Benefits

• Provide the intelligence needed to set feasible price targets for renegotiations and drive down manual research and maintenance costs, effectively eliminating the guesswork associated with setting prices
• Lower costs by optimizing annual direct spend reduction initiatives and making more informed decisions locally and globally
• Empower commodity managers to negotiate more frequently and effectively
• Scale sourcing efforts across all regions and lines of business
• View multiple supplier allocation scenarios quickly and easily to optimize business award decisions

Sourcing and supply base executives face increasing pressure to meet quarterly or annual savings targets while maintaining quality and on-time delivery performance. However, the massive number of parts and suppliers in discrete manufacturing industries – combined with constantly changing commodity prices, manual processes, and lack of advanced analytics – makes it difficult to achieve savings goals. With key information about supply scattered across many solutions, how can you turn this data into the timely intelligence needed to set price targets, prepare for negotiations, and make the best business award decisions?

The SAP® Supply Base Optimization solution provides the decision support you need to efficiently meet goals for direct spend savings. This cloud-based solution provides advanced predictive analytics, optimization, and simulation capabilities, so you can negotiate effectively to meet local and global savings targets and make intelligent business award decisions.

Figure: SAP® Supply Base Optimization
ADVANCED DECISION SUPPORT

SAP Supply Base Optimization complements the SAP Ariba® Strategic Sourcing portfolio by providing:

- Optimization of supplier allocation and reallocation decisions using defined business rules
- Machine learning simulation and what-if methods for analyzing multiple supplier award, re-award, and allocation scenarios
- Modeling of objectives and constraints (such as lead time, quality, minimum buys, and supplier risk) to be considered in business award decisions along with target prices
- A role-based workbench that applies predictive algorithms to optimize sourcing decisions across multiple dimensions (such as global versus local or strategic versus tactical goals), enabling overarching, top-down savings goals to be supported with a bottom-up analysis
- Historic and market benchmark data for intelligently setting target prices for renegotiations with suppliers
- A dashboard to view multiple scenarios and their impact on key performance indicators, review negotiations in process, and view summary reports by project, supply base manager, commodity group, and more

A POWERFUL WORKBENCH ANYONE CAN USE

Are your commodity managers manually gathering and analyzing information? Do they struggle to manage and track price negotiations using spreadsheets?

Now, you can eliminate these inefficiencies – and support every step in the decision-making process – using an intelligent business award decision workbench built into SAP Supply Base Optimization (see figure). Use it to:

- Extract data: Obtain master and planning data from SAP and SAP Ariba solutions, as well as other source systems, automatically importing direct materials prices along with demand, supply, and supplier data
- Set negotiation targets: Use historic and market benchmark data and apply predictive algorithms to scope and optimize sourcing decisions across multiple dimensions
- Analyze and simulate: Apply simulation and what-if methods to analyze multiple supplier award, re-award, and allocation scenarios, as well as adjust and update optimizations with additional information, such as quality, supplier scorecards, and other considerations
- Make award decisions: Make final award or re-award and allocation decisions while considering all relevant information
- Update prices: Import renegotiated prices to back-end operational procurement systems

LEARN MORE

To learn more, call your representative or visit www.ariba.com/solutions/solutions-overview/supply-chain.