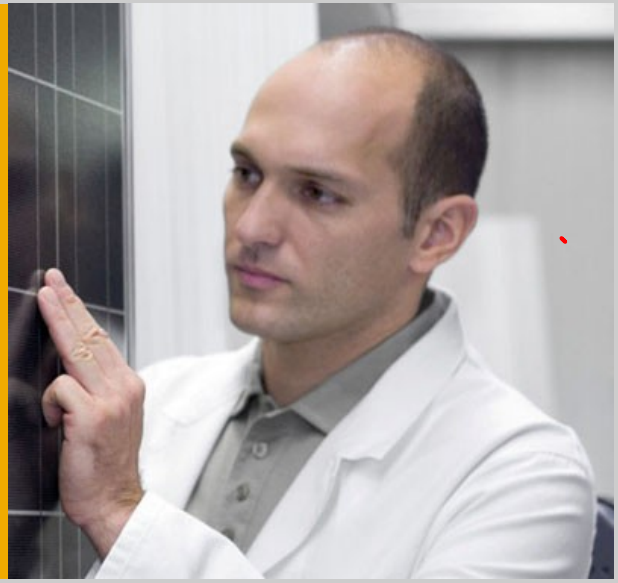
Razionalizzare gli acquisti per ottimizzare i costi



Mauro Grassi

Enterprise Performance Management Sales Consultant

Business Objects
an SAP® company

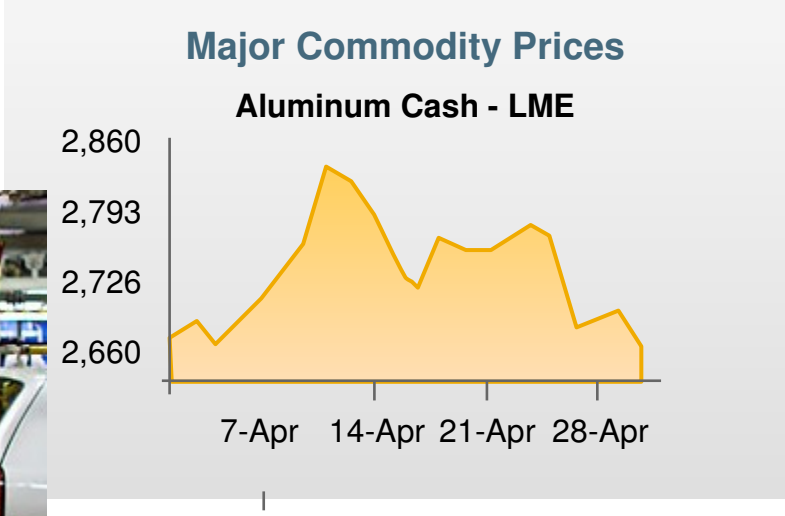
THE BEST-RUN BUSINESSES RUN SAP

SAP

Procurement is strategic

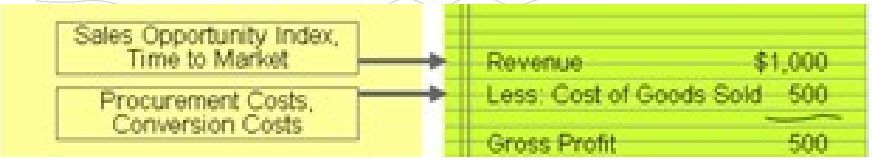
The New York Times

In India a $2,500 pace car….engineer lower costs…



FT.com
FINANCIAL TIMES

Cost Savings are at the heart of the Rio Tinto bid…



THE WALL STREET JOURNAL.

ATTENTION, SHOPPERS
Global Scramble for Goods
Gives Corporate Buyers a Lift

Information for manage procurement

Business Objects an SAP company

SAP

To meet strategic business goals, procurement needs to…

- Drive improvement in sourcing strategies
- Effectively manage savings opportunities
- Develop healthy supplier relationships
- Improve compliance

….and this requires

- Enterprise wide visibility to spend and buying patterns
- Complete, accurate, trustworthy data
- Powerful information at the hands of the business user

> **“If I can take the data from my spend analysis tool and understand where it comes from and tie it to performance, then I can easily address the opportunities to drive savings and reduce spend.”**
>
> **CPO,** Large North American Insurance Company

Leaders are recognizing benefits of spend analysis

Key Performance Indicators	Average
Improvement in spend under management	34%
Improvement in savings from strategic sourcing	75%
Increase in contract compliance	25%
Reduction in sourcing cycle times	22%

Source: Aberdeen

SAP Spend Analytics support multiple use cases

Business Objects
an SAP company

SAP

Spend Related Insight

Savings potential

Comparison to Plan/Budget

Price Variance

Contract Performance

OOTB analytics

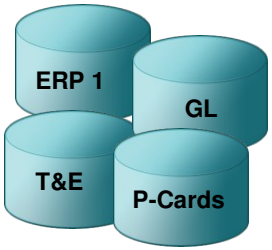
- Over 120 packaged KPIs
- 4 role-based dashboards
- Over 35 dimensions & measures
- Create new reports & dashboards (self-service)
- Flexible dimensions & measures
- New measure creation

