

Evolution of the Procurement Market

SAPPHIRE – May 2011

Global trends are driving change in procurement practices

Economic
recovery



Globalization



Sustainability



Focus on
efficiency



**Continued
focus on costs**

**Growing
supplier risk**

**Importance of
governance**

**Demand for
rapid
productivity**

Procurement executives

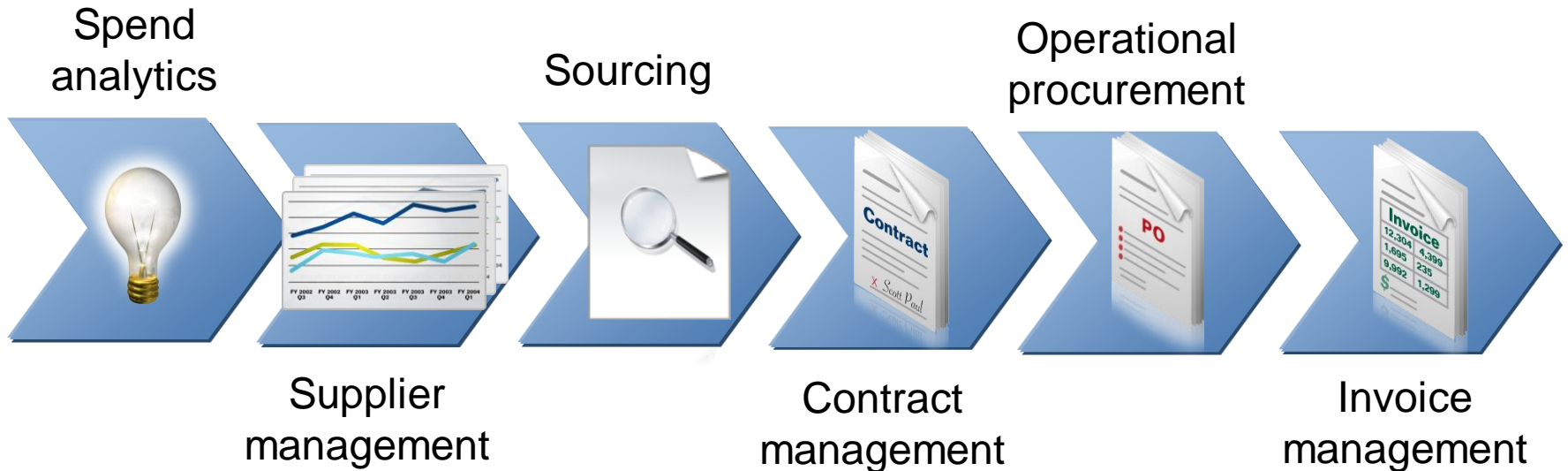
What does this mean for your business?

- How do we continue to identify opportunities to manage and reduce costs?
- How do we maximize spend under management, for all categories of spend?
- How do we optimize contract terms and enforce compliance?
- How do we manage suppliers' performance and supply-based risk?
- How do we improve our sourcing, procurement, and invoice management processes?
- How do we align our activities to best support the corporate strategy?

