

EXPERTISE

Ariba Sourcing Services



Strategic sourcing has always been a critical component of spend management but in today's environment of globalization and rising inflation, the pressure on sourcing organizations to deliver savings to the bottom line is greater than ever. Not surprisingly, strategic sourcing plays a key role in solving many of today's most critical spend management challenges:

- **Managing Costs:** Reduce direct and indirect total costs by strategically sourcing more spend
- **Improving Productivity and Organizational Performance:** Improve sourcing performance by offloading tactical work and leveraging best practices and expertise for more strategic work
- **Managing Complex and Non-Traditional Spend:** Reduce costs by sourcing complex spend categories
- **Procurement Outsourcing:** Outsource non-core or non-strategic categories or sourcing functions
- **Managing Suppliers:** Select the most qualified suppliers and manage for better performance
- **Effective Low-Cost Country Sourcing:** Drive additional cost savings by moving the right categories offshore

In fact, The Aberdeen Group reports that every additional dollar of spend brought under management yields a five to 20 percent cost savings to the organization. Ariba's own analysis indicates that a five percent reduction in an organization's cost of goods sold has the same impact on profit margin as a 50 percent increase in sales.

Many best-in-class sourcing organizations are reserving their in-house expertise to address their most strategic spend. This leaves the non-strategic spend unmanaged or poorly managed. Those organizations don't have broad, global category knowledge or supplier intelligence, their sourcing expertise may not extend beyond strategic categories or functions, or they may not have tools to capture information and manage sourcing activity.

Ariba's portfolio of Sourcing Services addresses these challenges for organizations by enabling them to reach into Ariba's global infrastructure of category and supply market specialists, sourcing consultants and project managers and leverage them on a programmatic or as-needed basis.

SOLUTION BENEFITS

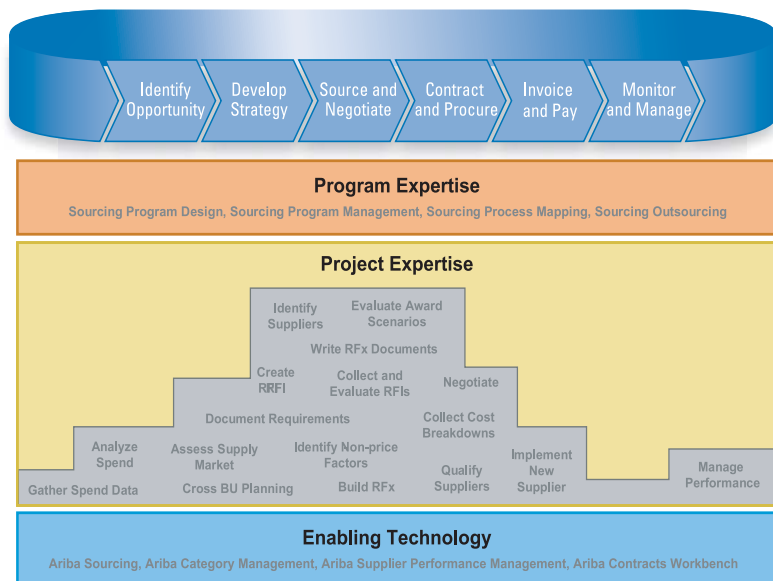
Ariba's Sourcing Services provide organizations with a broad range of support. For organizations wanting to build or expand their own sourcing competency, Ariba offers services designed specifically to transfer knowledge and build capabilities. For organizations with well-developed internal capabilities, Ariba offers as-needed category or supply market intelligence and operational or functional support to support the in-house team.

Ariba's Sourcing Services enables organizations to achieve the following benefits:

- Actionable category-specific sourcing strategies
- Global coverage for accelerating the identification and on-boarding of new suppliers
- Knowledge library of project data and category-specific templates for broad re-use
- Improved leverage of advanced sourcing technology for complex market conditions
- Deep capacity to simultaneously tackle a broad range of sourcing projects and challenges
- Efficient, consistent online market management resulting in greater efficiencies
- Cross-industry insight into supplier cost drivers resulting in opportunities for additional cost savings

HOW DOES IT WORK?

Strategic sourcing is a critical component of the Spend Management process and sourcing activity takes place throughout. Ariba's Sourcing Services provide analysis and actionable recommendations in the early stages and execution support on the later ones.



