

STREAMLINED AND COMPLIANT PROCUREMENT FOR PUBLIC ENTITIES

MAXIMIZING PURCHASING POWER AND CONTROL

The SAP® Procurement for Public Sector package helps you standardize and streamline the spectrum of procurement processes while satisfying policies and regulations. This increases your purchasing power, improves efficiency and service levels, lowers costs, and reduces the risk of contractual noncompliance.

Public procurement organizations face a unique challenge: finding ways to cut costs and speed delivery of goods and services despite labor-, time-, and paper-intensive processes and a highly structured and regulated environment. When your procurement data is fragmented and processes are characterized by inconsistency and manual, disjointed steps, it's hard to maximize efficiency, let alone identify new savings opportunities.

For example, a lack of integration between contract management processes and financial and logistics software makes it difficult to manage complex procurement activities such as budget checking, competitive bidding and tendering, and supplier certification. These types of challenges increase the risk of noncompliance with internal guidelines and public regulations. They also make it impossible to gain full transparency into suppliers, demand, and spending – insight needed to maximize purchasing power.

The SAP® Procurement for Public Sector package can help you address these challenges and support your self-service and e-procurement requirements. Tailored to meet the needs of public sector organizations, the software lets you maximize purchasing power and gain complete control of your procurement life cycle – whether your procurement needs are simple or complex.

A Holistic Approach to Optimizing Procurement

The SAP Procurement for Public Sector package optimizes the entire cycle – from planning, tendering, and awarding

to contract monitoring and closeout – for simple, ad hoc, and complex procurement. Tight integration with other SAP software enables this holistic approach to procurement. Specifically, the package enhances the way the SAP ERP application, SAP Supplier Relationship Management (SAP SRM) application, and other SAP software work together. That means you can continue to use most standard functions provided by these applications and augment them with new functionality provided by SAP Procurement for Public Sector. Used together, the software provides the functionality needed by public entities to facilitate compliance for higher-value, complex procurements. For example, integration with SAP ERP links procurement activities with financials so you can instantly see the impact of purchasing or logistics activities on budgets.

By standardizing, automating, and streamlining daily transactional activities, SAP Procurement for Public Sector increases efficiency, reduces costs, and frees up procurement experts to perform strategic planning. Because procurement- and supplier-related information is centralized, you can view spend across your entire enterprise, gaining the visibility to make more informed decisions about sourcing, contracts, and suppliers. For example, you can identify the best contract for procuring specific products or services and then consolidate related purchasing, sourcing requests, and demand against it to reduce costs and risk. You can also monitor contract execution in real time to help ensure compliance by both your organization and your suppliers.



Armed with this heightened level of transparency and insight, you can substantially reduce risk and increase public return on investment. In addition, the software enables you to:

- Consolidate demand
- Enforce compliance via standardized processes
- Automate workflows and audit trails
- Gain real-time enterprise spend visibility
- Automate transactions over the Internet

Sourcing and Public Tendering

SAP Procurement for Public Sector acts as a control center for sourcing and public tendering activities, even for complex tenders where technical merits are more important than price. You can track and manage highly regulated solicitation processes for service, commodity, and plan-driven procurement in a legal and compliant manner.

Before starting a competitive procurement process, you can screen prospective suppliers to minimize bid and proposal costs. The software also supports the collection of tender fees before suppliers can access tenders, such as requests for information and proposals (RFxs). You can also collect bid guarantees to help ensure eventual performance by a supplier. In addition, you can separately evaluate technical proposals from price to eliminate respondents with weak technical approaches early on and avoid wasting time and resources on less optimal suppliers.

Workflows, automation, and integration with other SAP applications streamline and accelerate key tasks and processes. For example, you can leverage full integration of procurement processes with the funds management functionality in SAP ERP and the SAP Document Builder application as well as the SAP Records Management application. This enables you, for instance, to create legally compliant contracts within a secure environment that integrates records management and procurement processes while automating the fulfillment of audit requirements. Online collaboration folders make it easier to send and receive documents to and from suppliers. After evaluating business user requirements, you can accept digital signatures, automatically create orders against long-term contracts (including funds management), instantly generate RFxs or tenders, and route requirements to the appropriate buyer for manual sourcing and contracting. Because sourcing and public tendering is centrally managed, it's easier to track the status of requirements throughout the acquisition process.

Self-Service Procurement and Streamlined Requisitioning

SAP Procurement for Public Sector also streamlines less complex procurement processes. You can centrally manage products and services from approved suppliers and make them available for catalog-based requisitioning and self-service procurement.

Sophisticated functionality enables purchasing staff to select from different pricing arrangements (which can be list-

ed hierarchically or identified as mixed-use or optional line items) and commit funds managed in SAP ERP. Using preset purchasing thresholds, you can also control maverick buying.

Procurement Management and Administration

After you select suppliers, SAP Procurement for Public Sector enables you to standardize, streamline, and automate contract management and administration while reducing the cost and effort of compliance.

