

Transform Procurement with SAP

The Business Value for Procurement with
SAP S/4HANA, Cloud/ Line-of-Business
Applications and SAP Leonardo



PUBLIC

Ariba Supply Chain Collaboration and SAP Integrated Business Planning (SAP IBP) live at Microsoft Corporation



Hear from Microsoft executives why they selected both solutions to improve supplier onboarding times, achieve tremendous reductions in inventory and working capital, and gain complete supply chain visibility through multi-tiered orchestration into inventory status and location.

White Paper Background and Key Definitions

The information outlined below will help you understand the contents of this value proposition white paper. It gives details on the objectives and scope of the paper. Key definitions are also provided.

DELIVERABLE OBJECTIVE

Provides information on the value in moving from an ERP on a traditional database to SAP S/4HANA, Cloud/ Line-of-Business (LoB) applications and SAP Leonardo solutions.

KEY DEFINITIONS

Within the **process and subprocess deep dives**, there is detailed content in table format articulating the following:

Typical Pain Points

Major customer business and IT challenges.

Current State with ERP on Traditional Database

ERP capabilities that are available on a traditional database.

SAP S/4HANA (including standard SAP Leonardo capabilities)

Capabilities shipped with the latest release of SAP S/4HANA, including apps that are optimized for SAP Leonardo, such as an app for contract consumption. All Leonardo capabilities are highlighted in **bold**.

Cloud/ LoB and SAP Leonardo Solution Capabilities

Solutions that can be integrated with SAP S/4HANA and provide business value – for example, SAP Integrated Business Planning solution or SAP Connected Goods software. These solutions are not embedded in SAP S/4HANA but they can be integrated.

2018: Planned Innovations*

New functionalities planned for the 2018 release of SAP S/4HANA, Cloud/ LoB applications and SAP Leonardo solutions.

Business Benefits

Key value drivers that are impacted by the adoption of SAP S/4HANA, Cloud/ LoB applications, and SAP Leonardo solutions.

With the **value proposition section**, all quantified benefits are conservative, estimated improvement ranges tied to the top value drivers. They are based on early adopters or new developments and enhancements of SAP S/4HANA, Cloud/ LoB applications, and SAP Leonardo solutions that can drive value. Keep in mind that these benefits should be used as a guide. We recommend working together to assess your current maturity and the value of moving to SAP S/4HANA, Cloud/ LoB applications, and SAP Leonardo solutions to develop a personalized business case.

Last Update

SAP S/4HANA 1709 release.







*Detailed road map available on [SAP.com](https://www.sap.com)

(customer login required)

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Procurement in a Digital Economy

TRANSFORM PROCUREMENT WITH SAP

The procurement organization is evolving from a support function to a strategic advisor. Beyond negotiating lower rates and managing suppliers, it plays an important role in driving innovation, and managing risks across the supply chain and to the brand. Procurement is becoming more actively involved in delivering value to the end-customer by working more closely with other LoBs, including R&D and HR, and more collaboratively with suppliers.

Our industry-leading portfolio of solutions is uniquely positioned to enable our customers' digital transformation across all key aspects of their business value chain by offering total spend management. [SAP S/4HANA](#) covers operational procurement processes such as purchase requisitioning, order processing, invoice processing, order confirmation, and operational contract management. These core processes are enhanced by real-time embedded analytics across all spend categories, thereby improving performance and visibility. [SAP Ariba](#) solutions extend these core processes with guided buying, collaborative sourcing and contracting, and networked-based, end-to-end supplier collaboration to deliver a new, guided, simplified user experience that meets the expectations of millennial users. [SAP Fieldglass](#) solutions provide access to external skills by supporting the entire process from sourcing to managing the contingent workforce, enabling the organization to be nimble and competitive. [SAP Concur](#) solutions help streamline business travel expense processing and connect employee-paid spending data for complete visibility and proactive management. [SAP Leonardo](#) capabilities add intelligence to make processes autonomous and unbiased. **Together, these provide a comprehensive solution to help organizations meet the diverse spend needs of the enterprise for a total spend management, providing scalability, agility, and choice.**



Total Spend Management

Native integration between SAP S/4HANA and Cloud/LoB solutions to enable total spend visibility across all categories, and to build and optimize sourcing pipelines for more saving opportunities



Consumer-Grade Ordering Experience

Easy-to-navigate, smart-search-based, and rules-driven requisitioning as well as guided sourcing for items not in catalogs for efficient and compliant procurement



Predictive Analytics

Embedded, machine learning-based analytics to predict contract consumption for better negotiation capability and proactive material management



Holistic Supplier Evaluation

Real-time KPI monitoring based on transactional and employee survey data, flexible configuration of weights and categories, and integration into market reviews to enable a more complete supplier evaluation



Flexible Skills Sourcing

Streamlined processes for discovering, sourcing, and managing external workers and service providers for wider access to critical skills, and greater responsiveness

Sabre Corporation

Adopting a cloud-first approach to enable faster response to changing market dynamics and business needs by integrating its core ERP system on SAP S/4HANA with SAP Ariba, SAP Fieldglass, SAP SuccessFactors, and SAP BusinessObjects BI solutions.

“It’s been exciting to see how we can better access data and reporting, which is changing how we think about our products and business. SAP S/4HANA is a significant part of this huge cultural transformation.”

Steve Strout, Senior Vice President of Strategy and Operation, Sabre Corporation

Avery Dennison Corporation

Redefining procurement for the digital age with SAP Ariba solutions by centralizing, standardizing, and automating processes.

“With SAP Ariba solutions, we have completely transformed procurement at Avery Dennison. Previously, paper invoices and purchase orders would be sent back and forth between offices for approval and payment. Now, everything is done digitally, saving us considerable time, money, and effort.”

Maarten Edde, Global Business Process and Systems Manager, Avery Dennison Corporation



SAP PROCUREMENT VALUE PROPOSITION SUMMARY

SAP solutions enable companies to substantially enhance, simplify, and visualize the entire procurement process from sourcing to purchasing to settlement.

