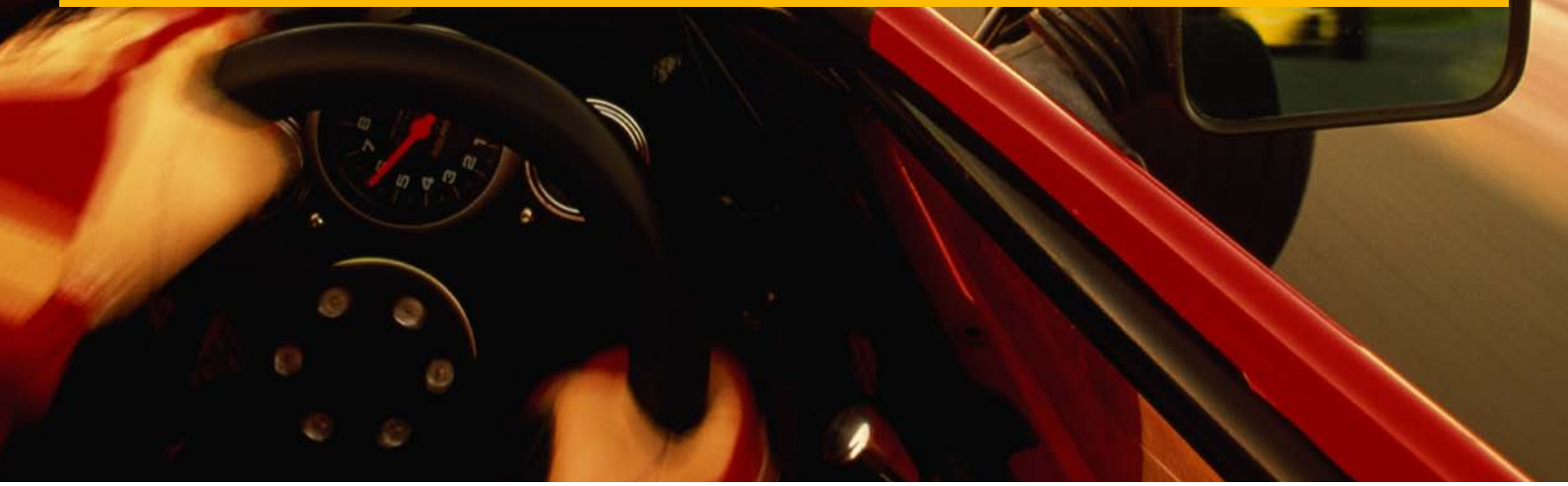
SAP Solution Brief
SAP Supplier Relationship Management

Power Your Procurement Evolution with SAP® SRM to Reduce Costs and Collaborate with Suppliers



Quick Facts

Summary
The SAP® Supplier Relationship Management application supports procure-to-pay best practices that can help reduce procurement costs by enabling supplier communications, streamlining operations, and improving cost management.

Business Challenges
- Generate sustainable savings by streamlining procure-to-pay processes
- Eliminate risk of procurement noncompliance
- Achieve greater visibility into supplier relationships and performance
- Standardize and centralize procurement processes

Key Capabilities
- **Spend analytics** – Capture, consolidate, and present data from across the enterprise
- **Sourcing** – Reduce cycle times, costs, and maverick buys with bidding, auctions, and supplier collaboration
- **Contract management**– Extract maximum value from contracts through better compliance and execution
- **Operational procurement** – Accelerate processes and shorten the order cycle; foster standardization for self-service, plan-driven, and services procurement
- **Supplier management** – Continuously develop suppliers as you transact over the lifecycle from discovery to phase-out

Business Benefits
- **Reduce process costs and accelerate cycle times** by automating procurement processes and leveraging workflow
- **Deepen and enrich supplier relationships** by facilitating electronic transactions and collaboration
- **Act strategically** by utilizing data visibility across suppliers and the procure-to-pay cycle
- **Reduce total cost of ownership** by unifying systems and data sources with a flexible platform that is integrated with SAP Business Suite software

For More Information
Call your SAP representative, or visit us online at www.sap.com/srm.

Pressured to reduce supply costs while maintaining high-quality output, companies are seeking greater efficiencies and savings from their procurement operations. The SAP® Supplier Relationship Management (SAP SRM) application helps organizations like yours manage costs and drive efficiency and savings.

Businesses are seeking to increase bottom-line cost savings through sourcing and procurement functions. To generate value, forward-looking organizations are strengthening supplier relationships and making procurement a more strategic focus in the organization. High-performing organizations employ spend analysis tools, sourcing and process automation, and standardized procurement operations, while a centralized model facilitates negotiations and better supplier relationships.

As an SAP Business Suite application, SAP SRM delivers an integrated solution for automating indirect and services procurement processes and extending the value delivered by SAP Business Suite. SAP SRM enables an efficient procurement organization with a flexible user interface, user role definition, and business rules automation. Future functionality releases are delivered in easy-to-consume "enhancement packages" that deliver greatly reduced total cost of ownership for adopting new product innovations.

ADAPTABILITY AND EXTENSIBILITY

SAP SRM enables dynamic, role-based access with its personalized interface. You can create shopping cart–based requisitions, purchase orders, requests for quotations, and work lists and perform personalized searches to access critical information. Enterprise-class technology in SAP Business Suite allows large global customers to adapt the solution to meet their unique business requirements.

