Retail in Motion

Transform Source-to-Settle process using SAP Intelligent Spend Management Solutions

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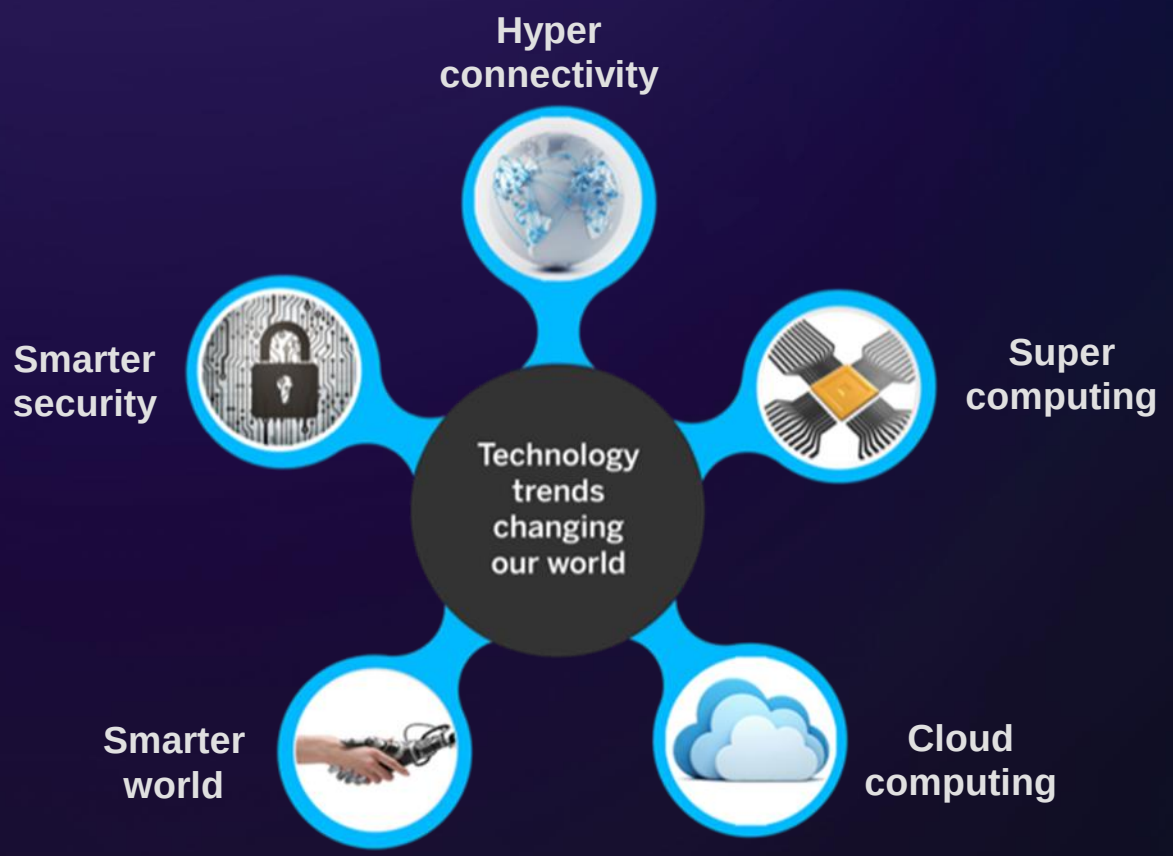
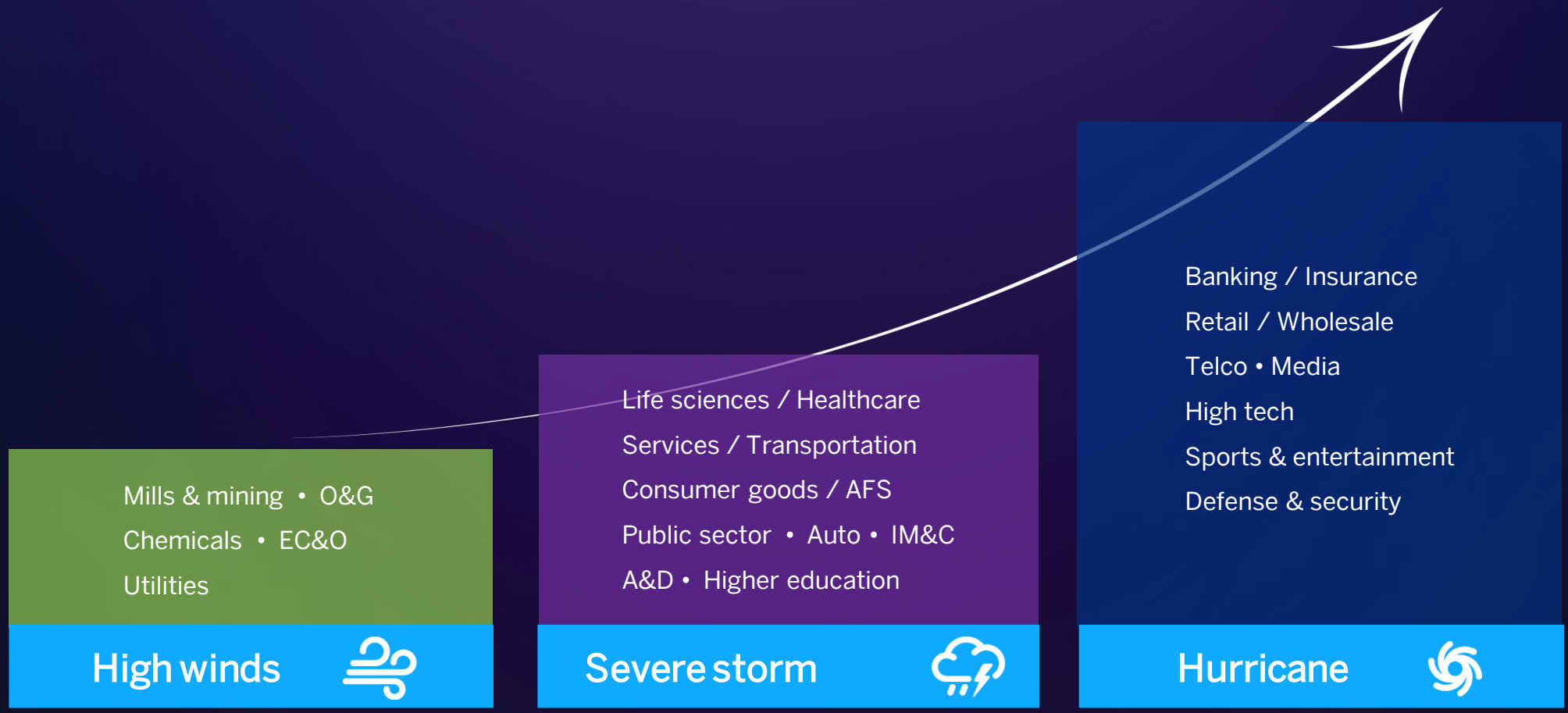
Adoption of new technologies is happening at 10X scale and 5X speed