Root causes for ineffective information

Business Objects
an SAP company

SAP

Disparate data sources



- Multiple ERP instances
- GL Accounts
- T&E
- Outsourced
- P-Cards

Dirty data

- Multiple points of entry
- Duplicate suppliers
- Misclassified items
- Unclassified invoices

Difficult to access

- Complex spreadsheets
- Reliance on IT for reports
- Complicated analysis tools
- Analysis not integrated to transaction systems

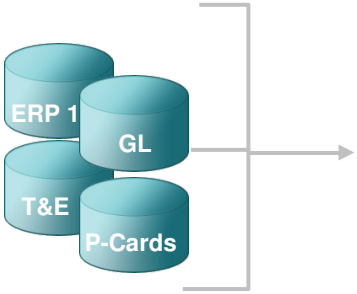
Solution: SAP Spend Analytics

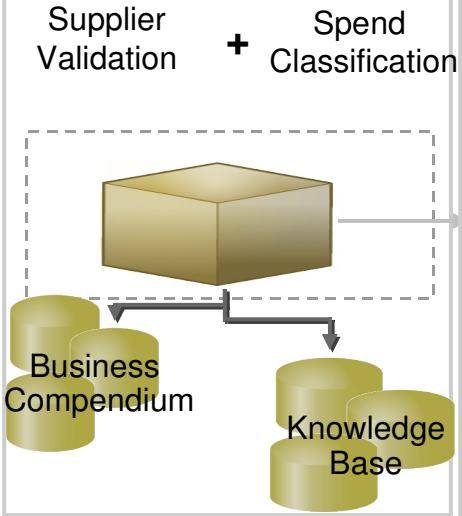
Business Objects an SAP company

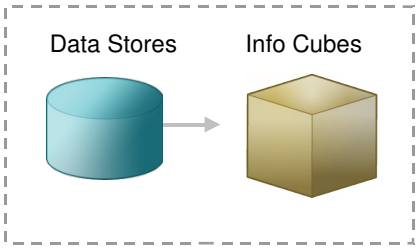
SAP

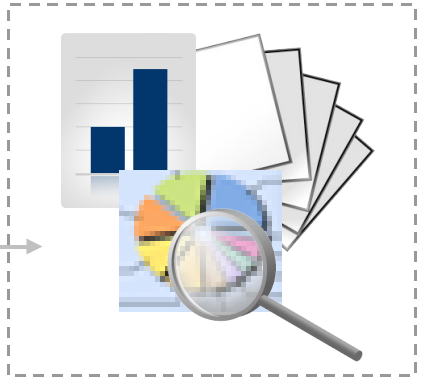
Enterprise-wide data...	Accurate & standardized…	Easy to understand, and actionable!

Process









Technology

- SAP extractors
- Business Objects Data Integrator
- Self-service data management portal

Analytics, Inc. Processes

- Supplier Business Compendium
- ‘Predictive Coding’

- SAP NetWeaver BI 7.0
- Flex-based application layer
- Out of the box KPIs and analytics

- Web browser with Adobe Flash Player
- Integrated with E-Sourcing

Solution: SAP Spend Analytics

Enterprise-wide data aggregation

Business Objects an SAP company

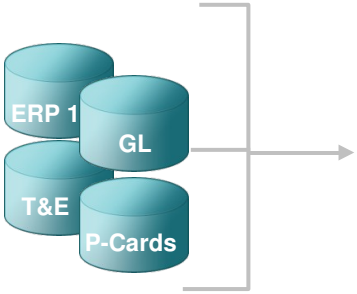
SAP

Enterprise-wide data...

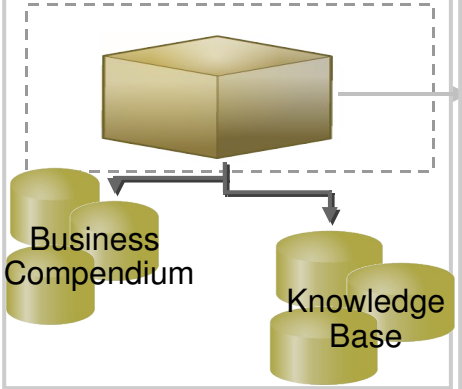
Accurate & standardized…

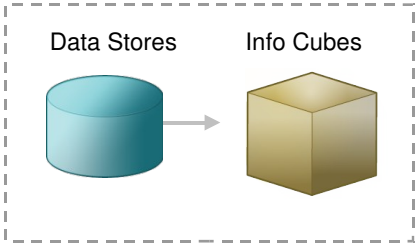
Easy to understand, and actionable!

