Evolution of the Procurement Market

SAPPHIRE – May 2011

SAP

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

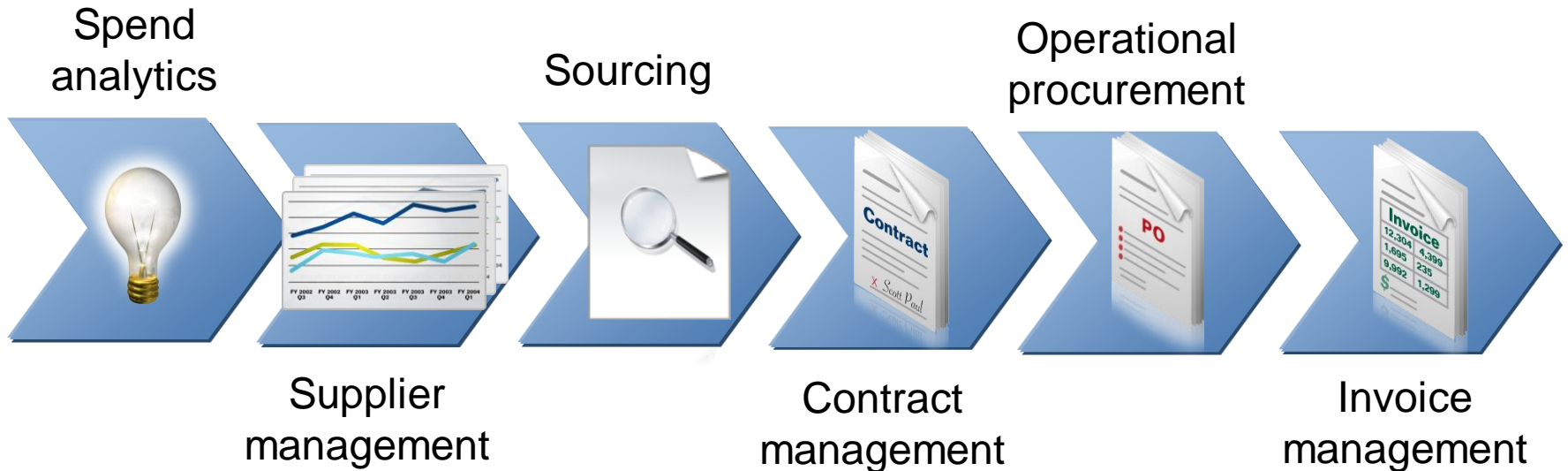**Demand for rapid productivity**

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?

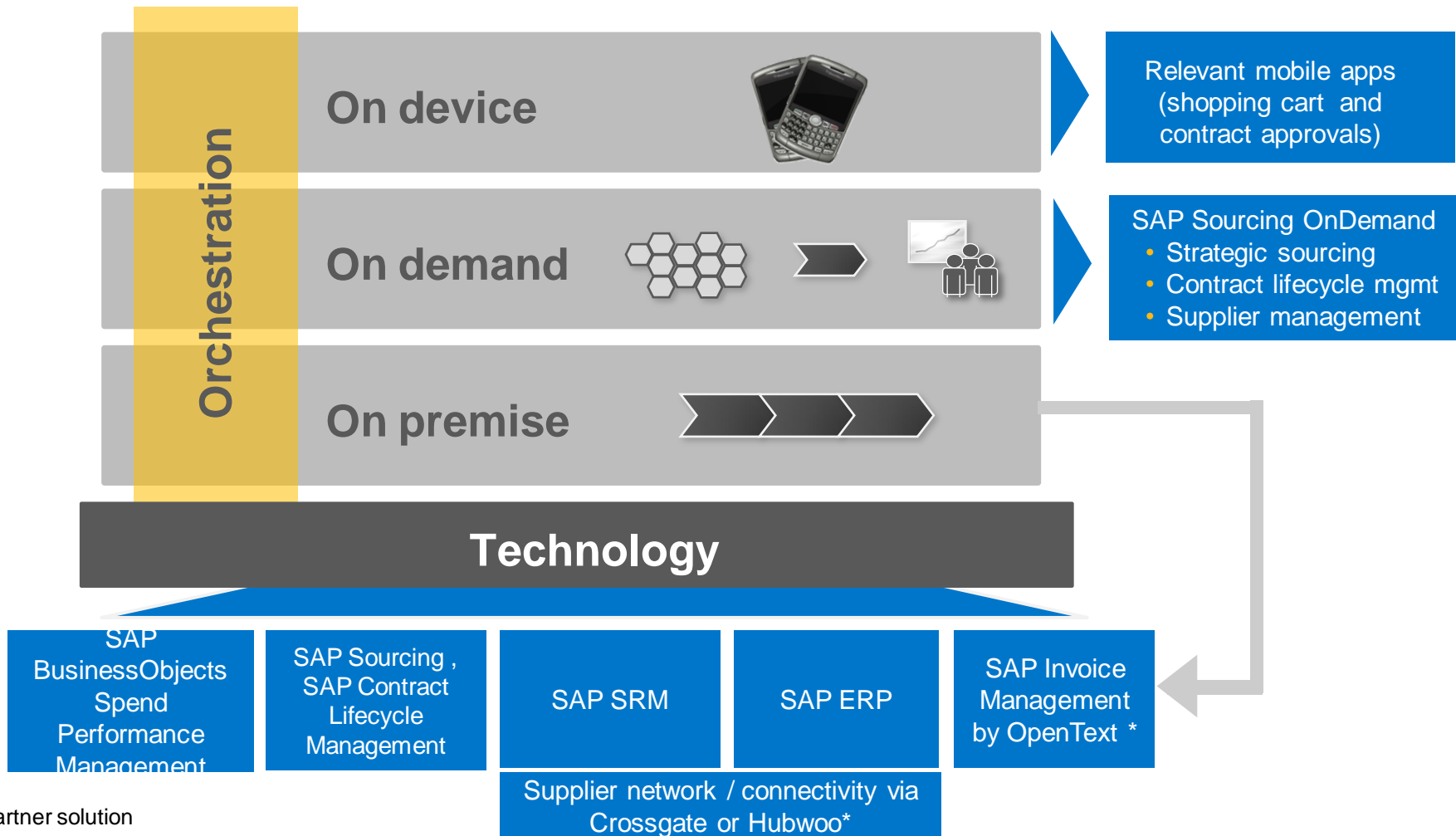- How do we align our activities to best support the corporate strategy?