5 technology trends
are changing the way
we work, live, and interact





"Bold, tightly integrated digital strategies will be the biggest differentiator between companies that win and companies that don't, and the biggest payouts will go to those that initiate digital disruptions."

McKinsey & Company, The case for digital reinvention, February 2017

Retail Industry is Changing and is poised for newer challenges

Consumer preferences are changing

Launch different products

New business models are emerging

Maintain purpose driven

Competitors are transforming

Keep the margins high

PRIVATE LABEL & FRESH PRODUCTS

.....thus impacting the Procurement Function in the retail industry

Market Complexity

- Fragmented supply base with varying degree of supplier capability
- Global supply base
- Volatile markets
- Intricate costing and pricing structures

Category Complexity

- Many attributes describing Articles
- Item Explosion from Variant Articles and Delivery Locations
- Articles must be used as part of end-to-end process
- Article generation and management

Strategic Constraints

- Production Facility Qualification
- Supplier Risk Management – supply continuity, financial, product design, safety, reputational, forced labor etc.
- Regulatory, Environmental requirements

Feetz
Feetz

World's Largest Taxi company owns no Taxi

Largest phone company owns no telco infrastructure

World's Largest retailer, owns very little stores

Most popular media owner creates no content

Fastest growing banks have no actual money

World's largest Movie House owns no cinemas

World's largest Music Company owns no music

	Phone	75 years	
	Radio	38 years	
	TV	13 years	
	Internet	4 years	
			Facebook	3 years
			Twitter	2 years
			Google	88 days
			Pokémon Go	19 days

Choice is yours – Uber yourself before you become another Nokia

"we didn't do anything wrong, but somehow, we lost" – Nokia CEO

Nokia has been a respectable company. They didn't do anything wrong in their business, however, the world changed too fast. Their opponents were too powerful

HOW DIGITAL IS YOUR SUPPLY CHAIN & PROCURMENT ?

Reimagine

60%

Procurement does not have a clear digital strategy

Source: Deloitte CPO Survey 2017

40%

have a clear digital strategy

Source: Deloitte CPO Survey 2017

22%

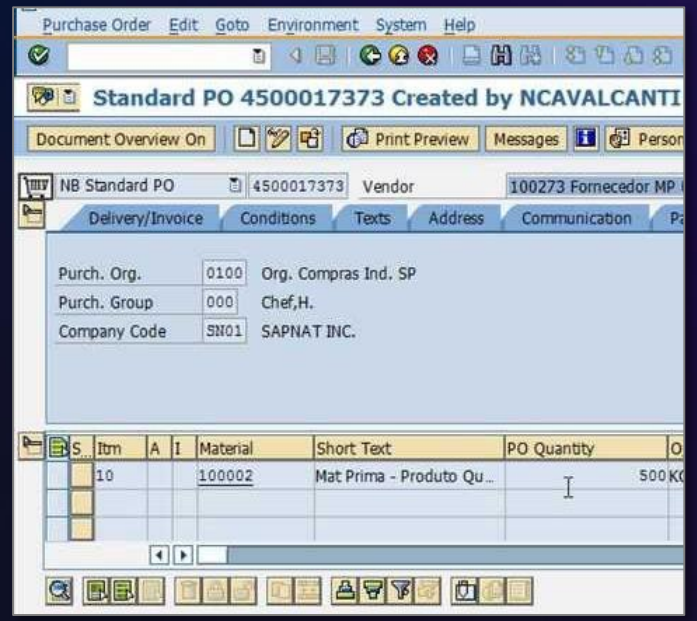
Not even started

26%

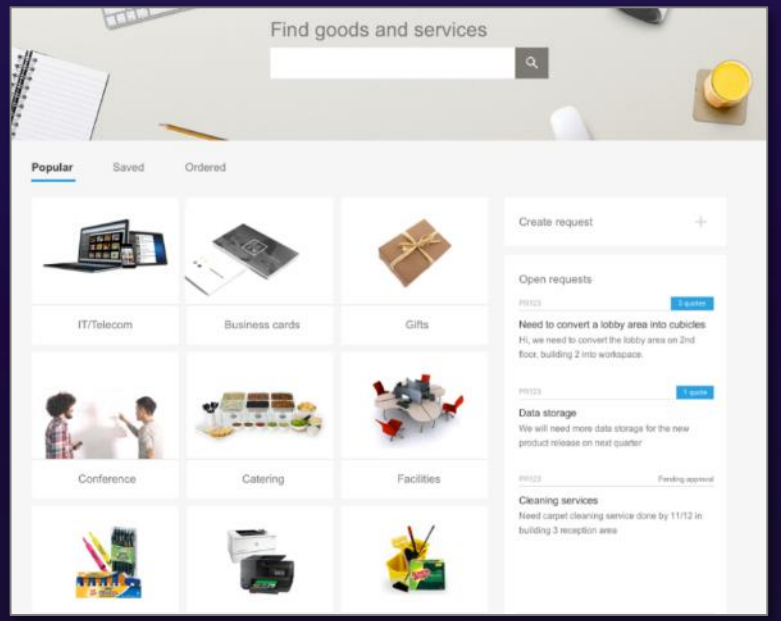
Have a clear digital strategy aligned with the needs of the wider organization