Lower average unit price

Rationalize the supply base through spend visibility and centralized sourcing, and negotiate better pricing based on consumption history and contract visibility. Save on ad hoc purchases through demand management and spot buying.

Reduce noncompliant spend and leakage

Control maverick spending by guiding employees to the appropriate buying channel using a consumer-like interface. Ensure supplier compliance to preferred terms by reconciling invoice, PO, receipt, and contract.

Maximize revenue from products and services

Reduce sourcing cycle time, and manage fulfillment risks associated with stock-outs, supply chain incidents, and non-compliant materials.

Decrease inventory carrying costs

Achieve optimal inventory requirements through seamless transparency, effective collaboration, and enablement of processes like supplier-managed inventory.

Optimize total cost of ownership

Rationalize ongoing source-to-settle system costs associated with software maintenance, application management, upgrades, help desk, and supplier connectivity by adopting a modern platform to deliver innovations at a rapid pace.

Increase process efficiency

Drive sourcing productivity through deep spend analytics and seamless access to supplier and external information. Reduce cycle times and increase procurement and productivity in accounts payable (AP) through invoice process automation and supplier collaboration.

Improve cash management

Avoid unintended cash flow constraints with a formalized payment-terms strategy. Realize early-payment discounts or take advantage of supply chain finance margin-sharing by reducing duration of invoice processing cycle.

Improve control over services budgets

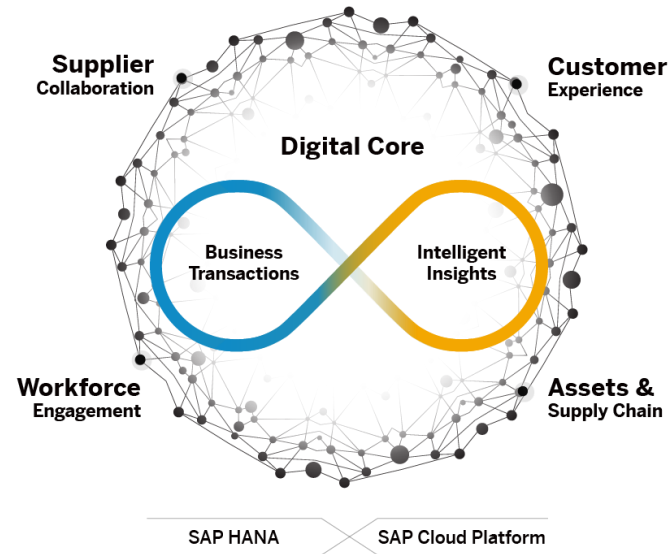
Roll up all aspects of a service engagement into an overall budget and implement budget controls at the project level and individual level.

Effectively manage external workers

Enhance visibility of and control over an external workforce through onboarding, offboarding, and worker tracking, to increase success rate of achieving goals.

SAP's Digital Business Framework for Procurement

SAP solutions enable organizations to drive business value across their end-to-end digital value chain.



SUPPLIER COLLABORATION

WORKFORCE ENGAGEMENT AND SERVICES MANAGEMENT

S/4HANA DIGITAL CORE

ASSETS AND SUPPLY CHAIN

CUSTOMER EXPERIENCE



Ariba Network



- Integrated Business Planning
- Freight Order Management



Concur Travel & Expense



- External Workforce Management
- Services Procurement
- Integration with **SAP Ariba**
- Integration with **SAP SuccessFactors**



- Operational Purchasing
- Collaborative Sourcing and Contract Management
- Supplier Management
- Procurement Analytics



- Supply Chain Collaboration
- Inventory Search & Reservation
- Receiving
- Supply Chain Finance



- Integrated Business Planning
- Freight Order Management



External collaboration (supply-side) with SAP IBP integrated to Ariba Network




Ariba Network for Sellers

- Ariba Discovery
- Ariba Sourcing
- Ariba Contracts
- Ariba Receivables Financing

End-to-End Business Scenarios

Some organizations measure value by the impact to their end-to-end processes. Outlined below are the primary end-to-end processes that are important to the procurement organization.

END-TO-END SCENARIO	DESCRIPTION	RELEVANCE
 <p>STRATEGIC PROCUREMENT</p>	<p>Strategic procurement involves determining the sources of supply that deliver the most savings and manage supply risks. It includes analyzing the marketplace, defining sourcing strategies, identifying suppliers, putting a contract in place, and managing supplier performance and risk.</p>	<p>To meet their objectives, procurement organizations require capabilities to analyze spend in great detail, gain timely visibility into supply market and supplier information, predict demand variances and contract exhaustion, negotiate better prices and terms, and monitor continuously and engage collaboratively with suppliers.</p>
 <p>OPERATIONAL PROCUREMENT</p>	<p>The objective of operational procurement is to execute and deliver on purchase requisitions in the most efficient and compliant manner. It encompasses managing requests and creating orders in compliance with policies, procuring from suppliers, verifying delivery, matching invoices, and settling payments.</p>	<p>To meet their objectives, procurement organizations require capabilities to enable consumer-grade user experiences, faster and compliant purchasing, error-free processing, a transparent and collaborative platform with trading partners, and timely settlements.</p>
 <p>FLEXIBLE SKILLS MANAGEMENT</p>	<p>Flexible skills management covers activities associated with the hiring-to-retiring lifecycle of an external workforce to ensure their gainful and risk-free engagement.</p>	<p>To meet their objectives, procurement organizations require proper controls at every step of the process, complete visibility into the work and effort of external workforce, and support for efficient selection and onboarding practices.</p>
 <p>EMPLOYEE-PAID SPENDING</p>	<p>Organizations must manage employee-paid spending across various expense categories and payment methods. It extends beyond processing business travel and expense to include managing such employee-paid spend and ensuring compliance with policies.</p>	<p>To ensure that money spent is put to the best use possible, technology should connect travel, expenses and settlement processes in a manner that gives the organization more control over compliance and costs.</p>

Reimagine Strategic Procurement

Gain spend insights, accelerate savings, and ensure compliance through a closed-loop strategic sourcing application suite.



