

Vanguard of Third-Generation E-sourcing Software, CombineNet, Inc. is Revolutionizing the Business with Software-as-a-Service (SaaS)-Based Sourcing Products for Global 2000 Firms looking to Drive Significant Bottom-Line and Productivity Savings

**Business Services  
Sourcing Technology**

**CombineNet, Inc.**  
Fifteen 27th Street  
Pittsburgh, PA 15222  
412.471.8200  
www.combinenet.com



**Rich Wilson**  
CEO

**BIO:**

As Chief Executive Officer, Dr. Wilson is responsible for sales, marketing, product strategy, engineering, IT operations, and customer support and service delivery to CombineNet's global clients. He joined CombineNet in 2003 after 20 years in aviation and transportation management, systems development, and consulting. Dr. Wilson established the Operations Research division at US Airways where he pioneered the application of optimization technology to crew scheduling, aircraft routing, and maintenance planning. Later, he led management teams at British Airways and US Airways in developing innovations in customer service and process im-

provements in purchasing, flight operations, and aircraft maintenance. Dr. Wilson also led transportation-consulting engagements for Sabre and Oracle. Since joining CombineNet, he has led numerous advanced sourcing projects, including the largest global airfreight-sourcing event ever conducted. Dr. Wilson graduated with honors from Stanford University and earned M.Phil and Ph.D. degrees in sociology from Yale University.

**About CombineNet, Inc.:**

CombineNet, Inc. delivers award-winning best-in-class e-sourcing software solutions through its products CombineNet ASAP® for advanced e-sourcing, CombineNet Spend Analysis, and CombineNet Contract Management. Using these Software-as-a-Service (SaaS)-based sourcing products, CombineNet customers can rapidly adopt proven solutions for increasing spend under management and improving enterprise spend insights. Now in its twelfth year in business, CombineNet is known for its track record in driving significant bottom-line and productivity savings for its clientele which includes: General Mills, Hershey's, Heinz, Procter & Gamble, Sears, Johnson & Johnson, A.P. Moller-Maersk, Bayer, Coca-Cola, PepsiCo, Reckitt Benckiser, and many more Global 2000 firms.

**Interview conducted by:**  
**Lynn Fosse, Senior Editor**  
**CEOCFO Magazine**

**CEOCFO:** Dr. Wilson, what is CombineNet?

**Dr. Wilson:** CombineNet is a best-of-breed software-as-a-service (SaaS)

company specialized in advanced strategic sourcing. We provide a self-service platform for sourcing professionals, which can be applied to any type of good or service, including direct and indirect materials, transportation, and services. We are best known for our ability to support very complex and very large sourcing events often involving thousands of items, hundreds of suppliers, hundreds of thousands and even millions of supplier proposals. But, our software can be used more routinely for smaller tenders as well and so we are frequently adopted as a supplement to existing first and second generation spend management systems which lack our capabilities.

**CEOCFO:** What makes you best of breed?

**Dr. Wilson:** What makes us best of breed is our ability to provide optimized answers to complex sourcing problems at scale. Our knowledge of certain spend categories, the flexibility of our software platform to adapt to our customers specific requirements, and our focus upon obtaining the most comprehensive and creative, cost-saving supplier proposals make us best-of-breed.

**CEOCFO:** What are you bringing to the table that is unique?

**Dr. Wilson:** Historically, sourcing was a manual, face-to-face data gathering and analysis process, which limited a buyer's reach to a relatively small, nearby supply base. Later, the invention of the internet and the introduction of reverse auctions by Free Markets in the mid nineties expanded the reach but constrained the depth and scope of the data exchange with sup-

pliers, limiting most sourcing events to a price-only exercise. That had the effect of causing many suppliers to refrain from participation because they felt that the higher quality and reliability of their goods and services was not being properly recognized in the competition.

We introduced the notion around the year 2002 of what we call “Expressive Bidding (TM)”. Expressive bidding turns the traditional sourcing and procurement paradigm on its head. In the past suppliers were always asked to provide pricing and bids on the same item so that there could be apple-to-apple comparisons. By contrast, we encourage suppliers to make multiple proposals how they might meet the buyer’s requirements. The result of that is that the buyer then is presented with a multitude of ways in which they might source the goods or services that they are putting out for tender. They require very powerful analytics in order to distil out of a whole range of possibilities what is practical and can be implemented given their business needs. That is where our second differentiating fact comes in, which is our very powerful optimization engine for which we hold 21 patents. We have a unique optimization capability, which enables us to put in the hands of buying teams the ability to posit dozens or hundreds of business rules. Using the optimizer, they can apply a set of rules to bids received again from perhaps dozens or hundreds of suppliers on many thousands of items and find the lowest cost solution that meets their business rules. It does that in a matter of seconds. Consequently, a buying team is able to explore to a degree that is clearly unprecedented the ways that they might do business in the best possible way rather than taking weeks or months to make those decisions. They can explore a great many different possibilities than they ever could before.

