It's awesome up here.

The five secrets of moving procurement to the cloud.

Alex Atzberger President, SAP Ariba

Contents:

When it's time to move your source-to-settle processes to the cloud, do you know what you need to succeed?

Every one of us, every company and every process is impacted by the reality of rapidly changing technology. Procurement, sourcing, supply chain, accounts payable and financing—and those of us who manage them—of course, are no exception. The way we research, make and pay for purchases at home and at work has forever changed and will keep changing.

If they haven't already, all businesses will attempt to adapt to this new—and always changing—way of working. If they haven't already, all businesses will move procurement to the cloud. The question is: Will they be successful? And the *real* question is: How can *you* be sure *you'll* be successful.

We want you to be happy.

We wrote this book because we *want* you to be successful—we want you to be happy. We want you to make the jump to the cloud and hit the ground running. So we asked ourselves: What's the difference between a happy customer and one who isn't? You'll find the answers in the following pages— the best practices and secrets we've gathered from working with thousands of customers, both large and small, while taking them to the cloud.

In other words, we know a little about the cloud and about procurement. We know what it takes to buy and sell in the digital economy. We know what works and what doesn't. And we want to share the knowledge with you.
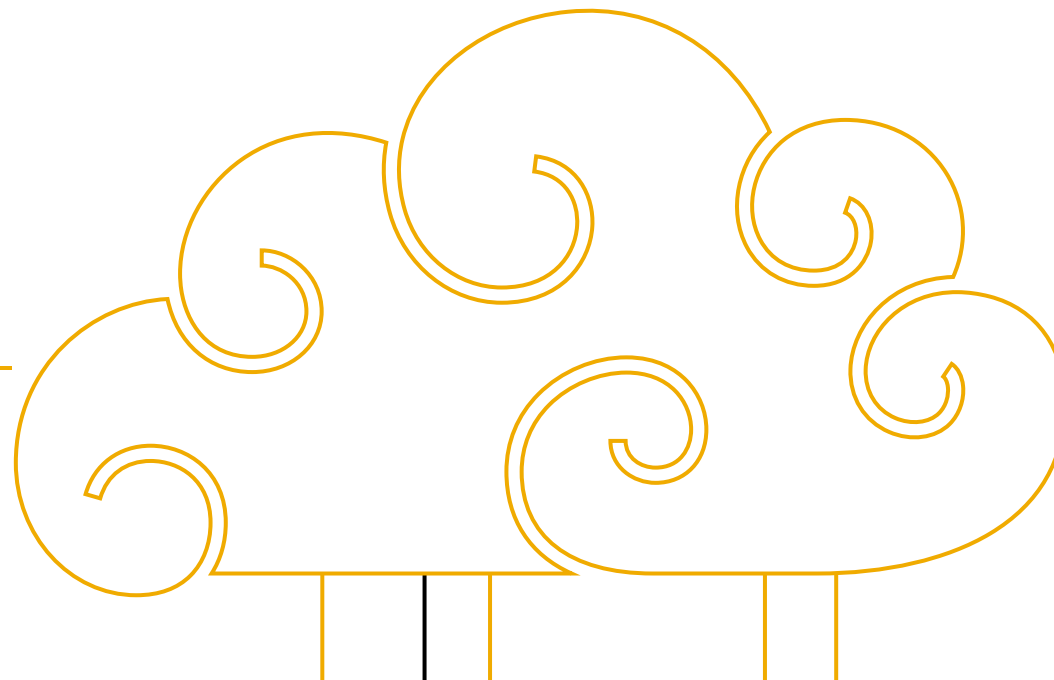
The secrets to your success.

In this book, we'll take you beyond automation and look at your business holistically. And whether you're in the cloud or on your way, we'll examine how cloud solutions allow you to connect, collaborate, and keep up with constant change using tools ten times faster than traditional processes. We'll help you re-imagine yourself in the digital economy, so you can focus on what makes your company unique and successful, instead of what makes technology work.

And we'll do it all by laying out the five secrets to creating success in the cloud:

1. Embrace configuration, not customization.

2. Prepare for process *and* people change.

3. Go end-to-end to make an impact.

4. Look broadly into your base.

5. Think ahead to avoid the pitfalls.

Secret

1

Embracing configuration, not customization.

Let me explain.

If your company currently survives on highly customized packaged software, let me ask you this: Can you update that software as fast as things are changing in your industry? Can you keep up with regulatory requirements, compliance issues or, more importantly, best practices and other innovations? Or do you have to wait for the next release, pay dearly for it, painstakingly update all your customizations, and catch up just as your customers and your industry move on again?

Simply put: customized software works for specific problems at a specific point in time. It doesn't allow you, however, to keep up in the constantly evolving digital economy.

In the cloud, you're already ready already.

Instead of using software to solve all the needs you have now, you use the cloud as a service to solve all the needs you will ever have—as you have them.

You can constantly evaluate your operations and immediately take advantage of your industry's leading innovations. And instead of waiting to install the latest software, you can implement the latest ideas.

This means you can focus on your ultimate business goals and adapt as need be to achieve them.

The way you've always done things is not how you'll do things anymore.

It's no longer about customizing software solutions to your specific needs—if you keep doing it that way, you'll keep falling behind. Instead, it's about software as a *service* and adapting your company to the best practices of your industry.

What parts of the service do you need now? What can you say no to? How do you choose? And how will you stand out and compete?

The cloud is home to a solution for every part of your business. It offers a customer-centric approach, so you can take what you need when you need it. It's a new way of thinking, a new model, and you get to define how and when to take advantage of it.
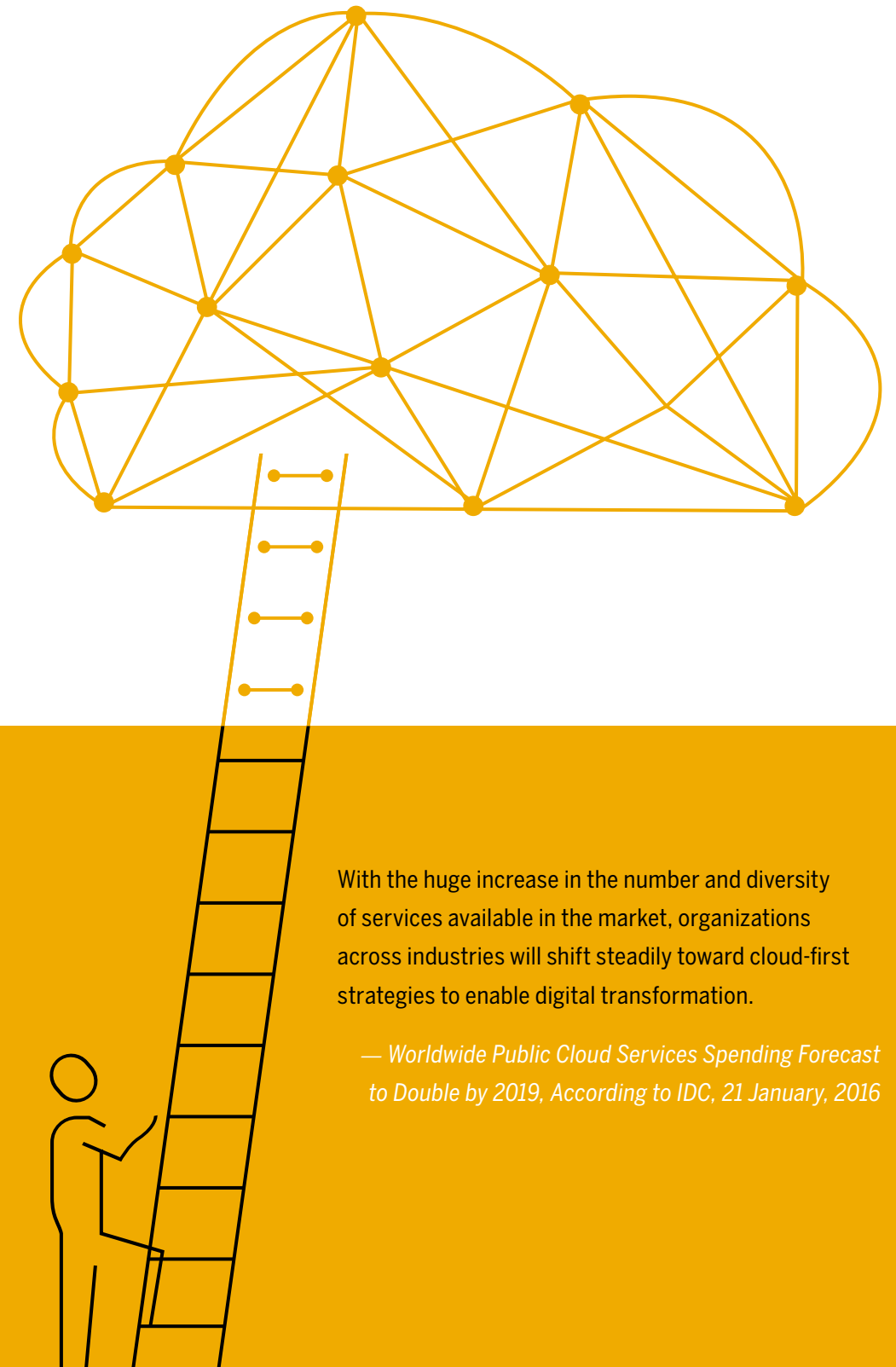
With the huge increase in the number and diversity of services available in the market, organizations across industries will shift steadily toward cloud-first strategies to enable digital transformation.

