

Insights to Action:

Your three steps for winning the triple crown of strategic procurement



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Preparing for the race ahead

In racing, someone is said to have achieved the “triple crown” if they win the three most prestigious events of their sport. Now, procurement has its own triple crown – and the prize is up for grabs. This guide will help you achieve it.

Where did I spend? Where should I have spent?
Where should I spend now and in the future?

As a procurement leader, your job is to help your company answer important questions like these. At a more detailed level, these questions might prompt you to ask things like:

- Why does the same supplier or product exhibit price fluctuations?
- What are the drivers of my spend?
- What levers can I pull to impact them?
- What should my negotiation strategy be to:
 - Boost supply chain resiliency by mitigating risk?
 - Reduce costs?
 - Counteract inflation?
 - Achieve my environmental, social, and governance (ESG) goals?

Most companies technically have the data they need to answer these kinds of questions. But because that data is scattered across multiple systems, turning it into insights is difficult. And it's hard to get the real-time insights needed to cope with supply disruptions, volatile prices, and inflation hitting markets at different times.

52%

of CPOs say monetary uncertainty is a top risk in the next 12-18 months.¹

To win the triple crown of procurement, you need to be able to:

1. Answer all these questions and more
2. Turn those insights into a robust strategy
3. Get everyone on your team working together so you put the full force of your business on executing that strategy, making even better decisions and achieving your objectives.

Our new solutions enable you to do all this and more. They give you everything you need to develop and execute a winning procurement strategy.

In short, we've built a next-generation strategic procurement journey. It's a race to the finish line. And it starts today. Are you ready to beat your competition?

Check out this [short video](#) to learn how AI enables faster, easier creation of sourcing events.



On your mark

Step 1: Insights

When you enter a race, your past performance is important. But ultimately, it's what ahead that counts.

The same applies to your procurement performance. And that's why reporting is necessary but not sufficient. Reporting tells you what happened, but you need aggregation and insights to find out what to do next. And you need it all delivered in a way that's intuitive for everyone on your team.

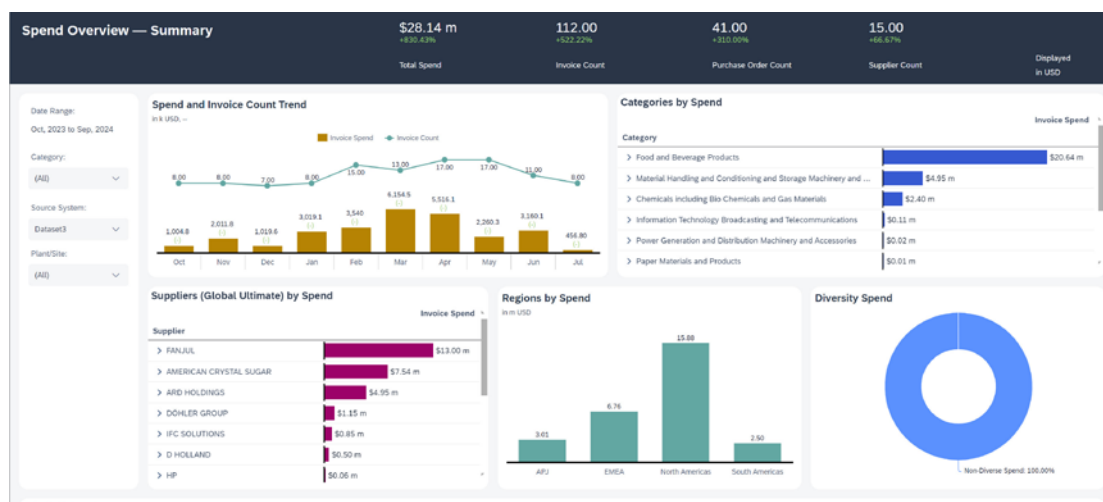
That's exactly what our new [SAP Spend Control Tower](#) solution delivers. It accelerates insights by enabling you to:

- **See all your spend in one place, by aggregating and consolidating data from all your systems, business units, ERPs, and countries.** This sounds easy, but it can be really difficult when your spend is in different currencies, different units/quantities, and different formats. For example, a supplier like SAP might be listed under multiple names such as "SAP SE," "SAP America, Inc.," and "SAP International, Inc."
- **Understand your cost drivers.** For instance, did you know that 50% of the price of chicken is driven by the price of the corn feed?