**CEOCFO:** What was the most challenging piece to put together for you?

**Dr. Wilson:** The most challenging piece was to take what I just described and make it available to end users in a self-service manner. In the

early years, our company delivered everything with a substantial amount of professional services. It was difficult to create interfaces for end users that were intuitive and make this powerful analytic capability, easy to use. We have been working with that now for over a decade and two years ago began to deliver it in a self-service manner with only a day of training. Our momentum in the market place is a clear indication that we succeeded in doing that and doing it well.

**CEOCFO:** Who is using your services and how do you reach the people that somehow do not know about you?

**Dr. Wilson:** Our mainstay is our Fortune 500 and Global 1000 companies around the world. Our strength is in retail, consumer packaged goods, food and beverage companies, restaurants, manufacturing and transportation. We are used by companies like Proctor & Gamble, Johnson &

**“We are revolutionizing this business. We are the vanguard of third-generation e-sourcing software.”- Rich Wilson**

Johnson, Target, Sears and Wendy’s. We are also used by beer companies such as Miller. We are used by manufacturers such as Owens Corning. We are used by a great diversity of companies but the companies I have listed are those that have typically several very complex categories where they spend hundreds and billions of dollars that are spent globally with a very large supply base. Our software enables them to manage that spend in ways that other sourcing systems and procurement systems do not permit.

**CEOCFO:** When you first approach a company or a company approaches you and you start to tell them about CombineNet, when is the ‘aha’ moment?

**Dr. Wilson:** Often times it is hard to do in words until we show it to them. I think we begin to communicate when we start going through case studies and talk about the experience of some of our customers. One very large conglomerate in Europe has

what we know to be a very typical experience. They were an early adopter of e-sourcing software perhaps five or six years ago. After years of using that software, they had only achieved about 25% or 30% of their total spend under management. When I say spend under management I mean going through the e-sourcing system rather than through more manual and less controlled processes. After the introduction of CombineNet, at this conglomerate one year later the amount of spend, they put through CombineNet doubled with what they had achieved before six years of using a less powerful system. That is the kind of example when you share that with prospective customers. It resonates with them and it tells the CFOs and CPOs that there is something unique about what we offer that they should seriously consider.

**CEOCFO:** How is business these days?

**Dr. Wilson:** It is great! We just came off the strongest fourth quarter in the history of the company. We are growing at a rapid clip. We increased our customer base in 2012 about 45%. We have great momentum going for 2013 and this is going to be a great year for us.

**CEOCFO:** Are there tweaks or features you would like to add?

**Dr. Wilson:** We are public about it. We have a detailed and comprehensive product development plan. We plan about 2.5 years out into the future. We are constantly adding features in order to make the user experience better. One of the things that we always concentrate on is a self-service user experience improvements. We improve our reporting. We try to improve our intuitive capability in terms of our screens. We add new reports and access to data and new data manipulation capabilities as well as new ways to create rules in our scenario on optimization capabilities to enable customers to model unique business rules.

**CEOCFO:** Are there areas geographically where you would like a greater penetration or particular industries?

**Dr. Wilson:** Although we are centered here in North America, about a quarter of our business is in Europe. We have several new customers in Asia. Our multinational countries routinely do work out of places like Shanghai and Singapore. We are accustomed to operating around the globe at this point. Europe remains a strong growth area for us and we would like to continue the momentum that we have developed there in the past two years. I think Asia and Latin America are going to be strong growth areas as well and we welcome that.

**CEO CFO:** Why should the business and investment community pay attention to CombineNet?

**Dr. Wilson:** We are revolutionizing this business. We are the vanguard of third-generation e-sourcing software. The first was the Free Markets from the period of about 1995 through 2003. The second wave with companies like Ariba and Emptoris founded in the early part of this century. Those platforms and the innovations that they introduced which were great in their day are getting stale and dated at this point. The new wave that I think CombineNet represents is a world of supplier collaboration and an ability to do business at a scale that global business demands. That is the difference that we are making for our customers and that is why I think people

can and will be paying attention to us.

**CEO CFO:** What should people remember most when they read about CombineNet?

**Dr. Wilson:** I think they should remember that we are innovators in this space. We continue to deliver more value to our customers. Perhaps above all, when you look at our customer list you cannot help but conclude that if we were not bringing value to customers like these we would not be around long. These are not easy-to-please customers they are demanding and if we were not producing results, we would not have them.

---



# **CombineNet, Inc.**

**Fifteen 27th Street**

**Pittsburgh, PA 15222**

**412.471.8200**

**[www.combine.net](http://www.combine.net)**