— Worldwide Public Cloud Services Spending Forecast to Double by 2019, According to IDC, 21 January, 2016

7

What do you need to ask yourself?

So how does your company begin the process of moving to a cloud mindset? Well, what are your priorities? What are your current capabilities? Answer these questions from a business, technical and personnel perspective, and you'll begin to see where you stand.
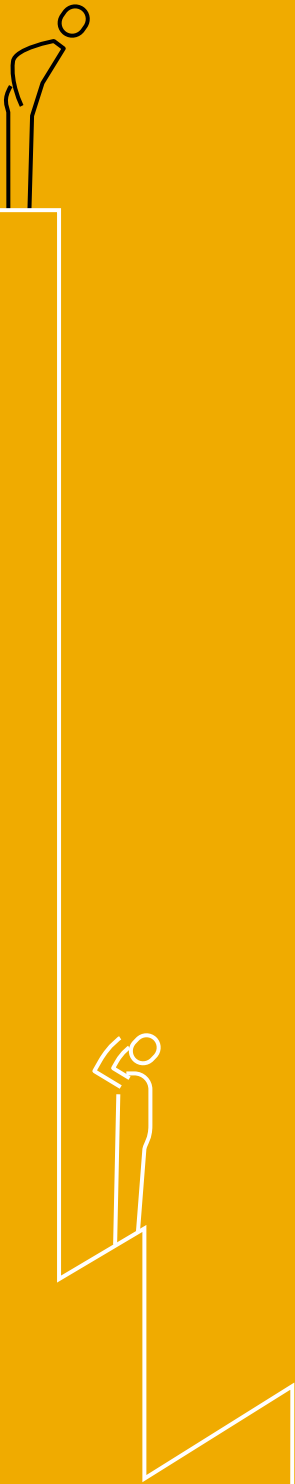
Remember, this is not about moving your current, on-premise systems to the cloud or redesigning a cloud offering to look like your company's current processes. This is about rethinking how to take advantage of the speed and innovative capabilities offered by cloud solutions and bringing them into your company's thinking.
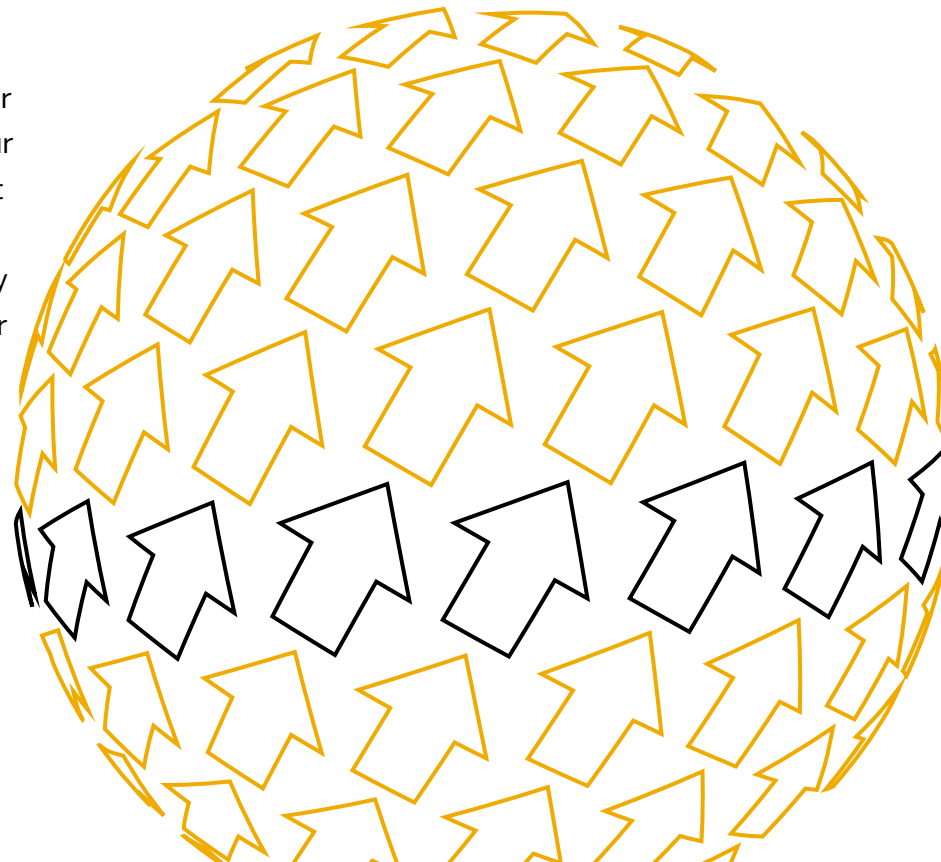
Flipping more than just systems.

A large global pharmaceutical and consumer products company was looking to move to the cloud to "lighten" their current infrastructure, incorporate some much needed enhancements, standardize global buying with an easy-to-use solution, and "flip" their buying processes from 65% high-touch to 65% no-touch. With 15 years of customizations, 30 ERP solutions and more than 250 companies, the question was not just what to deploy and how, but when? How could they leverage the innovations of the cloud and eliminate customizations without total upheaval?

The solution was to test each piece of functionality, then deploy the cloud solution, decommission existing solution and repeat. This allowed them to deploy a new global solution every 20 weeks, while maintaining productivity on the existing systems until the team was ready to transition. When you understand what you need to accomplish and choose the right cloud solution to meet your goals, even the impossible can be done.

Best-in-class organizations have **91%** of their spend under management, **but for the average company, that figure drops to a mere 57%.** One client came to us with a ten-year-old procurement solution they were only able to reconfigure once—consequently, they were capturing less than 10% of $9 billion in addressable spend.

