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Race to value
Cloud-enabled buyer-supplier collaboration

At the same time companies are looking to their supply chains for the efficiency gains they need to remain competitive, the cloud has emerged as a potential game-changer—especially when it comes to managing extensive networks of supplier relationships more effectively. This is a welcome development in an environment where some companies are still struggling with arduous, manual purchase order and invoice processing systems, immature catalog content management, low contract compliance, a hobbled supplier discounting process, rising technology costs, and other all-too-familiar challenges.

Cloud connections

Imagine having the ability to quickly broaden connectivity, collaboration, and content with existing trading partners or to adapt supply networks to meet new opportunities by using an advanced search-and-discovery capability to tap into a global network of suppliers. For companies that plan on driving a large volume of transactions through a substantial supplier base, this capability can have a particularly big impact, helping them move more nimbly in a business environment where speed and efficiency make all the difference.

Using cloud capabilities to facilitate collaboration, new platforms are emerging that can help companies retool their supply chains to become more flexible, responsive, and powerful. One of the leading providers of these services is the Ariba Network, now part of SAP®. Today nearly a million companies around the world execute more than a billion dollars in transactions every day through the Ariba Network.[1] And Deloitte can help put it to work for your organization.

1Source: "SAP-2012-Ariba-Acquisition-Presentation" (2012)

Ariba Network

How we can help

It takes a deep understanding of a company's business and market environment to realize the benefits of cloud-based supplier-buyer collaboration—not to mention technical know-how. Deloitte excels in both areas. We are widely recognized for the depth of our capabilities in supply chain, as well as our long history with SAP solutions—including Ariba. In practical terms, that means that we are frequently able to help clients define and implement their cloud-based sourcing and procurement capabilities quickly—and get on the fast track to realizing benefits.

Here are a few of services we offer specific to SAP's Ariba Network:

- Strategy and business case development
- Project implementation and deployment
- Business process transformation and organizational alignment
- Supplier connectivity, registration and qualification, and performance management advisory
- Supplier testing
- Supplier education
- Spend analysis, procurement content, and savings tracking

Bottom-line benefits

Financial benefits

- Reduced procurement document processing costs

- Contract compliance and catalog content management

- Lower technology costs

- Collaboration with suppliers on discounts and working capital

- Supply chain financing opportunities

Enterprise-level benefits

- Faster path to value realization

- Enhanced performance management and risk mitigation

- Expanded connectivity to a global network of suppliers and content

- Improved procurement efficiency and collaboration across the organization

- Streamlined business processes delivering value

Starting questions

For clients considering using cloud capabilities to improve buyer-supplier collaboration, we typically start with six core questions:

How are your suppliers using these networks today?

A subscription to a network such as Ariba can deliver more value if suppliers are using it in certain ways—for high-volume transactions, for instance, supported by catalogs and electronic collaboration. If they're using it only to process non-catalog purchase orders or non-PO invoices, the case may be less clear.

Are your current suppliers performing to your expectations?

If supplier performance is central to your organization's performance, the network's capacity to help find, evaluate, and connect with additional suppliers can be a significant benefit. This is just as important for existing and prospective suppliers.

How centralized is your procurement function?

The degree to which procurement is centralized within your organization helps determine the priorities of different features you may choose to use. For example, in relatively decentralized organizations, the benefits of improved transparency and automation may have the biggest impact on purchase order and invoicing processes. Meanwhile, in a more centralized procurement environment, it may make more sense to start with automating procurement content management.

How big a role are new types of goods and services likely to play in your business?

If your organization is entering into a new area of business, and existing suppliers are unable to meet new demands, the Network could fast-track your discovery and evaluation process. How? With increased transparency into supplier networks, organizations are better able to identify and assess alternative commodities, suppliers, and trading partners.

Where could you be achieving greater efficiencies?

In one-to-one transactions facilitated through Electronic Data Interchange (EDI), neither the buyer nor the supplier achieves visibility into the full procurement lifecycle. Not only is this a costly and burdensome approach to transmitting unintelligent data, it limits opportunities to collaborate. For example, EDI transactions can't uncover opportunities to improve cash management, identify new suppliers, or collaborate around content with real-time processing status. Many clients have found that platforms such as the Ariba Network change the equation in this arena.

How to get more value from cloud-enabled buyer-supplier collaboration

We've already helped companies around the world use these capabilities to improve their approaches to managing supplier relationships. Here are a few lessons we've learned along the way:

Encourage your top-tier suppliers to register or broaden their collaboration

We often help organizations identify and prioritize their suppliers that present the biggest opportunities—and then determine how they can use such networks to move toward improved supplier relationships.

Enhance your buyers' relationships with suppliers

We encourage companies to have their strategic sourcing professionals, commodity managers, and professional buyers own the end-to-end relationship with their suppliers—not just the sourcing and negotiation. Services such as the Ariba Network provide tools to help manage supplier relationships, but it's vital that companies are committed to being the "face" in front of those relationships.

Ensure new suppliers are Network-enabled

If you make the decision to move forward with a service such as Ariba—network enablement should become one of your key evaluation criteria when conducting strategic sourcing, supplier selection, and supplier performance evaluation.
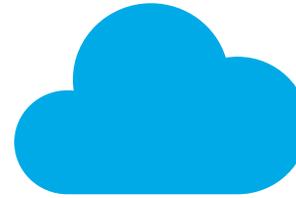
Use as much of the functionality of the Network as necessary to "close the loop"

We often advise organizations to walk before they run—and to set careful priorities when participating in a commerce or supplier network. At the same time, we encourage clients to consider the full breadth of an integrated, closed-loop system of electronic collaboration it can support.

Make a friend in IT

We help organizations improve the mix of tools and interfaces they use—to lower their total cost of IT ownership. The reduction in point-to-point interfaces can enable decommissioning a host of applications, connectivity, and associated business support, allowing employees to focus on more strategic initiatives.

Use the platform to routinely revise your supplier management, procurement category, and content strategies

Once you implement a supplier network-based collaboration platform, focus on developing, assessing, and revising strategies that factor in key value levers by supplier relationship, purchasing category, or business scenario.

For additional information please visit www.deloitte.com/us/SAP

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