



Procurement at a time of Inflation & Shortage

James Marland, SAP

Bucharest, October, 2022

Public

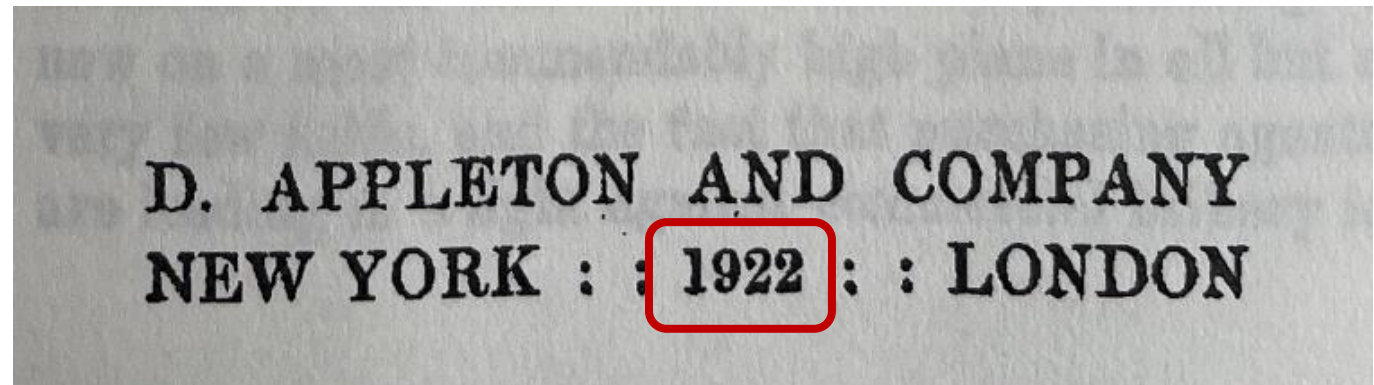
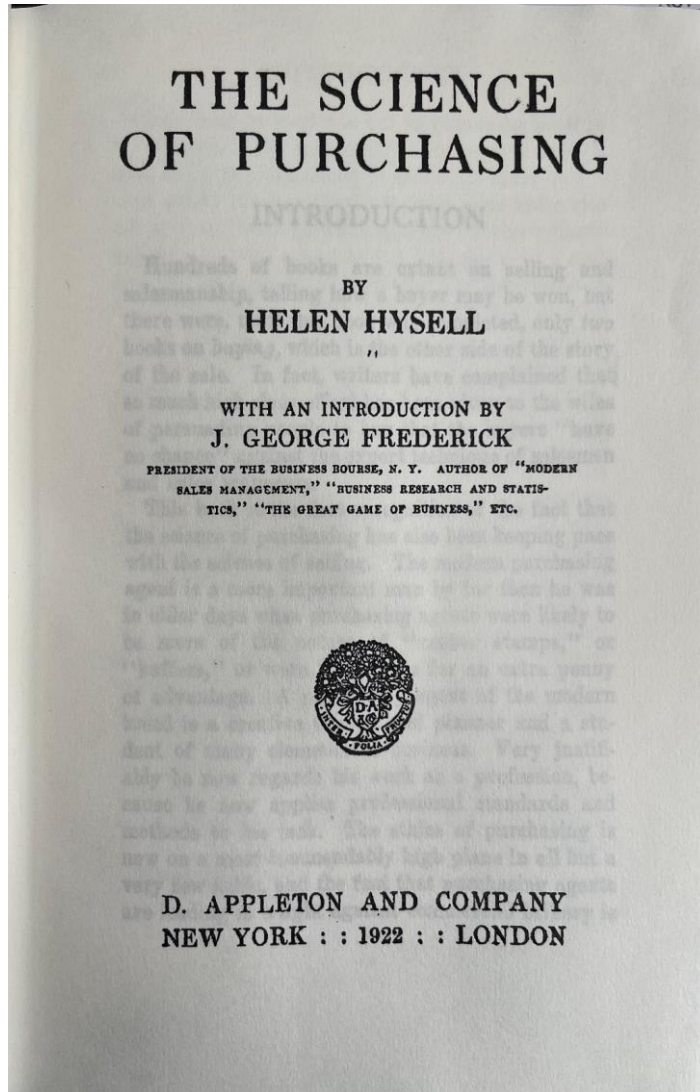
J. Marland



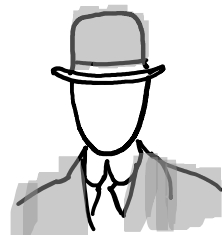
<https://www.sap.com/programs/inflation-management.html>

THE BEST RUN 

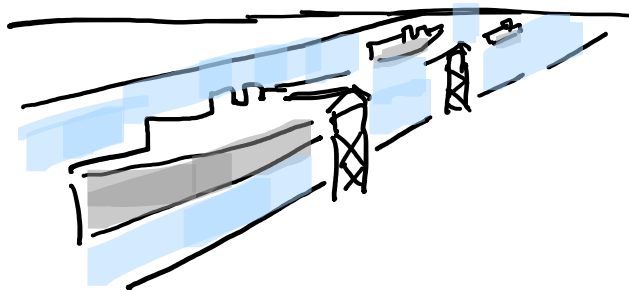
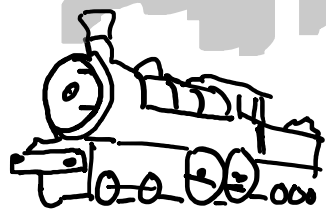
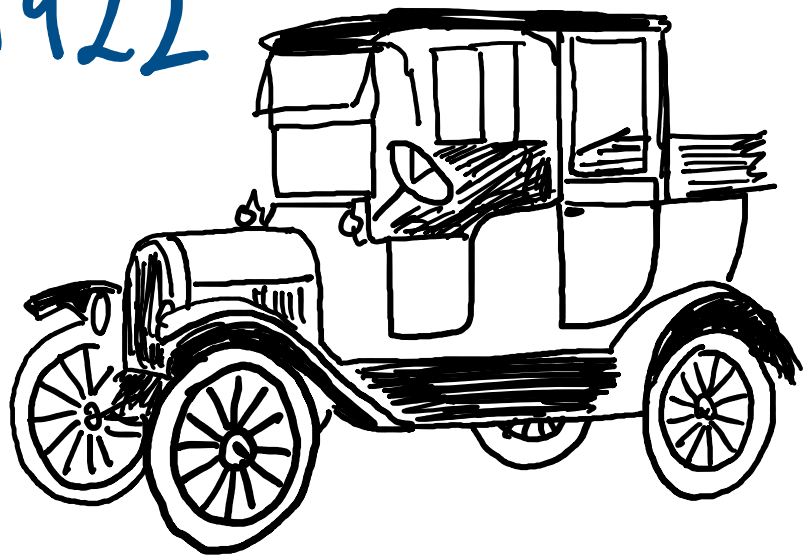
The Science of Purchasing – 1922