Contract and Legal Document Authoring

Authoring contracts and other legal documents, such as leases and tenders, is faster and easier thanks to integration with SAP Document Builder. Now you can use business rules to simplify the assembly of contract clauses, terms, and conditions. For example, if you indicate something is fixed price, the software dynamically removes options for clauses about time and materials. Over time, the software captures expert knowledge in the form of new business rules so your staff can create more consistent, compliant agreements.

Contract Negotiation, Execution, Amendment, and Storage

SAP Procurement for Public Sector supports more effective contract negotiation and execution. You can create and post secure, external versions of contracts for collaboration over the Internet as well as automatically track contract revisions. Pricing and technical responses are stored separately in SAP SRM, enabling you to send clarifi-

cation questions electronically. If an issue arises, you can set up a separate, electronic “case” or file for managing the issue, create an ad hoc workflow to consult with legal and other professionals, and resolve it. Now these non-transactional activities occur in a structured way – rather than via phone calls and e-mails – so that they are part of the public record.

You can also manage requests for postaward contract and purchase order changes in a structured, standardized, and auditable way. The software associates nontransactional information such as e-mails and records of meetings and phone calls with the contract or purchase order and stores it as part of the electronic file. You can also handle concurrent multiple change requests for each contract.

Contract Management and Monitoring

SAP Procurement for Public Sector centrally stores versions of procurement-related documents and information in a structured, electronic file. Files are automatically linked to the right suppliers and contracts, rendered searchable, and accessible when you need them. The software monitors dates and data to generate timely alerts, workflows, and notifications for greater efficiency in contract management. For example, it automatically generates an alert months before contracts expire, giving you ample time to renegotiate or send out RFxs. In addition, you can use retentions to hold back monies from incoming invoices until product or service delivery meets the agreed-upon quality and performance standards.

You can also define a contract’s status level, such as “in termination” or “in protest,” so you and your team can instantly see what’s happening from a business standpoint. Statuses can also have triggers linked to them. For example, if a contract is in the termination phase, you can define a trigger that prevents others from making new orders against the existing contract.

Purchasing Governance

SAP Procurement for Public Sector helps you achieve a whole new level of purchasing governance with less cost and effort while reducing the frequency of costly supplier disputes. Not only can you establish and enforce adherence to standardized processes and automatically create audit trails, but you can also:

- Automate the reporting of mandatory award notifications to relevant authorities
- Streamline global spend analysis by rolling up costs and comparing them against budgets
- Identify higher-risk suppliers so that awards reflect informed decision making
- Enforce and prove compliance with directives and governing bodies via workflows, audit trails, alerts, and virtual support for the “four eyes” security principle (which requires that two people be present during bid openings to confirm receipt and review each bid)
- Prevent fraud with controls
- Identify and increase the utilization of small and disadvantaged vendors

You can view spend across your entire organization, consolidate contracts to lower costs, and facilitate compliance internally and externally.

Key Benefits

SAP Procurement for Public Sector gives you centralized, comprehensive visibility and control over the spectrum of procurements, resulting in:

- Better process integration, quality, and control
- More effective strategy execution
- Improved supplier relations and negotiations
- Greater compliance via standardized and streamlined policies and procedures
- Improved supplier qualification, compliance, and performance
- Higher efficiency and reduced cycle costs
- Increased annual savings and improved FTE per million spent ratio

Find Out More

To learn more about SAP Procurement for Public Sector, call your SAP representative or visit us online at www.sap.com/industries/publicsector/public/businessprocesses/governmentprocurement.epx.

Summary

The SAP® Procurement for Public Sector package gives you a comprehensive and proven solution for sourcing, contract management, and procurement, whether your needs are simple or complex. You can view spend across your entire organization, consolidate contracts to lower costs, and facilitate compliance internally and externally.

Business Challenges

- Comply with policies and regulations
- Control procurement-related processes
- Analyze and reduce procurement spend
- Smoothly collaborate with suppliers
- Maximize purchasing power

Key Features

- **Sourcing and public tendering** – Use a centralized sourcing control center to view workloads across the organization, create tenders, set up reverse auctions, manage bid evaluations and awards, and support self-service procurement (for example, via catalog-based requisitioning)
- **Procurement management and administration** – Simplify and streamline document management, contract storage and access, contract authoring, contract negotiation, contract execution, and contract monitoring
- **Purchasing governance** – Perform global spend analysis, set up and manage processes and workflows to facilitate compliance, Internet-enable supplier identification and onboarding activities, and optimize supplier development and performance management

Business Benefits

- **Reduced risk and lower operational costs** through better process integration, quality, and control and use of standardized and streamlined policies and procedures
- **More effective strategy execution and increased purchasing power** enabled by greater spend and supplier visibility and decreased maverick buying
- **Improved supplier relations and negotiations** via more effective supplier qualification, compliance, and performance management processes
- **Increased efficiency and lower operating costs** via electronic supplier interaction and workflow-driven internal collaboration, which reduce cycle time and effort

For More Information

Call your SAP representative, or visit us online at www.sap.com/industries/publicsector/public/businessprocesses/governmentprocurement.epx.

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