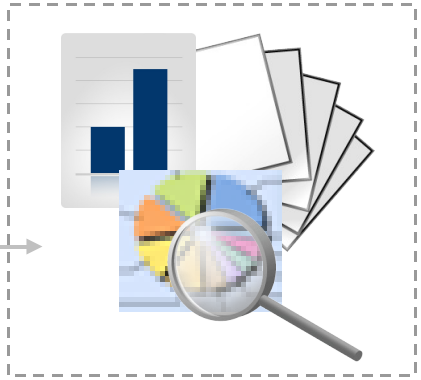
Process



Supplier Validation + Spend Classification





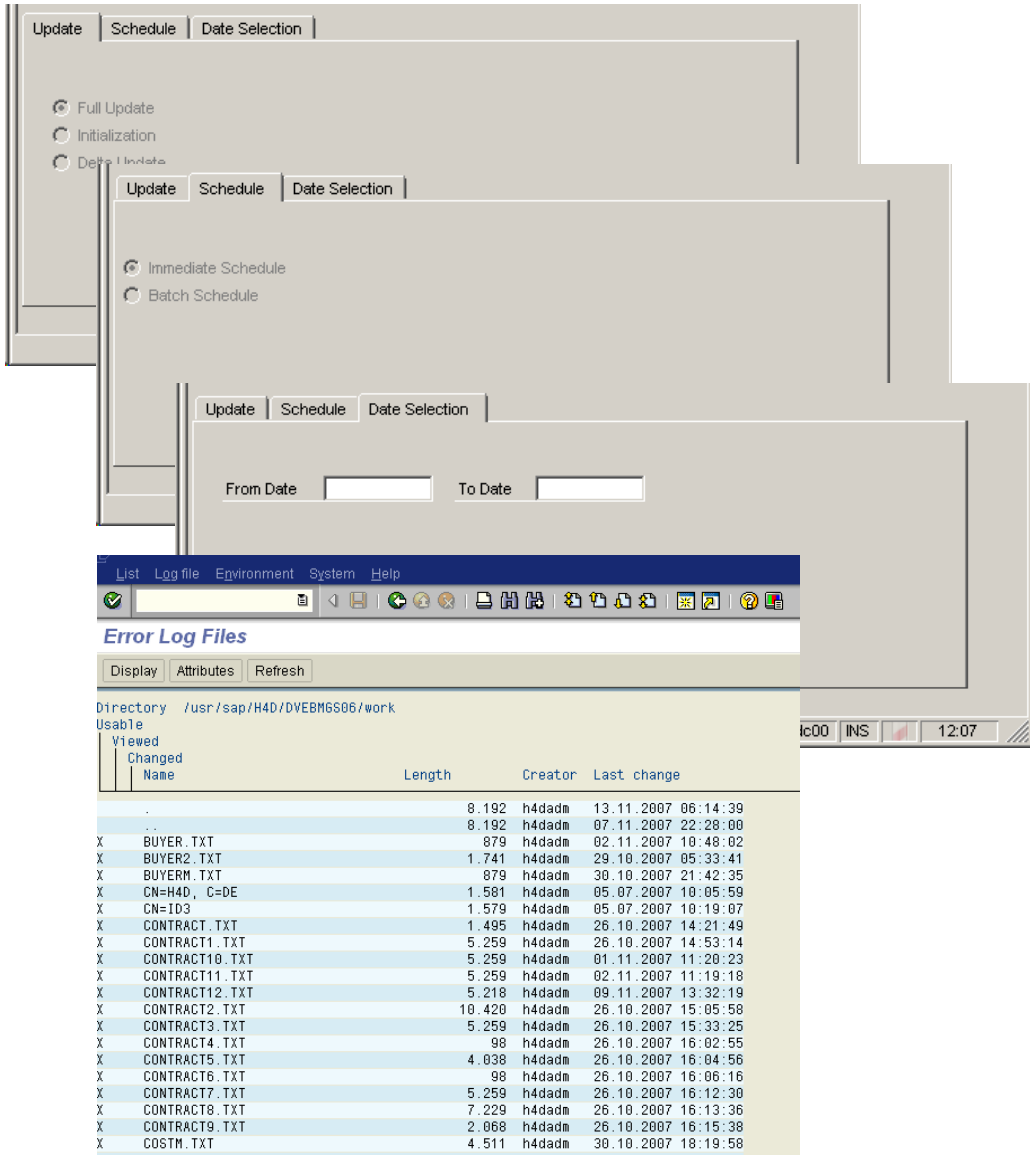


Technology

- SAP extractors
- Business Objects Data Integrator
- Self-service data management portal

