**Benefits**

Supplier-managed inventory (SMI) programs support a mutually beneficial relationship between buyers and their suppliers. With SMI, the supplier assumes responsibility for supplying the buyer when items are needed. The buyer no longer has to keep safety stock, which lowers inventories and can lead to significant cost savings.

SMI programs:

- Provide early visibility into demand and inventories for higher supplier responsiveness
- Reduce transactional efforts and increase productivity in managing the replenishment cycle
- Increase service levels, thereby enabling a strategic supplier-buyer relationship
- Help suppliers improve fill rates, decrease stock-outs, and reduce overall inventory levels

**About SAP® Ariba® Solutions**

With SAP® Ariba® solutions, companies connect to get business done. On Ariba Network, buyers and suppliers from more than 3 million companies and 180 countries discover new opportunities, collaborate on transactions, and grow their relationships. Buyers can manage the entire purchasing process while controlling spending, finding new sources of savings, and building a healthy supply chain. And suppliers can connect with profitable customers and efficiently scale existing relationships – simplifying sales cycles and improving cash control along the way. The result is a dynamic, digital marketplace, where more than US$1 trillion in commerce gets done every year. To learn more about SAP Ariba solutions and the transformation they are powering, visit [www.ariba.com](http://www.ariba.com).

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**ACHIEVING WIN-WINS WITH SUPPLIER-MANAGED INVENTORY**

Many enterprise buyers deploy supplier-managed inventory (SMI) programs to enable their suppliers to manage the buyer inventory. By giving suppliers visibility into buyer inventory, SMI supports buyer-seller collaboration. With this visibility, suppliers can speed response times, increase fill rates, optimize buyer inventory levels, and reduce excess and safety stocks. Suppliers can review gross demand and inventory replenishment needs based on established minimum and maximum stock levels to ensure that proper levels of stock are available at the buyer location when needed.

The inventory add-on for the SAP® Ariba® Supply Chain Collaboration for Buyers solution supports your SMI programs and helps eliminate the inefficient tools currently used, including e-mail, spreadsheets, and homegrown portals. The add-on provides suppliers early visibility into customer demand as well as into stock levels and planned supply at the customer location across a predefined planning horizon. By managing projected inventories within the predefined minimum-maximum levels, suppliers can generate replenishment plans and share them with the customer for subsequent fulfillment.

The add-on helps buyers:

- Share gross demand, stock on hand, and minimum-maximum inventory levels with the supplier
- Integrate supplier-created replenishment plans into their ERP software
- Run an SMI program with standard or consigned stock types; in case of consignment, send consumption signals to suppliers when withdrawals of inventory and transfer of ownership occur
- Configure visibility of standard key figures in planning view; add custom key figures to give suppliers additional information

The add-on helps suppliers:

- View stock on hand and projected stock alerts in a dashboard to facilitate compliance
- Get early visibility into customer demand with instant calculation of projected inventory across multiple time buckets
- Plan and execute replenishments against inventory targets across the planning horizon

The figure below illustrates the capabilities of the inventory add-on.

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**Figure: Capabilities of the Inventory Add-On**

![Figure: Capabilities of the Inventory Add-On](https://www.ariba.com/solutions/solutions-overview/supply-chain/supply-chain-collaboration)