Intelligent Spend Management mit SAP-Lösungen powered by SAP S/4HANA

Dr. Martin Kotula, GVP and Head of Value Advisory
Rolf Weiland, VP and Chief Solution Architect
SAP Center of Excellence for Spend Management
1. Oktober 2019
83% of respondents believe Digital Transformation will be impactful but only 5% of respondents have highly automated processes

CPO Survey SAP Ariba – University of Applied Sciences Würzburg 2019
The management of categories is a starting point, however the buying process is essential.
27% lower Procurement Cost for organizations that use an integrated platform for direct, indirect and services procurement

SAP Performance Benchmarking
“…“In our experience, these three problems share the same root cause: starting too small, usually by looking for the right off-the-shelf solutions for single pain points. The truth is that we have found only one way to realize the full potential of digitized procurement: through a user-oriented, end-to-end transformation of the entire source-to-pay (S2P) process, so that the users involved in procurement can operate in a fully digital environment. That goal translates into a single focus for procurement digitization: the user experience.”

Digital procurement: For lasting value, go broad and deep – November 2019
McKinsey&Company
Source to Pay process – Process Overview

**Source and Contract**
- Define and create the category strategy
- Identify and source material and service needs
- Negotiate & manage contracts with trading partners

**Plan and Forecast**
- Plan and forecast demand for goods, services and resources

**Buy and Deliver**
- Initiate a request for purchasing goods & services
- Execute orders for goods & services
- Deliver & receive goods & services

**Invoice and Pay**
- Create/manage the invoices and credit memos
- Apply early payment options
- Pay trading partners for goods delivered and services rendered

Central Procurement Functions
- Trading Partner Collaboration
- Trading partner & Risk Management
- Analytics and Intelligence

Indirect Goods / MRO Suppliers
- Contract Manufacturers
- Logistics Provider
- Component Suppliers
- Services Providers
What’s next? Do we need an operational procurement anymore?

McKinsey identified 5 major trends in source-to-pay

Robotic Process Automation
- Simple rules
- Repeatable tasks
- No interpretation
Examples: enter invoice capture, copy data into systems; simulation

Machine Learning
- Complex rules
- Pattern matching
- Judgments
- Recommendations
Examples: negotiations, spend classification, "what others buy," trend recognition

Smart Workflow
- Dynamic
- Smart
- Governs
- Learns
Examples: recognizes and analyses context, focuses on impact, such as warranty case vs. shopping cart

Natural Language Processing
- Simplifies
- Guides
- Extracts insights
- Converts voice
Example: shopping cart through voice "Ariba... I need a new headset" e.g. SIRI or ALEXA or recognizes free text

Cognitive Agents
- Chatbots
- Direct support
- Structured help
- Guides
- Predictive
Examples: chatbox for direct end-user help; dialog boxes
The Hackett Group’s future-proof procurement organization

1. Insight-driven analytics
2. Omni-channel; personalized stakeholder experience
3. Digitally enabled procurement workforce
4. “Smart“ orchestration of source-to-pay services
5. Ecosystem of networked solutions

Source: Hackett Group
Transformation Options

- Simplicity for end user
- Strategic Sourcing and supplier management are critical to business goals
- No immediate plan to move to SAP S/4HANA

Procurement Transformation

- Full digital IT transformation agenda
- Tight backend integration with full end-to-end processes
- Laying the foundation for automated procurement

Strategic Business Transformation

- Focus on transforming IT with an ERP suite and expect essential procurement process improvements
- Typically requested by clients with a smaller annual revenue

Digital IT Transformation

- SAP Ariba Cloud Applications
- Ariba Network

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- SAP S/4HANA Cloud or on-prem
- Ariba Network

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Intelligent Innovations

Next phase of digitalization

Value creation across departments

New business models and new processes
Intelligent enterprises **elevate employees** to focus on higher-value tasks.
Customers benefit from innovations from SAP S/4HANA, cloud and line of business solutions, and SAP Leonardo

**Central procurement**
Central purchasing scenario that provides the flexibility of connecting multiple systems across an organization and carrying out procurement processes centrally, with a single point of access and visibility to purchasing documents.

**Predictive contracts**
Embedded machine learning based analytics to predict contract consumption for better negotiation capability and proactive material management.

**Avoidance of loss of cash discounts**
Embedded machine learning capabilities to proactively display supplier payment block issues requiring attention, analyze the underlying issues, and receive recommendations based on former user behavior to avoid loss of cash discounts.

**Consumer-grade ordering experience**
Easy-to-navigate, smart search-based, and rules-driven requisitioning as well as guided sourcing for items not in catalogs with natural language processing (NLP) with help of a digital assistant enabled by SAP Ariba solutions.

**Proposal of new catalog items, contracts, and material group for free-text items**
Machine learning capabilities enabled by SAP Leonardo to provide auto-recommendations for new catalog items, contract creation for materials without an existing contract, and matching material group for the required free-text item.

**Automated payables matching**
Machine learning capabilities enabled by SAP Leonardo to identify and propose the matching payables and automatically clear them, and to generate proposals for items that could not be cleared automatically.

**Supplier-managed inventory**
Enablement of supplier-managed inventory with SAP Ariba Supply Chain Collaboration for Buyers, along with seamless transparency for effective collaboration that helps achieve optimal inventory requirements.

**Flexible skills sourcing**
Streamlined processes for discovering, sourcing, and managing external workers and service providers for wider access to critical skills and greater responsiveness with SAP Fieldglass solutions.
Showcase: Spend Analytics powered by SAP Analytics Cloud
Our Long-term Vision

from Digital Procurement...
- Digitalized Source-to-Pay
- Realtime Analytics
- Electronic Supplier Collaboration

...and Intelligent Procurement...
- Proactive Insight-to-Action
- Situation-based recommendations through Machine Learning
- Predictive Analytics

...to Automated Procurement...
- Automated process steps by Situations and Machine Learning
- Robotic Process Automation for recurring tasks
- Continuous Auditing via Blockchain

...and finally to Autonomous Procurement
- Autonomous operational procurement processes by RPA and Machine Learning
- Autonomous Sourcing decisions
- Strategic decisions carried out by intelligent assistants
- Conversational chatbots for proactive procurement decisions
But, don’t relax – future is close
Information Resources: **Transformation Whitepaper and Road Maps**

### Whitepaper

Transform Procurement with SAP® Solutions


### SAP Road Maps

[https://www.sap.com/roadmaps](https://www.sap.com/roadmaps)
Thank you.

Dr. Martin Kotula  
Global Vice President  
Head of Value Advisory  
for Spend Management  
SAP SE

 martin.kotula@sap.com  
@martin_kotula  
www.linkedin.com/in/dr-martin-kotula

Rolf Weiland  
Vice President  
Chief Solution Architect at  
SAP COE for Spend Management  
SAP SE

 rolf.weiland@sap.com  
no tweets, just working 😊  
www.linkedin.com/in/rolf-weiland-003337

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