

# **Navigating Brexit:**

## **Considerations for Procurement Technology**

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# Brexit: SAP Ariba deployment considerations

Assuming Britain will likely take a longer, drawn-out negotiation approach (up to two years) with the EU to arrive at a relationship/trading agreement, how does this affect existing and current SAP Ariba deployments? Businesses in Britain will re-evaluate or defer spending, particularly for major capital projects (MCP). Although procurement system implementations are typically not considered MCP, they may experience residual impact.

## Potential systems design impact

### Operating model changes.

Changes to organisation structure to align with EU vs UK dynamic.

Changes to the organisational structure in SAP Ariba design are limited to data changes. Functionality or design are likely not to be affected.

### VAT rules and regulations may change.

Rules for determining VAT are based mainly on the vendor location (domestic, within EU, outside EU).

If changes are limited to rate changes, then there is no impact to the design. If the rules logic for determining tax change, then the design will need to be revisited. There is no short-term impact, but potentially a change in configuration requirements at confirmation of actual exit.

### Legal requirements.

Conditions for information required on purchase orders and invoices may change.

Changes to terms and conditions are captured in current functionality, which is data that can easily be changed/ replaced. Information on Purchase Orders and Invoices is flexible, and already adheres to international standards.

### Data sovereignty.

Data in European based systems needs to be assessed against EU privacy regulations vs. UK position.

Systems covering EU countries with procurement and other relevant data is likely to be subject to some restrictions once the UK has left the EU. Where systems include non-EU countries, the impact is likely to be negligible given the similarity of position to the UK.

### Process design.

Cross border trade with other EU countries may be part of design - what are practical business implications

There are many considerations which would be absorbed into existing design including how VAT is treated, additional tolerances on data associated with product delivery times with likely increased border controls and delays.

## How EY and SAP Ariba can help

- ▶ Brexit represents a significant shift in the economic debate among the Member States, as a result:
  - ▶ EY can assist on issues that derive operational models including restructures, tax and legal requirements
  - ▶ SAP Ariba's global capabilities position customers to successfully absorb such change. Businesses unsure of how to manage through the transition will look to SAP Ariba precisely given the heritage of powering the world's ever-changing economic landscape. Companies who have already invested in SAP Ariba may be amongst the most able to react and adapt to whatever change Brexit makes in the market
- ▶ Conduct sensitivity analysis. What does a percentage point change in the sterling and interest rate translate into for your revenue targets and budget? How will that change impact your transformation?
- ▶ Expedite ROI and returns in the beginning of the project investment, and support organisations to prioritise project portfolio spending, requirements and timeline.
- ▶ Identifying how best to navigate multi-country rollouts over the next two years and respective impact

## Some questions to consider:

- ▶ Do changes in policy, rules and regulations really impact the system design?
- ▶ What is the impact of uncertainty on current and planned Source to Payment deployments?
- ▶ How will your organisation plan and get ready for the change?

## Want to know more, please contact:

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