— Ardent Partners, CPO Rising 2016, the Art and Science of Procurement

What does our solution look like today?

What benefits are we getting from our current procurement and accounts payable solutions?

Are all of our spend categories covered?

Are we up to date with industry best practices? Do we have a plan to adopt them?

How is our procurement and accounts payable technology performing in today's market?

How does what we have today compare to what we want?

Are we taking advantage of the latest innovations?

Can we actually implement what we need in our current solution?

How will we adapt to a cloud service model?

Are we able to change how we think about using technology?

Do we have the in-house product or solution expertise?

Do we have the personnel to handle service updates, training, questions and other issues?

Does the solution have global support?

How do you make the shift to a cloud mindset?

How far a solution can take you is driven by where you are willing to go. Are you ready to embrace a cloud mindset? Consider the following discussion points when gauging a potential cloud solution for your company.

An understanding of the *Why*, rather than the *How*.

Painstakingly customizing a cloud solution to include your custom fields and your unique workflows doesn't allow you to realize the true value of the cloud. In assessing how a cloud solution can create value for your specific operation and in the end, your customers, you need to look at your organization and benchmark what you want to do against the industry's best practice standards. Focus on the business impact of simplifying your technology infrastructure and streamlining your processes and the resulting time to value you need to achieve, instead of focusing on how you can maintain processes as they are working today.
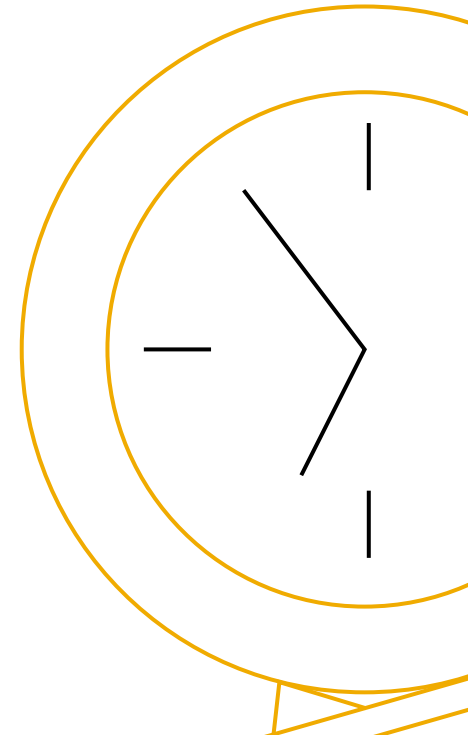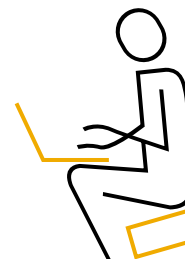
Are you automating a paper-based process?

Most companies' procurement processes were created *before* technology became part of our daily lives. Ask yourself: Are you customizing software based on practices designed for paper orders and invoices?

When we decided to move to the cloud to centralize indirect procurement we spent time looking at our existing processes. We figured out pretty quickly that the SAP Ariba technology worked well, and in spite of some expected ups and downs, deployment was the easy part. The change management required for our people and internal teams was, and continues to be the harder part. Now, we've implemented a gatekeeper mentality so that no solution changes or updates get approved without a business case to prove the bottom-line value first. We are changing our culture to adapt to the best practices and innovations offered by SAP Ariba solutions, not the other way around— and seeing the results.

— Melanie Singh,
VP of Procurement, Loblaw

To realize the value of the cloud, you need to look beyond *how* you do things and focus on *why* you do them. Effective source-to-settle business processes require a complex choreography across multiple departments—all with different metrics, agendas and technologies. Rethinking how this patchwork of processes, people and solutions works as you move to the cloud allows you to actually address your spending, find efficiencies and focus on the key differentiators that make your business successful. Your cloud solution should make it easier for your company to deliver a better end-product or service to *your customers*. That's the real value of the cloud.

Continued innovation and category leadership.

Your cloud solution needs to demonstrate innovation, and not just for the sake of coming up with something new. You need true innovation that increases efficiency, solves new problems and raises value. Your cloud solution must have a truly global, cross-industry footprint, so it can help you stay ahead of regulatory requirements and compliance issues. Then, you need a clear solution roadmap, so you can decide to insource, outsource or partner to adapt the latest and greatest ideas to your company as they become available. Finally, the best cloud solution will offer clear mechanisms for its users and the community to rate features and improve the solution itself, giving you a lens into future development that can help meet your needs as they change.
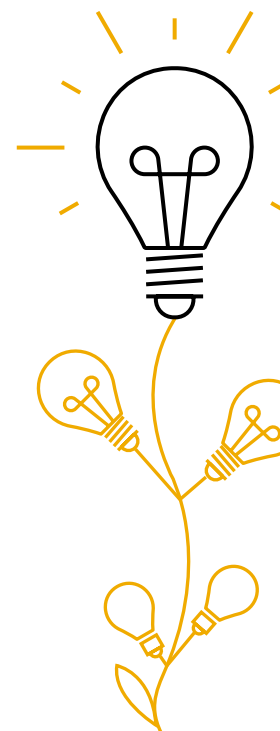
Full operational support.

Shifting to a cloud mindset means that your job isn't done just because some aspects of the solution are up and running. Your team still needs to own and drive adoption of the new process, *or* find a partner to help you manage the new solution once it's launched. You have to decide how to adopt cloud updates and prepare your team to not just embrace best practices, but capitalize on them and use the resulting operational excellence to create a competitive edge.

Plus, you'll need someone who can help you through new features and updates; someone who can answer post-launch questions from your team and offer real expertise on how the processes will work; someone with the functional and technical resources to keep your solution growing and your employees active on the system. In short: Someone with the resources to support you in whatever you need to do.

The move to the cloud has driven efficiencies, resiliency, and removes the complexity of maintaining an on-premise support structure. The perception of loss of control over your environment and infrastructure is overstated, and the benefits of leveraging cloud offerings outweigh the risks involved.

— Tom Taylor, Vice President,
Global Sourcing, PolyOne Corporation

Steering change in the right direction.

Managing change post launch is one of the biggest drivers of a successful cloud deployment. An increasing number of customization requests is a sign that not everyone is adopting a cloud mindset. To address this issue, require all change requests to be approved by the CPO or a steering committee. It will reduce requests and keep your project on track.

Secret

2

Preparing for process *and* people change.

So what does that mean?

We're about to make the cloud even scarier.

The cloud means change. Big change. *Transformational* change. The kind of business-wide, business-led change that can't simply be handed off to the IT department because it has "something to do with technology." This kind of change will require companies to rethink business ownership, to reconstruct business processes, and to reconsider not only how people work, but how those people and their departments interact to better serve their customers.

Managing this change across your organization, in other words, will take your *entire* organization.

How much of this change *can* IT take care of?

In the past, you've relied on your department heads to implement processes, and *they* relied on IT to make those processes actually work. Today, technology takes on an even bigger role—functioning not just as a tool people use to get things done, but as their *actual mode of working*.

The cloud *is* that technological change, and it's driving change in people, process, productivity and output across your organization.

This is the time to do things differently. And by differently, we mean simpler and smarter.

