

SAP Ariba 

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and the
transforming
landscape of
procurement

As the supply chain industry continues to evolve, *SAP Ariba* plays a key role in defining the future of procurement

Written by **Dale Benton**
Produced by **Glen White**

The very nature of procurement and the supply chain is changing. Advancements in technology and innovation have significantly shortened the lifecycle of products, forcing suppliers and procurement functions to transform their approaches.

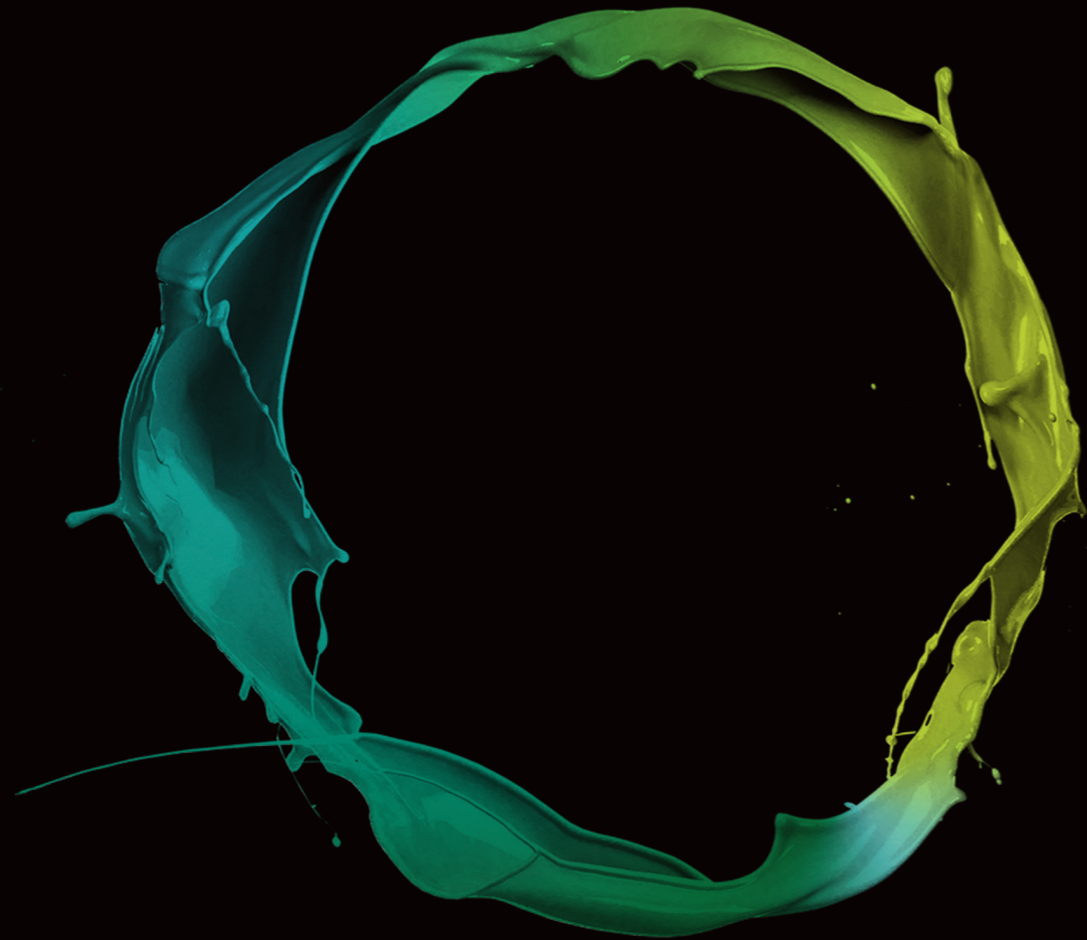
As procurement and supply chain has changed, so too has SAP Ariba. Speaking at SAP Ariba Live in Las Vegas earlier this year, Marcell Vollmer, the company's Chief Digital Officer, looked to the future of procurement and more importantly, how it will continue to move beyond delivering cost savings and process efficiencies.

"For the last two decades, procurement has been on a journey that has led to dramatic transformation. But the journey is just beginning," Vollmer said. "Over the next 10 years, companies will face more opportunity and disruption than ever. And procurement will play a critical role in maximising these opportunities to create business value. In embracing digital technologies and strategies, procurement can reimagine the function and beyond delivering cost savings and process efficiencies, fuel innovation and market advantage."