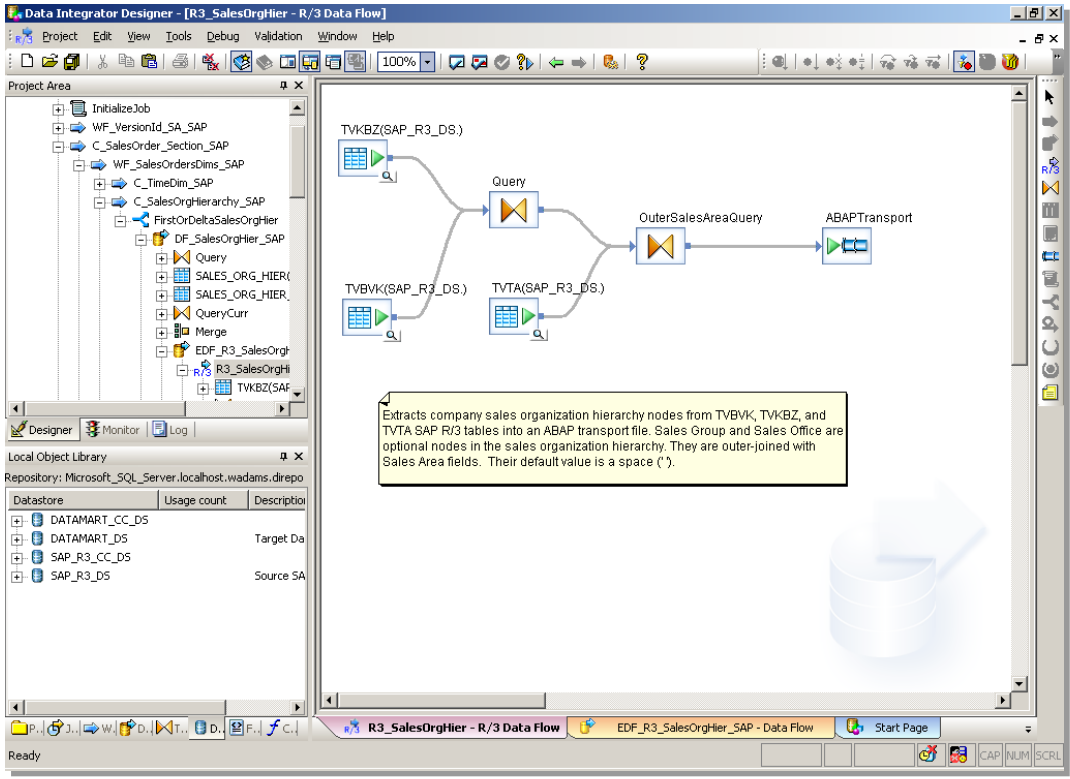
SAP Extractor Starter Kits
- simplified data pull from SAP systems

- Extracts required data from standard
  - R/3 4.6c, 4.7
  - ECC 5.0, 6.0
  - SRM 5.0
- UI enabled process inclusive of
  - Metadata based framework
  - Configurable mapping within the tool
  - Schedule extraction jobs
  - Easy to extend
    - create new fields/files
    - write exclusion conditions
    - programmatic extensions for complex logic



Business Objects Data Integrator - Leading ETL in the market

- **Packaged limited-use license for ETL tool**
  - Simple to use (design, profile, test, debug, monitor…)
  - Integrates with:
    - SAP ERP and BI systems
    - Non-SAP applications (Peoplesoft, JDE, etc)
    - Databases, file systems
  - Enterprise-class scalability and throughput
  - Note: Does not include pre-built rapid marts for Spend Analytics



Data Management
- simplified, self-service

Business Objects
an SAP company

SAP

- Self-Service Data Management
  - Load, Validate, and Upload data to BI
  - Monitor progress
  - Receive error and warning messages
  - Drill into error and warning details for further investigation
- Web-based access

Perform Data Upload Tasks - DG Test Upload 2

Auto refresh every minute | Refresh Now

Data Received | Data Loading/Validation | Classification (Sending/Receiving) | Release to Reporting

Check for new files

Source System Owner: All | Source System: All

Find | Showing 4 rows out of 4

File Name	Data Type	Version	Modification Date/Time	File Size	Data
CONTRACTS_ES_0507524.csv	CONTRACTS	1		1 KB	;
ExtFactors_Rajesh_Demo1.csv	EXTFACTORS	1	Tue May 20 2008 01:28:01 AM	150 KB	;
INVOICE_DEMOD					
INVOICE_PERF_3					

File Properties

File Name: INVOICE_DEMOD_50000.csv | Data Upload: DG Test Upload 2

Data Type: INVOICE | Language: English

Date Format: Year-Month-Day | Select the System: GER

Perform Data Upload Tasks - DG Test Upload 2

Auto refresh every minute | Refresh Now

Data Received | Data Loading/Validation | Classification (Sending/Receiving) | Release to Reporting

Source System Owner: All | Source System: All

Loading Status: All | Validation Status: All

Find | Showing 9 rows out of 9

File Name	Data Type	Version	Loading Status	Validation Status	Loading/Validation Status	Start Date/Time	End Date/Time	Source System
Invoice_ES_P001.csv	INVOICE	3	Not Started	Manually Pass	100% 3%	Thu May 1 2008 11:49:31 AM	Fri May 2 2008 03:02:48 AM	PARESHP02
dg_BUDGET4.csv	BUDGET	4	Loaded	Error	100% 0% 0%	Tue May 6 2008 01:15:09 PM	Tue May 6 2008 01:15:12 PM	US1
dg_budget	BUDGET	2	Loaded	Error	100% 0% 0%	Mon May 5 2008 02:49:02 PM	Mon May 5 2008 02:49:05 PM	US1
dg_BUDGET4.csv	BUDGET	1	Loaded	Error	100% 0% 0%	Tue May 6 2008 11:00:28 AM	Tue May 6 2008 11:00:31 AM	US1
dg_BUDGET_3.csv	BUDGET	1	Loaded	Error	100% 0% 0%	Tue May 6 2008 11:00:28 AM	Tue May 6 2008 11:00:31 AM	US1
INVOICE_PERF_40000.csv	INVOICE	2	Loaded	Warning	100%	Fri May 2 2008 07:35:59 AM	Fri May 2 2008 07:40:48 AM	PERFTEST

