

SAP Digital Business Framework

How Ariba supports Business Transformation

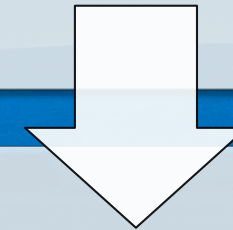
Stefano Gentilini, Director, Industry Value Engineering, SAP Italy
October 29, 2015



ARIBA®

An SAP Company

Networked Economy



Business Transformation Case



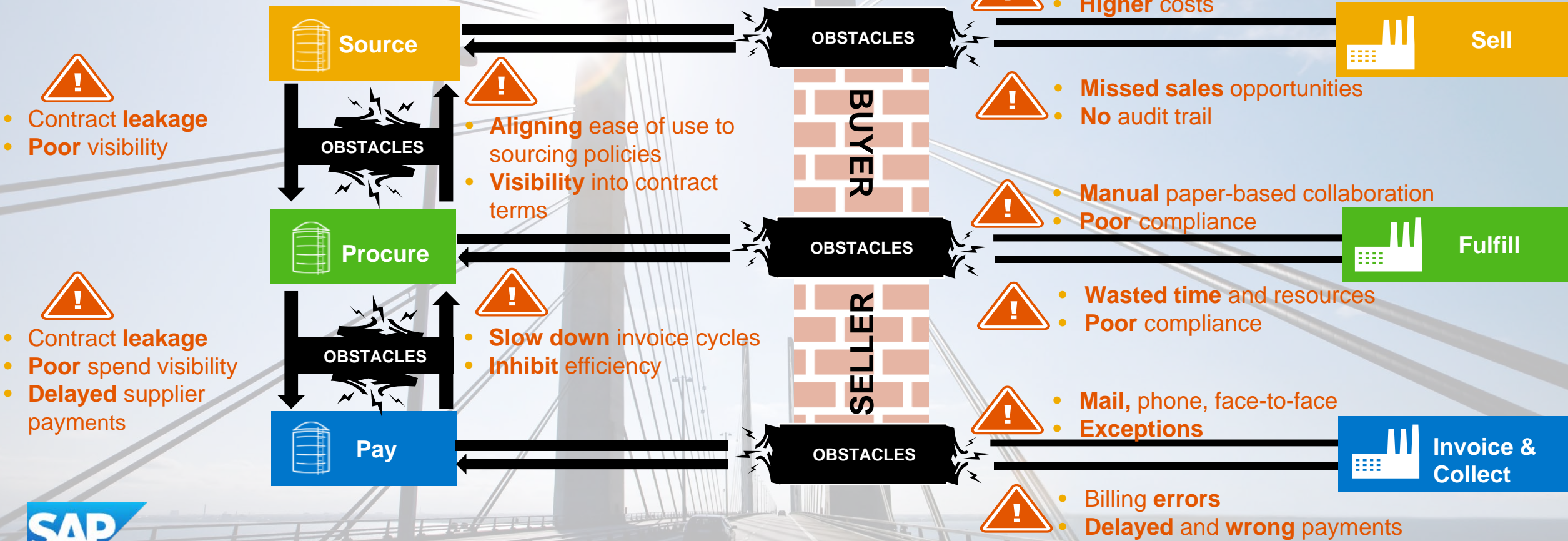
Networked Economy

Networked Economy

Collaboration inefficiencies between companies is costly

WITHIN THE FOUR WALLS

OUTSIDE THE FOUR WALLS



Networked Economy

A framework on «to be» Sourcing to Payables: collaboration with suppliers is the key...