- **Maintain good visibility of spend as your organization changes.** For example, if your organization runs SAP S/4HANA, then acquires a business that uses a separate SAP S/4HANA instance or a different ERP solution, you'll be able to see all that data in SAP Spend Control Tower. This flexibility helps future-proof your business so you can thrive amid volatility.
- **Gain market intelligence,** as we're enhancing our solution to let you see what prices others are paying for comparable goods, decide how much you should be paying, and predict what's likely to happen in the future – for example, with inflation or commodities prices.

49%

of CPOs say spend analytics is the top driver of digital transformation in procurement.²



Spend performance dashboards: Visually rich dashboards in SAP Spend Control Tower preconfigured and customizable to track sourcing risks, supplier fragmentation, tail spend, and more.

Get set

Step 2: Plan

Insights help you predict what challenges you're likely to face as you race towards the finish line. Next, you need a plan to overcome those hurdles.

In a procurement context, this means that once you have the insights from SAP Spend Control Tower, you need to come up with executable strategies to act on those insights. This is where category management comes in.

First, you decide on your objectives for managing different categories of spend. They might be less risk, lower cost, reliable supply, compliance, or something else. For example, for indirect spend, most companies look to rationalize suppliers and consolidate spend to drive cost savings. But for direct spend, it's usually better to work with multiple suppliers to reduce risk.

The [SAP Ariba Category Management](#) solution helps you plan and optimize your route to success. It:

- Digitalizes and streamlines the development, execution, and monitoring of your category

strategies through category analytics, process guidance, analysis frameworks, and solution-driven recommendations to help you embrace intelligence-driven category management and improve your performance.

- Creates AI-generated Kraljic matrices and Porter's five forces at the click of a button, which you can enhance using your expertise.
- Enables all category managers to work together seamlessly as they define the strategy.

32%

of CPOs say category management is the top driver of digital transformation in procurement.³



Watch this [short video](#) to see our SAP Ariba Category Management solution in action.



Go!

Step 3: Action

With the strategy defined, it's time to put it into action. In a race, it's about making sure all those hours of training pay off. And in procurement, it's about ensuring that your team's expertise translates into outstanding business results.

For instance, if the top priority is reducing risk, the sourcing managers will work to find more suppliers spread across different geographies. If the objective is raising quality or ensuring on-time delivery, sourcing teams will find new suppliers that can offer these improvements.

Cost must be balanced against these objectives. Going with a slightly more expensive supplier upfront might save money down the line if it avoids delays, returns, and complaints.

The [SAP Ariba Sourcing](#) solution empowers the brilliance of your people, by:

- Enabling sourcing teams to see the category management objectives and work towards them (thanks to close integration between SAP Ariba Category Management and SAP Ariba Sourcing).
- Putting powerful insights at the fingertips of sourcing managers so they can make even better decisions. For example, if you plan to onboard an additional vendor, our solution can help you select one that plugs any weaknesses in your existing supply base.

These game-changing insights empower your smart category managers and sourcing teams, enabling them to tackle spend and negotiate with greater knowledge than ever before. And with everyone working together seamlessly, you can put the full force of your talent onto optimizing category outcomes.

Top-performing procurement organizations achieve...

