

SAP Solution Brief

SAP Ariba Solutions | SAP Ariba Spend Analysis

Maximize Spend Visibility and Turn Data into Actionable Intelligence



Good spend management begins with good spend visibility

Visibility into organizational spending and suppliers is critical to improving sourcing efficiency and increasing savings. Powered by the SAP HANA® platform, the SAP® Ariba® Spend Analysis solution provides 360-degree visibility into your spending, suppliers, and related market information so you can **unlock savings opportunities across your organization.**

When spend data is poorly categorized and originates from disparate purchasing and payables systems, it limits spend visibility and makes it difficult to turn data into insights that help you optimize spending. For many companies, visibility is further complicated by data consolidation challenges, lack of supplier information, and limited access to market data.

SAP Ariba Spend Analysis, which blends technology and services together, provides an on-demand spend analysis platform that goes beyond data aggregation

and visualization. By enabling accurate spend classification, supplier information enrichment using the world's largest supplier database, and market data integration, it helps you understand how much you are spending, what commodities you are buying and from which suppliers, and more. With these insights, you can identify savings opportunities, improve purchasing leverage, increase spend under management, drive sustainability and diversity initiatives, and mitigate supply chain risk.

Good spend management begins with good spend visibility

Accurately classify spend

SAP Ariba Spend Analysis gives you an in-depth, hierarchical view of all commodities spending by classifying your spend data using a blend of industry standards and custom taxonomies. The solution provides multiple levels of classification using advanced technologies and rules engines that help you discover category insights hidden within your unstructured spend data.

As a result, you can be confident that spend across your organization is consistently and optimally classified over time and across sources. And once classified, you can use this data to:

- Discover maverick spending, including off-contract, non-purchase-order-based spending across categories and business units
- Analyze price variances, savings leakages, and sourcing impact to build a stronger sourcing pipeline
- Identify category consolidation opportunities by eliminating purchase overlaps and low value–high volume transactions across your organization
- Improve purchasing efficiencies and costs by identifying invoice, purchase order, and supplier optimization opportunities
- Benchmark internal data with market inputs to spot price volatility and time your purchasing events accordingly

Accurately classify spend

Enrich supplier data with the D&B Business Insight database

Access market intelligence and peer data to drive decisions

Unlock hidden insights with an intuitive user interface

Enrich supplier data with the D&B Business Insight database

SAP Ariba Spend Analysis offers ready supplier information enrichment using D&B Business Insight, a database that covers more than 230 million businesses worldwide. Through this database, your supplier data is enriched with industry codes, hierarchical information, business financials, diversity and sustainability information, and more. And because supplier data enrichment from D&B is offered as a unified service in SAP Ariba Spend Analysis, it requires no effort on your part to integrate and map supplier data.

The result is a consolidated, standardized, and more complete view of your suppliers, which is essential to meeting goals such as minimizing risk and reducing supplier management costs. In addition, unified supplier enrichment helps you answer key

questions such as these: Who are our suppliers? How much are we spending with them? How diverse is our supply base? Where do supplier linkages exist, so I can increase my spend leverage? Are our suppliers green certified?

Using the insights gained, you can:

- Identify supplier duplication and parentage to discover hidden opportunities for costs savings
- Find sourcing opportunities within existing relationships
- Track supplier diversity and sustainability initiatives
- Perform risk analysis across your supplier portfolio to identify and mitigate potential supply chain disruptions

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Access market intelligence and peer data to drive decisions

With SAP Ariba Spend Analysis, you can access market intelligence and peer data to benchmark your spend performance. The solution integrates the following types of data for benchmarking and comparison:

- **Market data** – Analyze Consumer Price Index and Producer Price Index data to understand which commodities are most volatile and to determine an optimal sourcing strategy
- **SAP Ariba solutions sourcing data** – Examine commodity savings data realized through the SAP Ariba Sourcing solution to determine probable savings for your categories
- **Peer data** – Benchmark and measure your own spend and related measures against aggregated peer group data

Benchmarking your spend performance helps you answer key questions such as:

- How have prices for goods and services changed?
- Are we buying at the right price? How have my prices moved relative to the market?
- How much are we spending on categories relative to industry peers?
- What sourcing savings have SAP Ariba solutions realized in each category?
- Which categories should be sourced first?
- How do we compare with our peers on key supplier metrics?

Accurately classify spend

Enrich supplier data with the D&B Business Insight database

Access market intelligence and peer data to drive decisions

Unlock hidden insights with an intuitive user interface

Analyze spending across multiple categories to see which commodities are likely to have the most and least impact on your sourcing initiatives.

Unlock hidden insights with an intuitive user interface

Because SAP Ariba Spend Analysis runs on the SAP HANA platform, you get blazingly fast analysis of your spend data. You can run complex, user-defined analytics with no time-outs and no limitations on data size, as well as configure the dashboard for a 360-degree view of all spend activity. The solution offers custom spend analytics functions, configurable role-based dashboards, and prepackaged reports to help you analyze spend data and gain deeper insights to:

- Identify quick-hit opportunities that can yield faster savings with existing contracts and processes
- Build a stronger sourcing pipeline by developing opportunity lists
- Improve compliance adherence by monitoring all global spend activities

You also can leverage the insights gained to answer questions such as:

- How much am I spending with suppliers at all levels – right up to the corporate-family level?
- What are my top spend categories?
- What are my best opportunities for future savings?
- How diverse is my supply base? And how can I locate more diverse suppliers?
- Is my off-contract spend increasing or decreasing? By how much?
- Where should we rationalize our supplier and product portfolio?

Accurately classify spend

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Realize the benefits

Spending clarity begins with asking the right questions. With SAP Ariba Spend Analysis, you get the comprehensive spend visibility and insight you need to answer these questions and make confident spending decisions. And because it's combined with the D&B Business Insight database, you get a tightly integrated solution that helps you:

- **Maximize sourcing savings** by increasing spend under management and improving the sourcing pipeline
- **Reduce the cost of procurement** by optimizing your supplier base and categories and gaining visibility into price indexes and discount leakages

- **Increase contract compliance** by improving adherence to negotiated contracts and reducing off-contract spending
- **Increase working capital leverage** by optimizing days payable outstanding and gaining visibility into supplier payment terms
- **Strengthen corporate social responsibility (CSR)** by incorporating comprehensive information on supplier diversity and sustainability status

Realize the benefits

Use SAP Ariba Spend Analysis to extend the benefits of spend analysis to include working capital optimization, CSR initiatives, and risk mitigation.

Summary

Powered by the SAP HANA® platform, the SAP® Ariba® Spend Analysis solution enables you to make confident spending decisions based on reliable data and a clear, centralized view of suppliers and spend. It delivers this value by aggregating and classifying your spend data across the enterprise – enriching your supplier data using D&B's global market data – and benchmarking your data using peer, category, and market intelligence.

Objectives

- Identify savings opportunities
- Prioritize top spend categories
- Improve negotiation leverage

Solution

- Enrich supplier data using the D&B Business Insight database
- Accurately classify spend data using industry standards and custom taxonomies
- Benchmark spend performance using market intelligence and peer data
- Analyze spend data blazingly fast using the SAP HANA platform

Benefits

- Improve spend visibility and spend under management
- Identify maverick spending trends across categories and business units
- Strategically use purchasing clout with suppliers
- Optimize sourcing pipelines
- Effectively manage supplier diversity and sustainability initiatives

Learn more

To find out more, call your SAP representative today or visit us online at www.sap.com.



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