Turning to the cloud saves far more than paper.
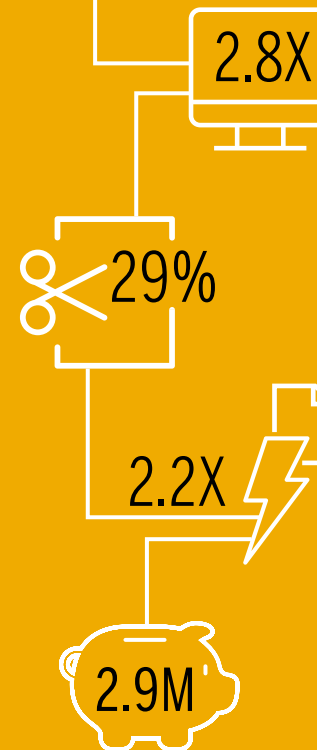
2.8X
Use online catalogs with self-service requisitions and rules-based checks to achieve 2.8 times more touchless POs.

29%
Offer online purchasing and electronic approval processes, and lower operational procurement FTEs by 29%, per $1B in spend.

2.2X
Process 2.2 times as many POs per FTE by conducting commerce electronically.

2.9M
Best in class procurement practitioners can achieve $2.9M efficiency savings per $1B in spend.

*SAP Ariba Benchmark & Best Practices Program

It all comes down to this.

The massive money and time savings you get when moving from on-premise to a cloud-based solution aren't pie-in-the-sky pipe dreams. They're possible. You just need the right leaders, the right departments, a customer-centric view on your business and the right partner who understands you as a customer, your users as customers and your customers' customers. But first, there are a few things you need to know.

If you want to know where you're going, figure out where you are.

Take a good, hard look at your current procurement, sourcing, accounts payable and other processes to determine what's working and what can be improved. Look at the process *and* the people to see how they work within and across departments. This will be your yardstick as you move ahead.

Next, define the processes you want and your reasons for wanting to implement them. Here's an example: You'd like to drive down costs and increase earnings on cash with dynamic discounting, but you need to work across departments to find suppliers, negotiate terms and determine if—and when—payments can be made early (thus, the discount). You can implement electronic invoicing to make it all move faster—capturing more discounts and reducing the burden invoice processing puts on your AP team—but if no one's on board with the changes, or your systems aren't connected to help identify the value, *nothing* happens.

Finally, be a student of your industry's best practice. Develop key performance indicators that span departments and align with these practices, as well as your objectives. Then sell it to everyone across your organization—especially the biggest naysayers—in order to get them engaged.

Changing software is easy. Changing people is hard.

Although the cloud is certainly within the IT realm, this level of change and change management is an *organizational* priority, not just one department's bailiwick. Everybody has to have skin in the game, and you need a clear chain of command to make it work. Why? Because while this change is at least partially about improving efficiencies and streamlining work across your company, it's really about positioning your business to better serve your customers—and that should be everybody's priority.

1. Take a customer-centric viewpoint and understand the value and benefits to all your users, teams, and departments.

2. Focus not just on the change, but on the level of engagement you're going to need across departments, across lines of business and from the top of the food chain on down.

3. Clearly articulate your strategy, and develop a governance model that will guide you through the early stages and all the way through adoption.

4. Outline the KPIs you'll use to track your progress over time.

5. Make it worthwhile for people to participate—offer incentives they'll actually want. Treat everyone who will be in the process or impacted by the process as a customer of the process.

6. Beyond incentives, create *excitement*. This transformation directly impacts the bottom-line profitability of your company and the value to your customers —it isn't just change, it is a *movement*.

This is a long-term process, and that means a long time after deployment.

When you're talking about transforming your sourcing, purchasing and payments processes (and all the people who use them), you're in it for the long haul. We don't say this to breed pessimism, but to impress upon you the significance of the undertaking.

You're not going to convince another department to change its way of doing business or implement new software because doing so helps *you*. No, you need to look at how the cloud can measurably transform your company's entire business and how you serve your customers to pave the way for actual change. Looking beyond the cost savings, you need to convince other departments that a solution actually benefits them and their team.

And finally, driving this change is about so much more than launching a new solution. When you "go live," you're really just beginning the process of adoption and change management within your company. Be prepared to continue to invest in your systems and how your teams use the solution as you embrace new features and expand your solution to cover more spend categories.

Quiet dissenters by giving them a voice.

Yes, procurement often takes the lead in driving this change. But the key to success in driving *any* company-wide change is inclusion and collaboration—make them feel like a customer. Typically, the people most adamantly against change didn't have a role—or even a voice—in the process. Invite them in. Listen to them. As you design process flows, get insight from subject matter experts, super-users and inter-departmental helpers. Make them part of the solution, and they won't be your future problem.

Who's on your side?

Change is personal, and it won't happen on its own. It needs to be driven—not just at a moment in time, but continually as you plan your new solution, after you go-live, and well into the "new normal" phase in order to continue to see value. If you need to get people's hearts and minds invested, you need multiple people across the organization both up and down the chain of command committed to the change. You need to treat them as customers of this solution and you need a partner who's there at the beginning, during deployment, and as long as you need them—someone who understands this user-as-customer focus and has driven this kind of change thousands of times before.

A good partner is honest with you.

Your partner in change will give you a complete assessment of where you sit and how close that is to industry benchmarks. They'll care about what you do and how you do it, so they can show you how to improve your business before you ever have to sign a contract. They'll craft a clear roadmap and help you gauge results across your entire organization. They *won't* just ask what you want, and they *will* tell you what you need to do to be competitive and successful. They *won't* tell you two people can do the job of 10, and they *will* tell you that you need the CPO, CIO and CFO involved to truly see the change you need. And they'll be there as you implement your solution and grow within it— as suppliers and departments adopt and adapt.

On the bench.

The SAP Ariba benchmarking program isn't a set of standards we made up. It is *the* set of standards— the origin of thousands of key performance indicators and best practices—based on thousands of hours of research.

Our benchmarks are built on:

• More than 15,000 participants

• 4,000 companies

• With 60 business process assessments

• Across 3,500 categories

• In 23 industries

• With over $350 billion in analyzed spending

75% of customers nominated an SAP Ariba employee for an exceptional customer service award post deployment.

— SAP Ariba customer audit, 2015

A good partner defines their plan around your success.

Long before you roll out your solution, your partner should be on the lookout to make your project successful. That means providing the meeting templates and presentation tools to convene your decision makers—including stakeholders, executive owners, department heads and project leads—so they can review your plan and continually gauge your progress. They'll bring the right people to the table and make sure the right things are being done. They'll help you collect contracts and build catalogs, tie them to a buying process that you can manage, help your internal team implement the changes, and make sure your suppliers are ready to roll. And they'll stick with you through deployment and adoption—from your initial launch through all your spend categories—treating your employees liked valued customers and keeping you on track for internal and external success, no matter where in the world you work.

A good partner brings more than technology, they bring expertise.

Beyond just software, your partner's knowledge of industry best practices, source-to-settle processes and overall supply chain management is your best agent of change. Choose someone who knows what it takes; someone who has been through successes and failures. Choose the industry leader, not one of the followers.

Your partner should be able to bring expert internal resources from executive management, product development, engineering, technical support and enablement—all offering insight and coming to your aid. They should also be the voice inside your company that brings ideas and teams together. And their success must be entirely dependent on your success.

Change management was essential. It's key that both internal employees and external suppliers understand the benefits of a closed-loop value chain. They need to know what's in it for them.

— Asad Zaidi, Director, Procurement and Performance Improvement, Al-Futtaim Automotive

One size doesn't fit all

Just because it's possible to get a solution up and running quickly, that doesn't mean it's probable. Deployment needs to be tailored to your company. The number of modules, number of regions, your existing infrastructure, your company size—they all impact deployment, so be realistic when communicating your timetables. Plus, it's always good to remember that you shouldn't plan for perfection.
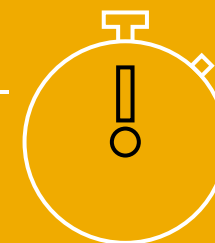
Secret

3

Going end-to-end
to make an impact.

