SAP Ariba

Unlocking Value Across
Supplies, Logistics, and Procurement

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EXECUTIVE SUMMARY

Growing interconnection of manufacturers, suppliers, and traders has increased complexities across the business world. Several companies have revamped their supply and procurement requisites to manage the complexities that arise during business collaborations. In this scenario, SAP Ariba offers a sound platform for simple, seamless, and controlled collaborations amongst suppliers and buyers. The Ariba Network hosts a large pool of buyers, suppliers, and manufacturers who collaborate on a cloud-enabled platform to meet their supply and procurement needs.

SAP Ariba has emerged as a gamechanger for modern businesses that are focusing on minimizing supply chain disruptions and complexities. Besides, use of multiple tiers of collaboration including forecast and inventory collaborations, has given greater confidence to market entities about using the SAP Ariba Network. Organizations are gaining real-time visibility into their supplier networks, while also scouting for new business opportunities in the form of cost-effective vendors and collaborations. In addition to this, SAP Ariba has also enabled businesses to gather control of their spend through invoice, PO, and spend management tools.

Renewed Approach to Supplying and Buying

SAP Ariba is redefining the way buyers and suppliers come together across the business space. In the existing scenario of supply risks and market uncertainties, SAP Ariba assures businesses of seamless supplier management, alternate procurement lines, strategic sourcing, and financial supply chain processes. [1] [2]
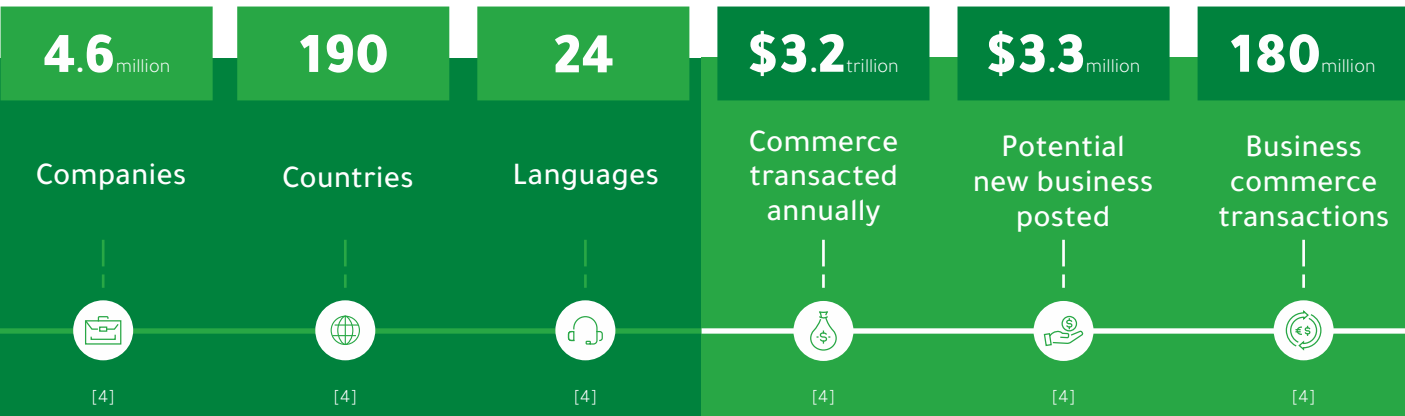
Ariba Network: Connecting Buyers and Suppliers to Address Real-Time Business Needs

The Ariba Network is the world's largest B2B digital marketplace connecting buyers and suppliers across an ever-growing space for supplier collaboration, procurement planning, and spend management. [3]

Collaborations
Explore new business opportunities while managing current transactions.

Cash Flows
Simplify the sales cycle to satisfy buyers and improve cash flows.