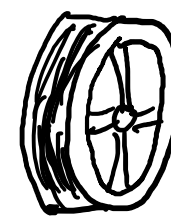
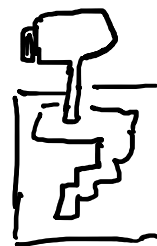
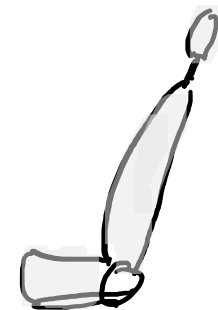
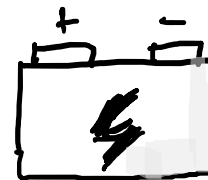
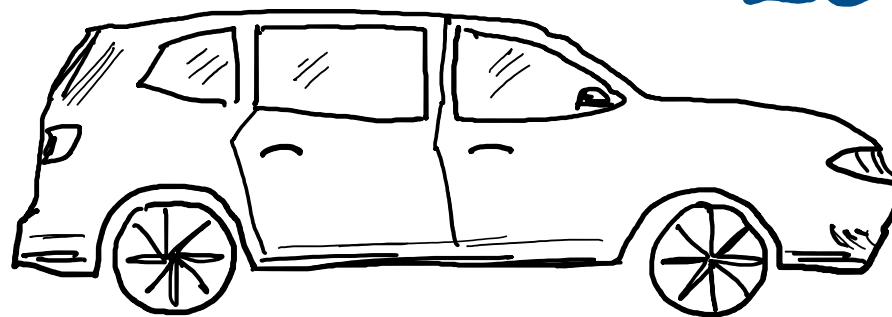
1922



Henry Ford



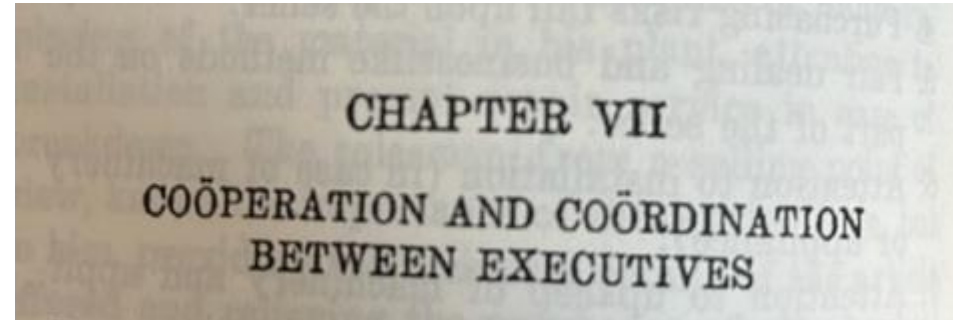
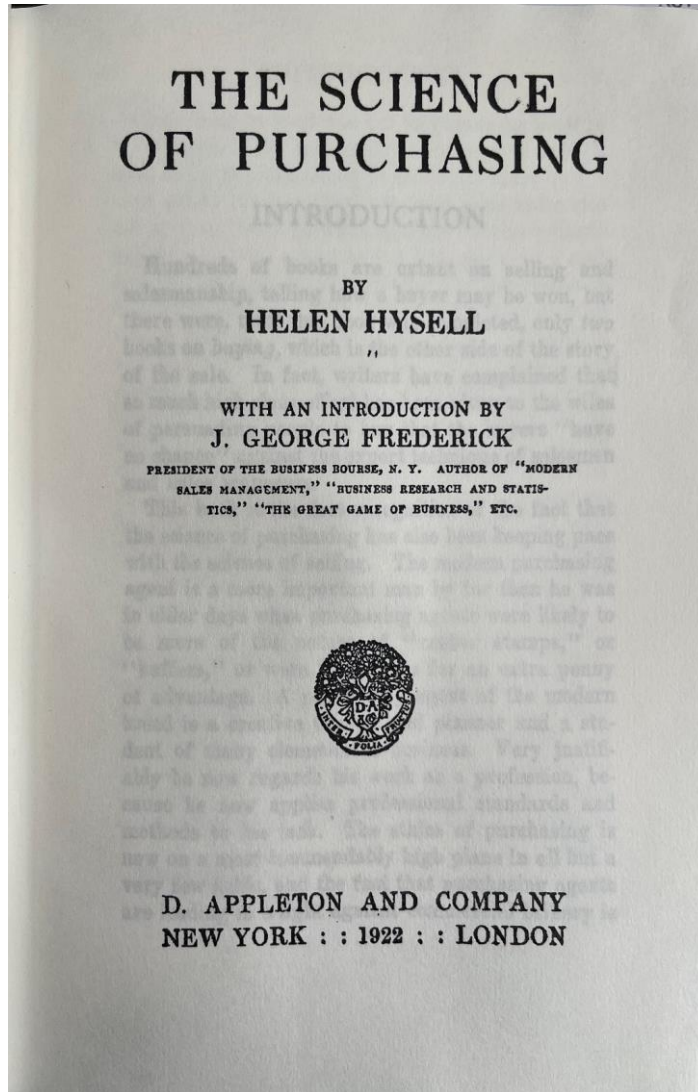
2022





70% of the value of
a manufactured product
comes from **SUPPLIERS**

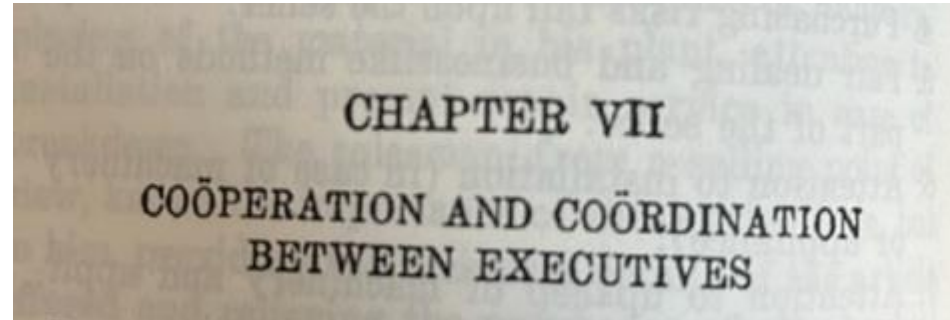
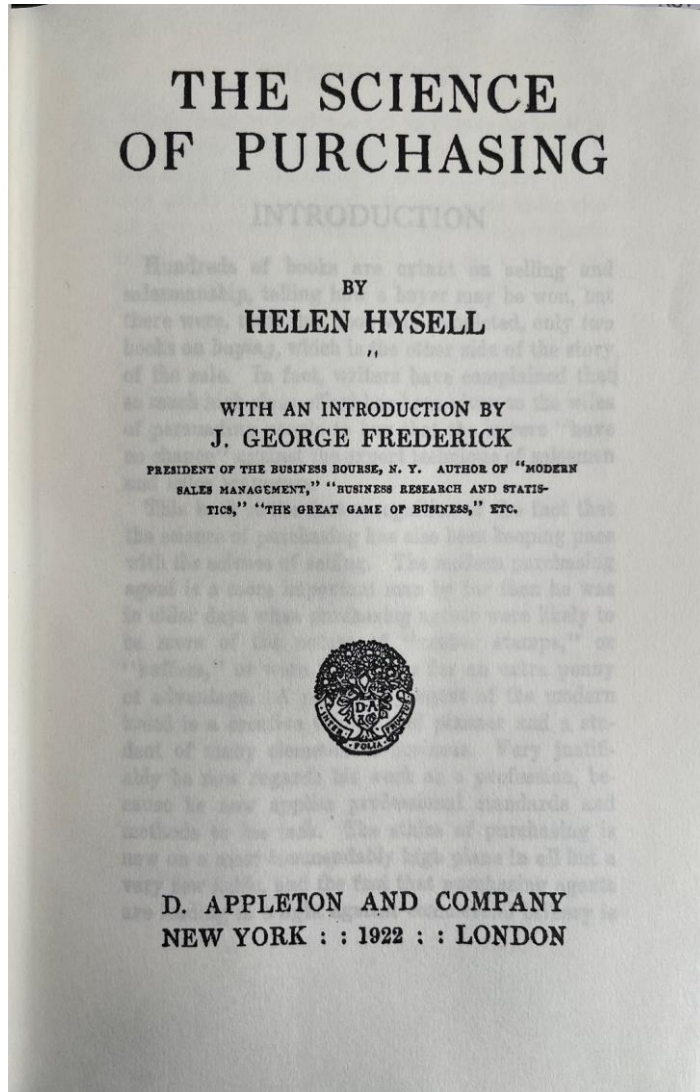
The Science of Purchasing - 1922