Stop | Send | Release

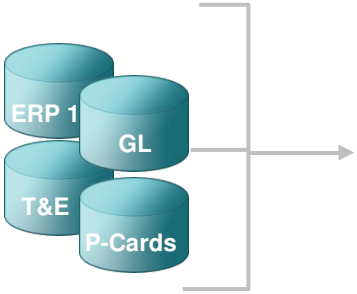
Solution: SAP Spend Analytics
Spend classification & enrichment

Business Objects an SAP company

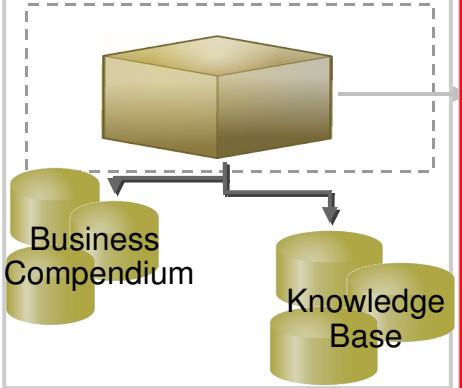
SAP

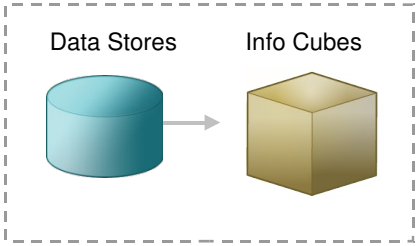
Enterprise-wide data...	Accurate & standardized…	Easy to understand, and actionable!

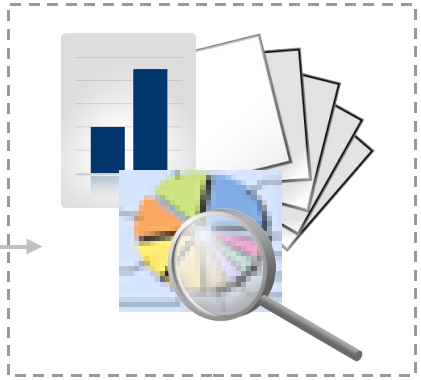
Process



Supplier Validation + Spend Classification







Technology

- SAP extractors
- Business Objects Data Integrator
- Self-service data management portal

- Expert methodology acquired from Analytics Inc
- Supplier Business Compendium
- ‘Predictive Coding’

Data Standardization & Enrichment
What does this mean?

- **Supplier validation** is the process of verifying supplier information from source systems. It typically includes cleaning incoming fields, standardizing word choices, and validating the reported information through external sources.

- **Supplier normalization** is the process of de-duplicating supplier names, including the process of creating linkages between supplier corporate parents and their children.

- **Supplier enrichment** is the process of enhancing supplier data with information about a supplier's diversity status (eg Minority-owned, Women-owned, Veteran-owned), ownership and financial information, credit/financial ratings, price averages, product lines and categories, and other details that help with supplier intelligence.

- **Spend data classification** is the process of assigning procurement spend purchases to a standard structure such as UNSPSC, eClass, or a custom structure.

Why is supplier standardization & enrichment necessary?

Business Objects
an SAP company

SAP

Problem

- Lack of standard process for entering supplier names into transaction systems
- Lack of supplier parent/child relationships among suppliers in transaction systems
- Lack of supplier specific business and risk data

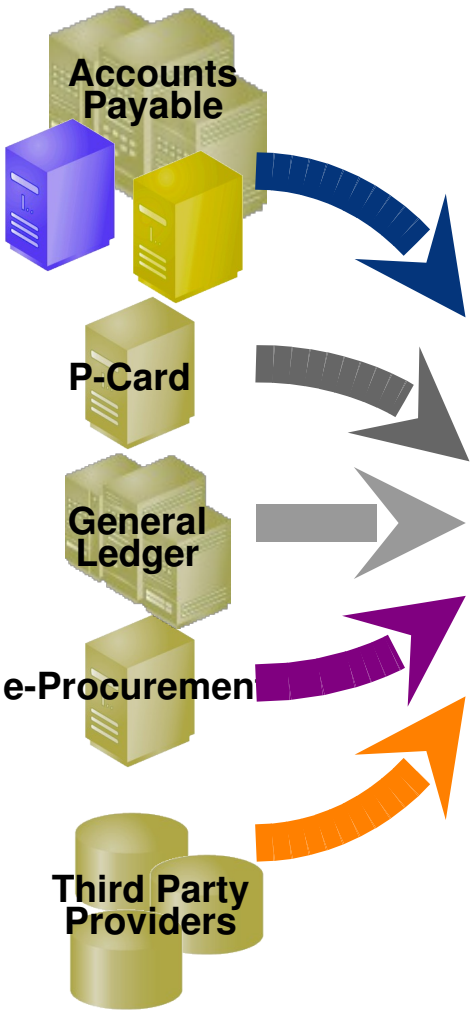
Result

Organizations are unable to analyze their spend by supplier, and cannot leverage total spend with a supplier parent. Organizations cannot proactively apply risk and supply intelligence in the process of supplier selection or monitoring.