WITHIN THE FOUR WALLS

OUTSIDE THE FOUR WALLS

Source

- Supplier discovery, qualification
- Conduct sourcing event
- Negotiate contracts
- Track supplier performance

Procure

- Spot RFQ, PO transmission
- Orders and releases execution
- Catalog punch out
- Temp labor candidate requests

Pay

- Invoice status, pay schedules
- Service entry receipts
- Dynamic discounting – proposal
- Payment and remittance info

Sell

- Market and find new business
- Submit bids
- Negotiate contracts
- Maintain supplier profile

Fulfill

- Spot RFQ response
- Catalog management
- Order confirm and ship notice
- Temp labor candidate submission

Invoice & Collect

- Invoice submissions
- Service entry – submissions
- Dynamic discounting – accept
- Payment and remittance info



The image features a background of a blurred office desk with a smartphone, a spiral notebook, and a yellow pencil. A large, semi-transparent white cloud shape is overlaid on the left side, containing numerous small, circular icons representing various business and technology concepts such as charts, gears, people, and networks. A white horizontal bar spans across the middle of the image, containing the main title text.

Business Transformation Case

One Page Strategy

for a Global Procurement Department

Business
Transformation
Case

Company Goals

Full **consolidation** of the company operations

Unification of the purchasing operations

Decrease operational cost

Procurement Strategy

Category Management

- Supplier base enrichment and enablement
- Market knowledge by category

Process Efficiency

- Process standardization
- Process streamlining
- FTE optimization

Cost Effectiveness

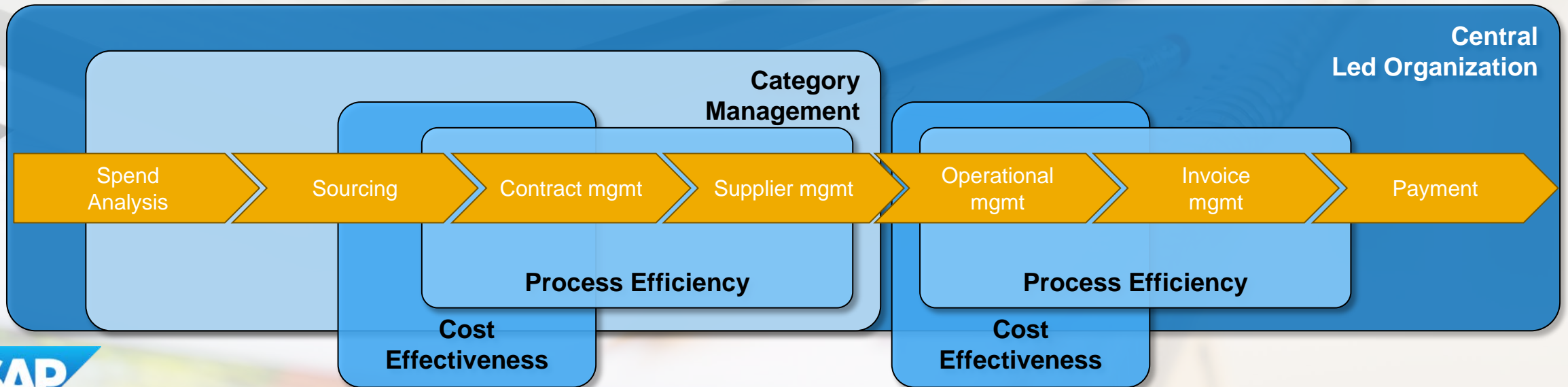
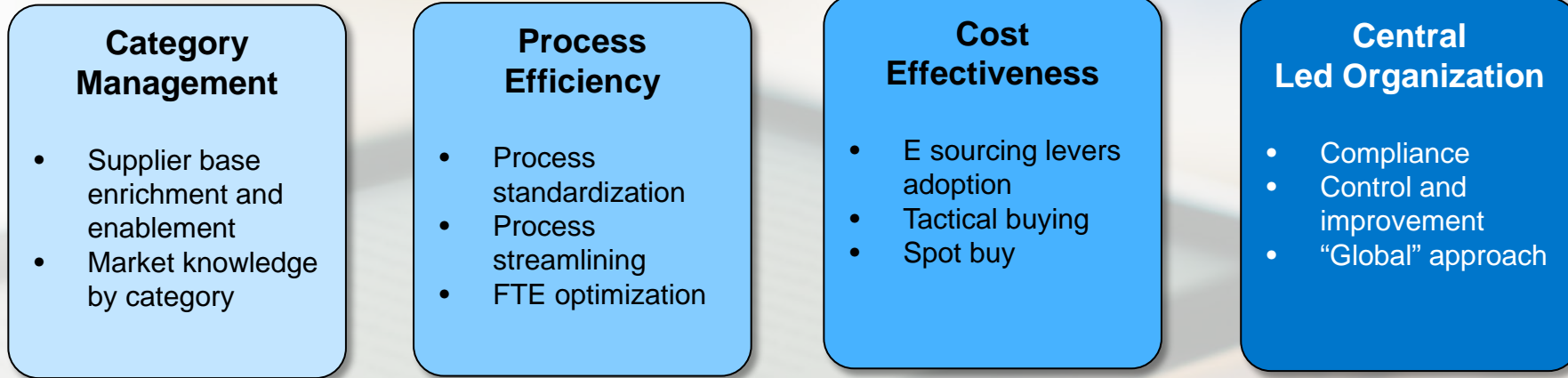
- E sourcing levers adoption
- Tactical buying