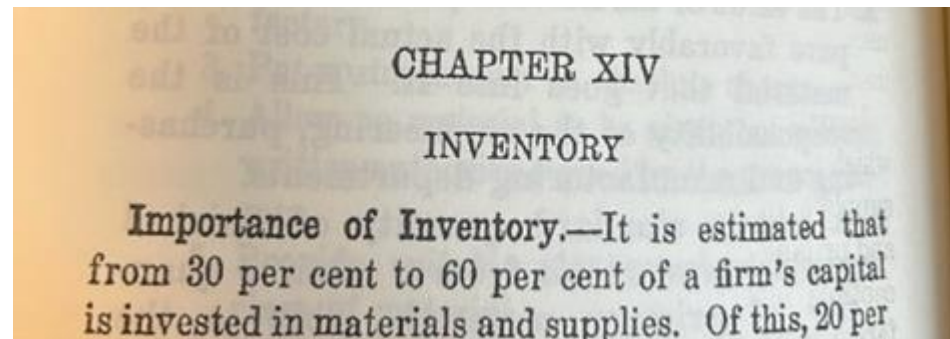
“The Purchasing Department must communicate with Stores, Finance, Manufacturing and Sales. In this way may the success of each department be assured ”



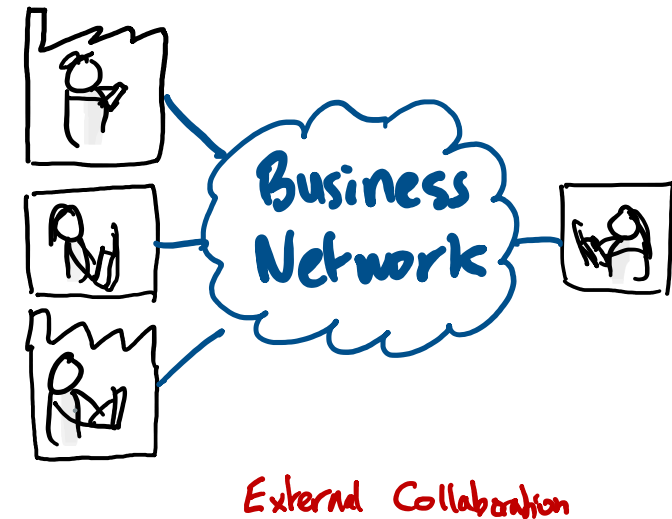
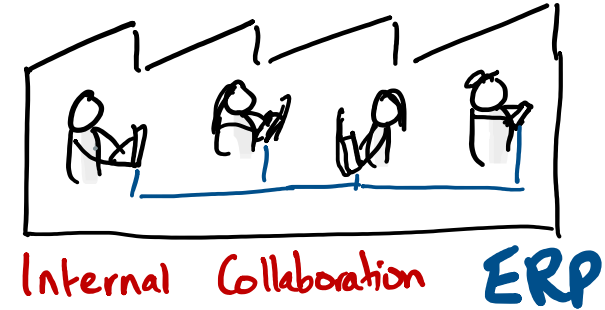
The Science of Purchasing - 1922



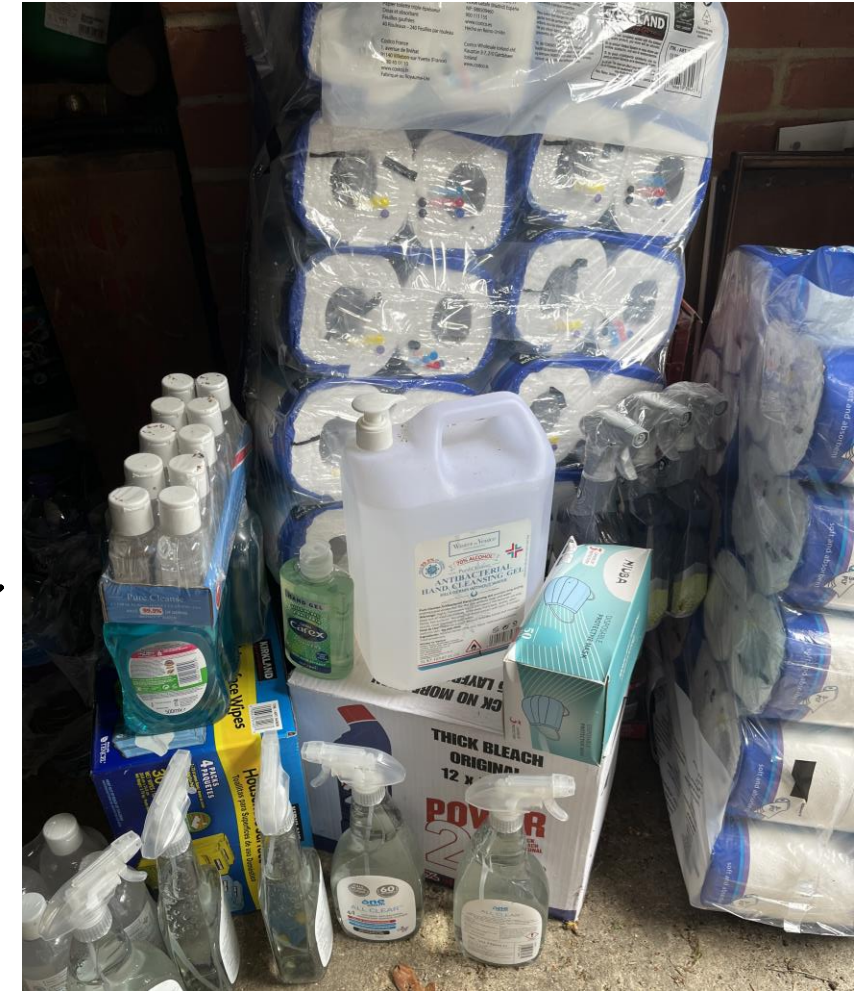
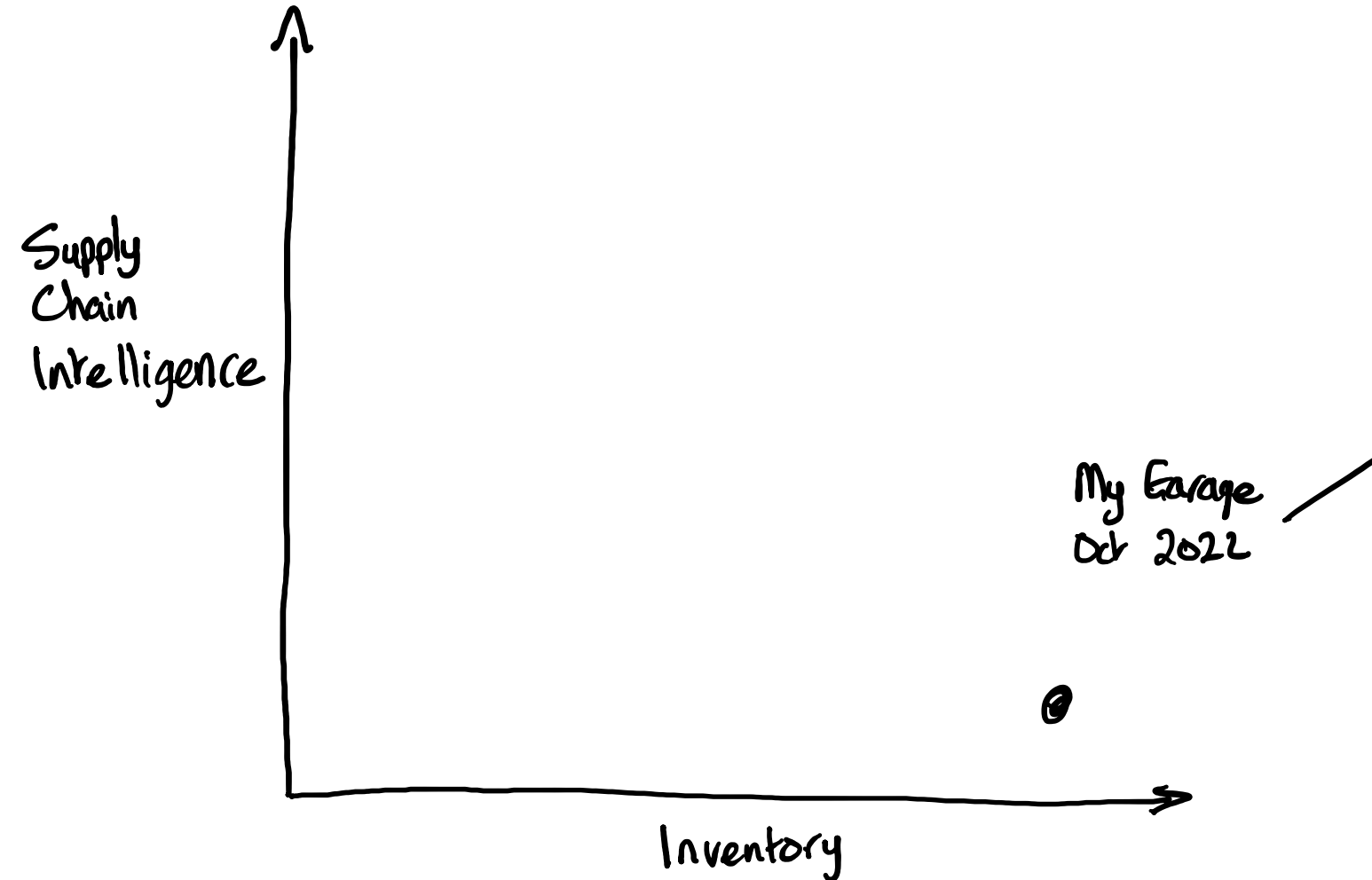
“The Purchasing Department must communicate with Stores, Finance, Manufacturing and Sales. In this way may the success of each department be assured”