Identifying the Right Opportunities

Challenges Addressed:

- Getting an accurate picture of spend data
- Tackling spend categories not appropriate for online auction
- Identifying low-cost country sourcing opportunities
- Identifying and prioritizing opportunities
- Managing a program across multiple stakeholders and geographies

Solutions Delivered:

- Spend data cleansing and aggregation
- Analysis by spend category, business unit or geography
- Category price benchmarking and best practices benchmarking
- Sourcing program design and management
- Sourcing process mapping and buyer training

Developing the Right Strategies

Challenges Addressed:

- Identifying tactics for mitigating risks inherent in low-cost country sourcing
- Navigating changing market conditions
- Choosing the right sourcing method for each spend category
- Identifying supplier cost drivers
- Category and supply market knowledge outside core, strategic categories

Solutions Delivered:

- Category and regional supplier knowledge
- Category-specific sourcing strategies
- Total landed cost modeling for different categories
- Supplier cost profiles
- Detailed supplier profiles, capacity and facility reports

Getting Sourcing and Negotiating Right

Challenges Addressed:

- Finding and qualifying new suppliers in low-cost regions
- Determining optimal lotting, project parameters and configuration
- Cross-cultural supplier negotiation
- Managing projects across multiple stakeholders and geographies
- Uncertain supplier interest or preparedness

Solutions Delivered:

- Detailed supplier profiles, capacity and facility reports
- Global supplier training and readiness
- Project configuration and build leveraging advanced sourcing functionality
- Consistent market execution
- Cultural negotiation training
- Custom, re-usable category-specific RFIs and data collection templates

Contracting and Procuring

Challenges Addressed:

- Complex award scenario analysis for complex spend categories
- Calculating total landed costs for supply options in low-cost countries
- Lengthy time-to-implementation, time-to savings
- Implementation process and skills for non-strategic spend categories

Solutions Delivered:

- Supplier cost profiles
- Optimization to enable decision making
- Total landed cost modeling for different categories
- Implementation best practices and process mapping
- On-site implementation support for new suppliers in remote regions

Monitoring and Managing for Performance

Challenges Addressed:

- Establishing supplier Key Performance Indicators (KPIs) for non-strategic spend categories
- Collecting stakeholder and supplier inputs on performance
- Maintaining current supplier information
- Resolving performance issues for suppliers in remote regions

Solutions Delivered:

- In-country support for supplier management and development
- Category-specific KPI requirements
- Supplier management process definition and mapping

HOW IS IT BETTER?

To be effective, any Sourcing solution must deliver speed, sustainability, coverage and flexibility. Speed ensures quick prioritization of addressable savings opportunities and faster returns on investment. Sustainability ensures enablement and knowledge transfer for long-term success. Coverage is required to tackle spend across categories and geographic regions. Flexibility ensures that as needs change, adjusting the content or delivery of services is simple. Ariba's Sourcing Services offers multiple unique capabilities to assure these essential criteria:

SPEED and SUSTAINABILITY:

- Ariba's Sourcing Services are designed to enable organizations to identify savings opportunities sooner, prioritize and sequence projects for maximum impact, complete those projects faster and deliver more savings to the bottom line
- Sourcing Services includes sourcing program design to build internal capabilities and drive adoption of deployed sourcing tools and technology
- Ariba's Sourcing Services transfer knowledge in the areas of sourcing expertise, category and supplier intelligence

COVERAGE and FLEXIBILITY:

- Ariba's Sourcing Services expertise covers a broad spectrum of direct and indirect spend categories and capabilities to support a broad range of strategic sourcing initiatives across multiple industry sectors
- Organizations leverage Ariba's globally deployed sourcing and supplier specialists

- Ariba's Sourcing Services allow organizations to engage a unique delivery model for custom or shared services, to leverage broad strategic or targeted, more tactical capabilities and to scale and adjust these services as needs evolve

HOW CAN IT BE DELIVERED?

Ariba offers our customers maximum benefits by leveraging a flexible, unique delivery model: A combination of 1) on-the-ground consulting 2) leveraged category and sourcing knowledge and 3) technology enablement. Service delivery is tailored to your organization's need.

- Organizations can utilize services programmatically, through a subscription, or per-project on an as-needed basis
- Services can be delivered using Ariba's own sourcing software or the customer's
- Engage globally with Ariba through one of our regional Centers of Excellence: Pittsburgh, USA; Prague, Czech Republic; Shanghai, China or Sao Paulo, Brazil

ABOUT ARIBA

Ariba, Inc. is the leading provider of spend management solutions to help companies realize rapid and sustainable bottom-line results. Successful companies around the world in every industry use Ariba Spend Management software and services. Ariba can be contacted in the U.S. at 1.650.390.1000 or at www.ariba.com.

Ariba Inc.

Worldwide Headquarters

807 11th Avenue

Sunnyvale, CA 94089

Toll-free (USA): 1 866 772 7422

Outside USA: +1 650 390 1000

www.ariba.com



ARIBA®
This is Spend Management™