- **>9% higher annual sourcing** savings by running more competitive sourcing events.
 - **4X faster** sourcing times through a better sourcing approach
- ... compared to low-performing peers.⁴

38%

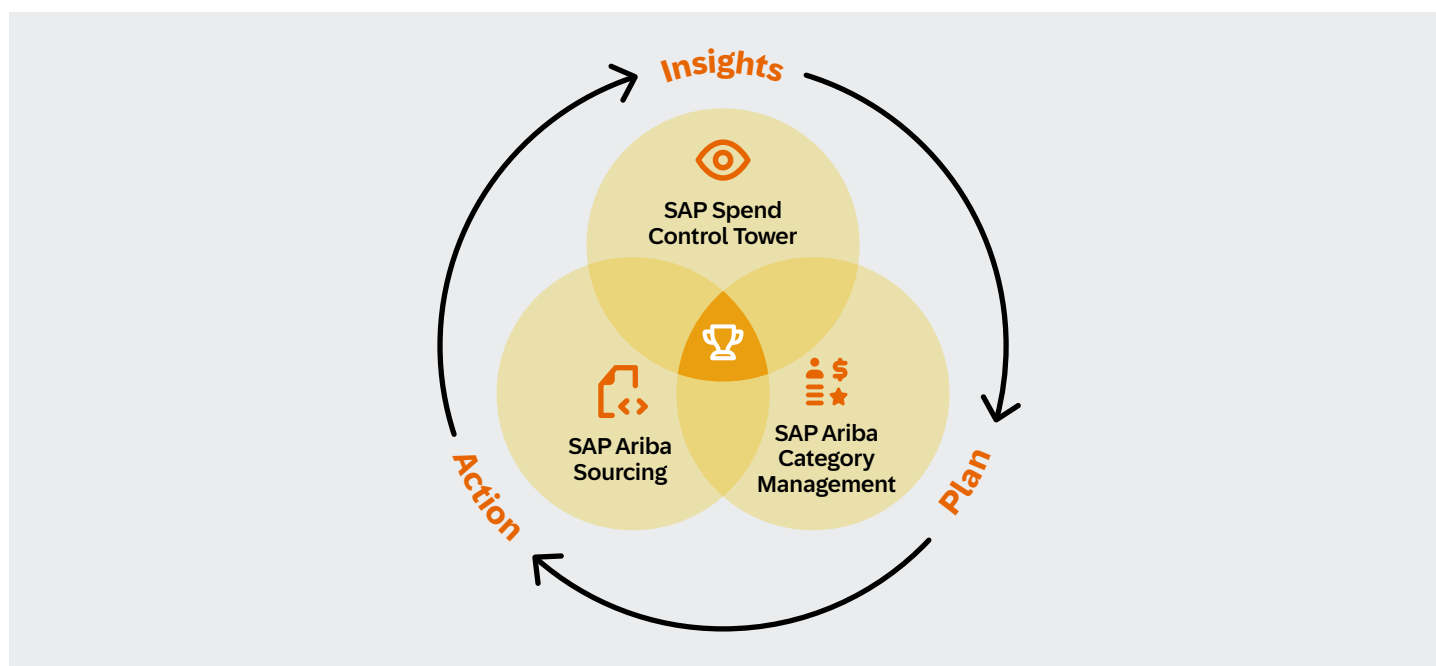
of CPOs say cost management is the top strategic priority for procurement for the next 12-18 months.⁵

Find out how global healthcare leader [Smith+Nephew](#) has achieved impressive results from its procurement transformation.

Winning the triple crown every time

The path of insights to action can help you win the triple crown of procurement. But it's not a one-and-done journey. It should be a feedback loop driving continuous improvement, so you can win over and over again.

For example, after a one-year sourcing contract, you should analyze the results and use those insights to update your objectives, refine your strategy, and perform even better next year.



We can help you turn this vision into reality using our best-in-class solutions:

- [SAP Spend Control Tower](#)
- [SAP Ariba Category Management](#)
- [SAP Ariba Sourcing](#)

Together, they deliver exponential capabilities that transform the procurement journey with low risk and high impact. Welcome to the next generation of strategic procurement. Are you ready to win?

To learn more about how to get total spend visibility, fresh category insights, and intelligent supplier matching, please:

[Request a demo](#)

[Contact us](#)

[Visit our website](#)

1, 2, 3, 5 "Across the procurement-verse: Changing trends in the procurement function", Economist Impact, May 2024.

4 Benchmark data is obtained on a rolling basis through surveys available in the SAP Ariba Benchmark Program. Quartiles are grouped as follows: Top 25% of participants, average 50% of participants, and bottom 25% of participants.