I can explain.

If procurement began and ended with catalog orders, it'd be pretty easy to manage. But it doesn't, and that's probably why you're still reading this.

No, procurement goes far beyond anything simple—in fact it covers the entire spectrum of source-to-settle—so as you look to change the process, you need to closely examine everything the process affects.

Take accounts payable, for example. If you're seeing a bunch of invoices with errors in AP, they could have easily started in procurement. And if you have captured benefits in sourcing, how do you ensure that your employees buy against the contracts you negotiated and that the final bill reflects those savings?

Can you successfully channel rogue spending to your preferred suppliers? What about category management? Do you know your supplier's performance and how often they achieve on-time delivery—or the perfect PO?

And how are you going to handle direct materials? Many vendors support indirect materials, but few cover direct materials costs—even fewer are willing or able to help you manage contingent labor, travel or other complex services.

This information sits throughout your company's systems, and that's why an end-to-end view matters. Procurement touches almost every process. That means *you* must as well, if you want to be successful. Once you start looking at the entire source-to-settle process, you can see the strategic role procurement leadership must play to impact your business performance. It gives you the leverage to work with the finance team to free up working capital or the sourcing team to improve supplier performance. It should free your organization from managing paper and processes, so they can put their focus on your customers. And automation alone isn't the answer.

Organizations where invoice capture is automated and validated via e-invoicing solutions to alleviate the workload of AP have 77% higher average invoices per FTE.

*— SAP Benchmarking & Best Practices Program*

Success in one thing is not success.

Many technology providers will tell you success in one area of your procurement process, or a simple email exchange, is "good enough." And when they get that far—and their checks start rolling in—it's easy for them to disappear.

Real success takes endurance. A *culture* of endurance, in fact, where every team member is committed to driving real change and actual value throughout your entire source-to-settle process, and where each employee is armed with the tools and technology to do it.

Organizations that conduct regular spend reviews to identify new areas of contract opportunity have 18% higher sourcing spend under management (in % of addressable spend). Which helps them achieve $2.9 million efficiency savings per billion dollars in spending through a lower operating cost structure. And these organizations are supported by 36% fewer FTEs, which translates to a $1.1 million in savings per billion dollars in spending.

— SAP Benchmarking & Best Practices Program
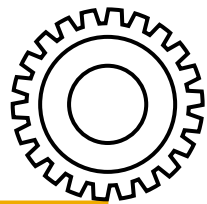
There are only two things you need to know, one of which is "everything."

The need to "know everything" is not that far from the truth, either, because you want to be thinking about the processes you use now as well as those you'll work with in the future. Even if you don't yet know what they are.

These processes are the first things you need to know and understand, not just what they are, but *why* they exist. As we mentioned earlier, this includes everything from forecasting to financing. And while many technology companies are embracing things like procure-to-pay, you need to work beyond this singular piece of the puzzle and look at your operations from sourcing to settlement.

Who are the real players in your process?

Not everyone in your process flow spends their day logging orders in your procurement solution. Remember, an Executive Admin often has more signature authority than most people on your team. And in most companies, the mail room might actually receive more goods than the department that placed the order. So when looking at processes, don't overlook how things actually get done.

The second thing you need to remember is that beyond your internal customers, your suppliers are an important part of your business, so making the process work for them, too, is the best way to succeed. Happy suppliers are effective suppliers, so it's critical that you offer them genuine value. Treat them as well as you treat all your customers. Address all of their needs. Keep them satisfied, and they'll help you succeed.

This applies to suppliers all along the chain and requires a complete, end-to-end process that includes everything *they* need—from marketing, leads, proposals and bids, to contracts, catalogs, orders, invoices and payments. Improve on-time payments, and you strengthen supplier relationships and chances for better deals. Pay suppliers early for discounts, and you increase your cash return while improving their cash flow.

Here's what will make it all work.

We've seen what it takes to transform your entire process. Take these tips to heart, and you'll avoid the mistakes that can slow you down and stop you from delivering the results the business needs.

Balance the process capabilities with the expertise to make them work for you.

If the process doesn't fit your needs, it doesn't matter how much it can do. You need enablement expertise to adapt those processes and capabilities to your specific business concerns. And companies who utilize world-class analytics gain considerable insight into building collaborative practices that span departments and suppliers. But it's all for naught if your solution isn't welcomed with open arms across your organization. Look for best-practice guidance on how to integrate your business processes with your key systems, so that your solution can be adopted company-wide, ultimately applying your practices across countries, regions and spending categories.

Find a solution with a clear roadmap of innovation for adding new processes.

This one is simple. When you're looking for the right technology, check the provider's history. Have they done this before? Have they brought new ideas to table? Do they view you as the customer *and* do they understand your users are their customers too? Have their clients been successful in ways that would be meaningful to you? If not, this isn't a path you want to go down.
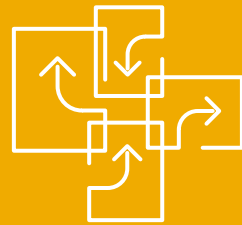
Data is a four-letter word.

Don't underestimate the importance of good data before you start. If your supplier master data, catalogs or contracts aren't up-to-date (i.e., scrubbed every six months), you're just implementing a new solution on top of bad data. And visibility into bad data doesn't get you better results.

Find a solution built on an open platform.

You need to have a solution, or network, that is agnostic and can connect to anyone and anything that may come up. Plus, you'll want to be able to automate your processes and, just as importantly, extend your current processes to ensure that every part of the source-to-settle spectrum is covered. Choose a vendor that doesn't care what you have installed already, or better yet, one that fits in and can embrace any technology.

• An open platform lets you modify data fields and business rules, so you can adapt to your specific compliance requirements.

• It allows you to create your own forms from scratch for the workflows that are uniquely yours.

• It connects you to other partners and third-party developers who can create new tools to improve your process and/or strengthen the tools you already have.

Get suppliers to *use* the system, not just be *on* the system.

Passing documents through the ether isn't real collaboration and a supplier doesn't bring much to the table if they're not an active part of your new end-to-end process. That means that you need a solution that actually looks at the document data, not just that the document was sent. That way, you get suppliers who aren't just "live," but suppliers who want to improve their working relationships with you—and then everyone benefits.
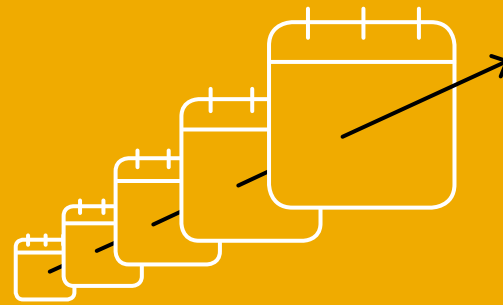
What would you do with an extra 400 hours a week?

By using SAP Ariba procurement solutions, one labeling and packaging company cut the number of days it took to process invoices from 23 down to five, and its buyers and AP team are now seeing time savings of 400 hours per week.

SAP Ariba solutions are very complete and handle the entire purchase cycle, allowing us to start an event with sourcing and end it by receiving the goods, so much so that our mantra is "no Ariba, no business." SAP Ariba helps us do business the right way.

— Pascal Delval, Indirect CPO & Managing Director, Groupe Auchan

Secret

4

Looking broadly
into your base.

Here's what I mean.

