SAP® Strategic Sourcing Suite: A Solution for Discrete Manufacturers

In discrete manufacturing industries, product costs and time to market are critically important to increasing profits and revenues. Direct materials costs typically make up the majority of a product’s total budget, making them an important part of continuous cost-out programs. In addition, most direct spend costs are determined very early in the source-to-pay process – when product design is complete. In this key phase, poor collaboration between engineering, procurement, and suppliers can lock companies into high product costs.

As shown in the figure below, SAP® Strategic Sourcing Suite helps discrete manufacturers accelerate the sourcing process and optimize direct spend costs during product development and subsequent cost-out programs. It not only helps you involve sourcing teams earlier in the new-product development process, but it also supports collaboration across internal engineering and sourcing teams, as well as with external manufacturers and raw material and component suppliers. This collaboration helps you design for manufacturability and costing – quickly, accurately, and efficiently – by leveraging the innovation power of your suppliers. SAP Strategic Sourcing Suite also supports ongoing direct spend reductions, continuous cost-out programs, and renegotiations. And with flexible project management tools enabling configurable workflows and approvals, sourcing and collaboration can happen more quickly and easily for all parties.

Figure: SAP® Strategic Sourcing Suite
SAP® Ariba® Solutions

SAP® Ariba® solutions support the marketplace for modern business, creating exchanges between millions of buyers and suppliers across the source-to-pay process. Our solutions enable companies to simplify collaboration with their trading partners, make smarter business decisions, and extend their collaborative business processes with an open technology platform. More than two million companies use SAP Ariba solutions to connect and collaborate around nearly US$1 trillion in commerce on an annual basis. To learn more about SAP Ariba solutions and the transformation they are driving, visit www.ariba.com.

OPTIMIZING DIRECT SPEND COSTS AND SPEEDING UP THE SOURCING PROCESS

SAP Strategic Sourcing Suite offers discrete manufacturers:

- Electronic, template-based RFIs, RFPs, RFQs, auctions, and project management tools with integrated workflows, document management, and approvals to obtain bids and award suppliers
- Dynamic and real-time event views, integrated reporting, and what-if scenarios for decision support
- Innovative and configurable dashboards for materials and bills of materials (BOMs)
- Tagging for materials and BOMs to provide easier access and visibility
- A 360-degree view for insights into material price history and trends, sourcing activities, and sources of supply
- Integration with product lifecycle management processes and systems for importing BOMs and engineering change notifications
- Support for sourcing events for a BOM, subassemblies, and materials
- Simplified comparisons of BOMs, with clear visibility into the differences between them
- Early visibility into product costs with cost roll-ups, and clear visibility into pricing trends
- Integration with the SAP ERP application or SAP S/4HANA® so you can use demand data to jump-start the sourcing process, with outcomes transferring to procurement systems used to create follow-on documents
- Support for configurable, complex pricing conditions, enabling you to use negotiated prices in procurement processes supported by SAP ERP and SAP S/4HANA
- Ability to calculate total landed cost, including logistics costs, import duties, and taxes, to compare supplier prices with different International Commercial Terms (Incoterms)
- Tools to configure complex cost breakdowns using supplier and external manufacturer costing data for cost structure analysis
- Efficient supplier collaboration on product specifications and characteristics, with outcomes flowing into external specification management systems or to contract documents

A CLOSED-LOOP, DIGITALLY TRANSFORMED SOURCING SOLUTION FOR EVERY NEED

SAP Strategic Sourcing Suite supports a closed-loop, digital, source-to-contract, and supplier management process for direct materials; maintenance, repair, and operations materials; and indirect materials.

Contract Management Capabilities

With this suite, you can reduce the risks and lost savings associated with misplaced and mismanaged paper contracts. You can:

- Manage procurement and sales contracts, IP licenses, internal agreements, and more
- Accelerate the contract lifecycle with automated contract authoring, review, and approval
- Collaborate with internal stakeholders and trading partners
- Integrate article and supplier master and contract data to and from sourcing, ERP, and other back-end systems

Supplier Lifecycle and Performance Management Capabilities

Support the supplier management lifecycle using a single, Web-based platform that enables suppliers to register and collaborate with you. You are able to:

- Register, qualify, and segment suppliers based on category, location, and business unit
- Integrate qualified and preferred suppliers smoothly into the source-to-contract process
- Access a 360-degree view of supplier information
- Monitor and manage supplier performance with a centralized information portal
- Utilize automated, standard alerts and reports to assess compliance and manage supply risk

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