“The Purchasing Manager has no real perception of the state of the market, so he should buy based on estimated usage in order to minimize the probability of shortages”



When Supply Chain Information is lacking Inventory on Hand increases



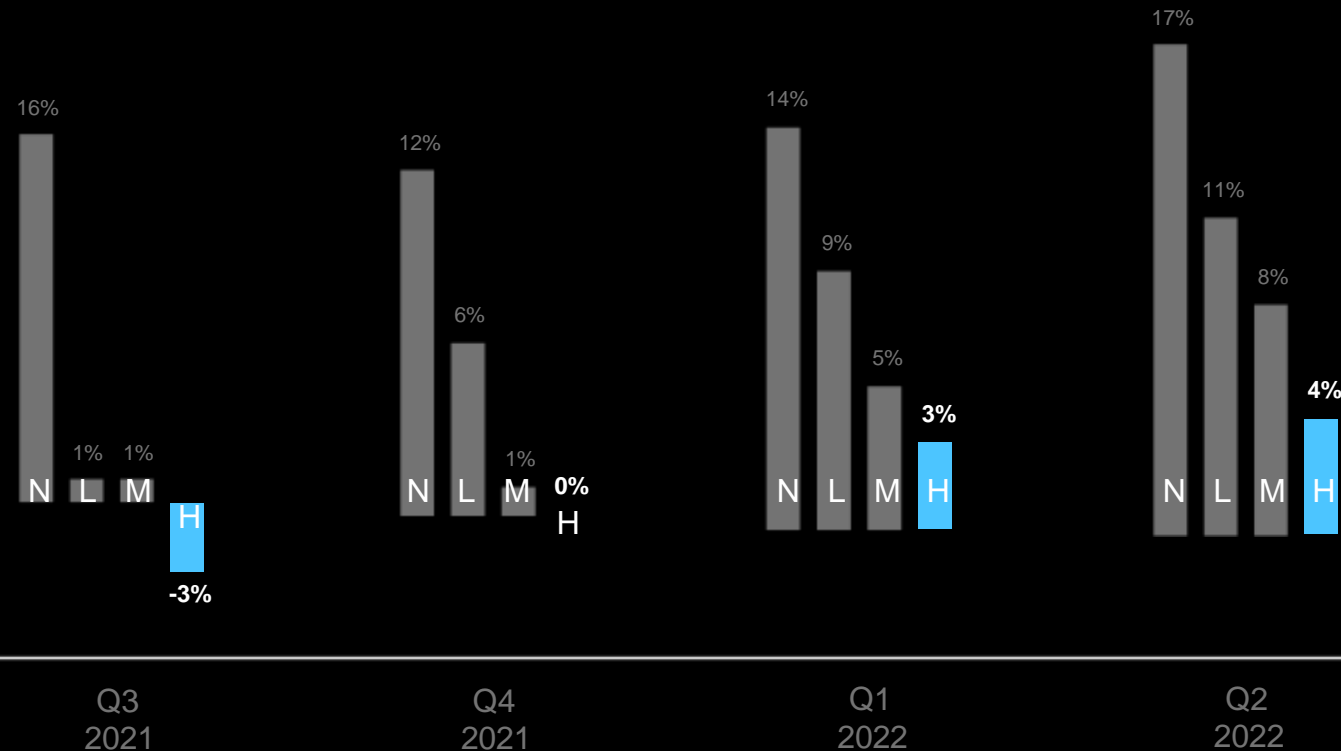


Digitally mature companies are better managing their supply chains amongst the ongoing market turmoil