Control
Meet urgent procurement needs and keep a tab on spending to realise greater savings.
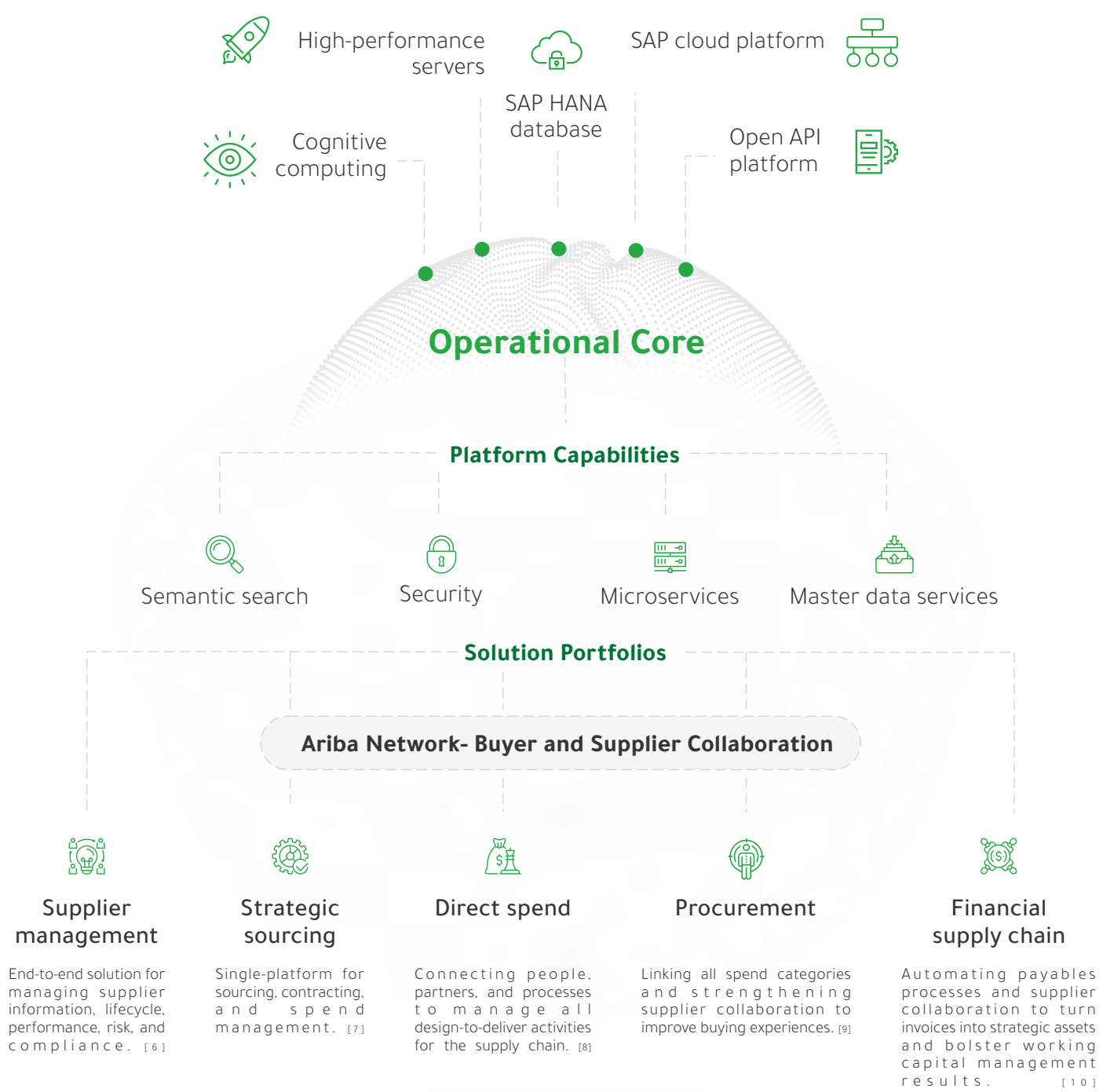
Ariba Network: Growth par Value

The Ariba Network has emerged as the powerhouse for business growth and commerce transactions, generating value-added outcomes for millions of buyers and sellers.

