

SAP Ariba | Insight Driven Category Management



About SAP Ariba Category Management

SAP Ariba Category Management simplifies and digitizes the creation, execution, and oversight of category strategies. Powered by SAP Business Technology Platform, it offers analytics, guided processes, strategic frameworks, and AI-driven recommendations to help procurement teams accelerate intelligent decision-making and boost spend management efficiency.

SAP Ariba Category Management seamlessly integrates with SAP Ariba Contracts, SAP Spend Control Tower, and other procurement tools to deliver a unified source-to-pay experience—eliminating the need for complex point-to-point integrations.

Powerful profiling tools, guided frameworks, AI-driven insights, and integrated performance tracking empower rapid, efficient achievement of spend management goals.

SOLUTION
SPOTLIGHT



EXECUTIVE SUMMARY

Insight driven category management remains one of most important improvement areas across most procurement organizations due to category management’s inherent complexity, and potential to impact to business operations and supply risk.

Common category management challenges include a lack of common processes, manual offline processing tools, limited visibility, and varying levels of procurement resource skills and expertise.

There are a variety of technology solutions being used to support category management activities with the most popular solutions being source-to-pay suites, manual offline processing and ERP systems.

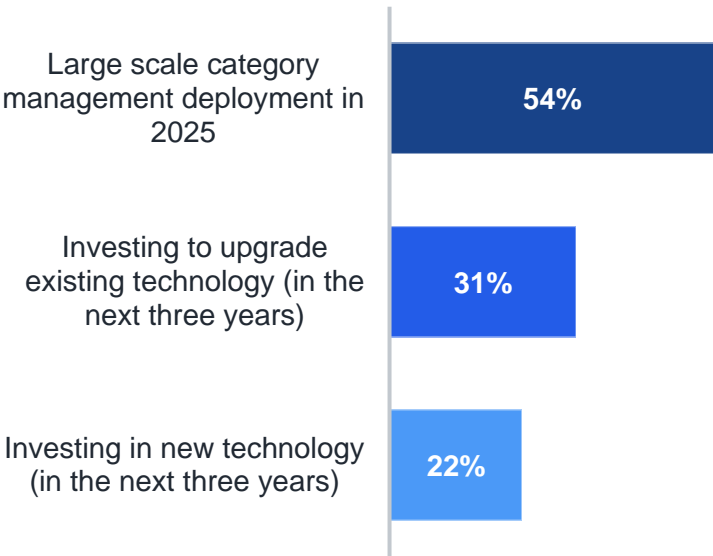
SAP Ariba Category Management provides both foundational and advanced value-added functionality to digitize and streamline the development, execution, and monitoring of category strategies. Typical benefits companies achieve from leading category management solutions like SAP Ariba Category Management include enhanced decision making, improved spend cost reduction, greater consistency, streamlined processes, and improved collaboration and business partnering.

Source: The Hackett Group, Market Intelligence



HACKETT INSIGHTS

Technology adoption and planned investment (for category management solutions)



Source: The Hackett Group 2025 Procurement Agenda and Key Issues Study

In 2025, category management improvement ranks as the third most common transformation initiative among procurement teams, with 26% of surveyed executives reporting that their current solution did not meet expectations.

CATEGORY MANAGEMENT | KEY CAPABILITIES

Category planning and segmentation capabilities are related to how spend categories are defined, stratified and aligned.

Category strategy capabilities refer to how spend categories are profiled, how category benchmarks are developed, how category objectives (and opportunities) are developed and ultimately how the category strategy is created.

Category governance capabilities guide how category teams are organized to manage categories across the business and what decision processes and reviews are needed to manage each category.

Category strategy execution capabilities focus on optimizing the execution plan for each category strategy, and how to manage day-to-day activities as well as conduct project-based initiatives.

Category performance measurement capabilities enable companies to plan and track savings, ensure savings are realized at the bottom line and track operational performance.

Source: The Hackett Group

HACKETT INSIGHTS

Type of technology used for category management

Source-to-pay suite	69%
Manual offline processing	69%
ERP system	54%
Spend analytics point solution	43%
Project pipeline and savings tracking solution	34%
Supply market/category intelligence platform	31%
In-house developed solution	17%
Category management point solution	9%

Source: The Hackett Group 2024 Spend Orchestration Study

There are a variety of technology solutions being used to support category management activities with the most popular solutions being source-to-pay suites, manual offline processing and ERP systems. There is limited use of in-house developed custom solutions and category management point solutions.

