SAP Solution Brief
SAP Business Suite

SAP Supplier Lifecycle Management

End-to-End Supplier Lifecycle Management

Quick Facts

Summary

Leading companies are moving toward a more strategic approach to supplier management – one that recognizes and leverages how supplier relationships impact the bottom line. The SAP® Supplier Lifecycle Management application enables strategic supplier management with functionality that enables you to control the end-to-end supplier lifecycle. The results include lower costs, less risk, and more effective relationships that help drive competitive advantage.

Business Challenges

- No single source of truth for supplier information and management
- Poor visibility into supplier portfolio coverage and risk management
- Difficulty collecting, maintaining, and evaluating supplier performance information

Key Features

- **Supplier onboarding and registration** – Use automated workflow and supplier self-service to bring new suppliers on board
- **Supplier qualification** – Quickly build and send questionnaires and evaluate suppliers based on a weighted scoring system
- **Supplier portfolio management** – Obtain an overview of supplier relationships, classify suppliers, and manage the promotion process with built-in workflow
- **Integration with supplier order collaboration** – Gain visibility into strategic and transactional information from a single source that integrates with existing systems
- **Supplier performance management** – Continuously analyze performance and develop or phase out suppliers based on their value to your business

Business Benefits

- **Cultivate value-driven supplier relationships** by continuously promoting suppliers based on measured performance
- **Reduce cost** through automated supplier collaboration and reduced administrative burden
- **Minimize risk** with a standardized approach to supplier qualification and full visibility into supplier performance

For More Information

Contact your SAP representative today, or visit us at www.sap.com/supplierlifecycle.

Supplier management, once considered a nonstrategic process, is now in the executive spotlight – and for good reason. To manage a global supply base and deal with mounting regulations, companies are moving beyond mere supplier rationalization and toward strategic supplier management. The goal is to extract more value from inbound value chains and reduce the total cost of procurement while increasing innovation. The SAP® Supplier Lifecycle Management application is designed to achieve these goals.

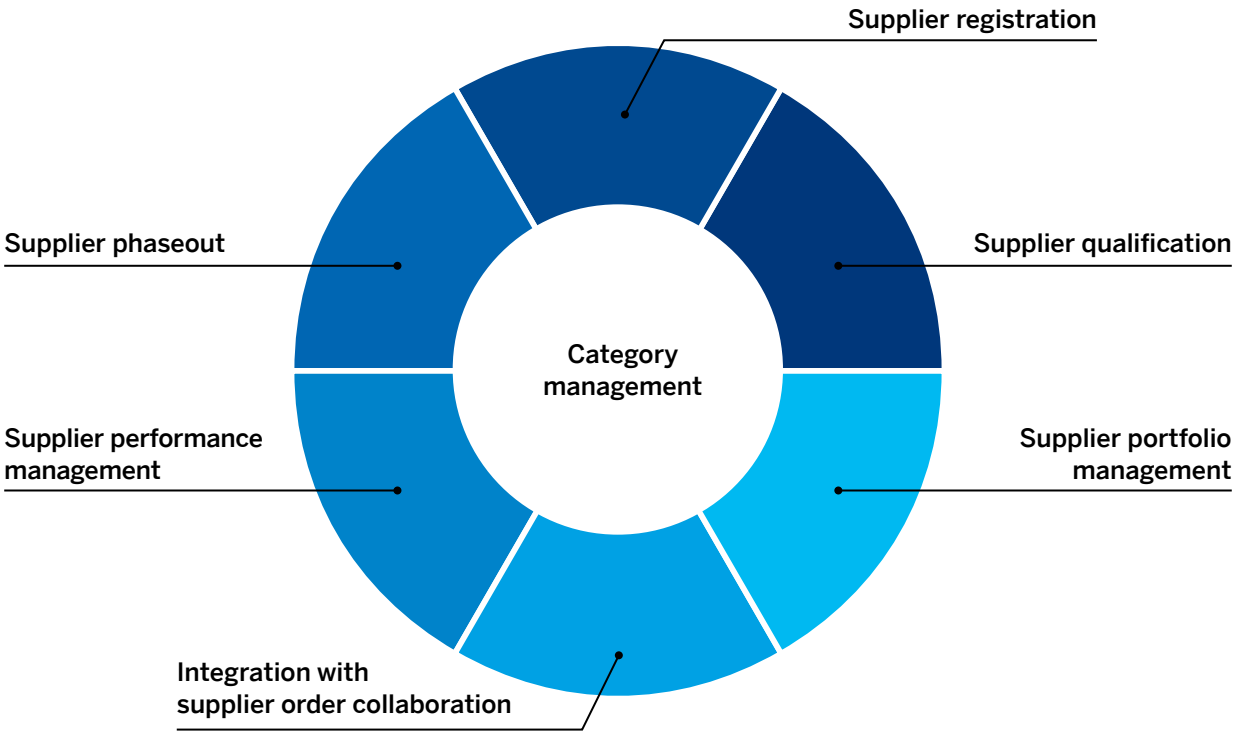
THE STRATEGY OF SUPPLIER MANAGEMENT

It's no secret: companies that get more value from suppliers while reducing overall costs and risk can realize significant competitive advantage. This is why leading organizations are taking a more strategic approach to supplier management – one that seeks to maximize the value of supplier relationships by ensuring quality throughout the lifecycle of the relationship.