4.6 million	190	24	$3.2 trillion	$3.3 million	180 million
Companies	Countries	Languages	Commerce transacted annually	Potential new business posted	Business commerce transactions
[4]	[4]	[4]	[4]	[4]	[4]

SAP Ariba: Understanding the New-Age Business Collaboration Platform

SAP Ariba delivers intelligent solutions built on a future-focused platform that combines spend data with the latest technology to improve procurement and supply chain performance at scale. [5]
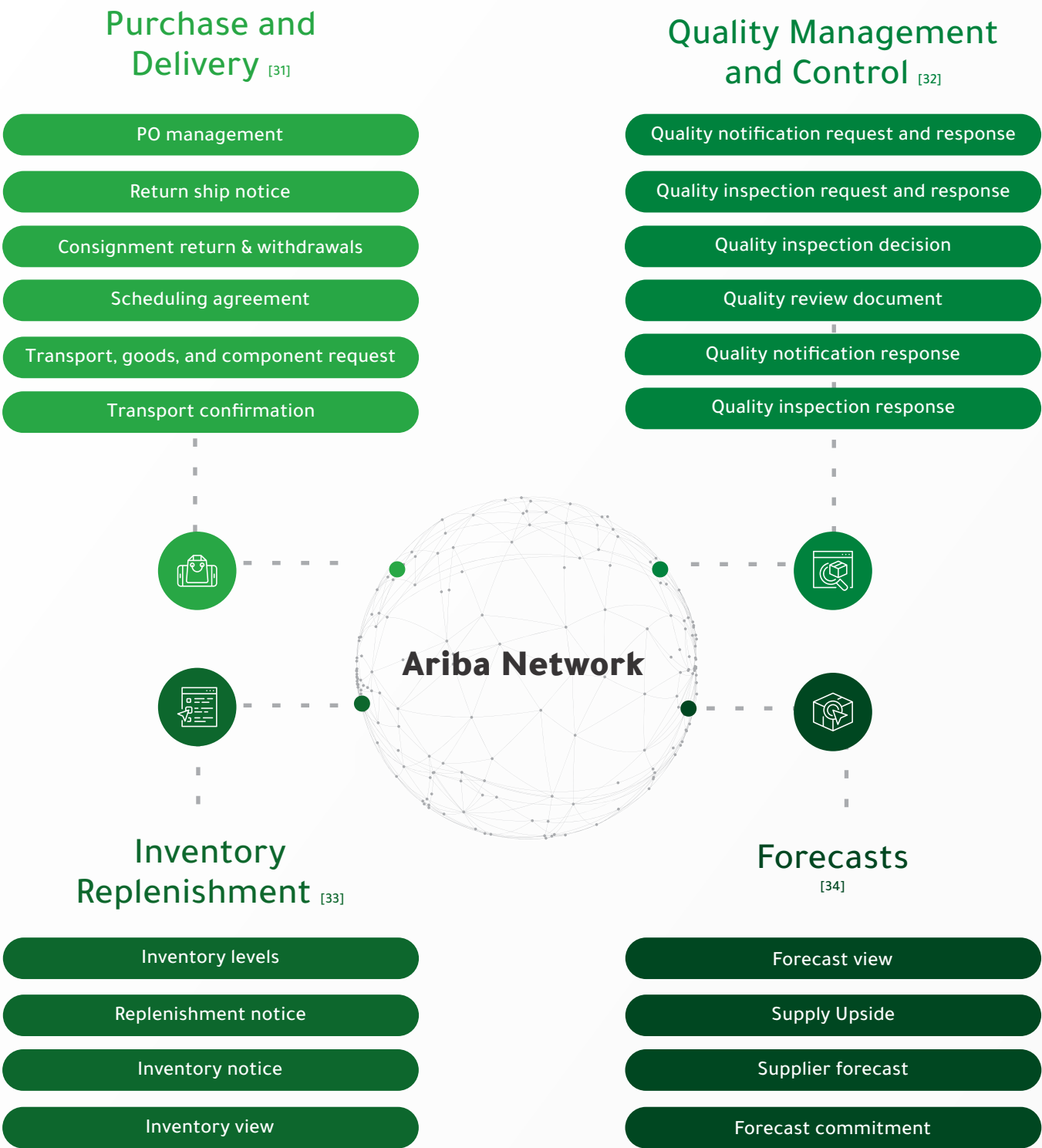
High-performance servers