Its Time to Reimagine Procurement

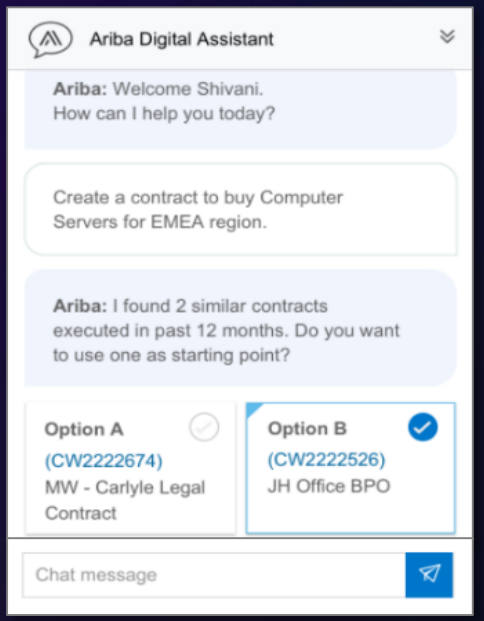
Yesterday



Today



Tomorrow



4+ Million
Companies

1 Minute
Every minute a company joins the network

3+ Trillion
in annual commerce

260 Million
Documents annually processed (PO + invoices)

11 Million
Timesheets processed annually

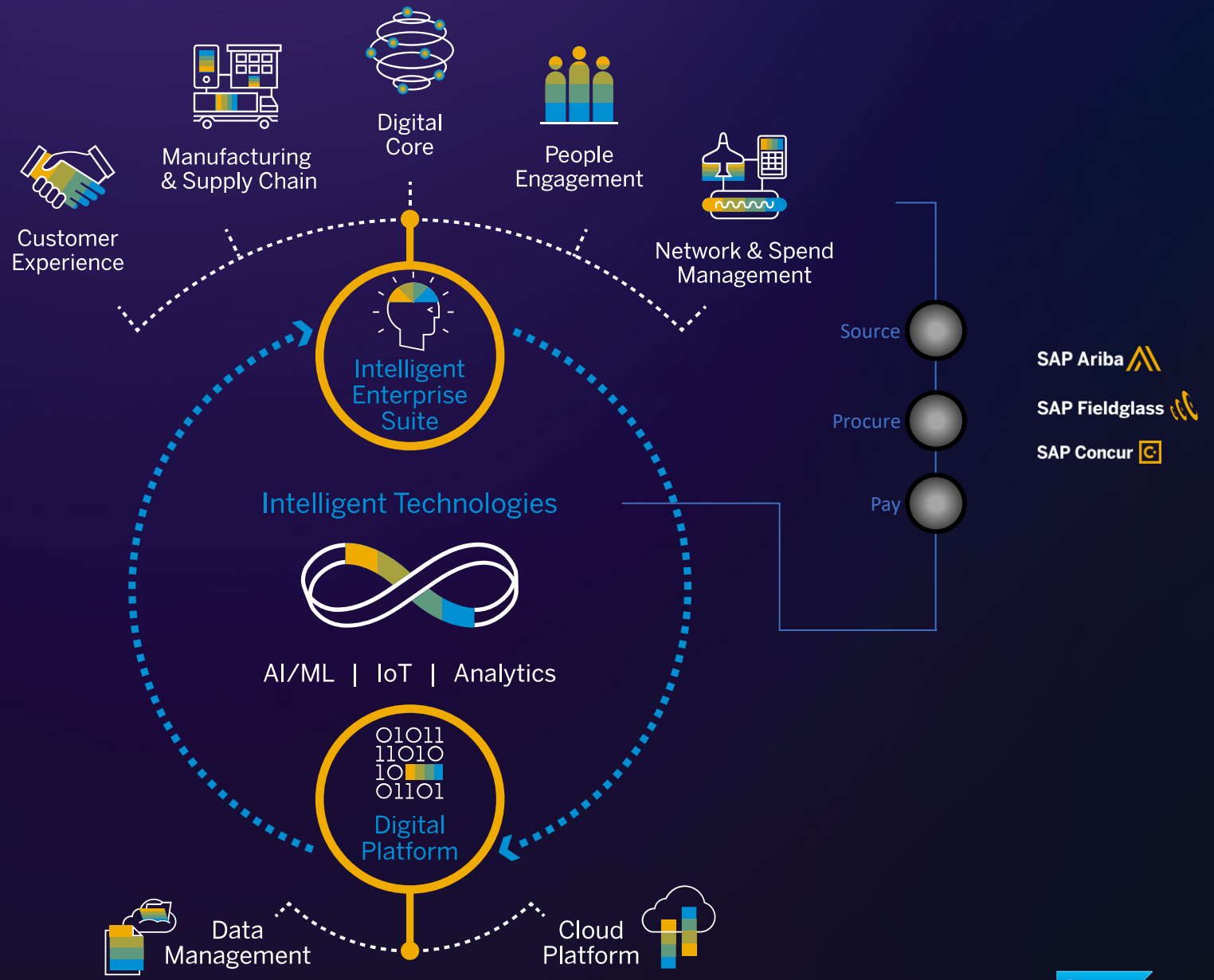
1.4 Million
Contingent workers job placements annually