Traditional Procurement

Multiple disconnected data sources

Disparate and disconnected data sources, and inability to extract meaningful insights

Manual identification of sources of supply

Manual and time-intensive supplier discovery and qualification process

E-mail-based collaboration and manual evaluation of supplier responses

Inefficient bid management with RFx coordination through e-mails; limited buyer-supplier collaboration; and manual processing and analysis of supplier responses

Mismanaged and misplaced paper-based contracts

Manual authoring, longer cycle times, and high legal costs

The New World with SAP



Increased visibility into internal and external data

360-degree view of spend and supplier and market data through business network integration



Automated supplier evaluation and qualification

Access to global supplier pool with ready visibility into preferred and qualified sources of supply
Embedded capabilities to view additional supplier data for a better informed decision



Streamlined, tool-based bid management process

Comprehensive RFx management with reverse- and forward-auction capabilities that enables value-optimized cost savings and faster sourcing cycle



Automated contract collaboration and compliance

Contract lifecycle management capabilities including authoring, negotiation, execution and digital signature

TOP VALUE DRIVERS

Increase spend under management

Reduce procurement function cost

Accelerate cycle for sourcing and contracting

Reimagine Operational Procurement

The procurement business network enables effective buyer-supplier collaboration and compliant and efficient processes by connecting trading partners electronically.



Traditional Procurement

Significant effort needed to search for items
 No guidance to preferred suppliers, resulting in lost savings opportunities
 Manual creation and updates to catalogs by e-mail or telephone

Paper- and e-mail-based approval workflow and supplier communication, resulting in slow, error-prone processes
 Inability to easily consult buying policies, leading to poor compliance
 Manual PO processing

Manual and error-prone receiving and matching processes
 Inefficiencies caused by paper and e-mail invoices, resulting in delays or missed discounts

Proliferation of different payment terms and low acceptance of discount offers
 Check-based payments with low visibility, and ad hoc and cumbersome payments process, leading to reconciliation issues and administrative redundancies

The New World with SAP

Access to an online marketplace that provides a consumer-grade experience
 Guided buying that navigates users through proper buying channels to leverage preferred suppliers, negotiated pricing, and in-context policies

Simple and streamlined policy-based approvals from any device
 Relevant purchasing documents that are automatically created and integrated into the relevant systems
 Automated, faster, and consistent supplier connections

Electronic tracking of all purchasing-related documents for greater compliance
 Automated three-way match for efficient, error-free processing
 Invoice exception handling through policy-based approval process

Small set of standard payment terms for seamless settlement
 Electronic payments for complete visibility into related invoices and POs
 Holistic working capital strategy for terms extension, static and dynamic discounts, supply chain finance and payment channels

TOP VALUE DRIVERS

Reduce procurement function cost

Improve compliance on supplier and price policies, taxation, and regulations

Improve cash flow with faster invoice approvals and payments

Reimagine Flexible Skills Management

Streamline the process of identifying, procuring, and managing the contingent workforce, thereby enhancing organizational agility.

Traditional Procurement



Resource requests by e-mail and phone without formal sourcing strategy



Manual, time-intensive candidate review and selection



Manual and ad hoc onboarding and offboarding processes, at hiring manager's discretion



Manual time entry, limited visibility into work completed, and paper-based invoicing



Spreadsheet-based reporting for external workforce and limited visibility into data

The New World with SAP



Standardized templates, pre-approvals, and routing to preferred suppliers



Streamlined candidate comparison, interview scheduling, and worker selection with in-platform hiring



Systems-driven onboarding and offboarding processes to ensure compliance, clarity, and control



Web-based time and expense management, visibility into work completed, and automated invoicing



Powerful reporting and analytics for better workforce planning and optimization of opportunities

TOP VALUE DRIVERS

Increase compliance savings across external workforce

Lower cost of external workforce

Improve quality of external workforce

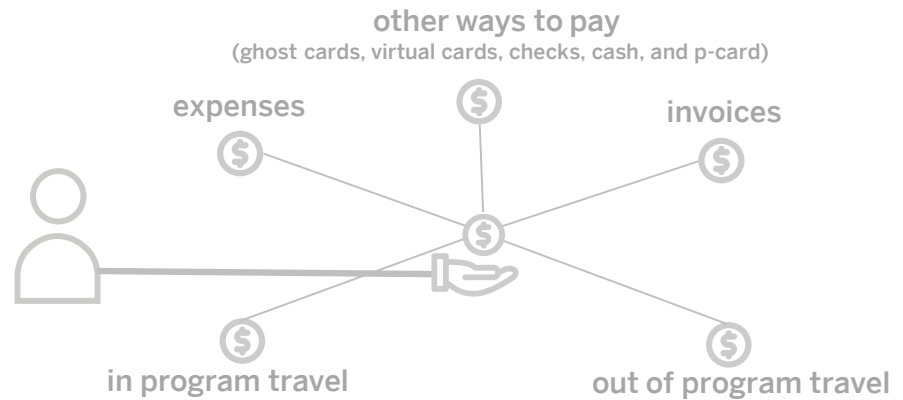


Reimagine Employee-Paid Spending

Connect all employee-paid spending data, for complete visibility and proactive management.

Traditional Procurement

Manual and disparate systems cannot provide a consolidated view of employee spending. Invoice capture and processing are slow and not integrated. Out-of-program travel spending is hidden and unmanageable, while many expenses are incorrectly categorized.



The New World with SAP

SAP Concur solutions automate key parts of the spending process and key categories of spending, such as T&E and Receipts-based expenses, making the process simpler for your employees. As a result, companies can capture and manage more of what they are buying. In addition, SAP Concur solutions automatically connect employee-paid spending through different systems and directly with suppliers, enabling business to see and manage all spending.