Mark Schenecker, VP Supply Chain, Procurement & Networks with SAP Ariba, has seen this transformation happen first hand in large scale organisations, both in culture and in practice.



SAP Ariba
Business With
Purpose



The direct approach to procurement transformation

As the pace of digital business accelerates and as customer expectations rise, supply chain transformation has become a priority for many organizations.

Reimagining procurement—especially direct materials activities—offers an opportunity to help your organization gain efficiencies, mitigate risks, serve customers better, and identify new areas for growth.

Proactive value

For any business, direct materials can represent a huge slice of the actual costs of doing business. But transforming direct materials in a holistic, strategic manner can prove challenging.

Deloitte’s Direct Materials Value Transformation approach can help by supporting a more proactive, more strategic approach to procurement. By bringing together a host of capabilities in a unified portfolio, Direct Materials Value Transformation provides a single source of leading-edge solutions for addressing needs all along the source-to-pay continuum.

The potential payoff? A tighter, more value-focused supply chain that can support greater supplier collaboration and help you maintain a competitive edge.

Elements of Direct Materials Value Transformation



Strategic insights and SAP technology implementation, supported by a network of 18,500 professionals focused on SAP solutions—and 8,500 focused specifically on the supply chain function



Deloitte Accelerator for SAP® Ariba®, a fully pre-configured SAP Ariba solution that blends cloud and on-premise ERP capabilities



Cognitive spend capabilities leveraging machine intelligence and advanced analytics to identify patterns and generate insights



Global Sourcing Insights to help companies analyze, visualize, and act on complex direct materials sourcing issues



Tax tools to help automate processes such as tax determination



Should-cost analysis and parametric cost modeling



Third-party risk management



Supplier enablement



Supply chain optimization

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Reimagine procurement.

Implementing for success

In the ever-changing landscape of the supply chain and procurement space, as a partner to one of the world's biggest procurement network providers, it has never been more important for Deloitte to go above and beyond what is expected from the relationship. Partner to SAP Ariba for close to 20 years, "Deloitte has well and truly earned the right to be called a "critical partner.", says Hernan De la Torre, Senior Manager at Deloitte.

"It is a very tight relationship. We are not only going to market together or serve the industry together. Our relationship is also about helping shape and redefine what is occurring in the industry. We work together to help our clients understand what the future of digital procurement will look like."

SAP Ariba continues to define the direct and indirect procurement space, working with companies and partners all over the world through a complex procurement network system. As it embraces the future of procurement, it calls upon critical partners that can not only navigate complex procurement functions and "implement for success."

"Our methodologies are well aligned, and I think that together we approach problems and opportunities in a very comprehensive way," says De la Torre.

For Deloitte, this isn't just talking the talk. Earlier this year the company launched its [Direct Materials Value Transformation](#) offering, to "provide a wealth of existing

"Ultimately, it is all about solving our client's issues with the most affordable, cost-effective and fastest to implement solution"

Hernan De la Torre
Senior Manager at Deloitte

and new Deloitte and SAP Ariba capabilities to help companies reimagine their Direct spend." Deloitte was officially recognized by SAP Ariba, receiving the [2018 SAP Pinnacle Award](#) for SAP Ariba Partner of the Year – Large Enterprises.

De la Torre believes the award is a true testament to the success in the way in which Deloitte has finely tuned its relationship with SAP Ariba that has allowed the company to truly exceed all expectations as to what a partner can and should be.

"Ultimately, it is all about solving our client's issues with the most affordable, cost-effective and fastest to implement solution. We have done this repeatedly, so many times, that we have fine-tuned it to extreme precision," he says.

"Obviously there are many things that go into these programs, there's complexity, but we certainly have mastered program delivery at Deloitte with SAP Ariba and have new approaches and innovations that allow us to reimagine the world of Procurement."

"People are understanding this more and more. It's about responding quicker, and more cost effectively and how we can create this near real-time instantaneous communication with our suppliers and treat them as an integral part of our supply chain and network"

– Mark Schenecker, Vice President, Strategic Customers -
Business Networks, Supply Chain

With SAP, Schenecker plays a key role in working on the implementation of industry-leading cloud-based applications to some of the world's largest companies in order to better collaborate with a global network of partners.

Vollmer's sentiment is echoed by Schenecker, who feels that as the procurement transformation journey will only continue to develop further, now more than ever companies must embrace a far more collaborative approach in order to keep up.