Benefits of supplier normalization

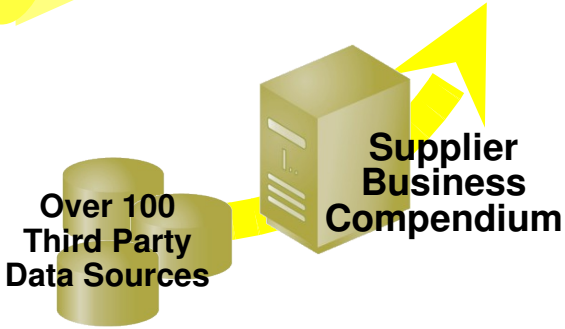
- Validation of suppliers from whom an organization purchases goods and services
- Leverage total purchases to drive cost savings and rationalize suppliers
- Improved SOX compliance
- Improve progress towards meeting Diversity Supplier initiatives
- Identify suppliers who may be a risk to the supply chain due to financial instability

Supplier normalization & enrichment Example



Supplier normalization

- Proprietary 54 step process
- Fueled by the Supplier Business Compendium
- Covering businesses operating in 192 countries
- Containing over 23 million business records
- Refreshed from over 100 sources worldwide



Sample compendium data items for enrichment

- Full Name
- Trade Names
- Corporate Ownership
- Street Address
- Government certifications
- Incorporation information
- Revenue turnover
- COGS
- Sales
- 29 additional financial ratios

Note: See Appendix slides for 'methodology'

Why is spend classification necessary?

Business Objects
an SAP company

SAP

Problem

- Procurement, Supply Chain and Financial transaction systems may not have a standard classification structure across the enterprise for assigning goods and services to a category.
- Users may incorrectly classify data at the point of entry in the transaction system

Result

Procurement organizations cannot analyze their total category spend across the enterprise

Benefits of spend classification

- Standard view of all goods and services purchased across the enterprise
- Leverage total spend to drive cost savings, monitor compliance, and rationalize suppliers
- Better able to do market analysis, and understand market terms when company-specific transactions are coded to a market taxonomy

Spend data classification Example

Business Objects an SAP company

SAP

Transaction System Records

Product ID	Description	Supplier	ERP Category	Spend
K12004	Shoes	Nike	Clothing	$10,000
B3578	Shoes	Nike	Footwear	$20,000
T76415	Blackberry	T-Mobile	Fruit	$25,000
P879210	Blackberry	T-Mobile	Telephone	$30,000

What is my total spend on Footwear? Telephones?

Spend data classification Example

Business Objects an SAP company

SAP

Classified Records

Product ID	Description	Supplier	ERP Category	Standard Category	Spend
K12004	Shoes	Nike	Clothing	Footwear	$10,000
B3578	Shoes	Nike	Footwear	Footwear	$20,000
T76415	Blackberry	T-Mobile	Fruit	Telephone	$25,000
P879210	Blackberry	T-Mobile	Telephone	Telephone	$30,000

Footwear Total Spend = $30,000

Telephone Total Spend = $55,000

Proven spend classification services

Business Objects
an SAP company

SAP

Predictive Coding Classification methodology: business context focused

Freight

9% Savings

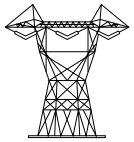
- Standardized policies
- Reduction of overnight usage
- Domestic vendor consolidation

Telecom

23% Savings

- Vendor Consolidation
- Signing bonus
- Policy changes

Utilities

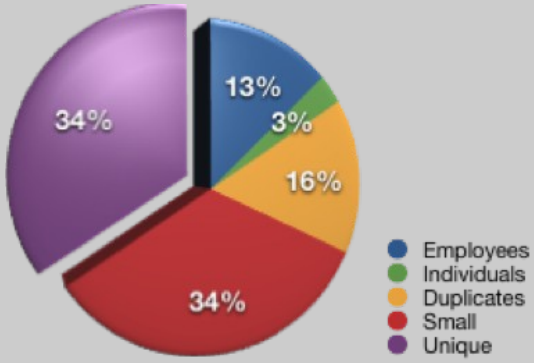


12% Savings

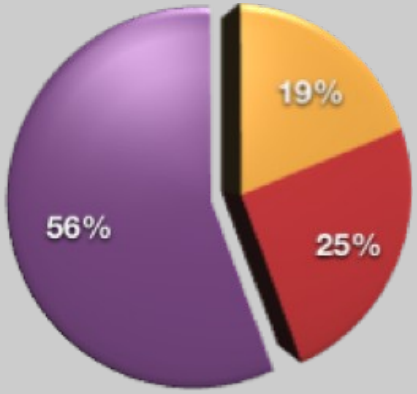
- Spend consolidation
- Renegotiated rates
- Cogeneration

Supplier Normalization

Financial Client - 66% Reduction



Electronics Client - 44% Reduction



Note: See Appendix slides for ‘methodology’