195 Million
Catalog items

34 Million
Leads sent annually to sellers

23 Million
Users

The Intelligent Enterprise Framework



SAP CLOUD PLATFORM

Total Spend Analysis

using SAP Analytics Cloud

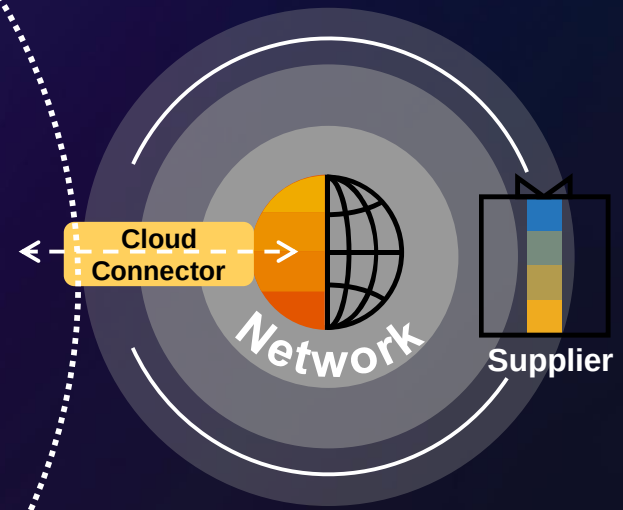
The Intelligent Spend Management Portfolio

Source and negotiate with continual sourcing

User-driven procurement
(MRO, indirect, services, cap equip…)

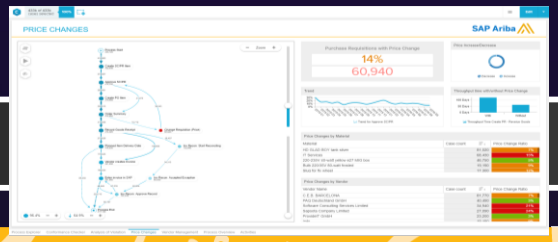
Plan-driven procurement
(Direct, MRP, PM, PS…)