SAP solutions for procurement
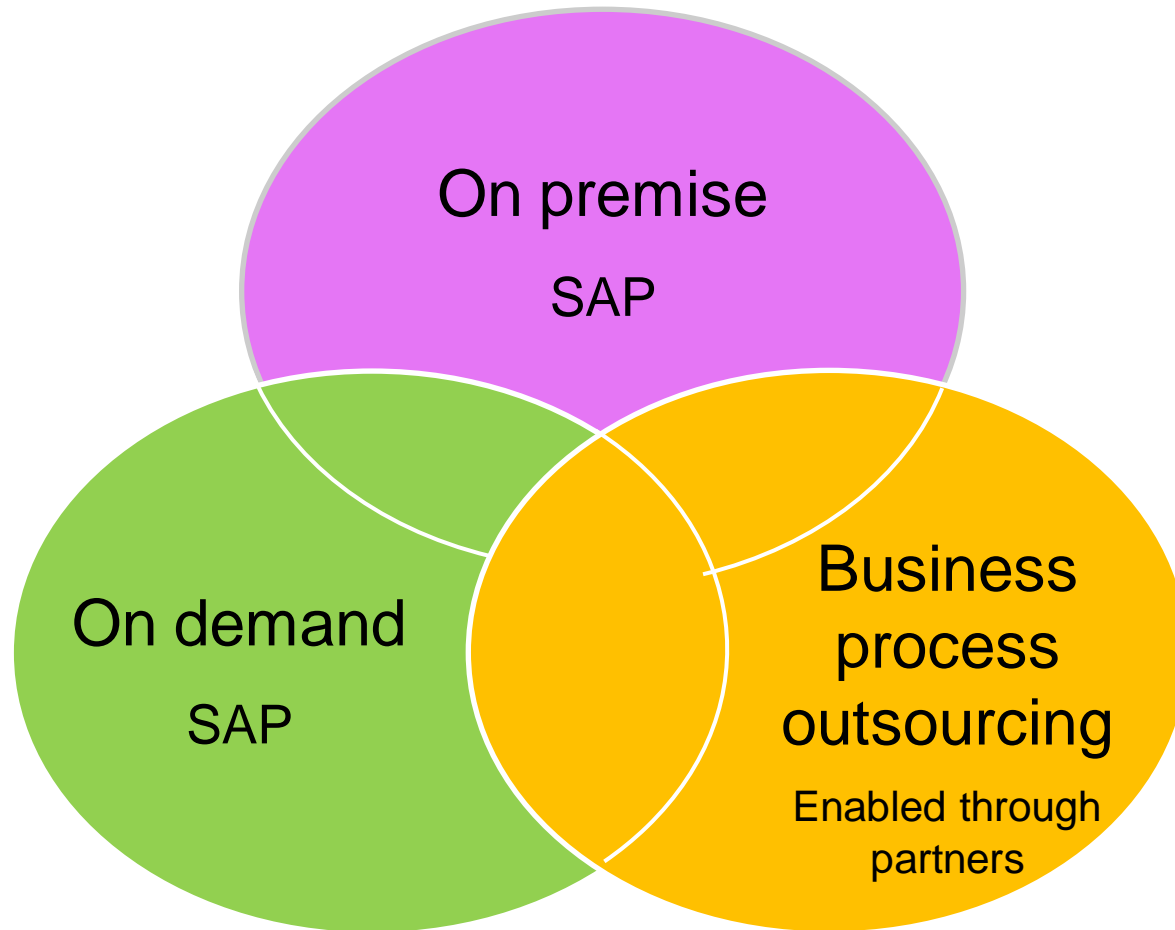## Enable the source-to-pay process