Predictive Coding – Accuracy & Thoroughness

Business Objects an SAP company

SAP

Client based measurement of performance

Client	*Scope*	*Thoroughness*	*Accuracy*	
			Transactions	*Spend*
Entertainment	$21B	99.4%	92.5%	94.6%
Finance	$8B	97.1%	98.2%	96.3%
Manufacturing	$5.8B	98.1%	99.0%	98.3%
Retail	$3.4B	99.3%	99.9%	99.3%
Airline Ops	$1.7B	99.8%	91.7%	92.4%
		98.7%	***96.3%***	***96.2%***

2006 Average - 99% coverage with 96% accuracy

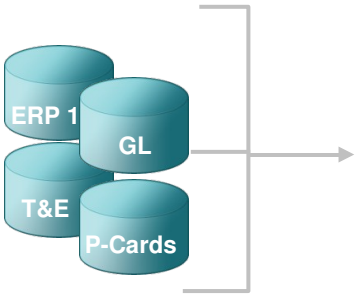
Solution: SAP Spend Analytics
Content & Demo

Business Objects
an SAP company

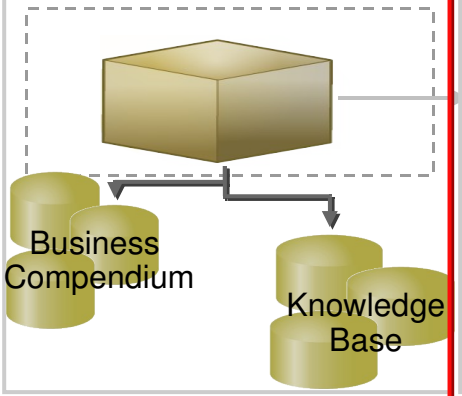
SAP

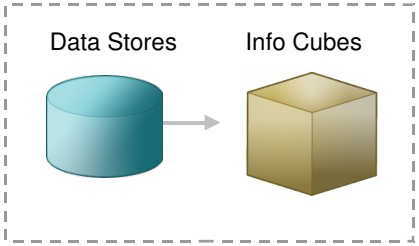
Enterprise-wide data...	Accurate & standardized...	Easy to understand, and actionable!	

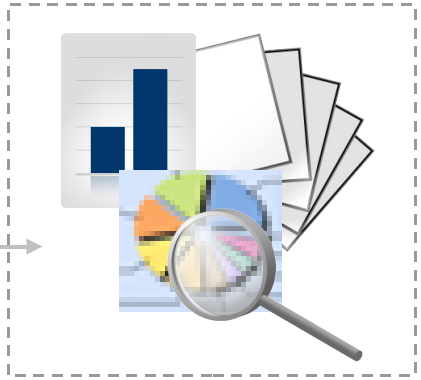
Process



Supplier Validation + Spend Classification







Technology

- SAP extractors
- Business Objects Data Integrator
- Self-service data management portal

- Expert methodology acquired from Analytics Inc
- Supplier Business Compendium
- 'Predictive Coding'

- SAP NetWeaver BI 7.0 powered
- Out of the box KPIs and analytics
- Adhoc analytics

- Business user access via Web browser with Adobe Flash Player
- Integrated with E-Sourcing

Data Sources and Source Systems for Spend Analytics

Business Objects an SAP company

SAP

SOURCE SYSTEMS

SAP ERP

SAP SRM

SAP E-Sourcing

Non-SAP Procurement and Financial Systems

Non-SAP Projects

P-Card and Corporate Card Vendors

DATA SOURCES

Contracts	Budgets
Purchase Orders	Travel and Expense
Invoices	P-Card
Payment Transactions	Projects

Data Model: Dimensions and Filters

Spend Type

Direct/Indirect Spend
Preferred/Non-Preferred Supplier
Addressable/Non-Addressable Spend

Contract

Contract ID
Contract Age
Contract Expiration
Contract Status

Transaction Type

Invoice
Travel and Expense
P-Card

Payment Terms

Invoice Payment Terms
PO Payment Terms
Legal Payment Terms

General

Category
Supplier
Buyer
Buying Organization
Mgmt. Organization
Mgmt. Org. Geography
Supplier Geography
Supplier Diversity
Low Cost Country Src.
Src. System Supplier
Src. System Category

Accounting

Cost Center
GL Account
WBS Project

Time

Fiscal
Calendar

Project

Project
Project Classification
Project Priority
Project Risk
Project Status

Data Model: Measures

Spend

- Total Spend
- Committed Spend
- PO Amount
- **Material Spend**
- **Tax Spend**
- **Freight Spend**
- **Special Charges Spend**
- **Shipping Spend**
- Non-PO Spend

Savings

- **Savings Target**

Counts

- Item Count
- Supplier Count
- Buyer Count
- Site Count
- Invoice Count
- PO Count
- Contract Count

Unit Price

- Quantity
- Min Invoice Unit Price
- Max Invoice Unit Price
- Weighted Average Invoice Unit Price
- Min PO Unit Price
- Max PO Unit Price
- Weighted Average PO Unit Price
- Standard Cost

Contracts

- Time Before Contract Expires
- Age of Contract
- Min Contract Amount
- Contract Amount
- Off-Contract Spend
- **Remaining Contract Amount**
- **Contract Leakage Amount**
- **Contract Utilization Amount**