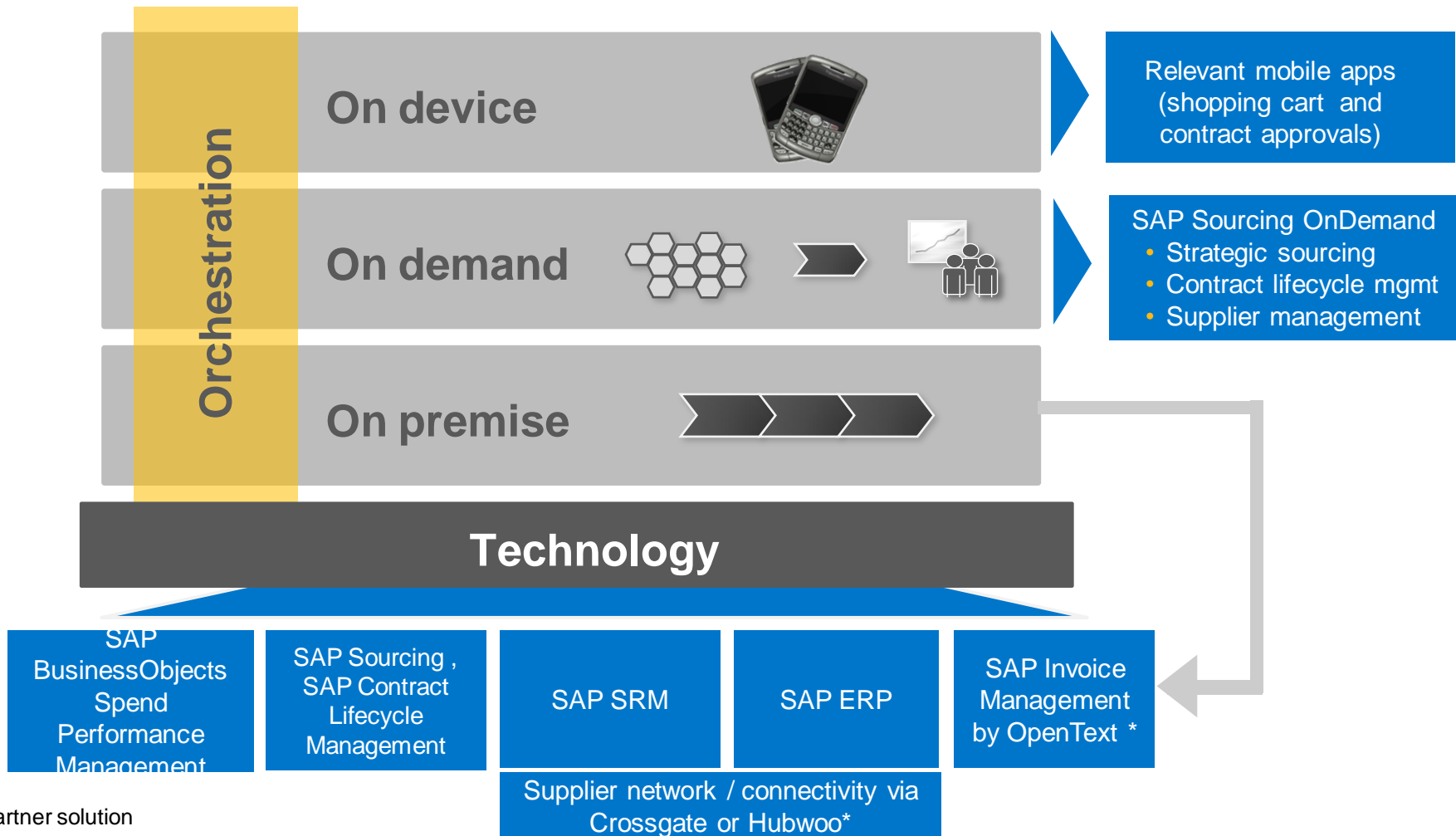


SAP solutions for procurement

Enable the source-to-pay process



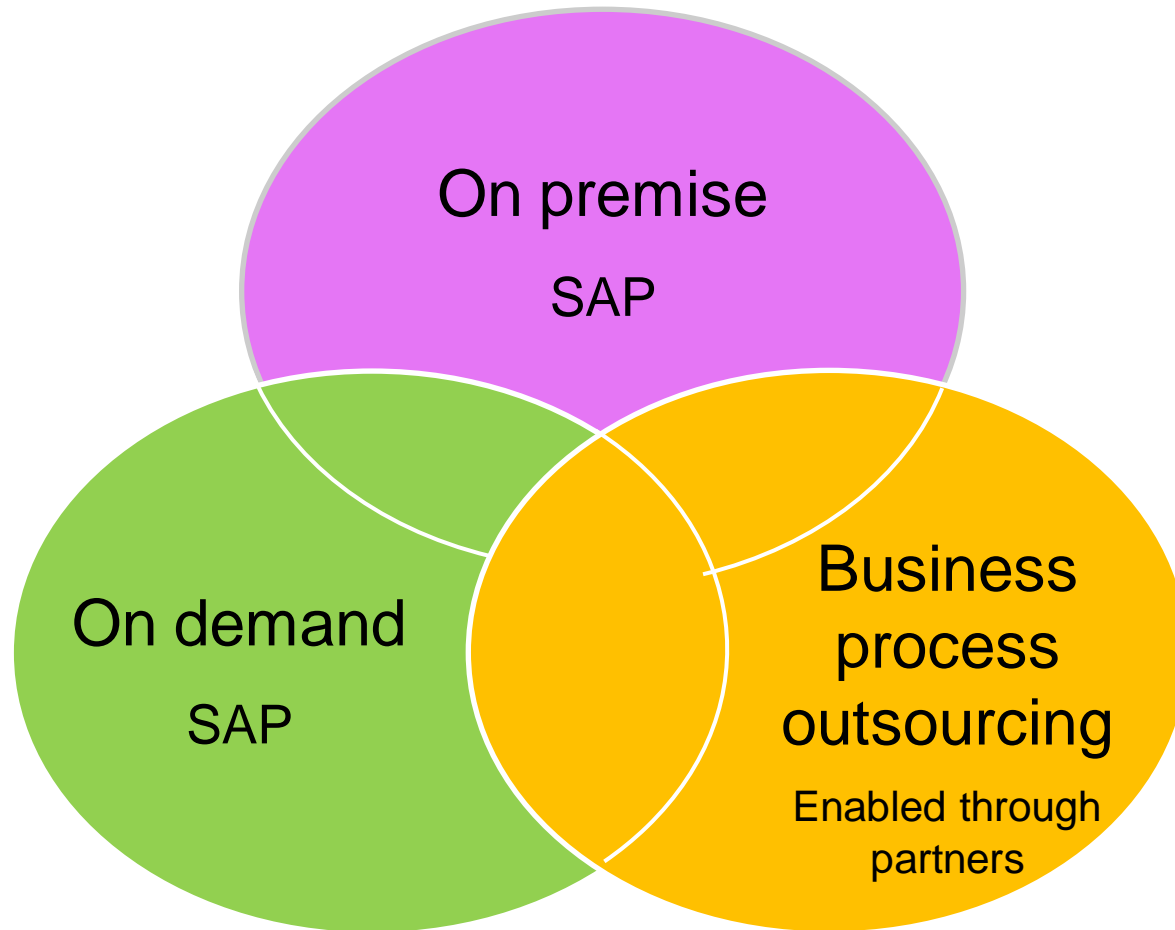
SAP solutions for procurement – execution of the strategy



* Partner solution

SAP solutions for procurement

Enable choice of deployment



SAP Supplier Relationship Management and SAP Spend Performance Management: Rapid deployment solutions

SAP brings together software and services in new offerings that provide compelling supplier relationship management (SRM) and spend performance management functionality quickly and affordably



- Preconfigured software based on best practices
- Rapid delivery with packaged services, going live in 10 weeks
- Affordable, flexibly priced solutions
- Affordable licensing
- Low TCO
- SRM functionality is optional as a one-client deployment, and built as an add-on to your existing ERP functionality

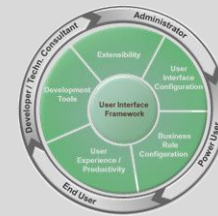
It's your choice... and it's so easy...

Easy to consume



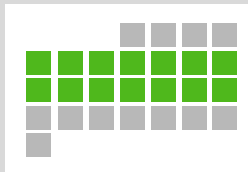
Cloud / on demand

Easy to enhance



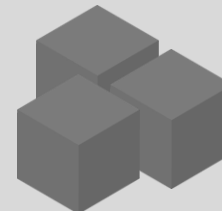
Enhancement packs/ application enhancement workbench