Contingent, Profile and Services Management



Invoice and pay

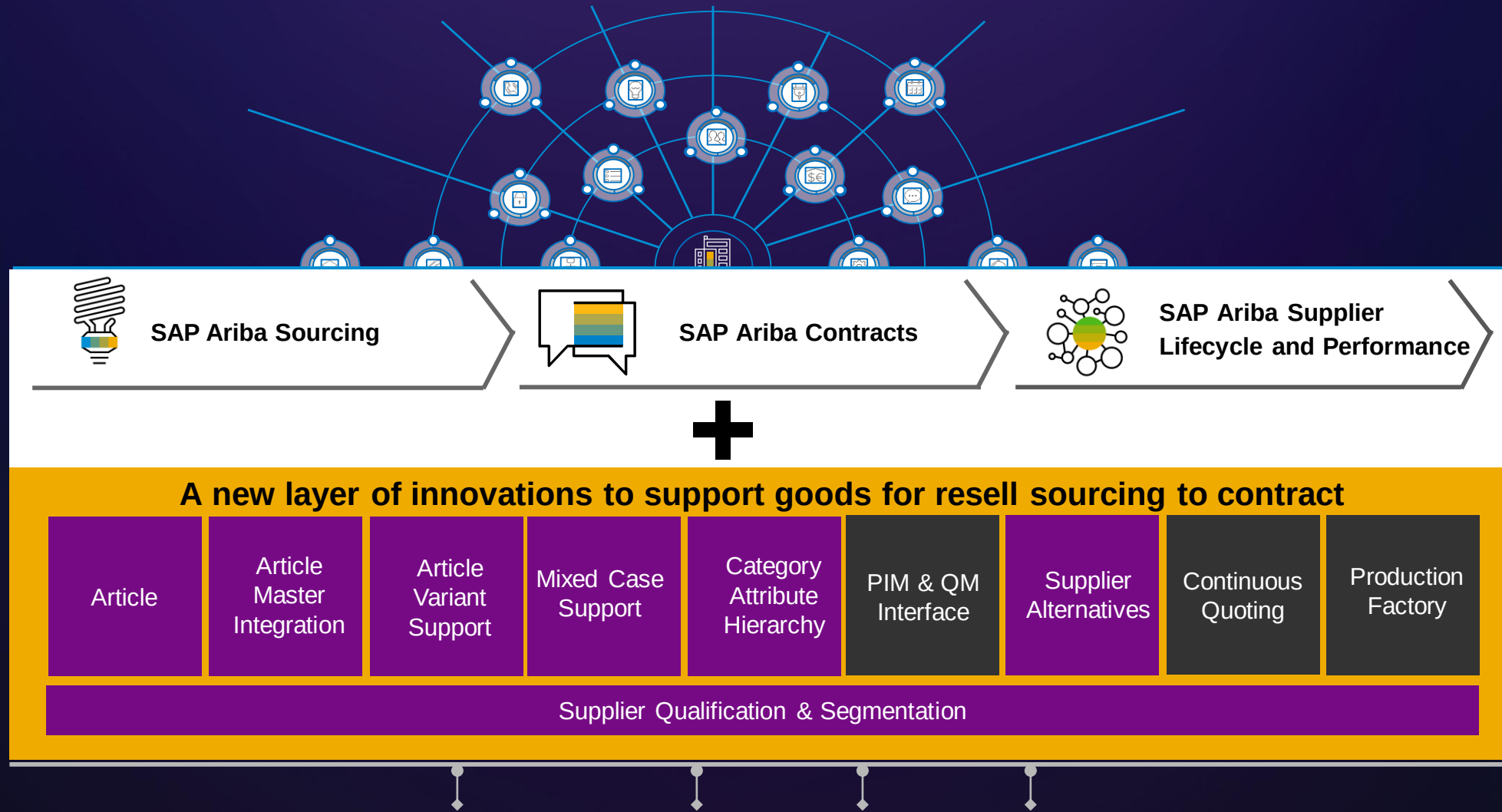
Process Mining by CELONIS



for Process Optimization

THE BEST RUN SAP

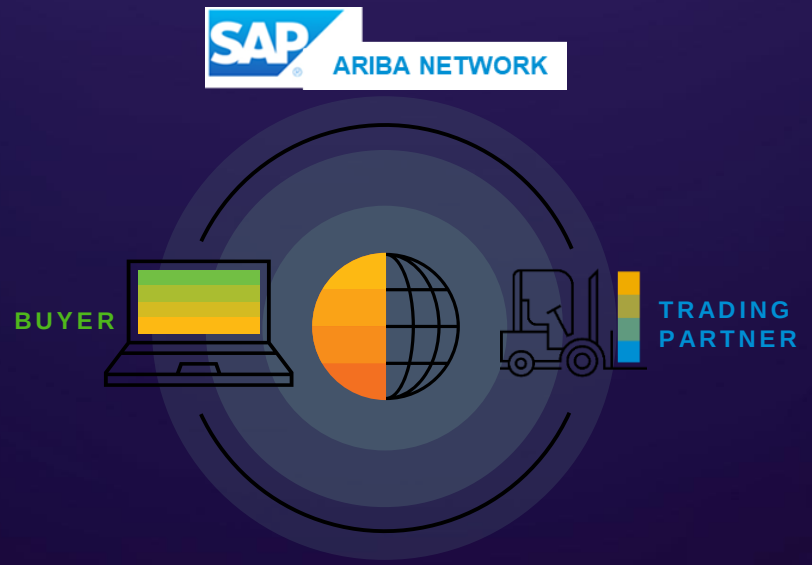
SAP Ariba Strategic Sourcing Suite for retail customers



Business Collaborations – Redefine Collaborative Commerce

- Return PO
- Return Ship Notice
- Goods Return Posting
- Consignment PO
- Consignment Withdrawals
- Subcontracting PO
- Component Ship Notice
- Component Inventory Overview
- Scheduling Agreement
- Transport Request
- Quality Notification Request
- Quality Inspection Request
- Quality Inspection Decision
- Quality Review Document
- Forecast
- Inventory Min-Max Levels
- SMI SA

- PO / Blanket Order
- Service Order
- Order Status Request
- Quote Request / Price Update
- Service Estimate Request
- Goods Receipt Notice
- Candidate Selection
- CC Invoice
- ERS/Self-Billing Invoice
- Service Entry Response
- Invoice Status
- Payment Proposal
- Discount Proposal/Accept
- Payment
- Remittance Advice
- Sourcing Event
- Discovery Posting
- Contract Negotiation
- Supplier Onboarding
- Supplier Qualification Request
- Buyer/Supplier Survey Request
- Supplier Performance Review
- Risk Assessments



71 COLLABORATIONS

- Buy and Deliver – Direct
- Quality Collaboration
- Source & Contract
- Inventory
- Forecast
- Buy and Deliver - Indirect
- SLP & Risk
