



BERNSHTEYN SAYS “NO” TO SUPPLIER NETWORK FEES

BY ROB BERNSHTEYN



Rob Bernshteyn is the CEO of Coupa. He is a perpetual student of the game of capitalism, and an avid collector of baseball cards.

Coupa CEO delves into the next generation of supplier management

Earlier this month, Procurement Leaders ran a guest post from Forrester Research’s Duncan Jones titled *Are eCommerce Network Fees For Suppliers a Barrier Too Far?* in which he takes on the perennial controversy of whether network fees are a fair charge for value received, or a barrier to adoption.

Jones supports the view that suppliers should pay for the value they receive, but with some caveats. He states, “In a market in which many networks are free to the supplier, procurement chiefs should consider whether that is the right approach for them.”

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He says procurement chiefs should ask themselves three questions, which he considers at length in his post:

- Will idiosyncratic pricing penalize some of my suppliers?
- Will suppliers pass their costs back to me via higher prices?
- Can I offer my suppliers a choice of networks?

Jones concludes that while both options are valid, companies ultimately need to decide based on their individual context.

Since the Coupa network is one of the many aforementioned free supplier networks, you can probably guess where we stand on this issue. CEO Rob Bernshteyn tackled this question head on, elaborating on his point of view during our recent live "State of Coupa" webcast. Here is an excerpt of his remarks.

"The broader vision that we see over the course of the next few years is the ability for buyers and sellers to seamlessly interact with one another. To collaborate, to order goods and services, to send in invoices, to monitor receipts.

All of that is going to be moving more and more online. And here, Coupa is really in alignment with most of the competitive environment and the community out there that's thinking about this.

Of course we're going to get rid of paper over time. Of course we're going to get rid of sending purchase orders via PDF or fax. You'd have to be delusional to think we're not going to get there. Of course we'll be sending invoices electronically one-hundred percent of the time at some point in the future.

The question is how are we going to get there? There are two schools of thought.

One is, "Let's move a lot of people into proprietary environments and charge both sides of the equation for having that seamless interaction." We don't believe in that. We think the way to do that is approach it in the most frictionless way possible.

If you want to continue doing things the way they are today; if you want to continue sending purchase orders via cXML, fax, e-mail, PDF; if you want to continue receiving invoices via paper from a whole, long tail of mom and pop suppliers, sure, we're going to support that.

Over time, you can move those people onto the Coupa supplier network, which is going to remain open for business, with no charges whatsoever to these suppliers. It makes no sense to charge a supplier for doing something, but no incremental value is being created.

Our focus is on helping companies get their arms around spend and optimizing that spend through a seamless interaction with the supplier base that's out there. Our pricing, our methodologies are focused on that. Our platform is focused on that, our go to market is focused on that, our services team is focused on that. That's what we believe.

With this mindset, we've grown our network of suppliers to over 800,000 in a few short years, because we're open. We're open for business. It's taken other companies over a decade to get to these types of numbers.

I think embracing that way of doing B2B electronic commerce is the path of the future. And we're really excited to continue growing that."

Get Rob's full February 13 State of Coupa webcast [here](#).