On-premise rapid deployment



Easy to deploy

Third-party partner solutions



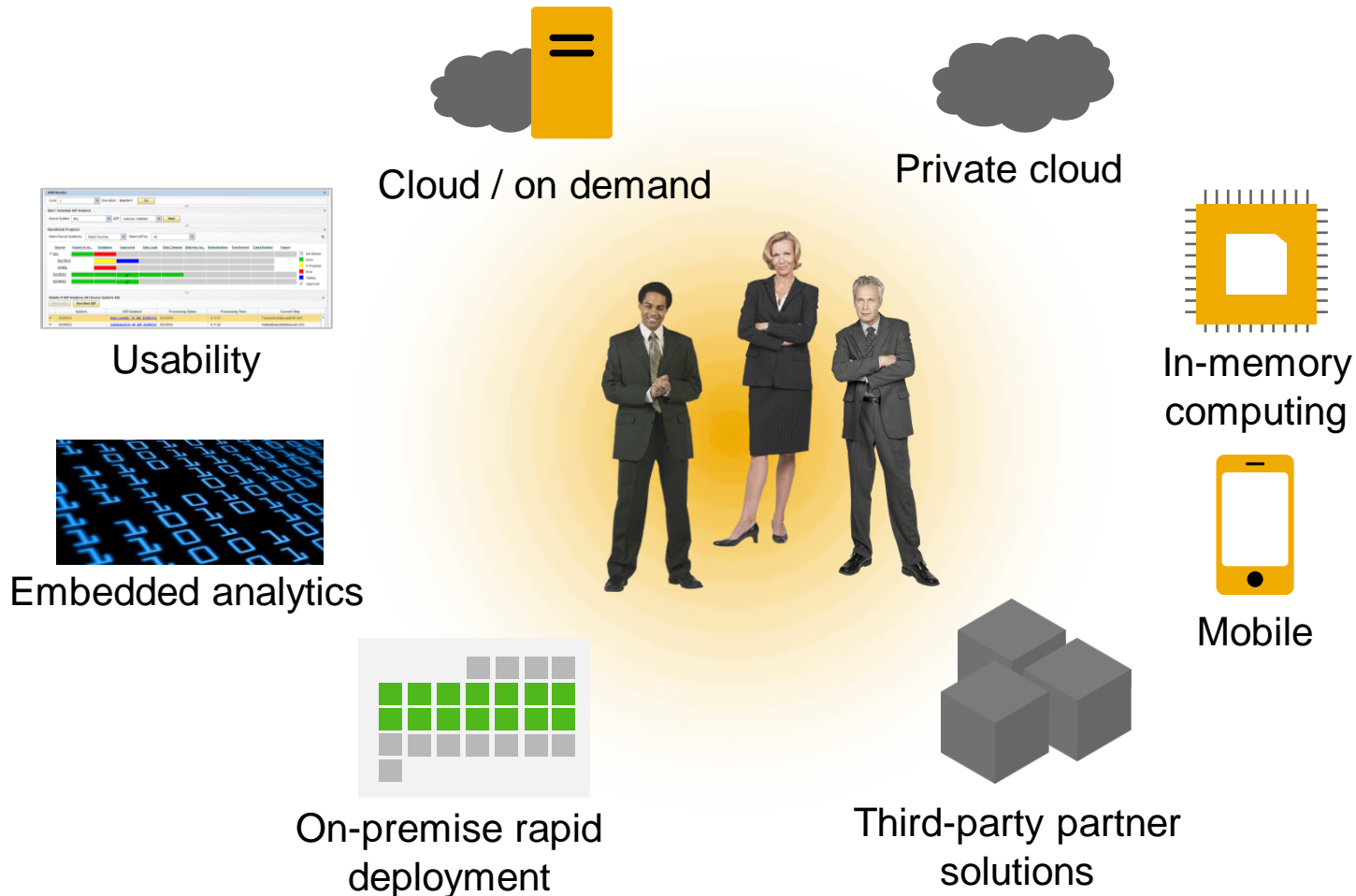
Easy to expand



**Innovation with
SAP solutions
for
procurement!**



SAP solutions for procurement are rapidly innovating in many dimensions



Embedded analytics and mobility

Contract Performance Dashboard

Agreements Overview | Expiring Agreements | Data was last refreshed on 6/1/10 10:11 PM (EDT) | Refresh | Print

Supplier:
 Agreement Name:
 Agreement Manager:
 Business Unit:
 Product Category:
 Agreement Type:
 Location:
 Effective Date (yyyy/mm/dd): To
 Include Collaborator Agreements
 Inactive