Analysis

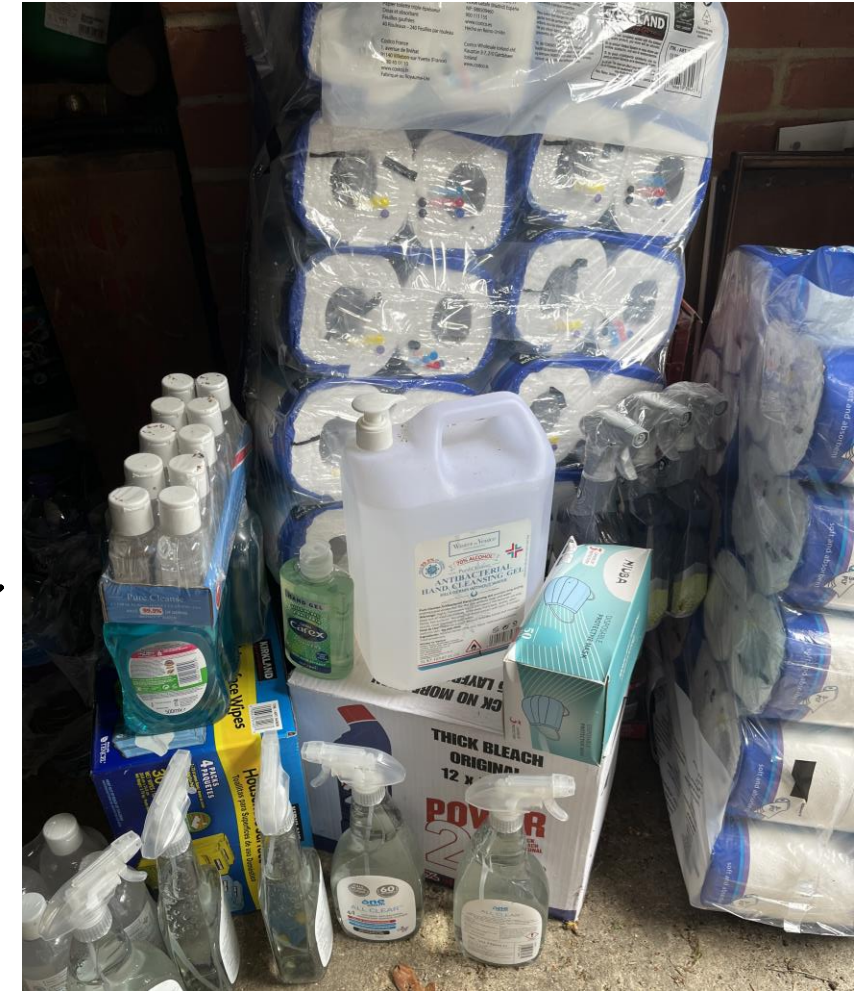
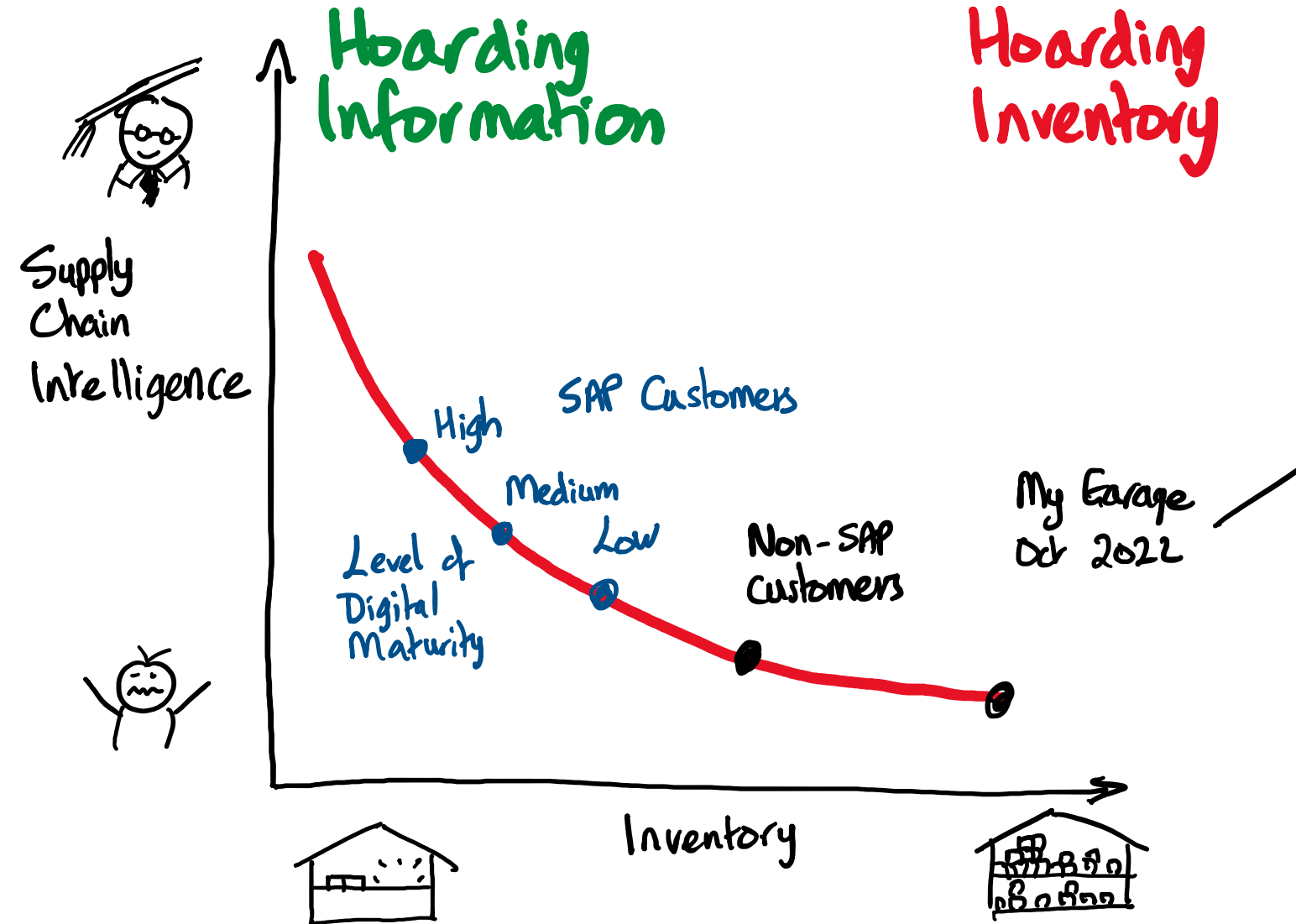
Days Inventory Outstanding (DIO) YoY % Change Past 4 Quarters
By Level Of SAP Digital Maturity



Findings

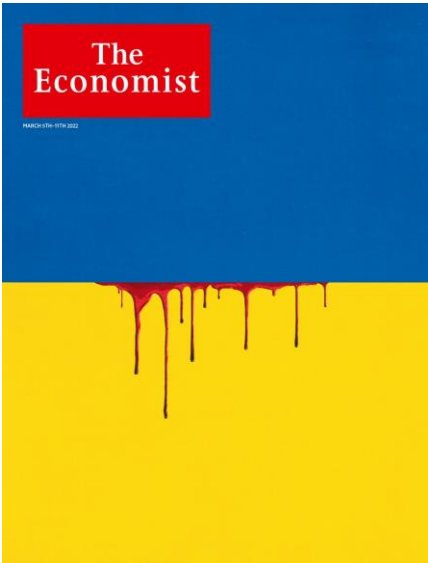
- Corporate inventory levels are rising amongst a myriad of challenges in the market [Bloomberg](#) | [Reuters](#)
- However, SAP customers with high digital maturity are better navigating these challenges with their Days Inventory Outstanding not rising nearly as much as the rest of the market. This has been true the past 4 quarters straight and equates to an average 1% increase vs. a 8% increase for the market
- Methodology: through an automated statistical algorithm, SAP measures a customers digital maturity based on their adoption of SAPs latest and greatest technologies (such as S/4HANA, Cloud, & Analytical solutions) from 0 - 10. Then they are grouped into 'low', 'medium' and 'high' digital maturity
- The lower [DIO](#), the better. It evaluates the operational efficiency of the supply chain and impacts revenue, profit, and working capital