Central Lead Organization

- Compliance
- Control and improvement
- Global approach

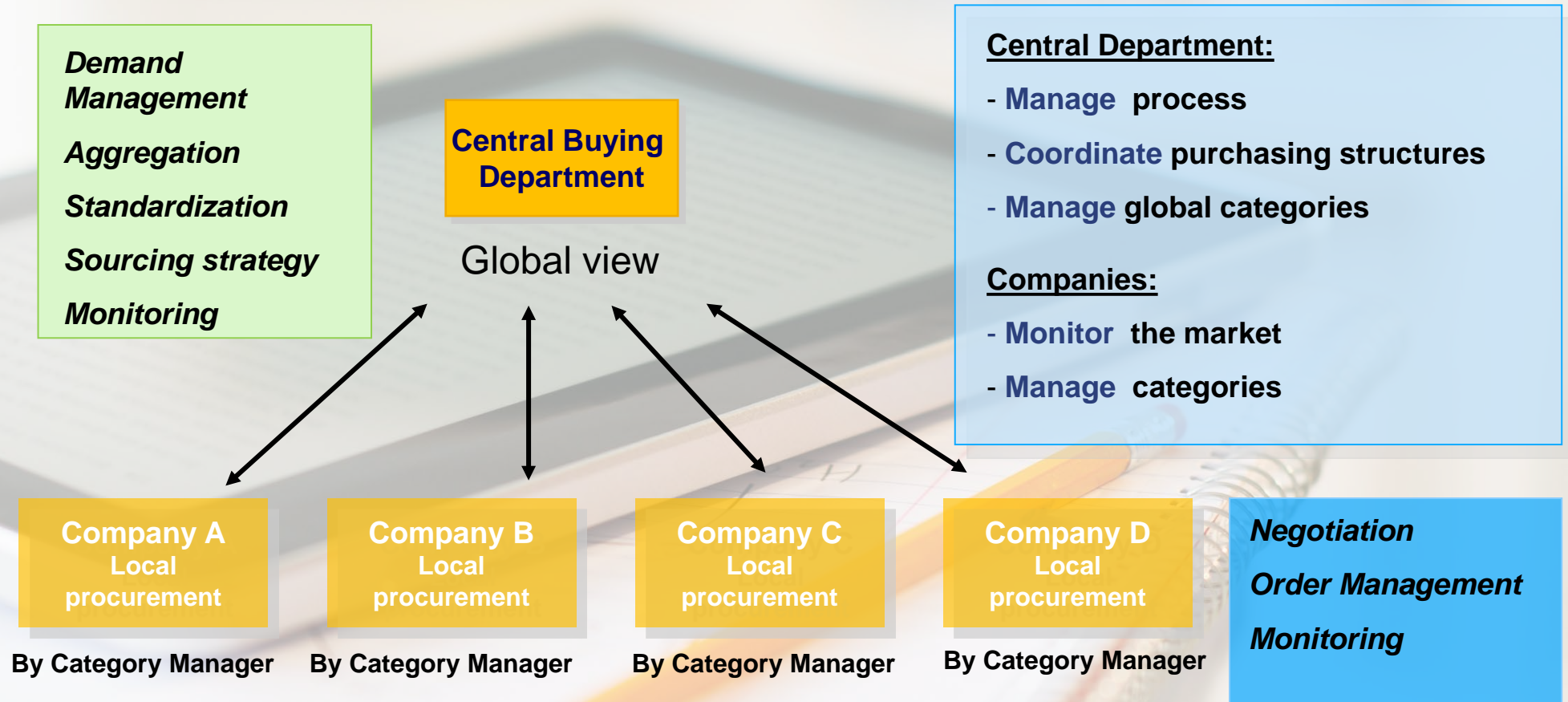
Strategy on Procurement Value Chain

Business Transformation Case