- Invoice and Pay

- Order Confirmation
- Shipment Notice
- Catalog
- Order Status Response
- Quote Bid / Price Response
- Service Estimate Response
- Candidate Proposal
- Invoice
- Credit Memo
- Debit Memo
- Service Entry Sheet
- Discount Accept/Proposal
- Timesheets
- SOW Confirmation
- Sourcing Bid
- Discovery Lead/Bid
- Contract Negotiation

- Goods Receipt
- Component receipt
- Component Consumption
- Manufacturing Visibility
- Transport Confirmation
- Forecast Commit
- Supplier Forecast
- Supply Upside
- Panned repl. Notification
- Quality Notification Response
- Quality Inspection Response
- Quality Review Document
- Supplier Registration
- Supplier Qualification Response
- Buyer/Supplier Survey Response
- Supplier Performance Review
- Risk Assessment Response

Key Value Outcomes Expected from P2P Solutions

It's hard for me to understand if people are following the process as intended.

Manage Inorganic growth

I realize we have room for optimization, but I need facts to justify a project.

Optimize costs & resources

Agility & Scalability

How can we instill process thinking in all our process participants to improve operational decision making?

It's hard for me to understand if people are following the process as intended.

Working Capital Optimization

Getting at the information we really need is time consuming, expensive, and often not reliable.