"Typically, in the supply chain space, the conversation will start around demand planning," says Schenecker. "From that, you make up a supply plan based on your customer requirements and then you

share that with the suppliers. This is often referred to as forecasting.

"Forecasting, though, is very hard to get right because there's some level of variability that you just can't control."

Schenecker points to large companies that tackle this challenge of forecasting demand through collaboration. Rather than spending resources through inventory buffers to mitigate risk in supply, or create more precise forecasting, companies will work collaboratively with their suppliers in order to respond to a change in demand instantaneously.

In the ever-changing pace of product cycles, this is crucial to being able to deliver true value to the supply chain.

"It's about making your supplier

Join the Digital Revolution Reinvent and Thrive

Successful businesses spot opportunities and adapt to the changing world. Intrigo's mission is to help them get it right quickly. We help global corporations in a wide range of industries with their digital transformation initiatives.

Our customers rely on us to transform their supply chains using SAP IBP, Hybris, Ariba around a digital core enabled by S/4 HANA. They count on us to help define their internal strategy, align business objectives, and effectively execute to this strategy. They count on us today to ensure their success tomorrow.

[Learn More](#)

These are just some of the real-world successes that Intrigo and SAP have delivered together. It is not just about technology. It is about spotting opportunities early, ensuring that it is the right fit for your organization, and adapting to ensure that you can capitalize on them. Often, this requires transforming yourself, even if it means wrenching change. You need the right partner.

Intrigo has defined and delivered on large scale digital transformation efforts at some of the most prestigious global corporations. As many of our clients will vouch, their transformation journey was created and executed by Intrigo. We have helped our clients reinvent themselves and gain market leadership while substantially improving their bottom line.

Intrigo is an SAP channel partner and a leading provider of Advisory, Implementation and Support Services. Intrigo has a hands-on leadership team who collectively have over 100 successful SAP implementations to their credit. These include S&OP, ERP, Supply Chain and Analytics for a wide

\$300 million in reduced inventory at Albemarle, \$250 million saved at Microsoft, in just the first year.



range of industries such as High-tech, Fashion, Consumer Products, Manufacturing and Chemicals. Leveraging our knowledge and experience of specific implementation scenarios, we translate our insights into outcomes, ensuring that technology and processes are optimized to flourish in today's complex and competitive environment.

Intrigo is a co-innovation partner of SAP in a number of areas including SAP IBP in Supply Chain Planning and SAP Ariba Supply Chain Collaboration for Procurement. We are a recipient of the SAP Ariba award for the innovator of the year, and our entire senior leadership team is recognized in the industry

for their thought leadership, expertise and innovative mindset.

Headquartered in the Silicon Valley, we constantly advocate leveraging packaged applications to meet the constantly changing demands of business world. We have registered offices in Houston, Dallas, Jersey City, Heidelberg, Bangalore, Hyderabad and Chennai from where we support our clients across the globe.

Our clients include internationally renowned brands such as Broadcom, Oclaro, Corning, NVIDIA, Dolby, TriQuint Semiconductors, Clorox, Aptina Imaging, Allergan, Vishay Intertechnology, and Albemarle.

network tick through collaboration,” Schenecker says. “People are understanding this more and more. It’s about responding quicker, and more cost effectively and how we can create this near real-time instantaneous communication with our suppliers and treat them as an integral part of our supply chain and network.”

SAP Ariba works with companies in creating solutions in order to establish and build this “tight knit” collaborative network. Millions of companies all over the world use SAP’s cloud-based network to manage their business relationships and allow their customers to shop, share and save.

This network is what enables that true collaborative approach. It allows buyers and suppliers to collaborate on transactions, manage their entire procurement process from source to settle, all the while controlling costs, finding new sources of savings and building an ethical supply chain.

One of the key advantages in this collaboration is reducing lead times. A typical plant, when processing an order, could have a month of supply of parts. These parts are either

stored by a supplier, sometimes via a 3PL, or stored on the factory floor or warehouse. This is often inconsistent and will vary from product to product, part to part.

“If we run this through our tight knit collaboration you are looking at significantly reducing inventory,” says Schenecker. “Taking days or weeks of supply of inventory out of the supply chain will reduce costs. These inventory cost savings are critical to reducing the cost of the finished goods. It’s a real big move on the profit line.”

Supply chain and procurement processes are often complex, taking into account direct spend (the materials that go into the makeup of a product), as well as indirect spend (services such as facilities management) which, when multiplied across numerous manufacturing lines, represents a significant investment.