CATEGORY MANAGEMENT | BEST PRACTICES

- All categories are profiled and documented with an appropriate level of detail, periodically reviewed and updated.
- All categories and subcategories have a documented category strategy that is reviewed for alignment with business objectives.
- Supply market intelligence is captured, modeled and incorporated into category management and risk management strategy.
- Cross-functional collaboration with the business is formal and early in the sourcing process to capture category and market expertise.
- Procurement spend is automatically categorized regardless of channel providing real-time data visibility.
- Generative AI / insight engines provide suggest recommendations for category management strategy, tactics, and initiative targets.
- Category managers have combinations of expertise, information, and standardized tools spanning categories, business operations, market dynamics, analytics, and program management.
- Category management performance is linked, assessed and measured for financial contribution and business impact.

Source: The Hackett Group

HACKETT PERSPECTIVE

SAP Ariba Category Management streamlines and digitalizes procurement processes, enabling companies to manage category profiles, develop strategies, analyze opportunities, and monitor execution. When paired with a thoughtfully redesigned service delivery model, it drives best-practice performance.

Key foundational functionality includes:

- Leading strategy frameworks such as Porters Five Forces, Category Segmentation, and Cost structure Analysis built into the AI-assisted experience
- Goal, initiative, and KPI frameworks for category plan execution
- Prebuilt and configurable questions for category managers based on need
- Mandatory and optional activity combinations for consistency with flexibility
- AI-assisted category strategy recommendations
- News and alerts feeds for enhanced market awareness
- System-based, automated opportunity identification
- Stakeholder mapping for formal engagement
- Collaboration mechanisms for joint-category planning and development

Additional value-added features:

- Category 360-degree view
- Integration with SAP Spend Control Tower
- Curated experience based on strategic importance of the category
- Category positioning based on business impact and supply risk
- Opportunity engine with defined opportunity types
- Plan monitoring and performance management workbench
- Ability to pre-configure stories and visualizations powered by the built-in SAP Analytics Cloud

Source: The Hackett Group

SAP Ariba Category Management | BENEFITS

SOLUTION SPOTLIGHT



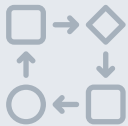
Enhanced decision making

Form a cohesive category management strategy and increase sourcing savings on direct and indirect spend using in-depth actionable insights.



Increased cost savings

Increase sourcing savings on direct and indirect spend using in-depth actionable insights.



Greater consistency

Create consistent category management frameworks using a consolidated category taxonomy that provides an enterprise-wide standard for classifying goods and services.



Improved focus

Replace manual, offline, and inconsistent processes with automated, streamlined category strategy creation and management.



Better collaboration and visibility

Take action, collaborate with teams, achieve goals, and measure progress within the category management engine.

LOOKING AHEAD

Upcoming Innovations in SAP Ariba Category Management

SAP Ariba Category Management is introducing a suite of impactful innovations in the next few quarters designed to elevate procurement strategy and performance:.

- **Category risk assessment frameworks** to enhance the risk assessment tool by enabling customers to define risk types that must be assessed by category managers during the category lifecycle
- AI-assisted, tailored **category segmentation recommendations** based on spend and other related assessments
- Addition of the **PESTLE analysis tool** to help category managers examine the external factors that can influence an organization, including Political, Economic, Social, Technological, Legal, and Environmental factors
- **Integrations to boost adoption**, navigation and interpretation of spend data.
- **AI-specific innovations** such as what/if agents, SWOT recommendations, value lever and scenario simulations to make strategy development more accurate, dynamic, and aligned with evolving business priorities

“Category management remains one of most important development areas across most procurement organizations. SAP Ariba Category Management combines SAP’s robust data sources with consistent category management design functionality to accelerate strategies from concept to execution including the tracking and monitoring of category initiatives and impacts.”

— Richard Gardner, The Hackett Group Market Intelligence



www.thehackettgroup.com

Statement of Confidentiality and Usage Restrictions

This document contains trade secrets and information that are sensitive, proprietary, and confidential to The Hackett Group, and the disclosure of which would provide a competitive advantage to others. As a result, the information contained herein, including, information relating to The Hackett Group's data, equipment, apparatus, programs, software, security keys, specifications, drawings, business information, pricing, tools, taxonomy, questionnaires, deliverables, including without limitation any benchmark reports, and the data and calculations contained therein, may not be duplicated or otherwise distributed without The Hackett Group Inc.'s express written approval.

Reproduction of this document or any portion thereof without prior written consent is prohibited.