This is particularly important for direct spend – where the quality and value of a supplier relationship can directly influence overall firm performance. According to The Hackett Group, world-class organizations outperform their peers in managing their direct spend, devoting about four times more full-time equivalent (FTE) days per major supplier per year than their peer group.[1] Because so much is at stake, these organizations understand the need to dedicate the appropriate resources to managing their suppliers on a daily basis.

Many organizations, however, face a series of obstacles on the road to a more strategic approach to supplier management. Challenges such as IT complexity and data inconsistencies can limit supplier portfolio visibility – which impedes efforts to manage supply base risk and improve category-specific performance. Trying to manage hundreds of weekly supplier interactions for data maintenance and performance management also expends valuable employee time and focus. And nonstandardized processes often result in low procurement productivity and high transaction costs.

Figure: Supplier Relationship Lifecycle



The SAP Supplier Lifecycle Management application helps you address these challenges. It empowers your procurement team to manage their supply base throughout the end-to-end supplier lifecycle – from initial onboarding at the beginning of the relationship to continuous performance evaluations for ongoing improvements throughout the relationship.

THE VISIBILITY YOU NEED FOR BETTER SUPPLIER RELATIONSHIPS

Encompassing the entire lifecycle of the supplier relationship (see figure), SAP Supplier Lifecycle Management helps you manage each supplier consistently and effectively. Your procurement team will be able to gain visibility into and control over the complete supply base to reduce supply risk, increase supplier performance, and maximize cost savings.

Designed for simplicity, the application helps make life easier for both category managers and the suppliers they work with everyday. A flexible interface can be customized to reflect your corporate brand. Built-in integration with SAP Business Suite applications increases transparency and improves productivity. And because it covers the entire supplier lifecycle, this application creates a more strategic approach to supplier management that enables you to maximize value and minimize risk.

Supplier Onboarding and Registration
SAP Supplier Lifecycle Management makes your supplier selection and onboarding process faster and more efficient. An automated workflow helps manage the approval process for new suppliers, and self-service functionality enables suppliers to register themselves. Each supplier maintains its own company and contact data, adds users as needed, uploads attachments, and maintains all qualification requests and certificates. With integration to your SAP Business Suite applications, this repository represents your source of truth for supplier data and can be distributed to whatever back-end systems are required. This approach relieves your procurement team of a significant administrative burden – freeing them to focus their energies on the job of negotiating better deals with your suppliers.

Supplier Qualification
SAP Supplier Lifecycle Management streamlines the entire supplier qualification process. Using a library of reusable questions, you can build a questionnaire in multiple languages that is suitable for the supplier under consideration. A category manager then triggers the qualification process from a supplier list, and the software sends the questionnaire to the potential supplier via e-mail. Once returned, the manager can evaluate the response based on a scoring system that weighs the value of each question according to its importance. Managers also enjoy full visibility over the qualification process to monitor progress and keep it moving forward.

Supplier Portfolio Management
With SAP Supplier Lifecycle Management, you gain a portfolio-level view of your supplier relationships. This gives you the visibility you need to continuously determine the right mix of suppliers to best serve your business objectives and reduce your overall supply risk. Using the application, you can classify your suppliers by multiple criteria – for example, categorizing a set of suppliers with the same set of goods and services. You can also store and access time-dependent sustainability scorecards, structured attachments, qualification results, and certificates. And with automated workflow, you can launch a supplier promotion process for the suppliers that deliver the results you expect.

Integration with Supplier Order Collaboration
SAP Supplier Lifecycle Management allows you to both understand and collaborate with your suppliers all from one application. Through integration with the SAP Supplier Self-Service application, you can view all relevant procurement-related transactions associated with your suppliers – which helps you stay

Use SAP Supplier Lifecycle Management to cultivate value-driven supplier relationships that encourage supplier excellence and increase profitability. Manage the complete supplier lifecycle and enrich supplier relationships for a competitive advantage.

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up-to-date on all purchase orders, service entries, and invoice payments being executed. With a robust view into the strategic and tactical aspects of your supplier relationships, you're able to manage relationships in a holistic fashion.

Supplier Performance Management
SAP Supplier Lifecycle Management allows you to evaluate and monitor the performance of your suppliers. The application maintains a central library of key performance indicators, which is updated using questionnaires for scoring suppliers in areas such as daily work performance, contract procedures, and price negotiations. Leveraging this data, you can instantly generate reports, benchmark performance, and perform analysis needed to identify valuable suppliers and manage them effectively. You can also use the application to phase out underperforming suppliers or to develop the required capabilities for the promising suppliers with whom you want to build ongoing relationships.

END-TO-END BENEFITS FOR END-TO-END SUPPLIER MANAGEMENT

With SAP Supplier Lifecycle Management, you can cultivate value-driven supplier relationships that encourage supplier excellence and increase profitability. You'll be able to manage the complete supplier lifecycle, and deepen and enrich supplier relationships for a competitive advantage. This helps you reduce costs through superior supplier effectiveness and performance. It also helps you reduce supplier risk by providing full visibility into supplier information that you can use to evaluate suppliers, automate key supplier collaboration processes, and monitor ongoing supplier performance.

LEARN MORE

To find out more about how SAP Supplier Lifecycle Management can help you build stronger, more valuable supplier relationships, contact your SAP representative today or visit us online at www.sap.com/supplierlifecycle.

FOOTNOTE

1. The Hackett Group, "2011 Procurement Benchmark Study."