POWERING INTERNATIONAL PROCUREMENT STRATEGIES WITH SAP® SRM AND ARIBA®

About our client

Our client is a global player in the power and gas markets and a leading company in the energy production sector. With a strong presence in Europe and Latin America, it operates across four continents counting millions of users worldwide.

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Executive Summary

Our client is composed of several subsidiaries with worldwide operations. With each subsidiary managing its own procurement processes on different applications and systems, the organization was prevented from achieving truly efficient, cost optimized procurement processes.

With an ambitious **Business Transformation** project, the company set the strategic goal of implementing a **Common**

Global Purchasing Model for the whole organization of EMEA and LATAM.

By building a **unique common platform** based on SAP® SRM and Ariba® for more than 10,000 Users (Purchasing Users and Final Requesters), our client was able to implement a data-driven procurement strategy and optimize global procurement operations, creating a harmonized, global purchasing standard on a single system.

Challenges

Prior to the implementation of the common platform, our client was managing their sourcing activities through different information systems and different processes, resulting in several inefficiencies in the overall procurement strategy.

In order to overcome the challenges presented by this scenario, the company took on a Business Transformation initiative in order to create a completely **unified, optimized procurement strategy.** The main challenges they faced included:

▶ DEFINING A GLOBAL PURCHASING MODEL

To define the Global Purchasing Model, a deep analysis of the organization's diverse procurement operations and platforms was required in order to develop one **common, efficient and compliant** purchasing model based on **best practices** and capable of scaling to several countries. As this Global Purchasing Model required an **increased transparency and control** of the end to end purchasing process, there was impact to several of the entities' existing procurement processes and end user roles.

▶ SYNCHRONIZATION WITH OTHER PROJECT INITIATIVES

Throughout the project lifecycle, our client needed to synchronize with other project initiatives in place (e.g. ECC back-end migrations, HANA® migration, HEC infrastructure migration) that were being carried out simultaneously and which added **additional complexity** to the project management.

▶ COST OPTIMIZATION & REALIZATION OF COST SAVINGS

In order to achieve cost optimization, our client focused on **asset optimization** (common infrastructures and applications) to reduce overall operating expenses. This goal required a deep analysis of the global systems landscapes in order to determine what applications could be leveraged for the project implementation.

The Solution

In the first phase of the project, the Industry **best practices** were analyzed together with the most efficient processes and procedures currently adopted among the organization's entities and countries. All of the main actors were involved from the beginning, including the customers of the Purchasing area. In addition, all regions were considered, taking into account both legal and process differences. This assessment phase resulted in the design of a **fully optimized Global Purchasing Model.**

In order to enable the adoption of the standardized process, in the second phase of the project the company decided to implement a common platform for the global sourcing management, developing an **innovative hybrid solution** built on SAP Ariba, SAP SRM on SAP Cloud Platform, with more than 10 SAP ECC back-ends.

The choice of the new architecture was the result of a study involving Business people, ICT and SAP / Ariba experts. The new architecture was designed with a **brown field approach,** leveraging upon components that were a part of the former architecture already in place at the company. SAP Ariba, which was being used by the our client's subsidiaries in Italy, allowed for an **easy process alignment** following both the Industry and SAP best practices, with no need of major process redesign.

Transparent communications, excellent change management, team motivation and the precise monitoring of plan progress were the key factors that ensured a **successful and timely delivery** of the project, while also continuing and not disrupting our client's other active migration initiatives.

The new model was deployed to the Italian subsidiaries first, followed by other countries in EMEA and LATAM, and currently serves **1,000+ purchasing users** and **10,000+ requesters**.

Products

- SAP Ariba
- SAP SRM on SAP Cloud Platform
- SAP Enterprise Portal
- SAP PI
- SAP MDM
- SAP ECC (more than 10 back-ends)

How The Solution Helped

With the definition of an optimized Global Purchasing Model and the implementation of a common platform, our client achieved a **true purchasing process standardization,** turning potential cost savings into reality by leveraging the power of being an international group with a consolidated and well-defined **procurement strategy.** Implementing a single system, the redundancy of platforms was removed, in this way allowing also **immediate savings** in terms of licensing and infrastructure costs.

Thanks to the advanced features and purchasing tools now available with the new implementation, the company was able to provide a **unified, comprehensive platform** that allowed the effective management of every step of the purchasing process.

The organization has now **maximum transparency and control** over the entire procurement process, from initial inquiry to the award of a contract, and the selection of qualified suppliers and sourcing operations are easier and faster. The vendors' performances and the purchasing activities of each entity are **fully tracked and monitored** on the centralized platform, with all key information available immediately on hand. Leveraging these comprehensive insights, users can build **strategic synergies** between different company's entities, achieving **cost optimization** and maximizing the monetary value of purchases.

Results, ROI and Future Plans

The integration of SAP SRM on SAP Cloud Platform and SAP Ariba with a Hybrid environment (On-Premise and Cloud solution) represented a **great innovation** for the Industry standards, bringing a distinctive **added value** to the project.

Implementing a common system for all the company's subsidiaries, the project allowed to remove the redundancy of platforms, optimizing the TCO and providing an immediate ROI by **reducing operating** expenses, in terms of infrastructure and licensing costs. Further cost optimization was reached thanks to the **international procurement strategies** that were enabled throughout the company by the adoption of an optimized global purchasing model.

In the near future, our client is evaluating to introduce also invoice management features to the new system.

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At Techedge, our mission is to help organizations evolve into true digital companies through short iterative cycles of business-driven innovation.

We provide business solutions and services that combine business advisory, technology expertise and premium delivery capabilities, with a lean, trust-based approach.

With nearly 1,700 professionals worldwide, we offer our clients the scalability of a global provider, the flexibility of a local partner, and the competence of a strategic, trusted advisor.

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ABOUT THE **AUTHOR**

Marco Cambi
Supplier Collaboration Practice Director

Marco has nearly 20 years of experience in the procurement area, leveraging technology as the enabler for more efficient procurement processes.

He has led the strategy and implementation of central and global purchasing initiatives, as well as several eProcurement, sourcing and supplier management platforms for multinational clients around the world.

Marco is an expert in eProcurement platforms, strategic sourcing and supplier enablement. He has lead the Procurement practice at Techedge since his start with the company in 2005.

Prior to that he held positions of increasing responsibility in the consulting industry, where his work focused on supplier collaboration and purchasing process integration.
Marco earned a Master's degree in engineering from Politecnico di Milano, Italy.