

Provide us with your generic product descriptions... and we will return them classified into UNSPSC and/or GPC...

BvW Outsourcing uses a tool called the Intelligent Classifier to transform generic product descriptions into standard classifications such as UNSPSC and GPC

Five Reasons why classifying your product is so important.

"UNSPSC and GPC standards allows companies to consistently classify the products and services they buy and sell"

1 > A standard structure can be used across many industries. It provides a set of guidelines and parameters whereby, when utilised and managed properly, allows an organisation to meaningfully group its products and services, providing a complete picture of its supply base.

2 > Coding your own products and services is adequate to communicate internally (i.e. local communication) but prevents the organisation to efficiently communicate externally (i.e. external communication).

3 > Simple issues such as ordering difficulties, having to use numerous coding structures, incorrect deliveries, difficulty for systems to recognize and exchange data becomes significant in a competitive environment and prevents process alignment.

4 > The acceptance of a common standard will allow your organisation to be much more efficient, increase the productivity of your staff, and dramatically reduce errors.

5 > Classifying your products allow Ordering Process Alignment.

The main benefits of using a standard classification scheme are:

- Purchase Order
- Purchase Order Response
- Cancellation
- Goods Receipt
- Advanced Shipping Notice.
- Data and Spending Analysis
- Supplier Management

"Coding your own product & services... prevents the organisation to efficiently communicate externally"

"The acceptance of standards will allow your organisation to be much more efficient, increase the productivity of your staff, and dramatically reduce errors."

What have been the challenges to implement standard classification?

Whilst everyone raves about the benefits of UNSPSC and GPC and adopting this standard – few actually provide a tool to assist suppliers and customers in moving internal product descriptions to those standards.

Internal codes and generic descriptions can to some extent be classified into UNSPSC and/or GPC but it requires a time consuming manual effort.



"One issue in the implementation of standards is the lack of tools and the manual effort required to code product and services..."

The dilemma is that companies have thousands and thousands of items. The current practice of manually classifying this data is extremely time consuming, requiring internal resources to be allocated into special "Classification" projects for several months. This creates an added burden, something that companies may not always afford.

The cost/benefits alone for a particular company to move from one self-coding system to UNSPSC and/or GPC is in some case not economically viable without committed volume from their third parties or without the further benefits of process alignment and systems alignment.

However, when the time and cost of performing this standard classification is minimized, the benefits to the entire supplier or customer base are significant. Those include:

- Ongoing spend analysis
- More accurate communication with suppliers and customers
- Enable electronic transactions
- Feed into chart of accounts
- Supply chain improvement

How would a typical transformation of your data occur?

Our BvW Outsourcing team uses an application called the Intelligent Classifier (IC) which employs state-of-the-art natural language processing, information retrieval, clustering and machine learning techniques optimized to classify product descriptions into UNSPSC and GPC standards that facilitate the automation of the classification task.

The basic client > BvW Outsourcing is as follow:



Step 1 > A client submits a set of product descriptions (*.txt; *.csv; *.xls) that needs to be classified into UNSPSC and/or GPC standards. Our team, using the IC, pre-processes the descriptions and generates a representative subset.

Step 2 >> The client classifies a small sample (10-15%) of representative product descriptions.

Step 3 >>> Our team uses the IC to automatically train the representative descriptions classified by the user. The IC automatically generates a set of ranked classification options for up to 95%-100% of the rest of the product descriptions.

Step 4 >>>> The user approves or corrects the proposed classification options. IC constantly learns from the user's choices and automatically updates the proposed classification options.

Step 5 >>>>> Our team provides you with a complete classified product description file into the format that you desire. Please note that sometimes the remaining classification may not always possible with the IC due to original cryptic product descriptions.



Case example for the Australian Health Industry (UNSPSC Classification)

"Successful classification... up to 60 times faster than manual methods..."

To prove the IC concept into the Australian Health Industry, we took random suppliers product descriptions that contained 1059 lines. The data contained 20% of "trained data" which had been previously UNSPSC classified manually.

Below are some sample generic descriptions we needed the IC to classify into UNSPSC:

- TUBE, TRACHEOSTOMY, BLUE, CUFFED, 9MM
- TUBING, SURGICAL OXYGEN, 3MM ID, 7.2MM ID
- U DRAPE, IMPERVIOUS SPLIT SHEET

Our application was able to increase the classification speed up to "60 folds" over manual methods.

Original data set

Data classified: 20% trained (217 records out of 1,059)

Manual classification speed: 2-5 minutes per record

Total classification time: 35 hours to 88 hours of uninterrupted time

Results using BvW Intelligent Classifier

Data classified: 88% (934 records out of 1,059)

IC classification speed: 5 seconds per record

Total classification time: 58 minutes

Further classification using BvW Intelligent Classifier

Data classified: 94% (999 records out of 1,059)

IC classification speed: 9 seconds per record

Total classification time for the additional 65 records: 10 minutes

Classification was stopped once cryptic records were identified:

- 20amp 6ka 3p M & G
- COULTER CLENZ
- NEPHROMAX

For cryptic records, the manual classification technique should be used.

Conclusion

BvW Intelligent Classifier can dramatically reduce the time, cost, and difficulty in performing UNSPSC classifications. With an average of 1,000 records in just over an hour, it now becomes more feasible in achieving tangible benefits using the UNSPSC and/or GPC standards. The table below shows an estimated classification time effort.

Number of Product Descriptions	With BvW Outsourcing/IC	Without IC (typical)
1,000	81 minutes	10 (working) days
5,000	7 hours	2 (working) months
10,000	2 (working) days	4 (working) months

"On average, 1,000 records can be processed in just over one hour..."

"To classify 10,000 descriptions, it will take about 4 working months if you do it internally. We can do this in 2 days!"



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