When Supply Chain Information is lacking Inventory on Hand increases



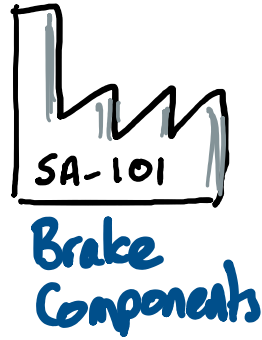
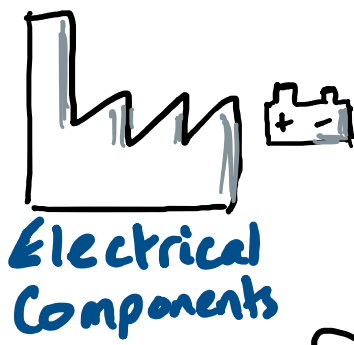
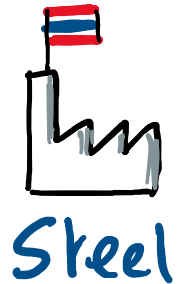
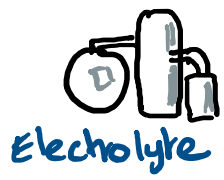
Pandemic, War, Inflation, Recession

A History of 2022 in 8 covers

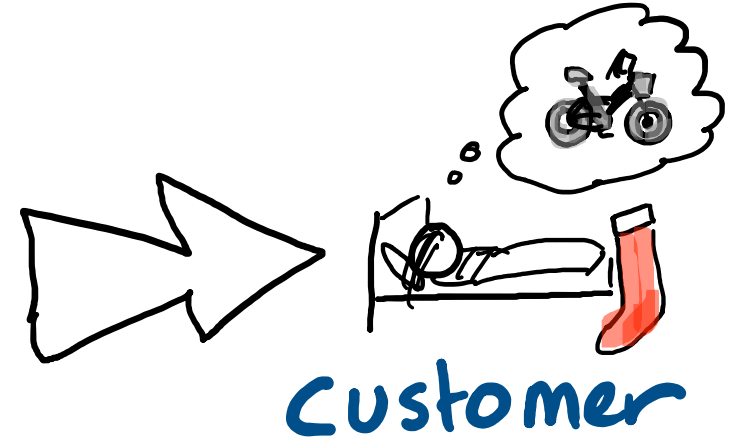


Supply Chain

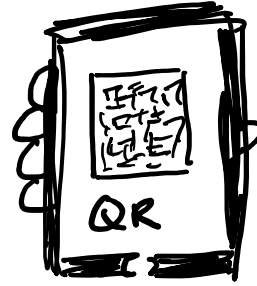
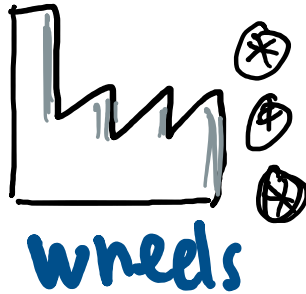
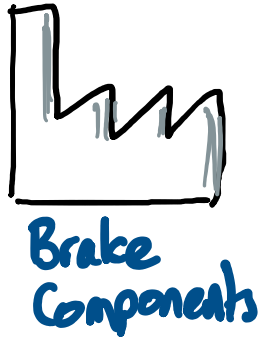
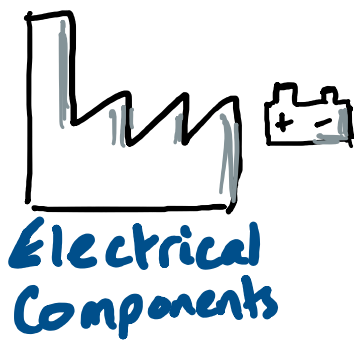
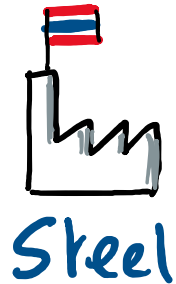
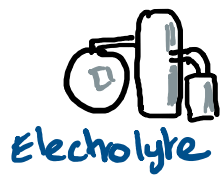
Transparency
Resilience



Bicycle Manufacturer

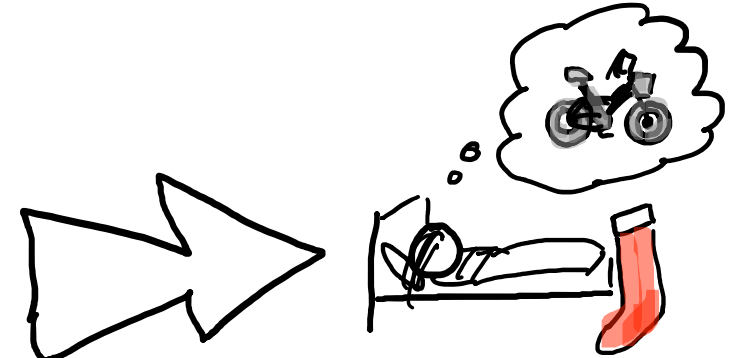


Supply Chain



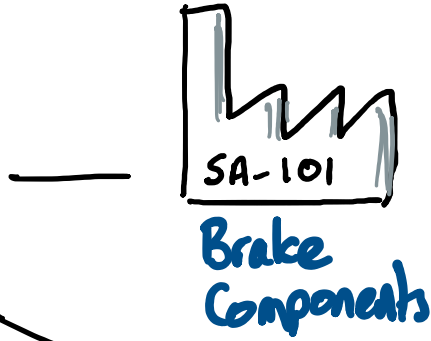
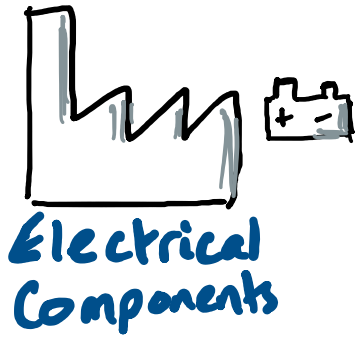
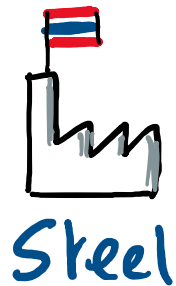
Bicycle Manufacturer