Strategy: “Central Lead Organization” and “Category Management” models

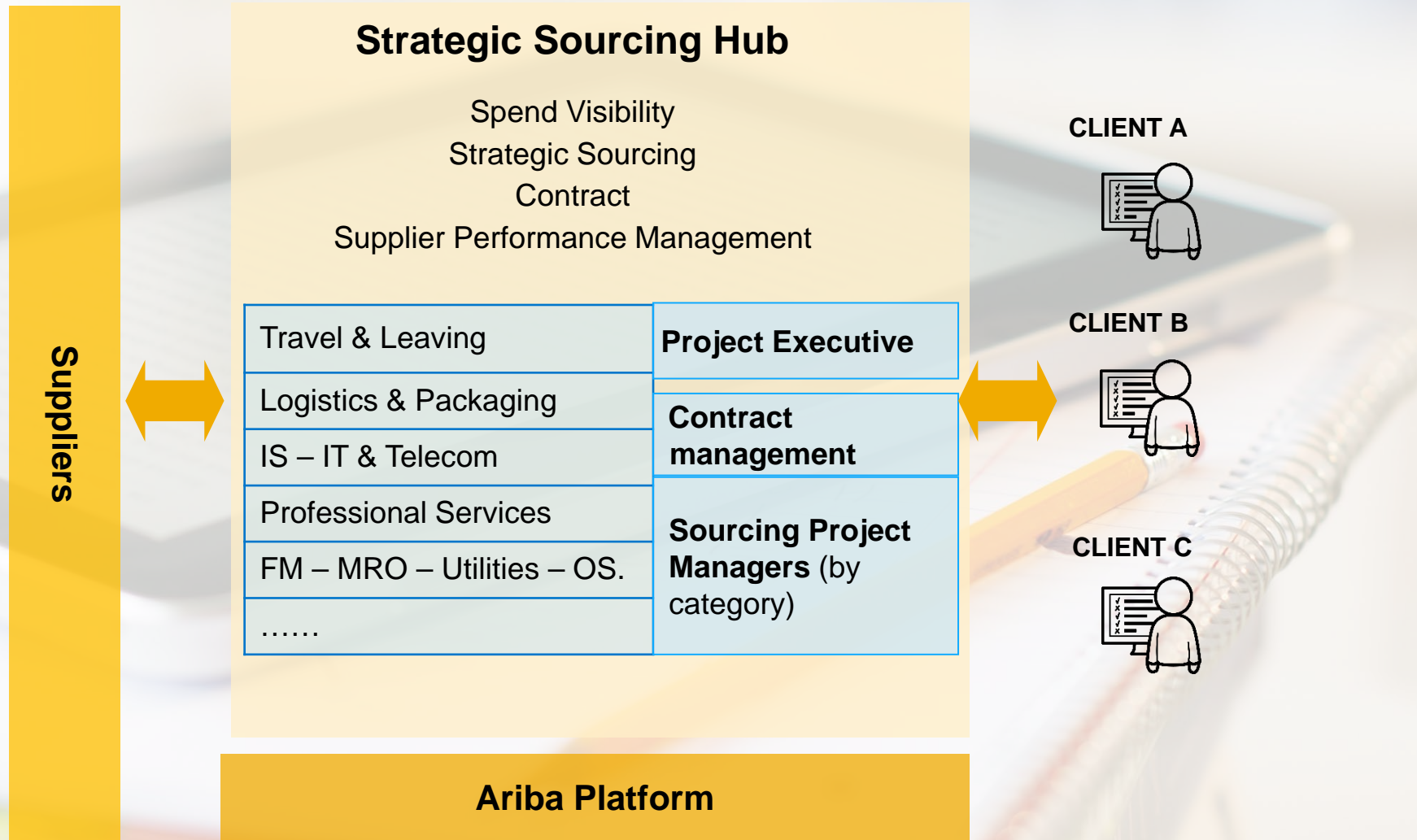
Business
Transformation
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Strategic Sourcing Hub