TOP VALUE DRIVERS

Increase compliance with internal report and travel rules

Reduce time on expense reports

PROCUREMENT CAPABILITIES

Outlined below are the primary capabilities for procurement where value can be achieved through SAP S/4HANA, SAP Ariba, SAP Fieldglass, SAP Concur, and SAP Leonardo solutions.



Guided Buying



TYPICAL PAIN POINTS

- Low business user satisfaction due to lack of a consumer-grade ordering and order tracking experience
- Significant procurement spend occurring outside of established contract terms and procurement policies



Current State with ERP on Traditional Database

- Self-service requisitioning through an open catalog interface in purchase requisitions or purchase orders, or through a separate SRM implementation or single-client deployment



SAP S/4HANA (including standard SAP Leonardo capabilities)

- Self-service requisitioning using SAP Fiori apps with cross-content and catalog search, type-ahead for free-text items, and review and confirmation of goods and services
- Native integration to SAP Ariba solutions for spot buying



Cloud/ LoB and SAP Leonardo Solution Capabilities

- Portal for consumer-grade buying experience
- Single interface for all spend types
- Policy-based end-user sourcing and guidance for contract and supplier risk requests in one place
- Configurable workflow and approvals
- Spot buy capability to manage long-tail and ad hoc spend
- "Three bids and buy" functionality available to users, with recommendation for preferred suppliers
- Functionality for distributed policy, category, and supplier management
- Supplier performance management for broader user and supplier participation



2018 Planned Innovations

- Contract and project tracking for project-based spend
- Automatic commodity classification based on description of ad hoc requests
- Invoice, service entry sheet, and user profile approval (native experience)
- In-application capture of net promoter score
- Policy support for mobile devices
- Sourcing collaboration and quoting status
- Integration with shared-services application
- Product reviews and ratings
- Live chat
- Web analytics to track user behavior
- Workflow to display approved questions from users



Business Benefits

- Higher business user satisfaction
- Improved spend compliance
- Increased tactical sourcing savings (on non-contracted spend)
- Increased collaborative sourcing savings (services spend)
- Continuous improvement in spend under e-procurement

Strategic Sourcing and Contract Management



TYPICAL PAIN POINTS

- Manual, repetitive tasks and multiple requests that extend cycle times
- Difficulty in identifying the best sources of supply with data spread across disparate sources
- Lack of robust sourcing execution process that reduces realized savings
- Difficulty in getting data to plan and forecast spend, and to manage supply chain events proactively
- Poor contract management resulting in negotiated savings leakages and compliance issues
- Disintegration and poor traceability between legal documentation and procurement transaction



Current State with ERP on Traditional Database

- One-time search for contract documents, but change of search parameter requires user to go back from contract list to search screen every time
- No possibility of quick action, such as validity extension, out of search result list
- No visibility into or information about contract utilization
- Separate searches by user in purchase information records (PIR), contracts, scheduling agreements, and info records to identify source of supply
- Availability of data for analysis on a single system but impossible to get an aggregated and enriched view of the spend data across multiple systems



SAP S/4HANA (including standard SAP Leonardo capabilities)

- New SAP Fiori apps to manage and perform mass updates on sourcing documents
- Management of RFQ and supplier quotation, and direct execution of simpler requests
- Native integration to SAP Ariba Sourcing solution to initiate sourcing events out of SAP S/4HANA and receive back sourcing award with follow-on documents updated or created automatically
- Ability to simulate source of supply assignment for checking which sources of supply are valid for a certain material, plant, and date
- Configuration of scheduling agreement releases at header and item level, and notification of expiration
- **Embedded and predictive analytics for contract consumption**
- Management of legal content with integration of contract-related legal transactions and RFQ into the core application



Cloud/ LoB and SAP Leonardo Solution Capabilities

- RFx and sourcing event creation, management, collaboration, and analysis
- Supplier collaboration for contract creation, signing, management, and syndications
- Supplier and end-user collaborative workspaces and workflow
- Material master, services, and bill of material (BOM) integration support for sourcing and contract
- Sourcing award and contract integration using material master data to create PO and outline agreements (OA)
- Visibility about preferred and qualified suppliers
- BOM upload and integration in PDX format
- Enhanced BOM costing and rollout
- Placeholder for parts management
- Price by time in strategic sourcing and contracts
- PIR integration for contracts and sourcing award
- Enhanced contract authoring features, like in-application redlining, drag-and-drop capabilities, and Microsoft Word navigational view



2018 Planned Innovations

- Central contract management in SAP S/4HANA Sourcing and Procurement connected to multiple back-end systems
- Situation handling for contract consumption
- Commodity price escalation based workflows
- Artificial intelligence and machine learning for smarter contract authoring
- Low-touch or No-touch operational sourcing and contracts execution interface through the SAP Ariba guided buying capability
- New sourcing and contract user experience interface for category buyer persona
- BOM versioning and comparison
- 360-degree material view: price trend, contracts, PIRs, events
- Integration of PIR and OA in strategic sourcing with complex price conditions related to time
- Support for commodity index-based pricing
- Legal content assembly to generate, process, and archive legal content based on pre-approved clauses & templates



Business Benefits

- Higher sourcing savings from unit-price reduction
- Improved supplier compliance
- Enhanced supply chain planning productivity
- More flexible pricing (rebates), enabling more targeted business models

Operational Procurement



TYPICAL PAIN POINTS

- Time-consuming and complex process for buyers and suppliers to collaborate on purchase order
- Cumbersome manual processes that extend transaction cycle
- Inconsistent application of contract compliance
- Decentralized operations that result in non-standard practices and redundancies



Current State with ERP on Traditional Database

- Time-consuming search for existing purchase orders with limited pre-filled content and provisioning of existing documents
- Required implementation of separate add-on on top of ERP to exchange messages with the Ariba Network
- Manual, separate checks by user of existing sources of supply, information records, and agreements with back-and-forth changing of search parameters
- Setting of rules and limits only at a category level without being varied



SAP S/4HANA (including standard SAP Leonardo capabilities)