So we just talked about the importance of looking at an end-to-end process, but if you can't get suppliers to *follow* those processes, you're not realizing the potential savings and value. Look at it this way: You negotiate contracts to get better prices, but if those prices aren't in the catalog your employees use, how do you know you're saving?

A few big catches aren't good enough.

Your largest and most profitable vendors may jump at the opportunity for electronic collaboration, but landing them alone isn't only what you should be shooting for. If you settle for just your top suppliers, you're missing a massive percentage of your spend and huge opportunity to improve your business metrics.

This is going to take a commitment.

While you won't move all your spending or each and every supplier to the cloud overnight, it doesn't have to be difficult—you can go as far and as fast as you need or want to go. The key to success is starting with a strategy and clear understanding of your goals—do you want 80% of your invoices automated in the next three years, or would you prefer to have 50% of your total spend under management in six months? Combine this with a current and accurate picture of your supplier data as well as buy-in from the relationship owners, and you can build a joint commitment to an ongoing enablement program that will get you to where you want to go as fast as you need to get there. You also need a clear sequence of events, a cross-business governance model, an honest timeline, and a dedicated supplier enablement resource, not just a part-time supporting staff member, to achieve your goals.
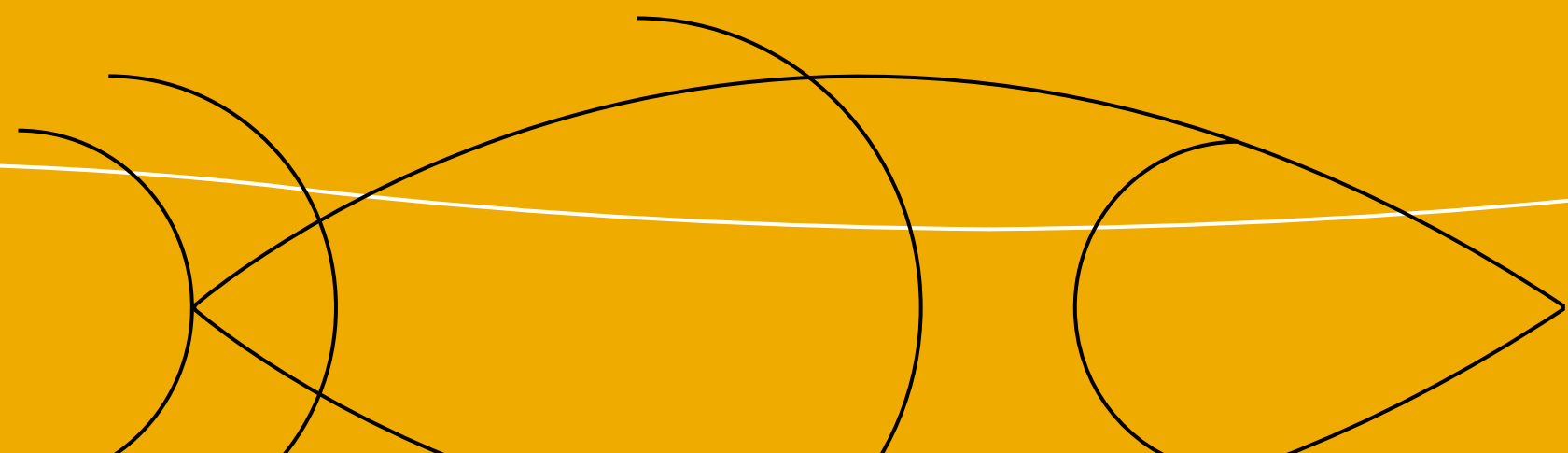
Enablement is business function, not a project.

Too often companies run out of enablement steam after hitting the first wave of suppliers. They see some early wins and pass the activity off to an administrative or part-time resource to see it through.

Successful companies see enablement as a function of their ongoing business and staff it accordingly. A dedicated resource can see enablement well beyond an initial outburst of activity and can analyze and adapt the plan as you go, onboard new suppliers as they come as well as add processes, spend types and capabilities as your business grows and matures. Plus, you'll need someone to manage the 30% of suppliers that will inevitably have questions or need follow-up along the way. With successful, mature enablement programs, electronic transactions are contractually required and the enablement of new suppliers becomes a standard internal process.

Remember, a long-term view of enablement makes the difference between achieving your goals and continually improving, or settling for a short burst of speed that can only lead to early burn-out.

Everything you need to know about connecting to suppliers, but didn't know to ask.

Successfully onboarding suppliers requires executive leadership, business commitment, and a well-crafted plan—one that clearly defines who you're going to enable, what phase you're going to do it, what spending you will enable, and at what level they will be integrated. Let's be honest, you and your supplier both want your relationship to be about more than just the transaction. You both want a digital *collaboration* that works across the entire process from sourcing to settlement.

You need a plan.

Start by making sure you know who in your company owns each supplier relationship, the primary vendor contacts and the last time the supplier master data was updated to make sure you are starting with a clean, de-duped list. Pick your primary selection criteria: is it by spend dollars or volume, spend category, supplier maturity, discount potential, or are they already enabled on a network and/or using catalogs? Then you can work with your supplier managers to determine the value of full, machine-to-machine integration and enabling catalogs as compared to a business-as-usual future for each supplier in your chain. After that, and after deciding who you'll enable, you need a full-fledged rollout plan to prioritize *how* and *when* you're going to enable them.

Suppliers are people, too.

Like you, suppliers want what's best for their company. They want options. They want to be informed, so they can make the right decisions for their organizations. And the more options you give them, the more suppliers you'll get. There is a direct relationship between the spending volume, spending category, number of documents and technical ability of a supplier that determines the benefit they'll receive from complying with your processes and the relative ease of enablement. Choosing a vendor who understands these "quadrants" and offers a wide range of connectivity and integration options can help sell the value of compliance to your suppliers and ease the effort required for integration. The right solution can save suppliers time and money managing everything from POs to working capital, and they may even find other buyers who would make the ROI of adopting your tool even stronger.
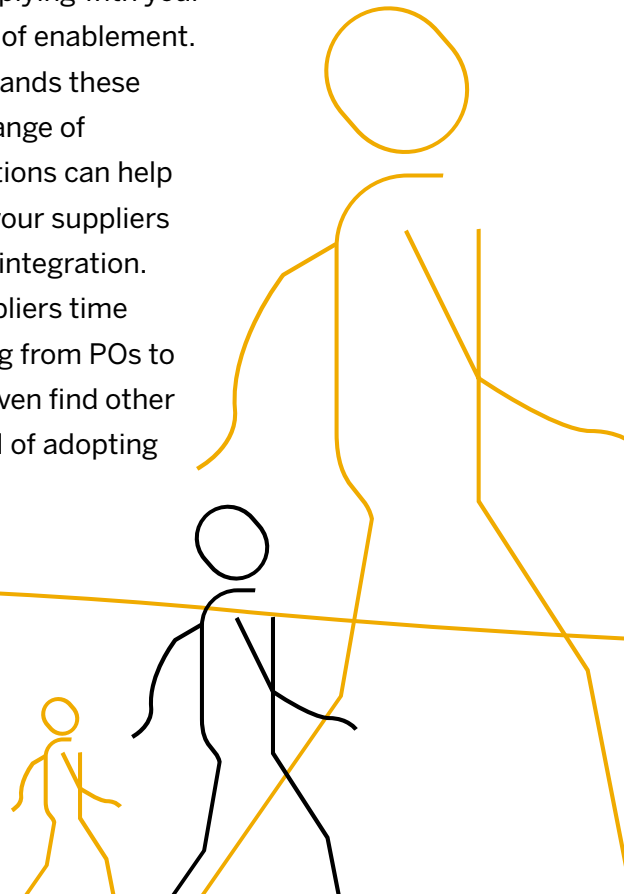
Defining a strong supplier compliance policy.