Variance

- Invoice Price Variance
- Purchase Price Variance
- **Item Price Deviation from Baseline**
- **Supplier Item Price Deviation from Baseline**
- **Time Variance**

Optimization

- PO Price Savings Potential
- Supplier Price Optimization

Budget

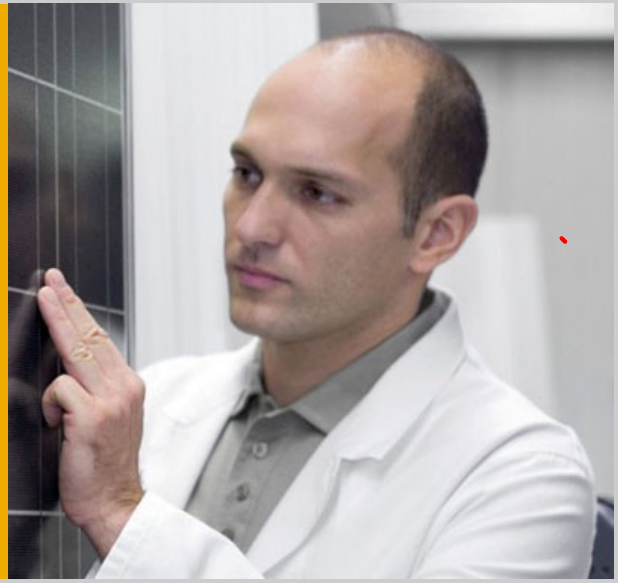
- **Budget Amount**
- **Budget Amount Remaining**
- **Over Budget Amount**

Forecast

- **Forecast Amount**

Demo

Razionalizzare gli acquisti per ottimizzare i costi



Mauro Grassi

Enterprise Performance Management Sales Consultant

Business Objects
an SAP® company

THE BEST-RUN BUSINESSES RUN SAP

SAP

Copyright 2008 SAP AG. Alle Rechte vorbehalten

Weitergabe und Vervielfältigung dieser Publikation oder von Teilen daraus sind, zu welchem Zweck und in welcher Form auch immer, ohne die ausdrückliche schriftliche Genehmigung durch SAP AG nicht gestattet. In dieser Publikation enthaltene Informationen können ohne vorherige Ankündigung geändert werden.

Die von SAP AG oder deren Vertriebsfirmen angebotenen Softwareprodukte können Softwarekomponenten auch anderer Softwarehersteller enthalten.

Microsoft®, WINDOWS®, NT®, EXCEL®, Word®, PowerPoint® und SQL Server® sind eingetragene Marken der Microsoft Corporation.

IBM, DB2, DB2 Universal Database, OS/2, Parallel Sysplex, MVS/ESA, AIX, S/390, AS/400, OS/390, OS/400, iSeries, pSeries, xSeries, zSeries, System i, System i5, System p, System p5, System x, System z, System z9, z/OS, AFP, Intelligent Miner, WebSphere, Netfinity, Tivoli, Informix, i5/OS, POWER, POWER5, POWER5+, OpenPower und PowerPC sind Marken oder eingetragene Marken der IBM Corporation.

Adobe, das Adobe Logo, Acrobat, PostScript und Reader sind Marken oder eingetragene Marken von Adobe Systems Inc. in den USA und/oder anderen Ländern.

ORACLE® ist eine eingetragene Marke der ORACLE Corporation.

UNIX®, X/Open®, OSF/1® und Motif® sind eingetragene Marken der Open Group.

Citrix®, das Citrix-Logo, ICA®, Program Neighborhood®, MetaFrame®, WinFrame®, VideoFrame®, MultiWin® und andere hier erwähnte Namen von Citrix-Produkten sind Marken von Citrix Systems, Inc.

HTML, DHTML, XML, XHTML sind Marken oder eingetragene Marken des W3C®, World Wide Web Consortium, Massachusetts Institute of Technology.

JAVA® ist eine eingetragene Marke der Sun Microsystems, Inc.

JAVASCRIPT® ist eine eingetragene Marke der Sun Microsystems, Inc., verwendet unter der Lizenz der von Netscape entwickelten und implementierten Technologie.

MaxDB ist eine Marke von MySQL AB, Schweden.

SAP, R/3, mySAP, mySAP.com, xApps, xApp, SAP NetWeaver, und weitere im Text erwähnte SAP-Produkte und -Dienstleistungen sowie die entsprechenden Logos sind Marken oder eingetragene Marken der SAP AG in Deutschland und anderen Ländern weltweit. Alle anderen Namen von Produkten und Dienstleistungen sind Marken der jeweiligen Firmen. Die Angaben im Text sind unverbindlich und dienen lediglich zu Informationszwecken. Produkte können länderspezifische Unterschiede aufweisen.

Die in dieser Publikation enthaltene Information ist Eigentum der SAP. Weitergabe und Vervielfältigung dieser Publikation oder von Teilen daraus sind, zu welchem Zweck und in welcher Form auch immer, nur mit ausdrücklicher schriftlicher Genehmigung durch SAP AG gestattet.

Bei dieser Publikation handelt es sich um eine vorläufige Version, die nicht Ihrem gültigen Lizenzvertrag oder anderen Vereinbarungen mit SAP

© Business Objects Publication