Transparency in Spend, Supply Chain, Supplier and Risk

SAP Ariba

Discover Process Mining

Purchase to Pay

celonis

Triggers for transformation

Centralize the procurement function

Boost efficiency of the S2P process

Improve visibility of the spend

Enforce compliant Business Processes

Benefits Realized

Less
Time required to execute contracts

Higher efficiency
due to automation

Greater
Visibility into spend and suppliers

Increased
Value provided by the procurement team

Improved
Supplier relationship

Better
Adherence to compliance

AMERICAN EAGLE OUTFITTERS

Triggers for transformation

Increase profitability

Boost efficiency of the S2P process

Improve visibility of the spend

Simplify the Procurement process

Benefits Realized

66%
Fewer steps in the invoice payment process

100%
Invoices processed through SAP Ariba solutions

Increased
Visibility into spend and suppliers

$4-8M
Savings from Sourcing

Al-Futtaim

40% reduction in P2P cycle time

65% transactions using Catalogs

$35M Annualized Savings using auctions

Introduced SAP Ariba Strategic Sourcing in UAE

Centralized the Procurement operations

SAP Ariba Strategic Sourcing rolled out in other Group Companies

Build Category Expertise and increased Spend Under Management

Rolled out comprehensive Procurement Policy

Rolled out SAP Ariba Buying (Adv. Edition)

Rolled out SAP Ariba Strategic Sourcing in Kenya , Oman, Qatar

Rolled out SAP Ariba Strategic Sourcing in Sri-Lanka, Egypt

Implemented Ariba Spend Analysis across the Group

Currently in process of Rolling out SAP Ariba Supplier Management and Contract Management

Rolled out SAP Ariba Strategic Sourcing in Uganda , Saudi Arabia and Singapore

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

THE BEST RUN SAP

Source-to-Contract Process

- Increase visibility of supplier performance and reduce risk
- Automate risk reporting and alerts from 500k sources
- Improve corporate responsibility and procurement with purpose
- **12 – 16%** lower audit costs

- Save more on what you already strategically source
- Strategically source more spend than you do today
- **4-8% Average Sourcing Savings**, **19%** top performers

- Improve contract adherence & compliance
- Decrease maverick spend
- Drive spend to preferred suppliers
- Reduce source to contract cycle times. **3-4 weeks** contract creation time in Best in Class organizations

Procure-to-Pay Process

- Buy at negotiated savings rates & conditions
- Increase visibility into order status and increased supplier collaboration
- **88% Increase in POs processed per FTE**
- Control and maximize savings on non-sourced spend, up to **4% Tactical Sourcing Savings**

- Digitize commerce in a holistic ecosystem
- **3 - 4% gains in efficiency**
- **7 – 14% improvement in cost**
- **4 - 6% increase in cash flow**
- **3 - 4% impact on revenue**

- Digitize the processing of invoices
- Extend payment terms with suppliers
- **23 – 31% higher DPO**
- Improve on-time payment performance and supplier satisfaction
- **30 - 40% more electronic payments**
- Capture more early payment discounts

- Increase frequency, volume, & quality of sourcing events
- **1 – 5% annual savings rate**
- Increase BOM visibility and integration w/ sourcing process
- Increase transparency of supply chain collaboration with trading partners
- **4 – 12% lower DIO**

- **29% more spend under management** for companies that conduct regular spend reviews
- Top performers achieve **94% spend under management**.
- Identify missed opportunities for sourced savings
- Better aggregate spend across locations

- Have a 360° visibility on your external workforce
- Optimize cost of acquiring external workforce using **dynamic rate management by 3-4%**
- Increased efficiency in the hire to retire process for the external workforce
- Compliant process by better management of the invoicing process via Time-Sheets and optimize maverick spend by **1-2%**

- **52% less rework** on PO processing in the P2P process
- **40% less maverick buying**
- **67% fewer duplicate payments** in the Invoicing process
- **75% Fewer failures** on 3-way matches

- Better visibility on the SoW Procurement with Milestones and Budget Availability
- Increase efficiency on Managing the Change Orders/Variations in the Project based Procurement
- Compliant processes and **control maverick spend by 1-2%**

How can SAP's Value Advisory Team help you?

Success Planning Methodology
1. Align
2. Assess; and
3. Validate

- Cost Reduction
- Visibility
- Fiscal Compliance
- Efficiency
- Cash Management