If a strong internal governance plan is essential to your deployment success, a clearly defined compliance policy for supplier enablement is equally important. A strong plan includes:

• Internal cross-organizational buy-in, not just awareness.

• Clearly communicated expectations on what processes or level of integration you expect each supplier to achieve.

• Clarity on the requirement. Is it mandatory? If so, say it and be willing to back it up.

• Set deadlines on when you expect compliance.

• Well understood plan of incentives (like early payment terms or discounts) and/or consequences (less favorable payment terms or added fees for paper transactions) for participation.

Supplier impact is enormous.

You're probably on a first-name basis with your biggest vendors, but if you don't also have a keen understanding of your once-a-year types, you're not going to know just how much they impact your KPIs. You need full visibility into every one of these transactions, because when you add them up, these small transactions can account for more overall spending than all your top-tier suppliers combined. Compounding this issue is the propensity to consider simple email transactions an integrated solution. They can make it look like a supplier is electronically enabled, but if you still have to enter the data from that email into your back-end systems, you're simply transferring the cost and errors of manual entry back to you. If you only have transactions with a supplier once a year, that might be fine. But when you get beyond 10 transactions, you need to look for a solution that goes beyond just moving emails around and actually opens it up and reads them.

A large office products supplier we work with gets more than 1,600 requests to connect each year. So who do they integrate with? The buyers who connect via SAP Ariba. SAP Ariba is simple, they're already set up, and they get better data to run their business. When they have better data, the office products supplier gets better data—whether it's around consolidating purchases for bulk rate discounts or adding high frequency one-off purchases to a pre-negotiated catalog offering.

How do you find the right enablement partner?

Bringing suppliers on board means being on the same playing field as those suppliers. You want a partner who gets not only your needs, but understands the wants, needs and preferences of your suppliers as well. This needs to work for all of you, after all, and the right partner appreciates the nuances of effective enablement, knows that suppliers are customers too, and understands their cooperation and happiness leads to your happiness.

One that's connected to suppliers at every level.

Your supplier enablement partner knows your suppliers' every need, and they know how to build a business case that takes your vendors beyond onboarding to true adoption. They know their way around large, multi-national companies and through the complexities of buyer/seller relationships. They know what it takes to connect a million catalog entries to the basics of a back-end system and are fluent in middleware, integration gateways, adaptors, custom code, data mapping, and every type of cXML. They get mid-size suppliers, too, and can effectively serve even the smallest supplier—onboarding them en masse while offering them choices about the level of connectivity that works best for them.

One that can help you with onboarding. Or simply do it for you.

The right enablement partner offers a complete range of services, from the simplest self-serve needs to the most complex integration systems. They have solutions they can mass deploy in weeks or those requiring a longer term commitment or measured roll-out. Your partner has the staffing and know-how to get things done, including account managers who strategize with you and full-time integration specialists who can easily link suppliers' catalog and receivable systems to your technology. They are continually adding advancements and innovations to their enablement programs, because choice is important and technology changes. And

finally, your supplier enablement partner has the built-in communication tools to help make the change simpler for every supplier.

One that speaks like your suppliers.

Your partner literally and figuratively speaks the language of your suppliers, making it possible to reach, be relevant to and build relationships with vendors all over the world, all of the time. They should have a huge install base and use that knowledge of suppliers' existing integration ability to speed and ease your roll-out. And, if there's ever a need for a new resource, they can tap into their well-established supplier base.

With SAP Ariba solutions, we no longer have to chase invoices and print duplicates. And our suppliers love the new process. Once they get faster visibility into invoice status and receive payments, they are strong advocates.

— Ed Aderman,
Financial Program Manager,
Global Procurement, Reed Elsevier PLC

A partner in negotiations.

Expect some supplier reluctance and even pushback—but don't be afraid to hold your ground. An onboarding partner can help convince suppliers of the value and advise them on the best solution for *their* business that also works for *your* business. Your enablement partner can provide critical guidance in best practices when developing a compliance policy that makes your expectations clear.

What if suppliers are really adamant about not embracing your new approach? It happens. Change can be hard for everyone, but a cooperative working relationship—a true partnership—requires give on both sides and two parties willing to evolve together.

One that understands that this takes time.

The right partner keeps the momentum going through each wave of enablement, offering a rolling, go-live process from your launch through your last set of suppliers. Maintaining this momentum takes weekly or bi-weekly meetings. It takes resources to keep a manageable number of suppliers in the pipeline, and see each one through not just onboarding, but testing, post-go-live operations, and ongoing monitoring. It also takes communication, and lots of it, customized for your unique situation and goals.

This long-term view of enablement is critical to your long-term success, and when you put these mechanisms in place—things like pre-established methodology, tools, materials and expertise—you not only see bottom line improvement today, but you improve your ability to efficiently onboard suppliers in the future.

SAP Ariba knows enablement, in 15 different languages.

With more than 10.2 million users in 190 countries, SAP Ariba really speaks to suppliers. This enables our 400 representatives to welcome more than 1,200 new companies to the network every week.

The Ariba Network allows Fenner Dunlop to extend our market advantage deep into our customers' supply chains. We have accurate and transparent visibility of our buyers' true needs along with requirements in real time. This gives us the ability to issue a clean invoice the first time, every time.

— Sheryl Sheridan,
National Administrative Manager, Fenner Dunlop

Secret

5

Thinking ahead to avoid the pitfalls.

A little explanation.

You're not walking through a minefield here, but because procurement in the cloud is a new way of thinking about how resources, goods and raw materials flow in and out of your company—and because that *dramatically* impacts how your company functions—you need to know where problems may lie.

A few red flags:

No executive buy-in, commitment or alignment.

When the people at the top don't understand the value, there's little-to-no chance of success.

No key performance indicators.

You need to know where you're going, when you've arrived and how to stay on track along the way.

No cloud commitment.

If you treat this as an on-premise project instead of a long-term cloud transformation, you won't get far.

You only hear "yes."

Your cloud vendor shouldn't be asking you only what you want, but also telling you what you're going to need.

Over-customization.

You want your solution to be *yours*, but if you customize too closely, you won't be able to take immediate advantage of new functions as they become available.

Paying attention to profile, not impact.

Do half the job—address only a few high-profile suppliers, but not-truly-impactful processes—and there's no way to fully transform your company.

Too little onboarding.

You'll do it in phases, but onboarding all your suppliers—or at least enough of the "right" suppliers—is critical to capitalizing on the cloud.

A quick recap of everything you need to know.

The five secrets in this book aren't ideas companies are talking about (although they soon will be), but that doesn't mean they're difficult to follow.

1

Leverage as much out-of-the-box functionality as possible and avoid my-way-or-the-highway thinking. Letting your people *adopt* the solution is much more efficient and productive than customizing the solution to adapt to your people. Plus, a regular monthly or quarterly release schedule will easily keep things up to date and allow users to adopt relevant parts of the solution, while focusing on what allows your company to stay competitive.

2

Think about technology in a different way. This isn't a one-and-done upgrade, it's a commitment to change and to taking a user-centric viewpoint on how work gets done. Start an ongoing conversation with your users, listen to them, provide guidance on making the solution work, and put together a best practice support center to smooth out any bumps along the way. Again, a regular release schedule will keep users involved and up to date.

3

Drive success across the board. If you want long-term success, you have to work at it long term. It's about inspiring change and instilling value along every step of the sourcing, procurement and spending processes—from forecasting and planning to paying and compliance.