SAP cloud platform

Cognitive computing

SAP HANA database

Open API platform

Operational Core

Platform Capabilities

Semantic search

Security

Microservices

Master data services

Solution Portfolios

Ariba Network- Buyer and Supplier Collaboration

Supplier management	Strategic sourcing	Direct spend	Procurement	Financial supply chain
End-to-end solution for managing supplier information, lifecycle, performance, risk, and compliance. [6]	Single-platform for sourcing, contracting, and spend management. [7]	Connecting people, partners, and processes to manage all design-to-deliver activities for the supply chain. [8]	Linking all spend categories and strengthening supplier collaboration to improve buying experiences. [9]	Automating payables processes and supplier collaboration to turn invoices into strategic assets and bolster working capital management results. [10]

Business Value

High availability architecture

Business continuity

Risk governance and certifications

Real-time information for faster and better decisions
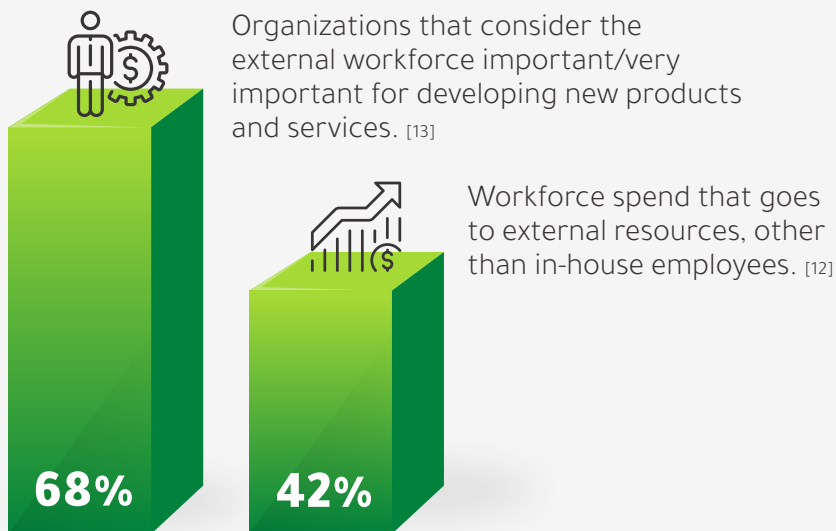
Decoding the Ariba Network

The Ariba Network enables businesses to strike a balance across forecast collaboration, inventory management, and manufacturing planning and visibility. [30] The network enables collaboration across key functions spanning into PO management, transport requests, shipment notices, and other important functions.

Purchase and Delivery [31]

- PO management
- Return ship notice
- Consignment return & withdrawals
- Scheduling agreement
- Transport, goods, and component request
- Transport confirmation

Quality Management and Control [32]

- Quality notification request and response
- Quality inspection request and response
- Quality inspection decision
- Quality review document
- Quality notification response
- Quality inspection response

Ariba Network

Inventory Replenishment [33]

- Inventory levels
- Replenishment notice
- Inventory notice
- Inventory view

Forecasts [34]

- Forecast view
- Supply Upside
- Supplier forecast
- Forecast commitment

Combining SAP Ariba with SAP Fieldglass to Acquire Business Edge

SAP Ariba provides collaborative commerce capabilities from sourcing and order fulfilment to invoice and payment for organizations. However, in addition to their sourcing and procurement needs, organizations are also required to develop a network of remote contractors, service-providers, and consulting firms. Organizations can turn to SAP Fieldglass, a cloud-based vendor management solution that manages all types of flexible resources for an organization including contingent workers and service providers. [14]