- Integration with the Ariba Network for sending purchase orders and receiving confirmation and other standard output documents
- Faster execution with approval notifications enabled, and with the ability to redistribute workload after simulation
- View follow-on documents and collectively apply changes or copy attributes to purchase requisitions
- Easy setup of flexible approval workflow with dynamic rules, and separately configured at header and item level
- Setting of overall value limits for procurement of unplanned services
- Ability of requisitioning process to run on a centralized hub connected to multiple back-end systems
- Integration of freight order management with SAP Purchase Order Execution for SAP S/4HANA



Cloud/ LoB and SAP Leonardo Solution Capabilities

- Purchase order workflow and compliance governance
- Demand aggregation and compliance check against contract and hosted catalogs
- Consumer-grade search capability for managed and external catalogs
- Mobile shopping cart, approvals, and tracking
- More efficient shared-services operations with better collaboration between casual users and shared-services professionals
- Integration to third-party tax engines
- Item reservation and service master support for MRO catalogs
- Real-time inventory check



2018 Planned Innovations

- Situation handling for purchase requisition processing
- Integration of SAP Ariba Buying solution with SAP S/4HANA
- Machine learning for purchase requisition processing
- Multi-accounting in purchasing documents
- Team shopping cart
- Support for buying stocked items
- Validation and enrichment of API for goods receipt and invoice
- Support for asset management
- Specification of vendors (condition vendor) for logistics and other services
- Modelling of vendor partner functions (such as, ordering addresses, goods supplier, invoice presented by)



Business Benefits

- Higher transactional productivity
- Lower cycle times
- Improved spend compliance

Supplier Management



TYPICAL PAIN POINTS

- Inability to manage, segment, and classify suppliers along purchasing categories, leading to wasted effort by undermining the differences in the relative importance
- High cost of developing and maintaining multiple integration points
- Limited capability to identify and evaluate low-performing suppliers by questionnaires
- Limited or no information to determine supplier risk
- Inaccurate, incomplete, or unqualified supplier data



Current State with ERP on Traditional Database

- Supplier management based on material groups only
- No external data enrichments for supplier master
- Display of vendor master mainly with control parameters and data
- No direct availability of supplier evaluation questionnaires
- No real-time supplier evaluation based on purchasing documents
- Limited criteria for supplier evaluation, and equal weighting to all
- Limiting of supplier risk management initiatives to a select set of suppliers only



SAP S/4HANA (including standard SAP Leonardo capabilities)

- Addition of a purchasing category as a new business entity to streamline classification and segmentation activities
- Segment and classification of suppliers and provision of evaluation results based on purchasing categories
- Integration into Dun & Bradstreet (D&B) products to review latest reports about supplier performance
- Flexible configuration of weighting and scoring each criteria for supplier evaluation
- Addition of "quality" to the list of evaluation criteria, all of which can be manually adjusted to reflect the actual situation
- Real-time monitoring of supplier evaluation using KPI
- New SAP Fiori apps for supplier management for purchasing category and task and activity management with automatic reminder configuration



Cloud/ LoB and SAP Leonardo Solution Capabilities

- Spend visibility powered by SAP HANA with integration to D&B products to enrich data
- Supplier profiles on Ariba Network and supplier self-service-based registration capability
- Creation and maintenance of supplier master record in the cloud with new supplier data model and two-way sync with the SAP ERP application, SAP S/4HANA, and the SAP Master Data Governance application
- Matrix-based supplier qualification and segmentation
- 360-degree view of suppliers
- Real-time supplier risk insights and alerts
- Engagement risk assessment and issue tracking at engagement level
- Forced-labor risk exposure, built-in sanctions, and watch list tracking



2018 Planned Innovations

- Integration of SAP S/4HANA and SAP Ariba solutions for supplier performance
- Supplier audit management and phaseout capabilities
- Supplier segmentation business processes
- Upgraded supplier performance management experience
- Integration of risk assessments with contracts, sourcing, guided buying qualification, and certificate repository
- Built-in risk-domain-specific questionnaires
- APIs for financial criteria, environmental, social and governance (ESG) criteria, and diversity risk information



Business Benefits

- Increased supplier compliance (spend management)
- Improved spend under e-procurement
- Enhanced supplier selection process based on real-time performance data
- Better supplier risk mitigation



Procurement Analytics



TYPICAL PAIN POINTS

- Cumbersome and time-consuming process to analyze procurement information
- Delay in the ability to act due to separate systems for operational and analytical information
- Use of outdated information as basis for decision-making
- Limitation on the impact of supplier evaluation due to inability to factor in unstructured data limits
- Lack of timely visibility into contract consumption



Current State with ERP on Traditional Database

- Extraction of data into business warehouse to perform spend analysis
- No insight-to-action capabilities



SAP S/4HANA (including standard SAP Leonardo capabilities)

- Live calculation of KPIs to analyze managed and non-managed spend, contracts, purchase requisitions, and supplier performance
- Instant insight-to-action capabilities by easily filtering, and navigating to other SAP Fiori apps and object pages
- Procurement overview page to monitor business-critical situations using analytical cards or worklists
- Dynamic supplier evaluation scoring based on procurement documents in real time
- **Embedded analytics in contracts and source of supply determination**
- Dynamic analysis of purchasing spend with multidimensional reporting capabilities and variance tracking, and predictions based on open purchase requisition and schedule lines
- Analytical monitoring of various purchasing documents using SAP Fiori UX for better visualization and drill-down capabilities



Cloud/ LoB and SAP Leonardo Solution Capabilities

- 360-degree visibility into spending, suppliers, and related market information
- Aggregation and classification of spend data across the enterprise
- Enriching and benchmarking of supplier information
- Unified view across categories and suppliers
- Supplier data enrichment through integration with D&B products
- Spend data benchmarking services
- Pre-packaged reports and ad hoc reporting