IMPROVE ENTERPRISE PROCESSES AND VISIBILITY

SAP enables your organization to evolve into a high-performing business with our global best-practices-based procurement solution. With SAP SRM, users throughout your enterprise have role-based access to the procurement information and processes they need regarding suppliers, contracts, and policy-compliant goods and services. The user-friendly interface improves cross-enterprise visibility, facilitates procurement activities, and reduces costly training. The intuitive interface can be personalized for specific job and task demands, increasing efficiency and effectiveness and improving the overall user experience. SAP SRM provides a single, consolidated view of the procure-to-pay process including purchasing data from the SAP ERP application, which can be viewed as a single display via a personalized dashboard. Best of all, these enabling functions are pervasive across the spectrum of procurement processes supported by SAP SRM.

Operational Procurement

With the automation and spend-policy enforcement functions provided by SAP SRM, your sourcing and procurement organization can increase its efficiency and effectiveness – and its contribution to the value chain. The application helps drive the operational procurement process with centralized decision-making functionality for strategy and purchasing policy. SAP SRM facilitates centralized and automated process execution across the enterprise, with tools for self-service, plan-driven, and services procurement activities.

Self-Service Procurement

User-friendly, catalog-based requisitioning functionality lets users purchase goods and services for indirect categories such as maintenance, repair, and operations (MRO); office supplies; and IT goods. The application supports automated policy and contract compliance through catalog-driven pricing, contract logic, and the approval workflow for shopping carts, including mobile support. It also supports "green purchasing," by allowing users to select sustainable goods from catalogs.

Plan-Driven Procurement

By leveraging SAP SRM for contract compliance, plant maintenance, production, and quality, planners can purchase direct materials and MRO goods at the locations where demand is generated and with the correct pricing and terms. SAP SRM also increases efficiency and cost savings for direct material-related spot bids and supplier selection needs.

Services Procurement

Managing spend for large, complex services categories such as maintenance and construction presents challenges in defining the nature, duration, and price of the service engagement. SAP SRM helps you manage resources and monitor costs for time- and deliverable-based service categories including requisition, sourcing, contracting, ordering, confirmation, and invoicing processes.

With sourcing, contract management, and services fulfillment–tracking functionality, the application enables you to improve services procurement activities and capture cost savings. SAP SRM helps improve efficiency and simplify

compliance in service purchases with complete functionality for service requirements definition. Reduce offline processes with "trackable" electronic supplier collaboration on services transactions. You can define and price services and approve supplier bids, service delivery, and invoices.

Catalog Management
Catalog-based requisitioning helps avoid maverick buying by end users and helps enforce compliance for contracted suppliers and preferred goods and services across the enterprise. The robust user interface and powerful search engine allow users to easily search and find goods and services. Users can search by keywords, filter search results intuitively by suppliers or categories, and use rich parametric data for detailed specifications. Images and side-by-side comparisons help visually identify the right items and add them quickly to the shopping cart.

Robust catalog management tools reduce the cost for managing the data and allow catalog administrators to import, update, approve, maintain, and activate catalogs. Integration to internal sources of supply, such as contracts, increases visibility and encourages compliance. Data modeling and mapping functions help ensure that your catalog content is optimized for the end-user search experience.

Centralized Sourcing
SAP SRM helps you reduce costs and cycle times and improve the transparency of the operational sourcing process. Purchasers can use the sourcing cockpit, a centralized workbench for operational sourcing activity, to bundle orders and initiate competitive request-for-quote bids and auctions with multiple suppliers to drive savings. You can compare and award bids electronically to make sourcing faster and more efficient. The solution enables you to identify and realize significant cost savings, with supplier competition driving better prices.

Centralized Contracts
Because SAP SRM enables access to all contracts in a secure, centralized repository, procurement can monitor, identify, and reduce maverick buying. When integrated with SAP ERP, SAP SRM can serve as a centralized repository for all operational procurement contracts. With centralized contracts, procurement departments can use contracts as a "source of supply" across SAP SRM and one or more integrated back-end systems, track contract usage, and drive compliance to negotiated terms, thereby delivering realized savings.

SAP SRM assesses requirements and identifies the optimal contract to fill a specified need, taking into consideration such factors as price, delivery time, and location. The application can account for different types of discounts, such as value discounts, quantity-based stepladder discounts, group discounts, or rebates based on aggregated released values.

Supplier Collaboration
SAP SRM extends the benefits of process efficiency, cost savings, and transparency into the procurement process with the key external stakeholders for procurement, namely suppliers. With SAP SRM, you can link suppliers to your procurement processes more effectively. You can collaborate with suppliers throughout the negotiation, contracting, and supplier management lifecycle and make integration with suppliers of all sizes economical and easier to manage. Self-services enable suppliers to manage their own profile and access and respond to transactional data such as PO receipts, confirmations, advance shipping notices, and invoices. Additionally, suppliers can electronically collaborate with procurement and business users during sourcing, bid confirmation, and acceptance.

Supplier Evaluation
SAP SRM enables you to better manage suppliers, improving quality, enhancing collaboration, and reducing supplier risk. Users can ease clerical and administrative burdens with numerous supplier evaluation methods, such as supplier "scorecarding," event-triggered surveys, ad hoc surveys, and quantitative questionnaires. Flexible reporting and response monitoring enables you to improve operations, reducing costs and improving efficiency.

Operational Reporting
SAP SRM provides you with visibility into sourcing and procurement transactions with prepackaged reports and queries. You can easily capture, consolidate, and present procurement data from across the enterprise. Embedded analytics focuses reporting on the relevant process or documents, allowing people in certain roles to draw insight from the targeted data.

SUSTAINABLE RESULTS

Now you can move beyond spend reduction to gain a competitive advantage. SAP SRM drives procurement excellence, increases profitability, and helps transform sourcing and procurement practices – all of which translates into a measurable return on investment.

FIND OUT MORE

To learn more, contact your SAP representative or visit us online at www.sap.com/srm.

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