Transparency
Resilience
Sustainability

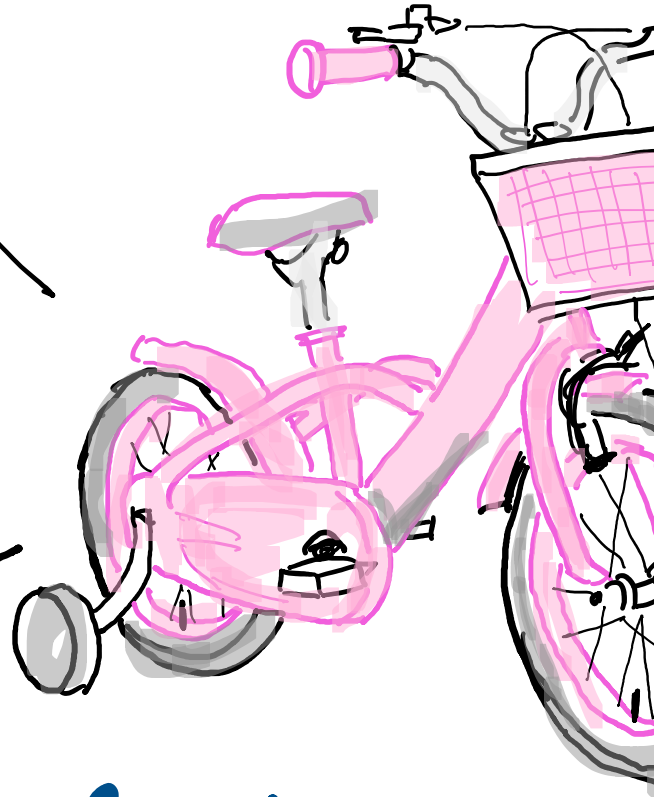
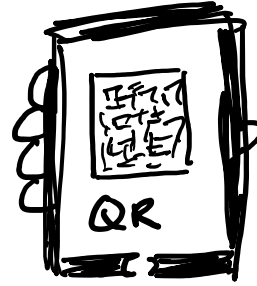