4

Work with everyone, not just your largest suppliers. Broad-based onboarding is critical: you have multiple layers of suppliers, and if you only focus on the top tier, you're going to miss out on as much as 80% of your spend. Find a partner willing to work all your suppliers through integration.

5

Know what's coming. We've pointed out the pitfalls, and we promise you, they *are* pitfalls. Be prepared by getting buy-in, measuring progress, committing to the long haul, under-customizing, fully executing and onboarding all your suppliers.

A few things to look for in a partner.

Perhaps the most critical thing you want from your partner is proven experience. That might seem obvious, but again, the issues pointed out in this book might seem obvious, too, until your partner fails to point them out or help you follow them.

You want someone who's done this before, in other words. Over and over and over again. Someone who crosses that long, lonely bridge from "vendor" to "partner." Someone who:

• Exhibits and expects sponsorship, leadership and commitment.

• Takes ownership of the account and the team, and stays in contact beyond deployment.

• Manages your metrics, keeps a performance scorecard, and recommends practice and policy improvements.

• Offers best-practice enablement, full training services, and a history of experience with suppliers at every level.

• Delivers innovation in regard to both your company's technical needs and the wants of your users.

• Provides comprehensive support services because, well, sometimes things happen.

• Sees you through the entire lifecycle—from planning to support—no matter the twists and turns your business takes.

SAP Ariba solutions have helped Bank of the Philippine Islands achieve our procurement transformation goals and our journey has been successful because of SAP Ariba's Customer Management Organization. They are truly a differentiator and trusted advisor in this journey.

— Harold T. Taguba, Head of Supply Chain, General and Administrative Services Division, Bank of the Philippine Islands
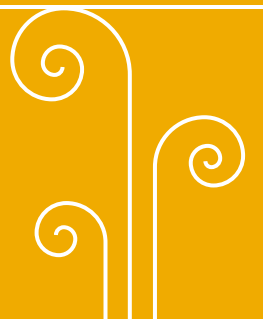
Now you know what you need.
It's time to consider the cloud.

It *is* awesome up here in the cloud, and soon, you'll know why.

When you move to the cloud, your business will see immediate benefits. The process of sourcing, buying and paying for goods and services will be more efficient. Your employees will love the experience. You'll get more control over spending and get more from your vendors and suppliers. But this shift to the cloud is about so much more than immediate return.

Think about it like this: You're not buying another application or set of code, you're signing up for the ability to adapt to everything that's on the way. You're freeing yourself from software solutions that keep you pinned down and buying a permanent pass to innovation and agility. *You're not doing things the way they've been done, but the way they will be done next.*

The journey to the cloud may not be simple, but now you know the steps to get there, and the results are simply awesome.
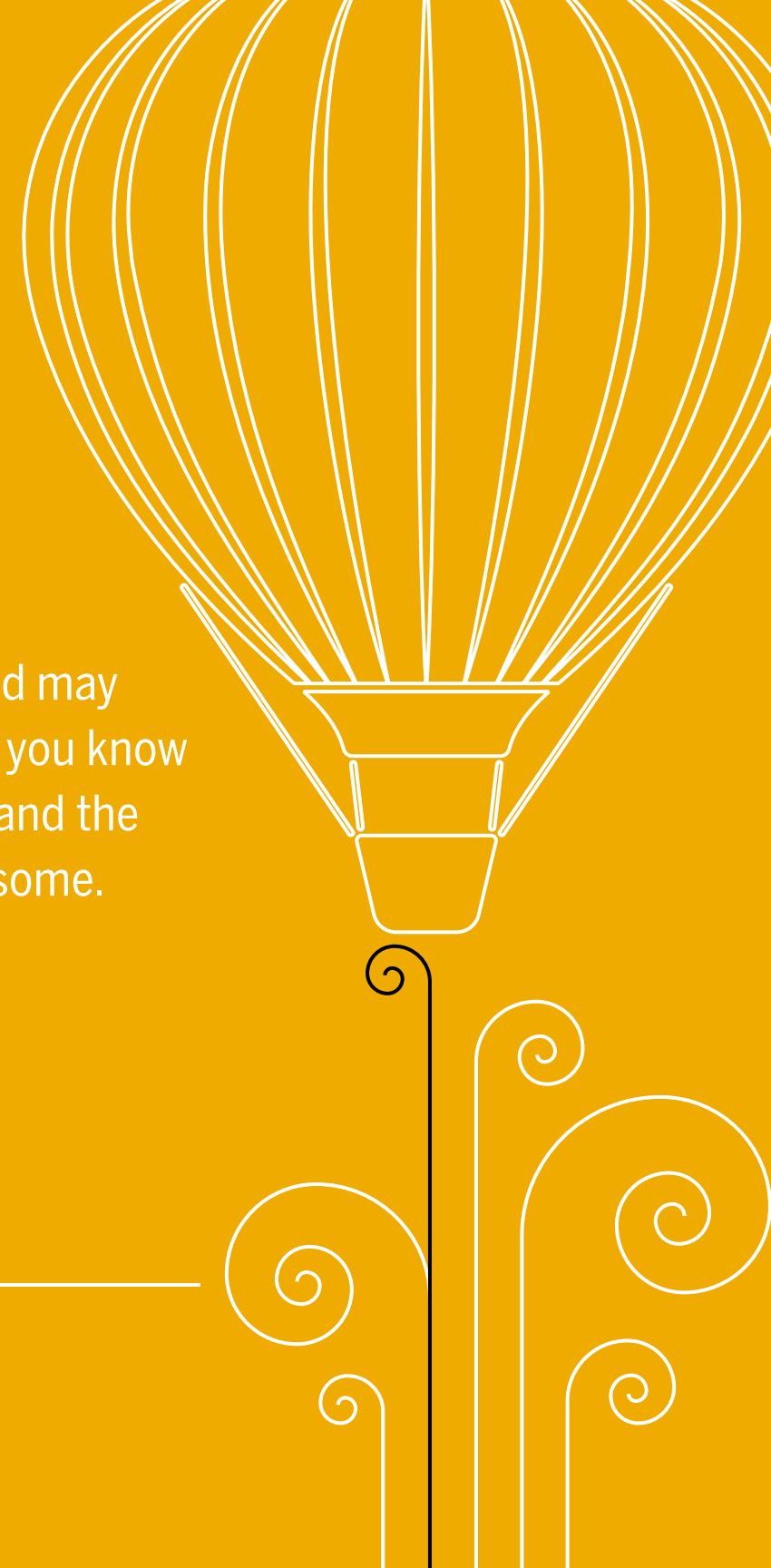
Making the cloud work for you.

MetLife had a well-established on-premise procurement solution. But changing industry regulations and global needs required them to re-evaluate their approach. As they took a look at their options, they turned to the cloud for a better solution. And as deployment began, teams started moving many of their custom, non-standard processes to the new cloud solution. Leadership recognized that it would be easier, and more cost effective, to adopt best practices than re-establish their old processes in the cloud solution. In fact, upon closer look, there was very little difference between the customizations they wanted to make and what the cloud offered. The benefit was a rapid go-live and the ability to have a single, global solution. Now they can expand their business and reach while meeting ever changing industry and country demands.

"SAP Ariba has been a great partner in moving our existing Ariba solution to the cloud. We make better decisions about what we need, and then establish the right internal programs for change that enables us to meet regulatory requirements and achieve a global procurement best practice center."

— David Zaccagnini, Vice President, Global Procurement Operations, MetLife

SAP Ariba

SAP®