2018 Planned Innovations

- Analytics for scheduling agreements
- ABC classification of spend
- Analytics for services spend
- Analytics for central procurement hub with SAP S/4HANA
- Analytical reporting API
- Next-generation reporting platform
- Spend classification and supplier enrichment enhancements based on artificial intelligence and machine learning



Business Benefits

- Continuous improvement in spend under e-procurement
- Better-informed business decisions with live analytics and real-time reporting and monitoring

Invoice and Payables Management



TYPICAL PAIN POINTS

- Manual processes that extend transaction cycle times and inhibit the ability to take advantage of opportunities for discounts
- Paper-based supplier invoices and delayed invoice updates, leading to limited visibility of in-transit material in back-end planning systems
- Absence of a flexible rules-based framework, causing end-user dissatisfaction and policy non-compliance



Current State with ERP on Traditional Database

- To identify erroneous invoices, user must go back and forth to change search parameters, and an administrator is needed to resolve business issues with suppliers
- A separate add-on has to be implemented on top of ERP to exchange messages with the Ariba Network
- Invoices in any form are captured and uploaded manually



SAP S/4HANA (including standard SAP Leonardo capabilities)

- Ability of business user to view draft invoices coming from Ariba Network, create the supplier invoice directly using the available data, and correct inaccurate e-supplier invoices directly
- Invoice collaboration enhancements to send messages to and from Ariba Network, including carbon copy invoice, payment advice, payment proposal, and update
- Invoice processing enhancements such as invoice reduction, output management adoption, and creation of supplier invoices or draft invoices from uploaded paper-based invoices
- Standard integration to SAP Fieldglass solutions for receiving invoices and sending invoice status update back to the supplier
- Ability to set up flexible and dynamic workflow rules for supplier invoice
- Integration with asset systems by creating supplier invoices against assets



Cloud/ LoB and SAP Leonardo Solution Capabilities

- Reimagined persona-specific process flows for accounts payable users
- Native integration with the Ariba Network for supplier invoices, status, and payments
- Network-based rules engine for price, tax, tolerance, and process compliance
- Global e-invoice validation and e-archiving
- Demand aggregation, evaluated receipt settlement and recurring payments, and real-time budget check
- Good-receipt-based invoicing
- Collaboration between buyers and sellers for Invoice reconciliation
- Form-agnostic (paper or electronic) capture of T&E invoices
- Flexible workflow for processing PO and non-PO invoices
- Invoice monitoring and exception handling based on machine learning



2018 Planned Innovations

- Approval for supplier invoices not based on purchase orders
- Multi-accounting in purchasing documents
- Material limit check in supplier invoice
- Increased invoice automation with machine learning and efficient invoice monitoring for exception handling in SAP S/4HANA



Business Benefits

- Increased discount capture – net-new discounts
- Reduced procurement function costs
- Improved invoice processing efficiency

Services Procurement



TYPICAL PAIN POINTS

- Lack of control over sourcing process
- Siloed processes for building and negotiating contracts with service providers
- Inability to manage worker deliverables and performance based on statement of work (SOW)
- No integration of time sheets to accounts payable system, and to invoice based on them
- Complex taxation especially when services are rendered across multiple roles and geographies
- Lack of visibility across all services spend, historic and current



Current State with ERP on Traditional Database

- Complex service entry and invoice reconciliation process
- Complicated user interface and structures to define the type of services needed
- Ownership of the service is not managed in ERP



SAP S/4HANA (including standard SAP Leonardo capabilities)

- Simplified service entry and consolidation of services and material master
- Integration of invoices from SAP Fieldglass solutions with SAP S/4HANA
- Procurement of unplanned services (limits)
- SAP Fiori app "Service Entry Sheet"



Cloud/ LoB and SAP Leonardo Solution Capabilities

- Streamlined sourcing and bid management processes for services providers
- In-platform collaboration on contracts with service providers
- Category-specific SOW management and evaluations
- Web-based time and expense sheet functions such as workflow, time entry, expense entry, and budgetary controls
- Automated invoicing, taxation, and discounts based on location of services delivered
- Robust analytics and reporting tools that help identify program trends and anomalies



2018 Planned Innovations

- Granular rate management for SOW
- Enhanced multi-bid SOW that allows in-platform negotiation and collaboration
- Integration of SAP Ariba Contracts solution
- Support for service hierarchies
- More-specific category-based SOWs
- Addition of KPIs to analytics dashboards in SAP Fieldglass solutions



Business Benefits

- Improved control over services spend with rate management
- Higher number of SOW-based projects meeting milestones and completed on time
- Greater control over program budgets
- Fewer services invoice errors
- Better process to manage services spend efficiently

External Workforce Management



TYPICAL PAIN POINTS

- Cumbersome requisitioning process and deviation from sourcing strategy
- Inefficient candidate comparison
- Lack of visibility into market rates and options
- Inability to effectively manage rate, tenure, and worker performance
- Inefficient invoice reconciliation
- Complex taxation, especially when services are rendered across multiple roles and geographies



Current State with ERP on Traditional Database

- Temporary labor processes that are managed outside ERP
- No logon options for external workers in ERP to report working hours for services



SAP S/4HANA (including standard SAP Leonardo capabilities)

- Simplified service entry and consolidation of service and material master
- Integration of invoices from SAP Fieldglass solutions with SAP S/4HANA
- Procurement of unplanned services (limits)
- SAP Fiori-based "Service Entry Sheet" application



Cloud/ LoB and SAP Leonardo Solution Capabilities

- Guided work sourcing
- Segmented and tiered supplier distribution rules engine
- Rate management and automation
- SAP Fieldglass Live Insights service for market benchmarks powered by machine learning
- Robust analytics and reporting tools that help identify program trends and anomalies
- Worker onboarding, management, and offboarding
- Web-based time and expense sheet functions such as workflow, time entry, expense entry, and budgetary controls
- Automated invoicing, taxation, and discounts based on location of services delivered
- Integration of SAP Fieldglass solutions with SAP SuccessFactors solutions for total workforce management