Customer

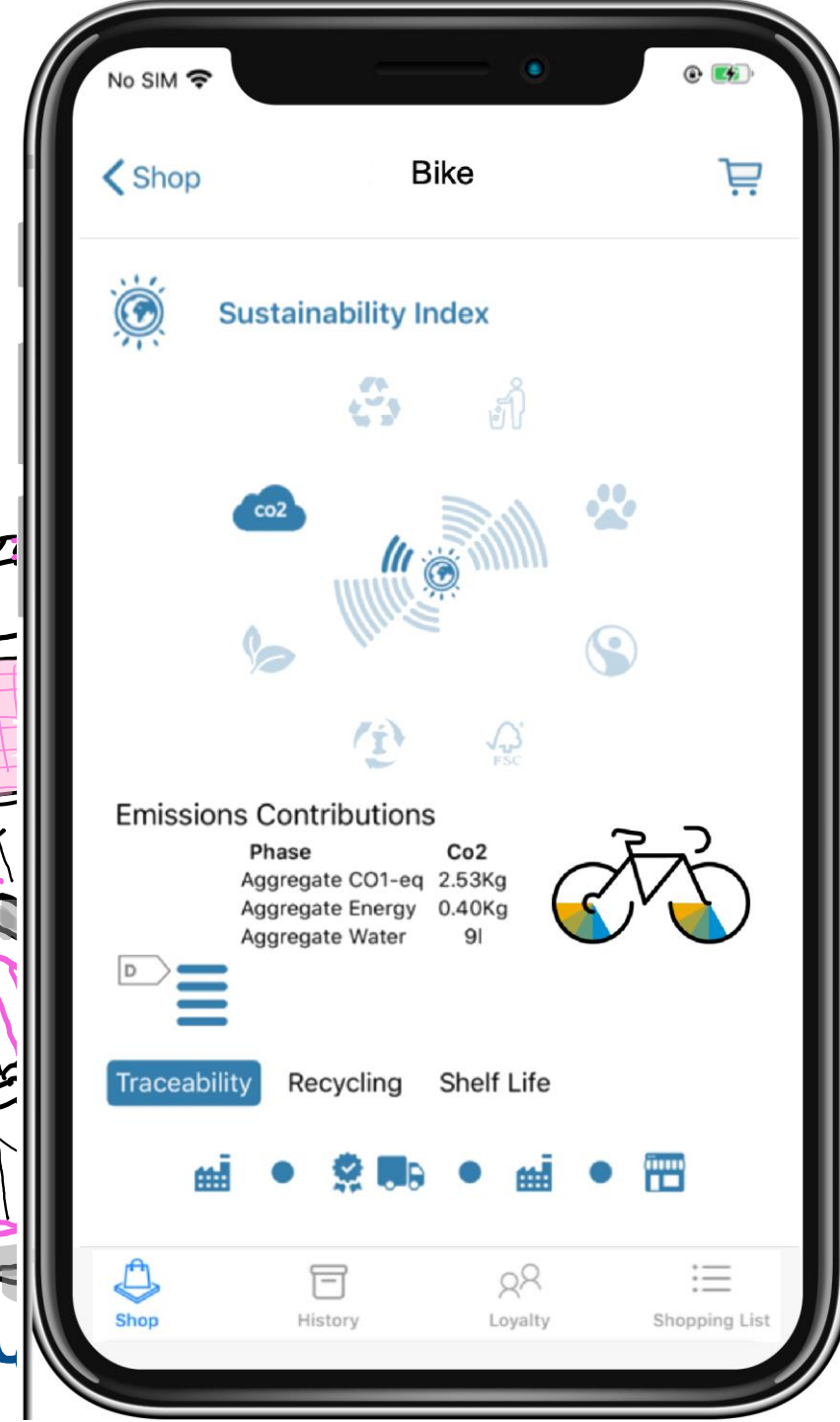




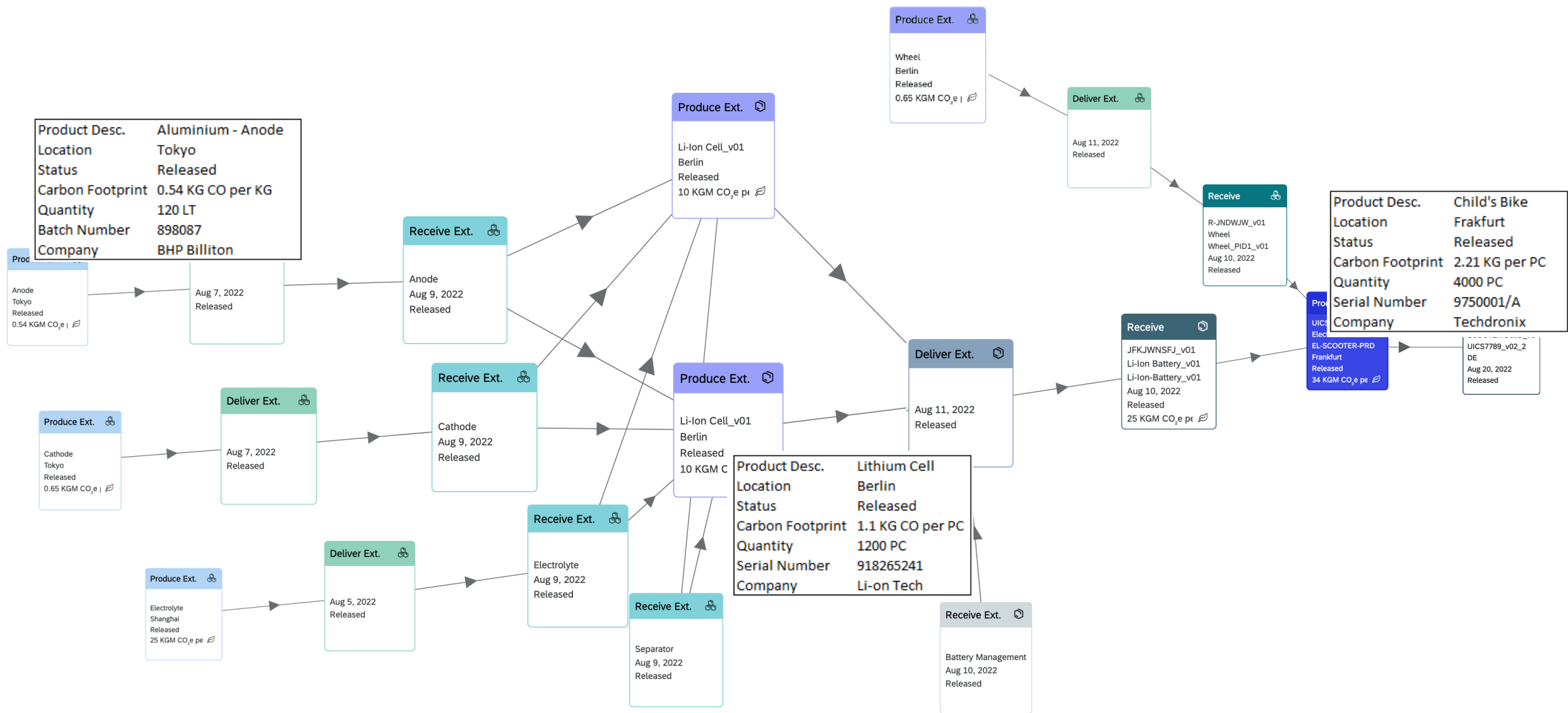
Supply Chain



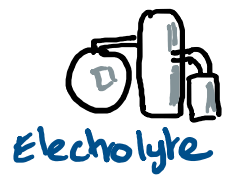
Bicycle Manufa



Graph Analysis



Supply Chain



Electrolyte



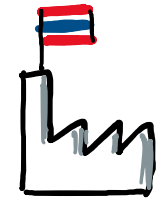
minerals



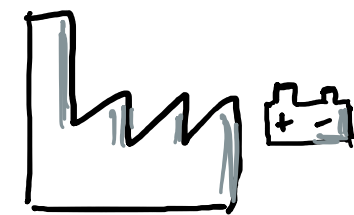
Rubber



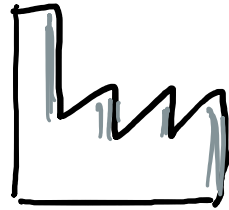
Paint



Steel



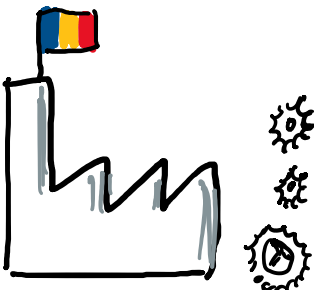
Electrical
Components



Brake
Components



wheels



Gears

Business
Network

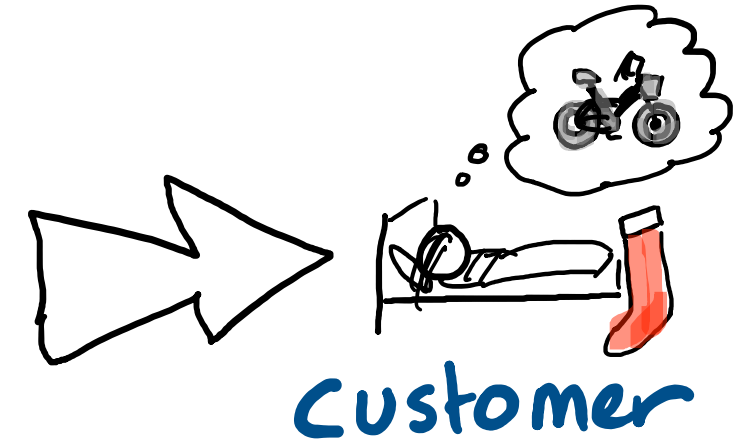


Bicycle Manufacturer

 Transparency

 Resilience

 Sustainability



Customer

J. MARX
6.10.2022

Thank you.



Contact information:

James Marland

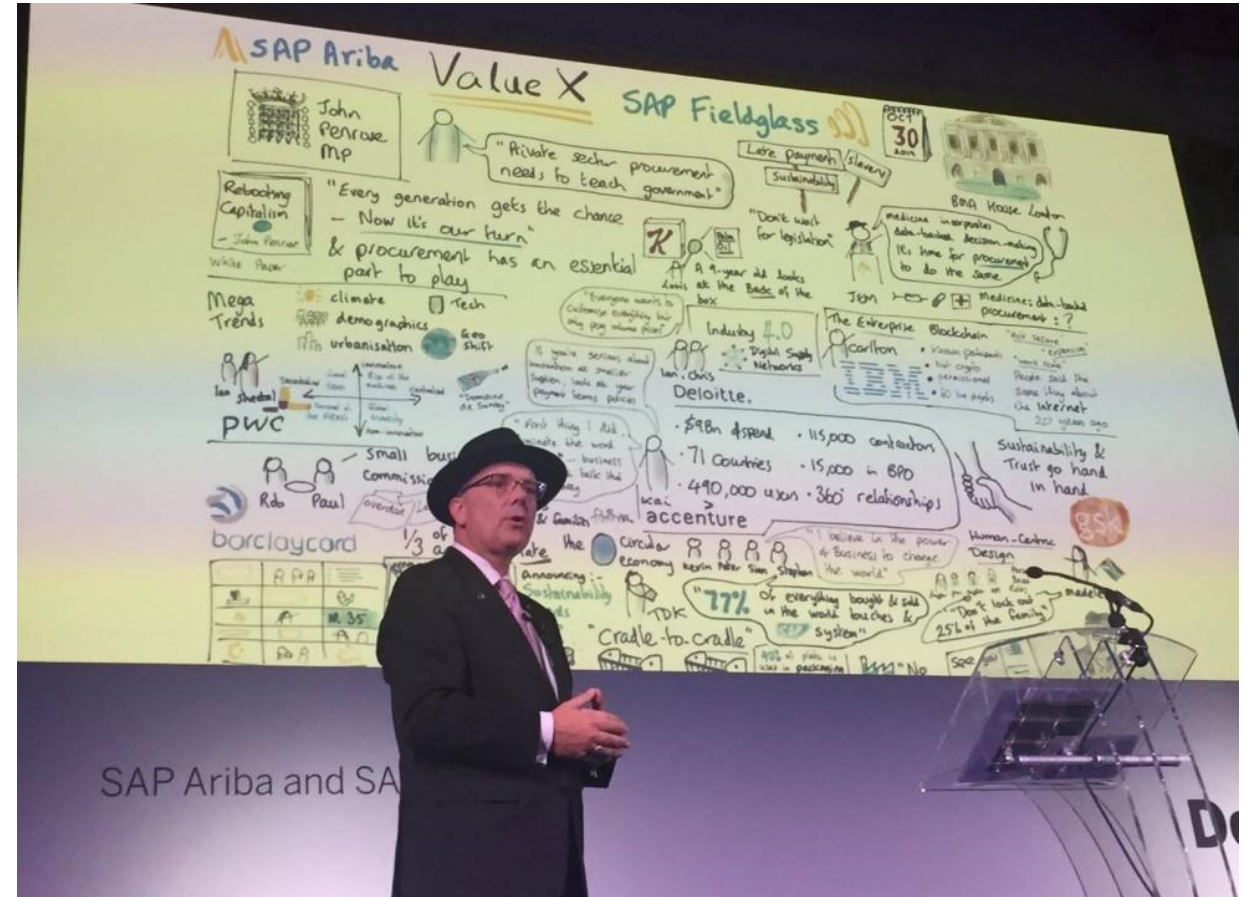
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<https://www.sap.com/programs/inflation-management.html>



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