing at the Australian Bureau of Statistics

The Australian Bureau of Statistics (ABS) used to operate an onsite storage room for their stationery supplies at their head office. This storage room was managed by 2 Full Time Equivalent staff (FTEs) and received multiple paper invoices for individual office supply purchases. When the ABS function moved office locations, they took the opportunity to implement consolidated electronic invoicing and a Vendor Managed Inventory (VMI) system with their stationery supplier. In the new process, stationery cupboards are strategically located throughout the tenancy areas and are stocked with a range of 'standard' (or regular use) items. The level of inventory in the cupboards is monitored and restocked weekly, to pre-determined levels, by the office supplies vendor who is responsible for ensuring sufficient stock is available to meet all normal usage requirements.

The consolidated monthly invoice is e-mailed from the supplier indicating the items restocked in each cupboard and the particular project code for each order of non-standard items. A single point of contact at ABS receives this electronic monthly invoice, reviews it for correctness and uploads it directly into the ABS FMIS system. The result is that each individual project code is charged for the purchased supplies automatically. This process eliminates paper invoices as well as dramatically reducing the number of invoices received for office supplies to one per month. As a single point of contact across all stationery purchases, ABS is able to monitor consumption across all individual cost centres within ABS and communicate to managers if their stationery consumption is exceeding average usage. Due to the success of the combination of the consolidated electronic invoicing and VMI systems, ABS is considering using a similar model for other consumables.

- a) Identify three challenges of e-procurement from the case above. (3 marks)
- b) Identify **five** benefits of e- procurement according to the case above (5 marks)
- c) Describe the steps to follow for effective implementation of e-procurement in an organization. (8 marks)
- d) Explain the advantages of e-procurement over the manual procurement system. (6 marks)
- e) Briefly describe Electronic Data Interchange (EDI). (4 marks)
- f) Explain **two** reasons for the need to legislate the e-procurement process. (4 marks)

QUESTION TWO (20 MARKS)

- a) Identify seven features of ERP and state their benefits in the e- procurement process. (14 marks)
- b) Explain three Security issues related to e-procurement. (6 marks)

QUESTION THREE (20 MARKS)

- a. State four benefits of e procurement to;
 - i) Supplier (4 marks)
 - ii) Buyer (4 marks)
- b. Explain **six** challenges of e-procurement to a supply Chain management process. (12 marks).

QUESTION FOUR (20 MARKS)

- a) The decision to implement E-procurement should be supported by the entire organization. Justify this statement. (10 marks)
- b) Explain **five** issues that should be considered when implementing e-procurement in an organization. (10 marks)

QUESTION FIVE (20 MARKS)

- a. Explain **four** infrastructure considerations for effective implementation of e- procurement in the organization. (8 marks)
- b. Briefly describe the benefits of the following tools used in e-procurement, giving examples in each case.
 - i) electronic planning tools
 - ii) Transactional procurement tools
 - iii) Electronic payment tools (12 marks)