

SAP® E-SOURCING

STREAMLINING THE SOURCING PROCESS TO DRIVE COST REDUCTION

Maximize savings by using the SAP® E-Sourcing application to help automate and streamline strategic sourcing across all your supplier expenditures. The Web-based software enables processes such as collaborative project management, online bidding, and contract negotiation and management.

Is your procurement organization, like so many others, under pressure to support constant profitability in the face of global competition?

If so, where do you begin? Reduced procurement costs begin with effective targeting of spend categories and a streamlined supplier selection process. But how do you achieve these goals when manual processes are impeding your ability to identify and execute on sourcing opportunities? And how do you meet sourcing deadlines and provide visibility using time-consuming processes and traditional phone, fax, and e-mail communication methods?

Sluggish IT and communication processes not only result in long cycle times, they make it difficult to standardize and share best practices for procurement. And they hinder the evolution of procurement into a function that drives strategic, competitive advantage. As a procurement professional, you need a solution that helps you collaborate across departments as well as discover, qualify, and continually evaluate suppliers and plan projects in cooperation with them.

To help you address these challenges – and streamline and improve your entire sourcing process – SAP offers the SAP® E-Sourcing application. This Web-based application lets you expedite essential functions such as collaborative project management, online bidding, contract negotiation, and ongoing compliance.

With SAP E-Sourcing, your procurement team can quickly automate specific processes and begin achieving value rapidly. Then, when you're ready, you can easily add to your sourcing solution by using advanced features and implementing other applications – such as spend analytics or operational procurement – while leveraging your existing investment.

A Complete E-Sourcing Solution

SAP E-Sourcing supports the sourcing process end to end, allowing you to improve essential activities by:

- Generating greater savings and value
- Extending procurement's reach
- Enabling visibility across the organization
- Supporting project standardization and repeatability
- Reducing cycle times
- Driving change management through collaborative processes
- Identifying the right suppliers
- Managing requests for information, proposals, and quotations
- Conducting online reverse auctions
- Optimizing supplier awards
- Enabling end-user bid management
- Supporting contract creation and execution
- Helping ensure compliance
- Streamlining collaboration with suppliers
- Tailoring sourcing and contracting processes to your specific business needs



With SAP E-Sourcing, you can generate greater savings and value from your preferred supply base. E-sourcing activities result in decisions that optimize the overall value contribution from suppliers. Using analytic tools, you can evaluate and compare supplier proposals on factors that are most important to your organization. For example, your procurement team can weigh and collaboratively score responses to requests for proposals on the basis of factors such as key supplier capabilities, pricing, and more. The application helps you establish and develop a qualified supply base that delivers the best value to your enterprise.

It also enables you to collaborate with business units to extend procurement's reach and drive additional savings. SAP E-Sourcing helps you create an environment in which you work jointly with departments across the enterprise to reach key sourcing decisions related to defining requirements and awarding important contracts.

Because it links all category activities to sourcing projects, the application supports collaboration and visibility and drives standardization and repeatability. It lets you track results and decisions during each project's duration, monitor project status, manage employee workload, and track savings. And its seamless integration with the SAP Spend Analytics application lets you initiate projects directly from identified sourcing opportunities.

With SAP E-Sourcing, you can design templates of every key sourcing process, from project management to requests management and contract creation.

These templates reduce creation and approval cycle times while ensuring that best practices are repeated consistently throughout your organization. You can also enable key stakeholders to provide input to the process, driving change management and promoting its adoption throughout the organization via functions such as collaborative scoring, weighted attributes, total cost calculations, and side-by-side comparisons.

SAP E-Sourcing helps you ensure that the right suppliers are competing for your business and that you have a complete supplier portfolio. Using the self-registration process and supplier repository, you can easily identify which suppliers should be part of your sourcing events. Suppliers can maintain their profile information so that you stay current on their capabilities and certifications.

The application also allows for easy management of requests for information, proposals, and quotations. You can conduct simple or complex sourcing activities for direct, indirect, and service categories by automating the creation of requests of all kinds.

E-sourcing makes it easier to conduct online reverse auctions by enabling you to:

- Create tailored competitive bidding events
- Interact with suppliers in real time using instant messaging and a comprehensive bidding console that automatically provides critical feedback to the suppliers
- Manage advanced disclosure rules such as bid and rank visibility, provide automatic extensions, use bidding

The e-sourcing application can be deployed to suit your needs. You can have SAP host it – to get up and running quickly – or run it on your own infrastructure. And you can migrate, when ready, from a hosted to an on-site environment.

formats that support your strategies, and employ cost factors to enable “apples to apples” comparisons

You can optimize supplier awards to:

- Identify the lowest total-cost and best-value award strategies by using constraints-based functions
- Analyze award scenarios easily by using standard reports and charts to compare options

SAP E-Sourcing enables end-user bid management in two ways:

- Allowing users outside of purchasing to initiate rapid requests for quotations, using preferred suppliers
- Providing category-specific and ready-to-use templates that support quick sourcing activities at the time the end user is ready to buy

