SAP Solution Brief
SAP Ariba Solutions | SAP Ariba Sourcing

Use Strategic Sourcing to Cut Costs, Limit Risks, and Maximize the Bottom Line

SAP Run Simple

Boost your bottom line with strategic sourcing

Strategic sourcing gives you the single greatest opportunity to impact the cost, quality, and performance of your supply chain and your business. But globalization, economic volatility, and tightening supply markets can hold you back. What's needed is a complete, integrated solution that drives **fast, sustainable results** across the sourcing lifecycle

Locating a supplier and pricing an item simply isn't enough today. Sustainable savings come from defining and executing a supplier selection process, identifying cost-cutting opportunities, and creating contracts that convert opportunities into actual savings. This requires evaluating the total cost impact of sourcing decisions and short-ening the amount of time and effort spent on administrative tasks.

The SAP® Ariba® Sourcing solution helps you achieve these goals. As a widely adopted and comprehensive strategic sourcing solution, it delivers exceptional sourcing and negotiation technology along with unparalleled strategy and category expertise, access to a global network of suppliers, and automation that streamlines critical tasks across the entire sourcing lifecycle. When integrated with Ariba Network and deployed as part of our strategic sourcing suite that spans spend visibility, sourcing, contract management, and supply base management, it enables you to realize even greater value.

Prioritize and plan for opportunities

SAP Ariba Sourcing makes use of spend data captured by any spend analysis tool, so you can work with business units to identify opportunities to rationalize the supply base, negotiate lower pricing, or implement new requirements. Identified opportunities can then be prioritized and created within the software as new sourcing events or projects, complete with key stakeholders, project tasks, and milestones. The output of each event or project is a short-term, midterm, or long-term agreement that can span one or more deliverables and can be sourced from one or more quality suppliers.
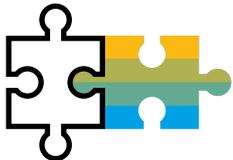
Prioritize and plan for opportunities

Develop an informed sourcing strategy

Determine the right processes, activities, and tasks

Source and select suppliers

Track and report savings and spend

Take advantage of best-practices center services

SAP Ariba Sourcing provides **robust integration capabilities to third-party systems** so you can push and pull sourcing

Develop an informed sourcing strategy

Once you've identified sourcing events, you can use SAP Ariba Sourcing to develop a strategic sourcing plan or process that enables the greatest potential impact on long-term business growth and profitability. Plans may include multiple deliverables and vary with the complexity of each project.

For example, sourcing 3,000 printer cartridges for U.S. office locations requires a simple sourcing plan, such as putting the project out to bid. But to source 150,000 laptop computers for employees around the world, you need a more complex plan that accounts for risk and compliance, large volume and cost, the needs of different employees, and so on.

SAP Ariba Sourcing lets you structure the most appropriate process for simple to complex projects, specify key deliverables, centralize content and communications, and more. You can:
• Execute sourcing strategies and adjust plans as needed
• Centralize strategic sourcing information for fast and easy access
• Gain real-time visibility into projects so you're always "in the know"
• Enable knowledge management so expertise and experience is not lost over time
• Facilitate process compliance across departments and office locations so that people follow an approved, comprehensive set of steps for sourcing all your spend categories, including services, indirect materials, and direct materials

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SAP Ariba Sourcing supports comprehensive category management, including:
- **Project management** – Model best practices–based sourcing and procurement processes, including phases, tasks, milestones, team members, collaborators, and more
- **Process, workflow, and approval management** – Use powerful process and workflow management and savings tracking technology to accelerate sourcing cycles, increase productivity, and track savings efficiently
- **Document management** – Enable easy document collaboration, sharing, and management using version controls, comment capabilities, and an audit trail
- K**nowledge management** – Capture and present organizational and category knowledge for reuse

- **Resource management** – Employ management and reporting tools to manage user priorities and staff availability, and use team management tools to deploy users across projects

Together, these category management functions help sourcing personnel determine the right processes, activities, and tasks to use for a particular sourcing project given the category, geography, and business units involved. In addition, they help project teams collaborate in dedicated workspaces; share documents; and review and approve selections, orders, and more. At the same time, managers can view and understand current resource utilization, constraints, and performance.

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The hunt for new suppliers can consume a significant amount of time. Limited knowledge about new markets or categories can put you at a disadvantage, resulting in expensive mistakes during supplier selection and negotiation. But gaining the in-depth information needed to assess supplier qualifications can be difficult.

To address these challenges, SAP Ariba Sourcing gives you multiple ways to quickly discover and select the best suppliers – and do so in a way that aligns with your sourcing strategy. For example,

rather than relying on an approved vendor list or searching the Internet to find new suppliers, you can use the SAP Ariba Discovery solution for supplier matching, so you gain immediate access to more than 1 million qualified suppliers worldwide. SAP Ariba Sourcing also enables you to create "request for" (RFX) events and competitive bidding environ-ments. These resources save you time by making it easier to compare choices, make informed decisions, and facilitate compliance. Dynamic dashboards make it easy to monitor the current status of all sourcing activities.