Top 10 Suppliers by Cumulative Agreement Value

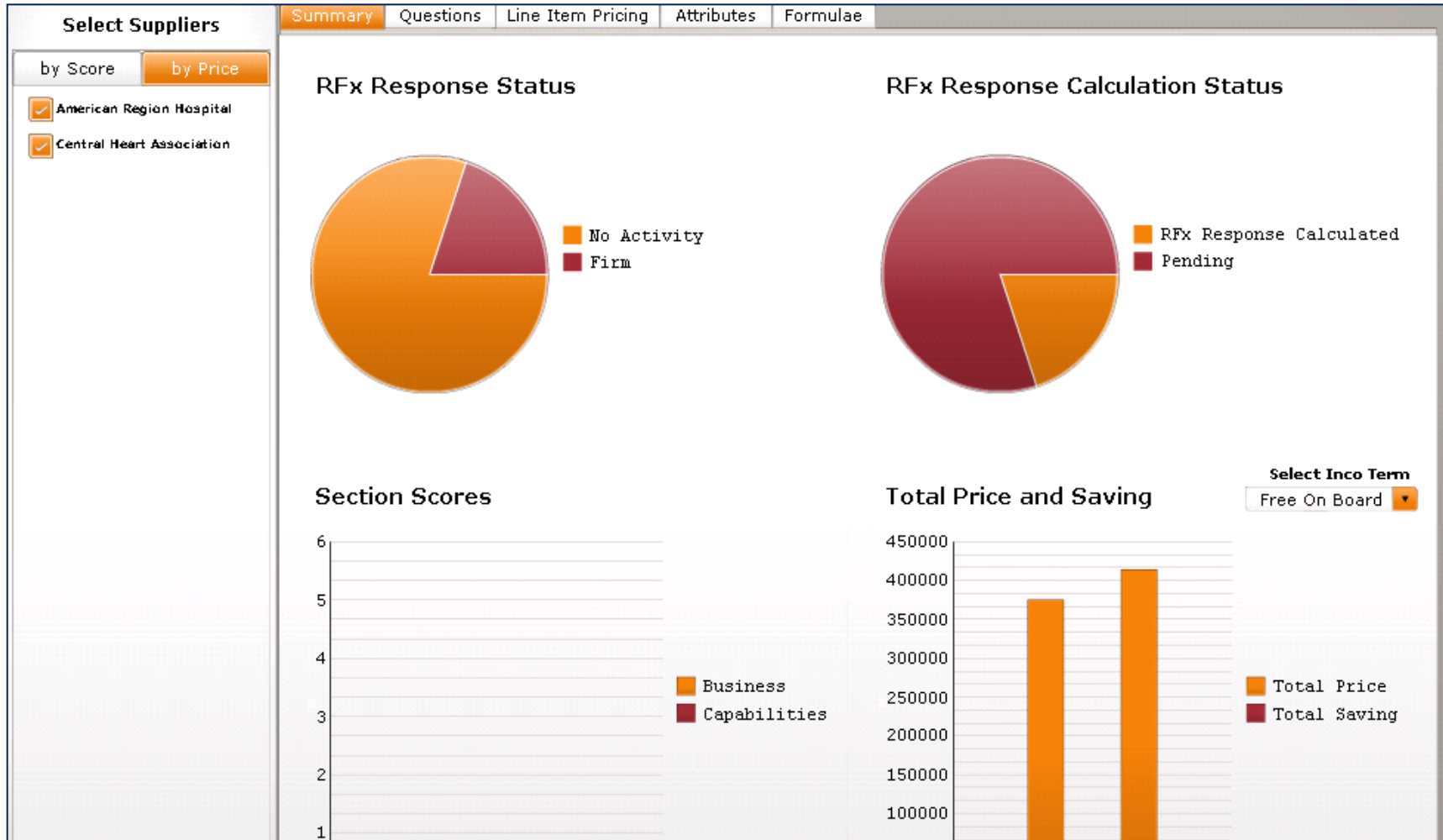
Agreement Name	Supplier	Days Until Ex	Agreement Maximum	Total Savings	Product Category
Kirkwood Print Contract 12	Kirkwood Printing	4978	271,000.00 GBP	0.00 GBP	Label Printers
Kirkwood Print Contract 11	Kirkwood Printing	4948	270,000.00 GBP	0.00 GBP	Label Printers
Kirkwood Print Contract 10	Kirkwood Printing	4918	269,000.00 GBP	0.00 GBP	Label Printers
Kirkwood Print Contract 9	Kirkwood Printing	4888	268,000.00 GBP	0.00 GBP	Label Printers

Agreement Summary for Kirkwood Print Contract 11

Master Agreement ID	Kirkwood Print Contract 11
Agreement ID	
Description	Kirkwood Print Contract 11
Supplier Primary Contact	Bob Ford
Business Unit	Biogenyx Sales
Effective Date	1/16/09
Expiration Date	12/19/23
Agreement Manager	Buyer49 Buyer49`
Status	On Hold

Line Item	Description	Quantity	Delivery Term	Unit Price
1	Large Box labels	200,000 EA	Delivered Duty Un	0.40 GBP

Embedded analytics and mobility



Embedded analytics and mobility

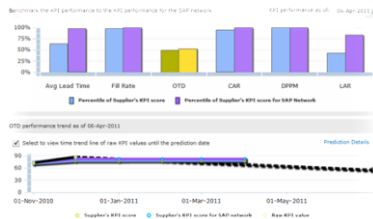


What is Supplier InfoNet ?