2018 Planned Innovations

- Flexible workflow for service entry sheet
- Talent engagement across multiple channels through platform
- Machine learning-based resume matching and candidate ranking
- Combination of tenure and rate management
- Simplification of time tracking and invoicing for workers on multiple concurrent assignments



Business Benefits

- Lower non-compliant spend for external workforce
- Greater control over external workforce spend with rate management
- Higher goal achievement success rate by temporary workers
- Fewer errors on invoices for external workers



Supply Chain Collaboration



TYPICAL PAIN POINTS

- Lack of supply chain visibility and collaboration, leading to stock-outs, missed shipments, and inflated inventory
- Interactions using e-mails and spreadsheets, resulting in longer cycle times
- Multiple communication channels, leading to delivery errors, quality errors, and supply chain complexity



Current State with ERP on Traditional Database

- No system to capture all the documents and data needed for collaboration
- No platform for efficient collaboration
- Multiple communication channels, ranging from electronic data interchange (EDI) and Web portals to e-mail and fax



SAP S/4HANA (including standard SAP Leonardo capabilities)

- Availability of good receipts, including for stock-in-transit and blocked stock
- Process transparency and collaboration with partners to identify and address issues with in-transit tracking



Cloud/ LoB and SAP Leonardo Solution Capabilities

- Integrated collaboration with open, comprehensive and intelligent B2B network
- Integration with ERP and supply chain planning systems
- Supplier onboarding services
- Collaboration with trading partners for forecast, advanced supply chain procurement, quality control, and inventory management
- Real-time status information on orders, shipments, and commits with the SAP Ariba Supply Chain mobile application
- Network intelligence, data, and insights associated with supply chain



2018 Planned Innovations

- Enhancements for collaborative order response, quality control, and inventory management, including supplier-managed inventory (SMI)
- Supply chain intelligence, reports, alerts and exception management
- Replenishment order enhancement and approval process for inventory optimization
- Advanced packaging with handling units
- Platform, scalability, and performance improvements
- Advanced logistics collaboration



Business Benefits

- Faster time to market
- Less revenue loss due to fulfillment issues
- Fewer days in inventory
- Higher supply chain planning efficiency
- Improved supply chain risk mitigation

Digital Priorities in Procurement

Emerging digital technologies are helping companies reimagine the way they create their business models, run operations, and execute work. Below are several digital priorities that will help procurement lead the organization's evolution and enable its transformation.

Cognitive Procurement

Cognitive technologies and market dynamics are setting the stage for more intelligent procurement enabled by tighter connections between people, markets, systems, data, and context. This will set the stage for **autonomous procurement processes**.

SAP and IBM are collaborating on leading-edge source-to-pay applications, with an initial focus in two areas:

- **Transformation of sourcing** events with a digital procurement assistant enabled by machine learning
- A more comprehensive and **smarter contracting** process

This will help drive **higher savings, greater efficiency, and better decision-making** based on the total relationship value.



Intelligent and Transparent Supply Chain

"Smart contracts" based on distributed ledger or blockchain technology can drive significant **efficiency, transparency, and risk mitigation** in the movement of goods and services. This level of trust will enable procurement to drive sustainability and corporate social responsibility goals of the organization.

SAP has announced a partnership with Everledger Ltd. to leverage blockchain across its cloud-based applications and business network to upend the way goods and services are traded. Amongst first applications of blockchain, SAP sees potential in the **tracking and tracing of goods**. This will provide buyers and sellers with **increased visibility and control** from sourcing to settlement, which **reduces risk of fraud, aids faster and smarter supply chains, and enables procurement with a purpose**.



Predictive Analytics for Contract Consumption

Predictive capabilities are empowering business users with insights that are relevant to the present as well as the future, instead of based only on the past. This enables **proactive decision-making** and timing actions at the most opportune moment for the organization.

SAP S/4HANA software already analyzes actual contract consumption for quantity and value contracts. Together with SAP Predictive service, part of SAP Leonardo Analytics capabilities, it further **enhances negotiations** with new insights on contract consumption dates. With the ability to forecast contract exhaustion, organizations can **improve contract (re)negotiation, reduce overall costs, and enhance vendor management**.



Machine Learning Drives a Faster, Smarter Procurement Function

Machine learning (ML) is enabling a new era of automation and analytics allowing people to **work faster and make smarter decisions**.

SAP Fieldglass Live Insights service leverages ML algorithms to enable organizations to **benchmark and simulate external workforce scenarios**. ML algorithms will also be applied to analyze user's actions when engaging service providers to help **accelerate the Statement of Work creation process**. These capabilities will help **reduce cycle times and make processes agile**.

A **digital procurement bot**, or a digital assistant, offers a next-generation experience by enabling buyers and suppliers to **interact naturally with SAP Ariba** applications. Leveraging ML algorithms, the bot will process POs and invoices based on its "training" on policies, user preferences, and transactions, to help **ensure compliant and error-free execution**.





SAP's Value Proposition for Procurement

STRATEGY ENABLMENT

- All spend categories, including invisible spending, across all regions and departments
- Live business-to-business collaboration
- Deeper insight into supplier performance and identification of new sources of supply
- Open ecosystems to connect buying channels and allow policy to be applied to direct sourcing
- A total spend management portfolio (SAP Ariba, SAP Fieldglass, and SAP Concur solutions) providing scalability, agility, and choice.

