



The UNSPSC

– why coding products and services is critical to success

As a Supply Management professional you're under increasing pressure to deliver to your company's bottom line. Everyone is being asked to do more for less, faster, and your customers - internal and external – expect instant fulfilment.

"There are other codes available, but the UNSPSC is the one we rely on to support our strategic sourcing process. It gives us the means to capture a uniform, enterprise-wide view of our spending."

Gary Reiner,
Senior Vice President,
Chief Information Officer
General Electric Company

"We require a uniform view of our global spending. Because of its broad international acceptance and recognition, the United Nations Standard Products and Services Code is the one defining standard we will rely on to drive our enterprise-wide sourcing capabilities."

Arnd Petmecky,
Executive Vice President,
Global Sourcing
Deutsche Telekom AG

Today, companies need enterprise-wide visibility of global spend to improve profitability year on year, so the need for a more strategic approach to sourcing has never been greater. Added to this, the move towards e-commerce as a core element of the supply chain has led to the wide scale automation of transactions. The fast, simple *foolproof* identification and classification of products is imperative for this to work effectively.

You may already be classifying products to analyse your spending but your suppliers may not use your coding scheme. If they do assign codes they are likely to be using their own, rather than one that is recognised globally. Either way, it will be extremely difficult to gain a holistic view of your purchases. So, if there was a single coding convention that all companies could draw from so that you all spoke the same language – you could speed up and streamline processes. Right?

Right! It's called the UNSPSC and it's a hierarchical global code that provides the clarity to enable spend analysis and the identification and classification of products as well as international commerce.

By embedding this one defining standard into your management systems, purchase orders, invoices, electronic documents, product catalogs, websites and so on, all parties throughout an extended supply chain (procurement officer, marketing

manager, sales representative, end user) can benefit. In short, it will:

- **Help streamline your procurement process** by making it faster and easier to find suppliers that match your business needs
- **Help you to analyse spend**, apply benchmarking techniques and identify opportunities to leverage your buying power, leverage pricing and eliminate undisciplined buying, leading to lower costs
- **Help your customers find your products online**, reducing the sales cycle, increasing customer satisfaction and delivering directly to your bottom line. You can even use the UNSPSC to send 'e-catalogs' to customers and register with search engines and third-party marketplaces.

How does it work?

The UNSPSC is a hierarchical classification with five levels. These levels allow you to search products and more precisely perform expenditure analysis on categories that are relevant to your needs.

For example, the commodity "ink refills" is part of a larger class of products, "Ink and lead refills", which in turn is part of a family of products, "Office supplies". This is itself part of a segment of products, "Office Equipment and Accessories and Supplies". Each level of the hierarchy has its own unique number.

Hierarchy	Category Number	Name
Segment	44	Office Equipment and Accessories and Supplies
Family	44 12	Office supplies
Class	44 12 19	Ink and lead refills
Commodity	44 12 19 04	Ink refills

“Ink refills” = UNSPSC classification 44-12-19-04

The fifth level is different in character from the other levels in that it can provide an indication of business function in relation to the supplier, such as rental/lease, wholesale/retail etc.

Users can also request a new code by registering to be a UNSPSC member.

Using the UNSPSC you can:

- Align your supply chain more effectively and gain a uniform view of spending
- Avoid the expense of maintaining your own proprietary classification code
- Improve supplier management and realise savings through more precise analysis, benchmarking and strategic planning

- Identify expenditure patterns across buying teams, even if they are in different locations
- Communicate your products to all sectors of electronic commerce using the Internet, EDI and XML
- Compete globally by marketing your products and services more consistently and efficiently
- Capture clean, consistent data through your sales channels and streamline distribution
- Conduct more precisely focused market research
- Roll-up or drill down to the level of detail that suits your business

Register to become a UNSPSC member or for more information and a listing of business functions and their definitions visit the UNSPSC website at www.unspsc.com

The United Nations Standard Products and Services Code. Jointly developed by the United Nations and D&B the UNSPSC has been adopted by key industry players and is endorsed by the United Nations Development Programme. Quality is a high priority. Available in English, French, Spanish, German, Italian and Japanese the UNSPSC’s architecture is continuously reviewed to ensure that it meets the evolving needs of the marketplace. Users are encouraged to become actively involved in improving the code. For further information about the UNSPSC visit www.unspsc.com