Spend analytics

Sourcing

Operational procurement

Supplier management

Contract management

Invoice management

SAP solutions for procurement – execution of the strategy

Orchestration

On device	Relevant mobile apps (shopping cart and contract approvals)
On demand	SAP Sourcing OnDemand • Strategic sourcing • Contract lifecycle mgmt • Supplier management
On premise	

Technology

SAP BusinessObjects Spend Performance Management	SAP Sourcing , SAP Contract Lifecycle Management	SAP SRM	SAP ERP	SAP Invoice Management by OpenText *

Supplier network / connectivity via Crossgate or Hubwoo*

* Partner solution

SAP solutions for procurement
Enable choice of deployment

On premise

SAP

On demand

SAP

Business process outsourcing

Enabled through partners

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

On-premise rapid
deployment

Easy to deploy
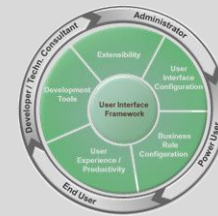
Easy to enhance

Enhancement packs/ application
enhancement workbench
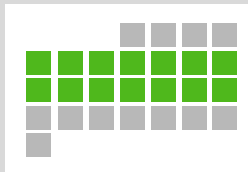
Third-party partner solutions
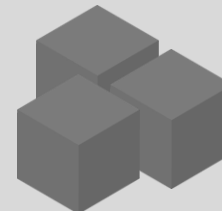
Easy to expand

Innovation with SAP solutions for procurement!

SAP solutions for procurement are rapidly innovating in many dimensions

Cloud / on demand

Private cloud

Usability

In-memory computing

Embedded analytics

Mobile

On-premise rapid deployment

Third-party partner solutions

Embedded analytics and mobility

Embedded analytics and mobility

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
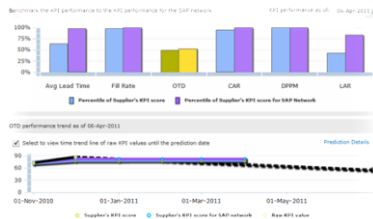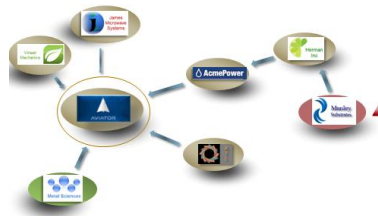
Do they perform well for others?

- 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
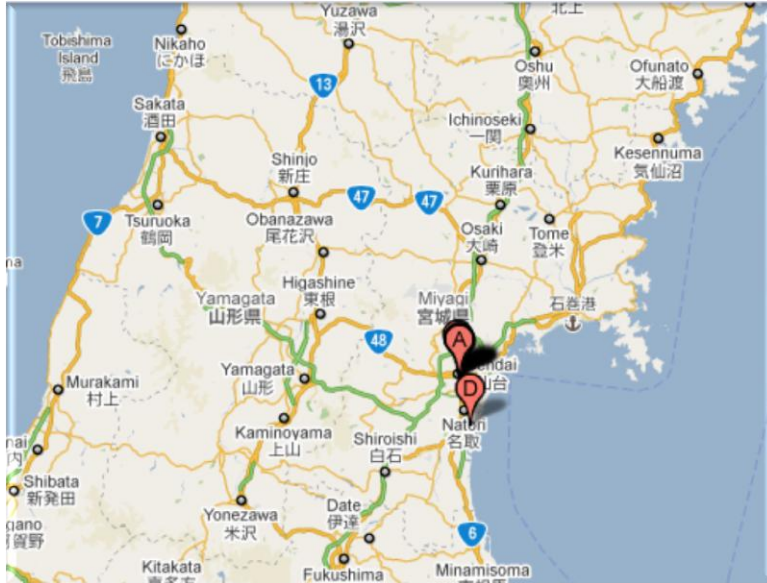
NEWS

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?

Low   High
72%
40%   98%

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.
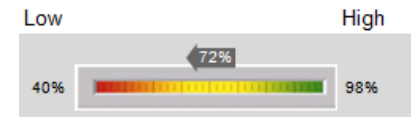
Key takeaways

✓ **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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