Schenecker points to the need for change management and how one of the biggest moves in product design is the intimate integration of procurement. Engineers or designers are sometimes in a position where they

SAP Ariba works with compnaies to establish and build collaborative networks

will purchase parts based primarily on their familiarity with the part or vendor rather than aggressively looking for the lowest cost at the highest quality.

“We are witnessing a change in the integration of procurement with design,” he says. “Whereas before it would be a case of sourcing parts to an individual engineer’s familiarity, or just looking at supply chain optimisation, the challenge was that

the supplier relationship was owned by the company or by the procurement team not necessarily engineering.

“Now, it is much more individual and much more owned and dictated by the joint efforts of engineering and procurement.

“The lifecycle of products is much shorter today and so change management revolves primarily



around speed, which is incredibly difficult to manage. It can be overwhelming, but it's about training, coaching and understanding how to leverage the entire process in order to better understand the way that you will work with suppliers."

Through the cultural change and the way in which work is managed, Schenecker notes that the role of the designers, buyers, planners, suppliers, right through the entire supply chain is beginning to converge.

Historically, the different suppliers throughout the supply chain process would operate as entirely separate entities. But in this time of shorter product lifecycles, which will only continue to get shorter in the near future, the whole supply network is moving from a serial to a parallel model.

"What happens now is design, sourcing, ramp to production are all working simultaneously," Schenecker says. "You, your network, your suppliers, and your buyers and planners are all working in parallel.

"Teams don't work in a serial fashion anymore, they work in parallel and it

all overlaps, with each other area."

This echoes back to the importance that Schenecker places on the planning process, as companies are now looking to reuse parts and streamline the introduction of new parts much more than ever before.

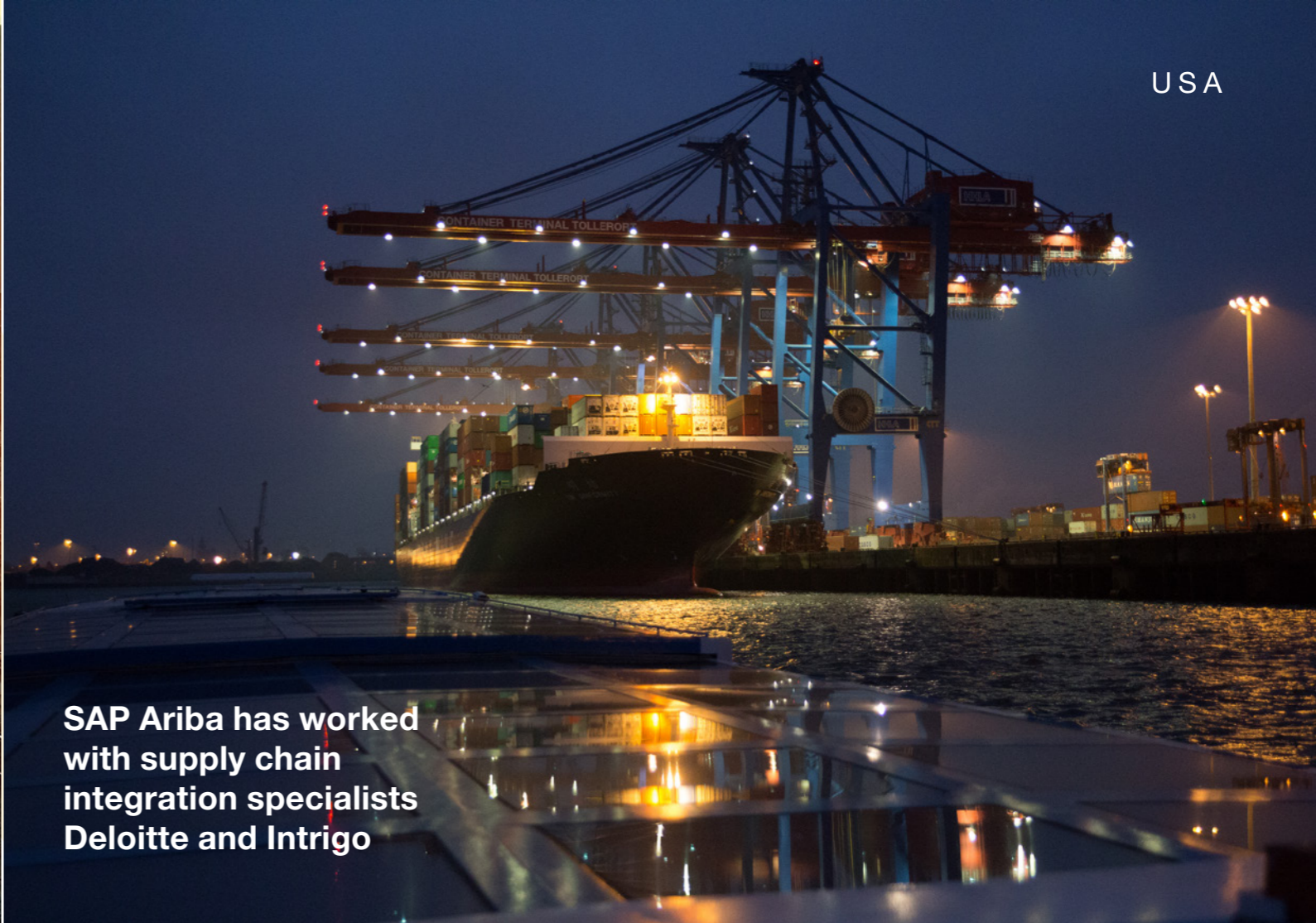
"Today, companies are constantly cannibalising their products in order to continue to win in the marketplace," he says. "With the speed at which the market is changing, you have to, otherwise someone else will."