Need Analysis for SAP Fieldglass

Organizations that consider the external workforce important/very important for developing new products and services. [13]

Workforce spend that goes to external resources, other than in-house employees. [12]

68%

42%

SAP Fieldglass: Easy Sourcing of Services

SAP offers best-in-class solutions to help organizations source, engage, and manage their external workforce by effectively using SAP Fieldglass solutions.

Integrating SAP Ariba and SAP Fieldglass solutions provides access and outreach to partners and suppliers outside the four walls of the organization. [15] Together, these can capture every source of spend across each category under one unified view. [13]

SAP Ariba
Direct & indirect expense

Comprehensive Procurement and Supplier Management

Unified view of total vendor spending

SAP Fieldglass
Services & external labour
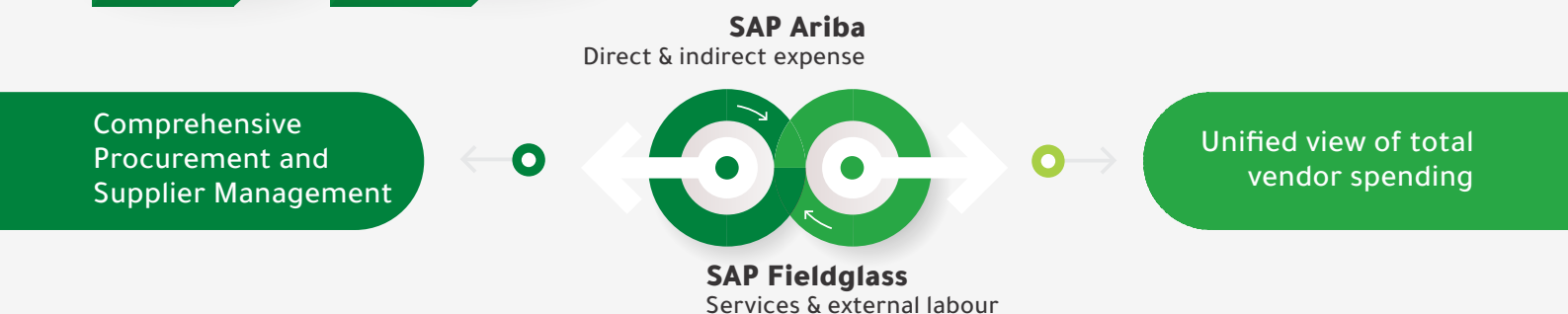
Business Benefits [16]

- Visibility of different areas of spend, in accordance with corporate policies

- Increased information transparency across the enterprise

- Reduced third-party risks and other procurement risks

Business Values Achieved with SAP Ariba and SAP Fieldglass Integration* [17]

Spend managed across 16,000 contracted employees.

$125.5 million**

Savings achieved using SAP Fieldglass to optimize rates.

$4.15 million**

E-invoice management realized with SAP Ariba.

100%

*As reported by SAP Fieldglass and SAP Ariba customer implementation.
**Based on conversion/approximation (EUR - USD Nov-2020)

Overcoming COVID-19 Disruptions with SAP Ariba

The COVID-19 crisis has left organizations bearing the brunt of major operational disruptions such as reduced supply chain visibility, bottlenecks in financial management, and hurdles in workforce monitoring. [18]

Leading Causes of Supply Chain Disruptions

Lack of clarity between buyers and suppliers [19]

Lack of comprehensive supply chain restructuring [19]

Arbitrary resource allotment [19]

Reduced visibility into supply networks

Impact on Supply Chains

73% Businesses encountered problems in their supplier base. [20]

94% Fortune 1000 companies are seeing supply chain disruptions due to COVID-19. [21]