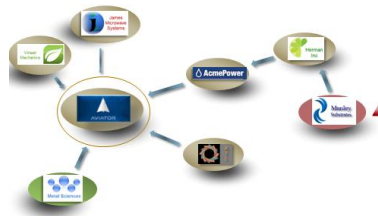
Pilot through Sept 2011: free to join

Supplier InfoNet site is a business information network that leverages supplier performance information with external information to create valuable key performance indicator (KPI) insights and to predict future behavior about your suppliers.

Pooled KPI benchmarks



Views into your sub-tier supply base



Strong predictions of operational risk



Do they perform well for others?

- Compare your experience with others in your industry, across multiple KPIs (delivery, quality, and financial)
- Track a supplier's global KPI performance over time

Is there a problem with one of the suppliers hidden below them?

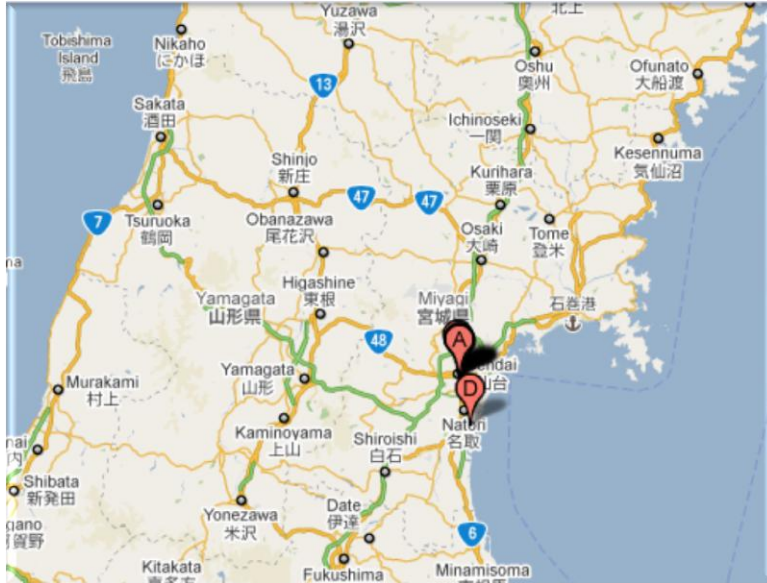
- Leverage social networking models to understand risk with your supplier's connected suppliers
- React to problems that were unforeseen

Will they behave the same in the future?

- We track news alerts, government data, and financial information to predict future behavior
- We leverage cutting-edge machine learning tools to improve on these predictions

Catastrophic events

Respond instantly to unexpected events – a real example



Supplier InfoNet tracks critical sites for news alerts, government information, and other critical signals that indicate good or bad news about the supply base



The information is incorporated into alerts, KPI predictions, and provided to our customers



As a result, Supplier InfoNet very quickly communicated which of our customer's suppliers were most impacted by the catastrophe in Japan, even when it was a sub-tier issue. For example, is Nippon a supplier to your supplier?

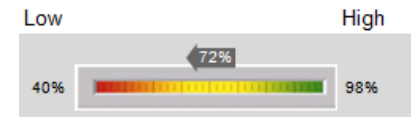
Japan's Steel Industry Assesses Damages From Tsunami

World's second-ranked steel producing nation reports outages at several plants.

By [Jonathan Katz](#)

March 14, 2011

Japan's top steel maker [Nippon Steel Corp.](#) said some of its Kamaishi Steelworks facilities were "inundated by tsunami" and are not operating. Kamaishi's port facilities have been damaged and recovery efforts are underway, the company said.



Key takeaways

- ✓ **The pace of change continues to increase in all solutions areas and particularly with respect to on demand**
- ✓ **The SAP sourcing and procurement platform provides the best opportunity to drive increased speed of productivity across your organization – no matter how diverse**
- ✓ **Increasing importance of managing all aspects of your source-to-pay process to obtain realized cost savings**
- ✓ **In today's market, you need to drive incremental as well as quick wins through phased implementations and flexible deployment options – on premise, hosted, or on demand**



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