Will be an inter connected organization to secure delivery excellence and Client satisfaction

Business Transformation Case



Improvement Areas





Sourcing – Example

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MAIN MATURITY MODEL OUTCOMES

- ❑ Improve usage of online biddings
- ❑ Increase integration with back-end system and remove data entry
- ❑ Creation of Center of Expertise or improve category management
- ❑ Differentiate sourcing templates to manage multiple way to source

PROPOSED CHANGES

-  Improve category management to higher skills for each commodity (i.e. Center of Expertise)
-  Refocus process on different source processes (by commodities) and push on on-line events to move efforts on supplier side
-  Ariba Sourcing integrated with Contract/Supplier management and back-end systems (remove manual data entry and errors). Use of Ariba Network and Discovery
-  Plan 100% of sourcing events (not only project based) to allocate right skills on strategic events



Price reduction

Savings generated from strategic sourcing events on spend currently under management using an e-sourcing platform and prescribed processes.



Increase coverage

Savings generated from strategic sourcing events on spend not currently under management using an e-sourcing platform and prescribed processes



Tactical sourcing

Savings generated through an automated two bids and a buy process. Locate and negotiate with prospective suppliers lower prices, efficiently administer the bidding process, and manage internal workflows to accelerate buying decisions.

Improvement areas

Spend Analysis

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MAIN MATURITY MODEL OUTCOMES

- ❑ 100% of the spending under control (including non-procurement expenditures or non-codified, free text line items)
- ❑ Improve predictive, what-if, benchmarking capabilities

PROPOSED CHANGES



New reports based on different set of data (i.e.: What if – benchmark)



Ariba Spend Visibility integrated with current BI environment



Increase coverage

Identification of new saving opportunities based on spending, material groups and Ariba benchmark and peer comparison.

Improvement areas

Contracts

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MAIN MATURITY MODEL OUTCOMES

- ❑ Contract templates by commodities
- ❑ Single repository for electronic contracts
- ❑ Paperless process
- ❑ Integration with other modules (sourcing, supplier mgmt., catalogs)

PROPOSED CHANGES



Implement contract authoring process workflow based on country/commodity, in order to achieve a full paperless contract management process – Improve templating



Start using Ariba Contract step by step, from repository, legal signature to a final step supporting buyers to create draft contracts (clause library) – Connection with backend systems for pricing



Unified tool, with global policies and templates to be used



Increased efficiency

Reduced effort on authoring phase due to automatic contract generation based on templates. No reworking. Faster legal signature and archiving and searching



Contract compliance

Reduces maverick spending due to strong connection between contracts (legal + commercials) and backends – force adoption of executed contracts



Auditability

All tasks auditable, document versioning and supplier collaboration tracked on the system – linked with follow-up documents and amendments

Improvement areas

Supplier Management

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MAIN MATURITY MODEL OUTCOMES

- ❑ Integrated IT tool with negotiations, and contract management
- ❑ Extended capability on qualification templates
- ❑ Move efforts on supplier side

PROPOSED CHANGES



Although process is already structured and mature, proposal is to align it on what IT tool can manage and expand it to a different model for indirect spending



Ariba SIPM can manage registration, qualification and vendor rating – linked with other systems
Use of Ariba Supplier enablement

Continuous improvement

Expanded to the majority of supplier base and potential suppliers (disconnected with ERP)

Savings achieved through targeted pricing leveraging more granular, line level spend visibility. Contracts can be renegotiated on a continuous basis to optimize pricing.

Reduced efforts on supplier registration (managed directly by SAP/Ariba resources)