75% Companies have had negative or strongly negative impacts on their businesses. [21]

75% Businesses faced problems with production and distribution. [20]

31% CFOs believe supply chain issues are among the top three business concerns. [22]

Proactive Response with SAP Ariba Discovery

- SAP Ariba opened up its cloud-based service, SAP Ariba Discovery, to connect business buyers and suppliers for meeting their sourcing needs. [23]

- Along with providing resilient supply chain collaborations to overcome existing business volatility, SAP Ariba Discovery enables buyers and suppliers to connect quickly and effectively, while minimizing shipment delays, capacity issues, and unforeseen demand deadlocks. [24]

Connecting Buyers and Suppliers over the Ariba Network

51% Increase in buyer postings [25]

177% Increase in supplier responses [25]

484% Rise in new buyer registrations [26]

3966% Rise in new supplier registrations [26]

SAP Ariba Response to Disruption Challenges [27]

Minimizing supply chain disruption
- Revamping alternate sources of supply
- Continuous monitoring of supplier risk

Improvement in cash conversion cycle
- Effective collaboration with trading partners
- Potential monetary improvement opportunity

People management
(with SAP Fieldglass)
- Total workforce visibility
- Worker profile management

Improvement in operating margins
- E-signature for signing supplier contracts
- Renegotiate contracts with alternate suppliers

SAP Ariba: Driving Growth via Intelligent Offerings

Supplier Management

Drive spend to preferred suppliers and reduce risk every step of the way, from supplier on-boarding and qualification to segmentation and performance management. [3]

Key Capabilities

Supplier discovery [8]

Classification and segmentation [8]

Third-party risk and data augmentation [8]

Supplier evaluation [8]

Supplier lifecycle and performance [29]

Supplier risk management [29]

Business Value* [17]

40%
Total spend addressed by environmental/social/ governance assessments

49%
Active engagement among suppliers in sustainability effort

93%
On-time payments to suppliers

80%
Invoices managed through the Ariba Network

*Results reported from SAP Ariba customers implementations

Strategic Sourcing

Manage entire sourcing, contracting, and spend analysis processes for all types of spend - direct and indirect materials as well as services - all in one place. [7]

Key Capabilities

Advanced negotiation & supplier selection [28]

Operational contract management [15]

Cost savings and optimization [7]

Spend analysis [7]

Operational sourcing [28]

Contracts management [29]

Business Value* [17]

30-40%
Reduced sourcing cycle time

$21million+
Worth of procurements & standardized indirect purchasing

80-90%
Adoption rate in less than one year

2 Minutes
Time to order standardized products from authorized suppliers

*Results reported from SAP Ariba customers implementations

Direct Spend

Digitize extended supply chain with end-to-end digital procurement solutions that support your direct spends, starting with product integration and R&D, all the way through manufacturing, execution, and delivery. [8]

Key Capabilities

Supply chain management & risk mitigation [8]

PO, invoice, and service entry automation [15]

Process integrations from back-end systems [28]

Supply chain and payables automation [15]

Supply chain visibility [8]

Supply base optimization [8]

Business Value* [17]

$1million
Saved per year in accounts payable costs

3X
Number of qualified suppliers on Ariba Network than its previous solution

25%
Reduction in end-to-end cycle time

64% of 20,000
Order lines automated monthly through Ariba Network

*Results reported from SAP Ariba customers implementations

Leveraging the Power of Easy Buying and Invoicing

The core tenets of an effective business collaboration span across visibility, financial control, data-based workflows, and total control over spending and costs. SAP Ariba Procurement and SAP Ariba Financial Supply Chain together enable organizations to strike a chord with all the aforementioned KPIs.