BUSINESS BENEFITS*

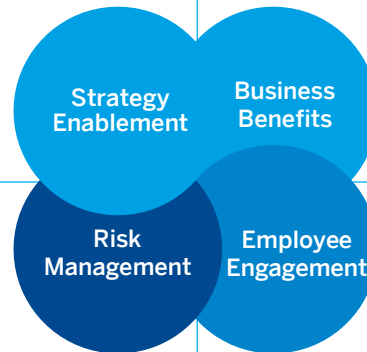
- 15%–20% reduction in procurement function costs
- Early payment discount option on 90% of invoices and/or 25% payment term extension
- 60% improvement in worker quality
- 1.5 %–2.5% reduction in external workforce cost
- 1.0 %– 1.5% compliance savings across external workforce
- Improved compliance delivering between 5%–10% contracted savings
- Sourcing event price and total cost of ownership savings averaging 10%–15%
- 5%–6% reduction in accounts payable errors
- 2 to 5 day improvement in days payable outstanding (DPO) on targeted spend
- 15%–20% improvement in supply chain planning productivity
- 68% less time processing invoices#

RISK MANAGEMENT

- Live calculation of KPIs to analyze managed and non-managed spend, contracts, and suppliers
- Dynamic, in-the-moment supplier evaluation scoring

EMPLOYEE ENGAGEMENT

- High level of automation, leading to more capacity for strategic tasks for purchasers
- Reduced FTE effort on reporting and analysis
- Improved employee productivity with intuitive requisitioning tools and business-to-consumer-grade shopping experiences



* Benefits are based on early adopters of SAP or conservative outside-in benefits due to moving from a traditional ERP to enhanced SAP S/4HANA, LoB/ Cloud and SAP Leonardo solution capabilities. As each enterprise is at a different level of maturity, our recommendation is to work with you to determine the value proposition for your enterprise.

"The Business Value of Concur Invoice," IDC, April 2017

★ Customers are Achieving Value from SAP



SABRE CORPORATION

- 1.5 trillion transactions processed each year
- Real-time information for accelerated decisions
- Faster financial close cycles, from 6 days to 5 days
- 35% higher user productivity

As one of the leading technology solution providers to the travel industry, Sabre is evolving its business intelligence approach in order to accelerate response time to customer needs and innovate faster in a competitive marketplace.

With a cloud-first approach in partnership with SAP, Sabre put in place simplified data models and integrated processes providing the necessary agility.

[Click here for Sabre Corporation source reference](#)

Company
Sabre Corporation

Industry
Travel and transportation

SAP Solutions
SAP S/4HANA
SAP Ariba solutions
SAP Fieldglass solutions
SAP SuccessFactors solutions
SAP BusinessObjects BI solutions

Customer Web Site
www.sabre.com



AVERY DENNISON CORPORATION

- 87% purchase orders managed through SAP Ariba solutions in North America
- 5 days to process invoices, down from 23 days
- 400 hours estimated time saved per week by buyers and accounts payable

A global leader in labeling and packaging materials, Avery Dennison struggled with multiple systems, disparate processes, inconsistent practices, and low transparency.

To centralize, standardize, and automate procurement processes, Avery Dennison introduced a single platform based on SAP Ariba solutions, resulting in standard workflows, greater visibility, and fewer errors. Automation and paperless processes are saving considerable time, money, and effort.

[Click here for Avery Dennison source reference](#)

Company
Avery Dennison Corporation

Industry
Mill products

SAP Solutions
SAP Ariba solutions

Customer Web Site
www.averydennison.com



SIAM CITY CEMENT

- Automated, streamlined, and connected business processes
- Real-time reporting and analysis based on single source of truth
- On-time delivery

To stay ahead of the competition, innovate more quickly, and provide more value to stakeholders into the future, Siam City Cement is using a full range of SAP products, including SAP S/4HANA and SAP Ariba solutions, to power digital transformation across the enterprise.

This helped the company keep its promise of timely order fulfilment of quality products and services to customers, by enabling efficient and transparent direct procurement of materials in bills of materials needed by manufacturing.

[Click here for Siam City Cement source reference](#)

Company
Siam City Cement Public
Company Limited

Industry
Mill Products

SAP Solutions
SAP S/4HANA
SAP Ariba solutions
SAP Cloud Platform

Customer Web Site
www.siamcitycement.com



SIEMENS

- \$17 million cost savings due to implementing SAP Fieldglass solutions
- Gained external workforce visibility, streamlined manual processes

Headquartered in Germany, Siemens is Europe's largest electronics and electrical engineering company as well as the world's largest provider of environmental technologies.

With a fragmented management process and multiple technologies in use, Siemens turned to SAP Fieldglass solutions to enable visibility into its workforce.

[Click here for Siemens source reference](#)

Company
Siemens

Industry
Manufacturing

SAP Solutions
SAP Fieldglass solutions

Customer Web Site
www.siemens.com

Your Path to Digital Transformation

Every enterprise is unique, with different starting points and end points. Whether you are starting a net-new implementation or undergoing a digital transformation in an existing SAP solution landscape, SAP can help. We have been working with enterprises of all sizes and in all industries. Based on the depth of our experience, we offer a robust portfolio of services.

Customer Engagement Methodology

No matter which path applies to your enterprise, SAP has a structured four-phase approach to ensure success – executive alignment, value discovery, validation and executive readiness, and value delivery.

For more details, please see the brochure [Driving Value in a Digital Economy](#).

SAP Value Assurance Service Packages

Take advantage of SAP Value Assurance service packages for SAP S/4HANA to quickly and safely harness the power of next-generation software and in-memory processing.

For all value assurance packages and for the successful transition to SAP S/4HANA, please visit [Transition to SAP S/4HANA](#).

SAP S/4HANA Road Map

With a three-year detailed road map, SAP gives customers the transparency to accelerate their transition to SAP S/4HANA. See [SAP S/4HANA Road Map](#).

Start Today with a Trial

[SAP S/4HANA Trials](#)

Key Assets for Next Steps with SAP S/4HANA

www.sap.com/s4next

Design the Future with Integrated Solutions for Total Spend Management

Together, SAP S/4HANA, SAP Ariba solutions, and SAP Fieldglass solutions cover the global, integrated, end-to-end, source-to-pay process. Drive greater value with seamless integration to business networks.

[Integration Solutions](#)

[Design the Future of your Supplier Relationship Management](#)

Innovate with SAP Leonardo

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Learn more about SAP Leonardo capabilities and see how customers in a variety of industries are using the system to realize the promise of new technologies, such as the IoT and Big Data analytics.

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[SAP Leonardo customer stories](#)

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