The application supports the creation and execution of contracts with your suppliers, either directly from a bidding

event or prior contract or by creating a new agreement. New functionality lets you manage the entire portfolio of contracts. For example, you can:

- Generate, negotiate, and manage contracts with a single, searchable contract repository
- Create a library of standard clauses and contract templates to promote and enforce your organization's legal standards during the contract-generation process
- Configure a workflow-based approval process using attributes such as a contract's value and spend category
- Automate all contract activity
- Track rebates and thresholds

To help ensure compliance with a variety of policies, procedures, and regulations, the application also supports integration with enterprise resource planning software. You can leverage packaged integration with the SAP ERP application for key processes such as requirements, awards, and contracts to ensure employees leverage negotiated contracts and purchase from preferred suppliers.

You can also streamline collaboration with suppliers via:

- Supplier collaboration functions that allow you to participate in collaborative discussions, respond to bid requests and auctions, negotiate contract terms, and view scorecard performance
- Supplier performance management functions that let you define metrics for supplier-performance scorecards or use an activity library to define standard tasks and activities you can easily apply to suppliers' records

Finally, SAP E-Sourcing lets you tailor e-sourcing to your specific business needs through:

- Executive dashboards – Support project portfolio management and create visibility into sourcing activities across the organization using data collected from across the application and presented in a single view
- Flexible configuration – Create templates, reports, page views, additional business forms, and new data fields to capture information and enable processes specific to your organization
- Robust reporting – Make relevant information available to all types of users through both summarized executive views and detailed reports to procurement professionals

Undisputed ROI, Quick Payback

With SAP E-Sourcing, you can achieve a clear ROI that includes time and cost savings resulting from quick deployment, improved decision making, and repeatable processes. In addition, SAP and its partners offer services that help ease your transition to the application.

Multiple Deployment Options

You can deploy SAP E-Sourcing according to your needs. For example, to get up and running quickly, you may want SAP to host the application. Or you can choose to deploy SAP E-Sourcing on your own infrastructure. You can also migrate from a hosted environment to an on-premise environment at a later date if you wish.

When SAP hosts your application, you benefit from a secure, reliable, and scalable foundation without any associated



investment in IT infrastructure and without straining your internal IT resources. Hosting fosters fast ROI while rapid implementation helps you generate savings quickly.

Those customers just getting started with e-sourcing may want to consider the SAP E-Sourcing on-demand solution, a subscription-based hosted offering. The on-demand solution is deployed rapidly, contains preconfigured templates to help you achieve early success, and includes end-user help-desk support.

Services for Total E-Sourcing Initial success generates long-term e-sourcing acceptance. Services available through the SAP ecosystem and partners include product training and support for establishing appropriate category and negotiation strategies and for managing the change to e-sourcing in your organization. These value-added services help increase user adoption and overall value by allowing you to manage initial events, hold mock auctions, and support live events.

Find Out More

To learn how SAP E-Sourcing can help improve business processes in your procurement organization, visit www.sap.com/srm/e-sourcing/index.epx.

Summary

The SAP® E-Sourcing application helps automate and streamline strategic sourcing across all your supplier expenditures. The Web-based software enables processes such as collaborative project management, online bidding, and contract negotiation and management.

Business Challenges

- Extend procurement's reach to more categories of spend
- Aggregate expenditures across the organization
- Increase visibility into sourcing activities
- Streamline the supplier selection process
- Standardize contract management processes

Supported Business Processes and Software Functions

- **Cross-enterprise collaboration** – Work jointly with all departments to define requirements, evaluate supplier proposals, and reach key sourcing decisions
- **Enhanced project management** – Link all sourcing activities to specific projects so you can track results and monitor project status for savings opportunities
- **Cycle-time reduction** – Create templates of every key sourcing process to save time and ensure best practices are being followed
- **Supplier selection** – Ensure that the right suppliers are competing for your business
- **Automation and analysis** – Manage requests for information, proposals, and quotations by creating requests automatically and analyzing bids
- **Reverse auctions** – Create tailored bidding events in which suppliers can interact in real time
- **Contract creation, management, and compliance** – Create supplier agreements from approved template content, streamline reviews and approvals, and integrate with back-end systems for compliance management

Business Benefits

- **Optimized value from suppliers** based on your ability to evaluate and compare their offerings
- **More sourced spending and shorter time to savings** thanks to automation and the use of templates
- **Bottom-line savings** via integration to back-end processes

For More Information

Call your SAP representative or visit us online at www.sap.com/srm/e-sourcing/index.epx.

50 080 330 (08/09)

©2008 by SAP AG.

All rights reserved. SAP, R/3, xApps, xApp, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP Business ByDesign, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and in several other countries all over the world.

Business Objects and the Business Objects logo, BusinessObjects, Crystal Reports, Crystal Decisions, Web Intelligence, Xcelsius and other Business Objects products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Business Objects S.A. in the United States and in several other countries. Business Objects is an SAP Company.

All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.