SAP Ariba Procurement (buying)

Strengthening collaborations between teams and trading partners to securely share data, get insights, and manage workflows over the Ariba Network for a more efficient procurement process and greater cost control. [9]

Key Capabilities:

- Commerce automation [29]
- Buying and invoicing management [9]
- Spend visibility [15]
- Real-time reporting and monitoring [15]
- Catalogue content management [9]
- Procurement compliance and control [9]

Business Value*: [17]

- **$13.22** ** **million**
  Saved per year on procurement
- **$600,000**
  Savings achieved in just six months
- **$75–$100** **million**
  Worth of indirect material for research and development converted into a catalogue
- **$2** **million**
  Saved with e-sourcing

*Results reported from SAP Ariba customers implementations

SAP Ariba Financial Supply Chain (invoicing)

Achieve visibility throughout the source-to-pay process, improve supplier relationships, and realize fast ROI. [10]

Key Capabilities:

- Financial supply chain management [10]
- Invoice management [29]
- Dynamic discounting and discount management [10]
- Invoice workflow and exception management [15]
- Smart and contract invoicing [28]
- Payables management [15]

Business Value*: [17]

- **80%**
  Contracts comply with audit requirements
- **5000**
  Contracts managed
- **80%**
  Reduction in the number of invoices processed without a valid PO in place
- **500,000**
  No-touch invoices and orders in the first year

*Results reported from SAP Ariba customers implementations
**Based on conversion/approximation (GBP - USD Nov-2020)

AEC: Understanding the Value of Supply Chain Integrity

As a gold partner for SAP implementation, Advanced Electronics Company (AEC) has traced a journey of progressive enhancement in understanding and tapping into the needs of the customers. AEC's integration of SAP Ariba, supported by various supporting platforms such as SAP S/4HANA, follows a pragmatic and value-focused approach.

Need Analysis

AEC understands the need for maintaining robust supply chains, and reciprocates with an informative and educative approach to assist companies in gathering control of their supplies, procurements, and invoices.

Decoding the Ariba Network

The various relationships and associations related to PO processing and invoices hosted on the Ariba Network are well-addressed by AEC. This way, the company enables and educates the end-users to get the best bet out of their use of SAP Ariba.

Aligning with the End Vision

The use of SAP Ariba and its various offerings comes with a responsibility to continuously align with the end-vision behind supply chain collaboration. Therefore, AEC follows a customer-oriented approach while performing SAP integrations.

New-Age SRM

AEC acknowledges the value of revamping traditional SRM practices to fit the needs of the ever-expanding and dynamic supply landscape. For this reason, AEC's team of implementation experts continuously scale the offerings within SAP Ariba for the clients.

Moving with Changing Times

The pandemic situation proved to be a gamechanger for companies that were pre-equipped with SAP Ariba. Advanced Electronics Company (AEC) is also causing a shift in narratives about supply chain management through implementation of SAP Ariba in times of COVID-19.

CONCLUSION

It is evident that effective supply and procurement lines blow life into manufacturing units of all scales. In recent times, digitization of supply and procurement lines has enabled businesses to get an edge in managing their supplier relationships. However, these businesses are exposed to the risks of supply chain disruptions, logistical pitfalls, and reduced visibility into supply networks. In addition to this, manufacturing units are frequently met with unforeseen demands and arbitrary requirements that are beyond the scope of their existing procurement networks. Therefore, SAP Ariba has emerged as an enabler for businesses looking to get access to a real-time pool of suppliers. With the Ariba Network, SAP has successfully hosted a multi-modal platform that can assure suppliers of effective quality management, easy purchasing, and inventory replenishment.

With millions of buyers and suppliers currenting collaborating across the Ariba Network, SAP has succeeded in facilitating valued supplier relationships across business networks. The tremendous utility served by this network during the COVID-19 crisis that invited mass shutdowns has given a seal of credibility to the offering. As a SAP Gold Partner, AEC is contributing towards the goal of creating vibrant, connected, and seamless supplier and buyer networks. AEC's implementation of SAP Ariba, supported by several key platforms such as SAP S/4HANA, is redefining supplier relationship management across the MENA region.

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