In the procurement and supply chain space there is a firm understanding that you can only be as good as your supply chain. The SAP Ariba Network, which has millions of customers and suppliers from all over the world, sees beyond the realms of being just a supplier and what it means to really be a partner.



Mark Schenecker
Vice President, Strategic Customers -
Business Networks, Supply Chain

Mark Schenecker works in the Ariba Center of Excellence for strategic customers at SAP Ariba, drawing on over 20 years of experience in SAP Business Suite, supply chain management, business networks, the Internet of Things and SAP Ariba Cloud Solutions. Schenecker transitioned out of the SAP development organisation and now specialises in guiding customers on the Ariba Business Network and supply chain solutions to achieve incremental value with speed and simplicity. Schenecker is a frequent speaker on future technologies and is the author of numerous articles, one book and four patents.



SAP Ariba has worked with supply chain integration specialists Deloitte and Intrigo

“Sure, you look for a supplier and ensure that they make the right product, the right parts, to the right timescale and right cost,” he says. “But now you have to look at what it actually means in terms of the actual cost to do business with that supplier.”

If a supplier has process inefficiencies or does not have the required integration capabilities in this ever-demanding environment of speed, then the buyer has to look at what effect that will have from a cost perspective.

“Inefficiency for example, will bring inventory buffers into place to cover up a lack of proficiency in communications in the supply chain, which of course means added cost,” says Schenecker.

This approach has changed the way in which buyers evaluate suppliers, with the quality and pricing of parts being equally as important as the ability to perform. Performance and performance measurement of suppliers has become as crucial than the supply itself.

Working with suppliers has become centred much more around supplier management than ever before and through close collaboration, SAP Ariba helps buyers to navigate this changing landscape to truly implement new processes with little disruption.

SAP Ariba has worked with Intrigo and Deloitte, integration specialists with deep supply chain expertise, as Schenecker describes. These two companies understand the SAP Ariba network, the procurement business processes, complex supply chains

and SAP Ariba solutions, and have successfully helped the integration of new process and new ways of working through close collaboration.

Other key partners include Liason, an integration specialist for the buyers that don't use SAP systems, but through the work of the company can seamlessly integrate to the SAP Ariba Network.

SAP also calls upon the work of EY and Deloitte in order to look closely at integration from the change management level,

approaching the transformation of supply chain with the view of asking the question ‘how do you implement for success?’

“Our partners have been key to us,” says Schenecker. “And the best thing is, they don’t work on just the one area. Sure, you’ll see Intrigo working on integration of SAP Integrated Business Planning, ERP and Ariba with Deloitte running change management, but all of our partners operate under the wider scope of a larger transformational journey.”

As SAP continues to redefine its supply chain network in order to continue to provide true value to its supply chain and procurement partners, the question then becomes one of how to keep up the pace with the rapidly changing procurement landscape.

After all, today’s best practice will not always be tomorrow’s.

“Customers, and not just ours but our competitors, drive us to higher levels of innovation,” says Schenecker.

“But we intend to lead, not to follow. Sure, we look to broader market to see what’s happening, but in terms of procurement and supply chain, SAP Ariba is setting the tenor, the direction and the trend for the current market. And we will continue to do just that.” ■



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