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Whatever your sourcing strategy looks like, **SAP Ariba Sourcing** can help you execute it, monitor progress, and ultimately identify the best sellers.

SAP Ariba Sourcing automates RFX creation and distribution as well as scoring, using multilevel weighted scoring and preference settings. Stakeholders can also score supplier responses collaboratively. Multistage functionality carries forward data about suppliers into a request for proposal or auction. In addition, you can flexibly manage the RFX process. For instance, you can allow suppliers to selectively decline to bid, manage changes after an RFX has been published, and model complex pricing and total cost of ownership using formulas.

You can also set up competitive bidding environments using reverse, forward, and Dutch auctions. Your team can interact with suppliers in real time using instant messaging, bidding consoles, and graphical representations of auction activities. They can also centrally manage bidding and disclosure rules (such as bid visibility), automatic extensions, weighted-bidding cost factors, staggered start and end times for items, and reserve prices.

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SAP Ariba Sourcing supports over 20,000 spend categories covering all spend, 19 languages, and over 220 currencies.

Track and report savings and spend

You can deploy SAP Ariba Sourcing with an optional, preintegrated solution that provides savings pipeline and tracking functionality for driving and evaluating the impact of sourcing programs. Use it to define your sourcing program activities, measure your success by tracking and reporting savings and spend, and gain insight into what's working and what's not. The combination of solutions helps make it easier to:
• Capture and report on estimated, negotiated, implemented, and actual savings and spend savings analysis across regions, time periods, departments, suppliers, and spend types
• Gain insights into project resourcing to help ensure adequate staffing

• Document upcoming sourcing activities by creating "planned" projects that can be reported on along with active projects so they can be viewed and managed together
• Secure information using controlled document access, versioning, publishing, and approving controls

As a result, you gain unprecedented visibility into upcoming sourcing activities so you can better plan resource requirements as well as quantitatively measure the value they deliver to the business. You always know where you stand on savings goals and when those goals are at risk. And you can use histo-rical data when planning future sourcing initiatives.

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Subscriptions to SAP Ariba Sourcing are bundled with best-practices center services. These services include:
- Level 1 and level 2 customer support services for buyers and suppliers
- Event day management services that help ensure smooth execution of your online negotiations
- Sourcing support desk services, which help ease the transition to online sourcing and accelerate user adoption

Additionally, optional best-practice services help you obtain proactive project pipeline support, sourcing events reviews, coaching, and guidance on best practices for training users and administrators and sustaining user adoption.

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Realize the benefits of total commerce management

SAP Ariba Sourcing provides comprehensive, innovative support for strategic sourcing that has resulted in tangible, bottom-line value for organizations of all sizes and industries. Currently, our customers use it to source over US$500 billion in annual spend across all product and service categories. At the same time, our internal research shows that they are cutting process and cycle times by up to 70%.

By deploying this software-as-a-service (SaaS) solution quickly and cost-effectively, you can start realizing these benefits too. Your company can gain:
- **Bottom-line results** – Realize immediate savings
- **Faster supplier discovery** – Discover new qualified suppliers, using SAP Ariba Discovery to improve bid competitiveness

- **Agility** – Dramatically reduce sourcing cycle times and administrative costs
- **Flexibility and lower total cost of ownership** – Rapidly deploy an SaaS solution for faster time to value and accelerated innovation, and use support services from SAP to eliminate IT burdens
- **Efficiency** – Create sustainable organizational knowledge using analytics for in-context intelligence
- **Global reach** – Trade globally with ease using support for multiple languages and currencies
- **Reduced supply risk** – Use continuous performance measurements and improvement processes to detect and mitigate risk

Summary
The SAP® Ariba® Sourcing solution integrates patented "request for" (RFX) technology, process workflows, commodity intelligence, and supplier discovery, resulting in a flexible, comprehensive sourcing solution that enables fast, sustainable, bottom-line results. When SAP Ariba Sourcing is deployed as part of our integrated strategic sourcing suite that encompasses spend visibility, strategic sourcing, contract management, and supply base management, you can realize even greater value.

Objectives
- Discover new sources of qualified suppliers to improve competition
- Standardize processes and track sourcing activities
- Reduce sourcing cycle times
- Drive sustainable savings to increase profitability and growth

Solution
- Improved bid competitiveness with sourcing program and category management for all direct and indirect spend
- Informed decisions and compliance with RFX and auction management, decision support, and optimization
- Standardization with integrated customer support, sourcing support, event management, and best practices
- Immediate savings with built-in integration for spend visibility, discovery, and contracts

Benefits
- Slash cycle time and administrative costs
- Reduce IT burdens and costs
- Trade globally in many languages and currencies
- Mitigate supply risk using performance measurements

Learn more
Call your SAP representative today or visit us at www.ariba.com/solutions/buy/sourcing.

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