



Procurement Strategy Management

31st of May 2022

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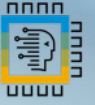
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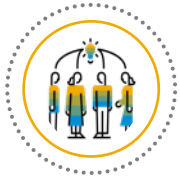
Agenda



Innovation in **Procurement Strategies Management**



Impact, Demonstration & Procurement Strategy Dashboard (Lab preview)



Benefits



Reference Customer SAP GPO





Reporting & Procurement Strategy Analytics

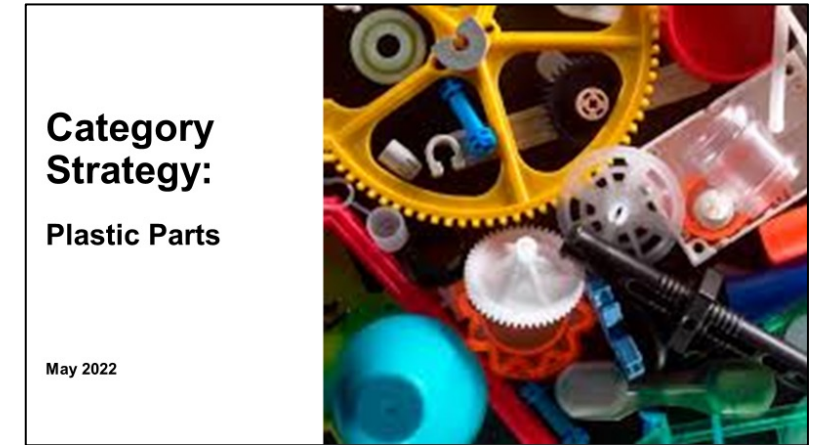
Procurement moves strategies into the digital age



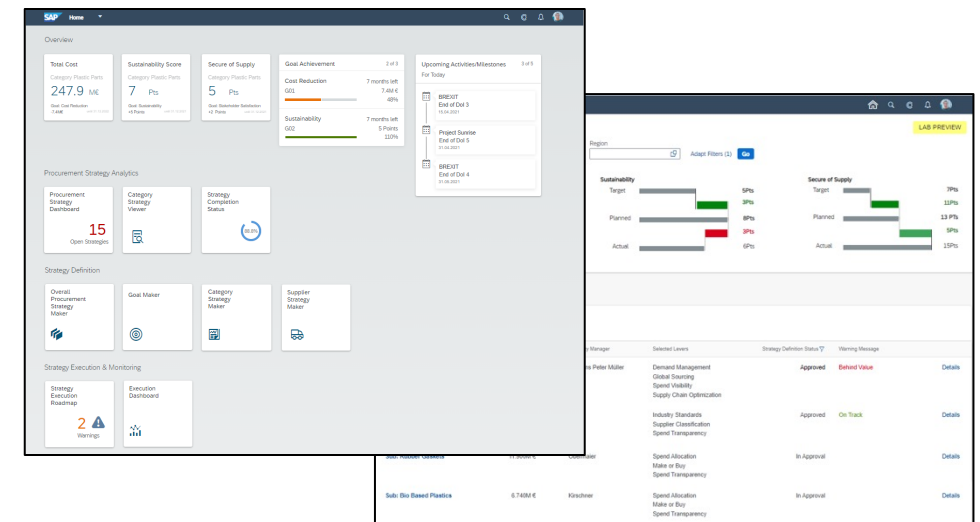
ANALOG



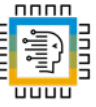
DIGITAL



Powerpoint & Excel

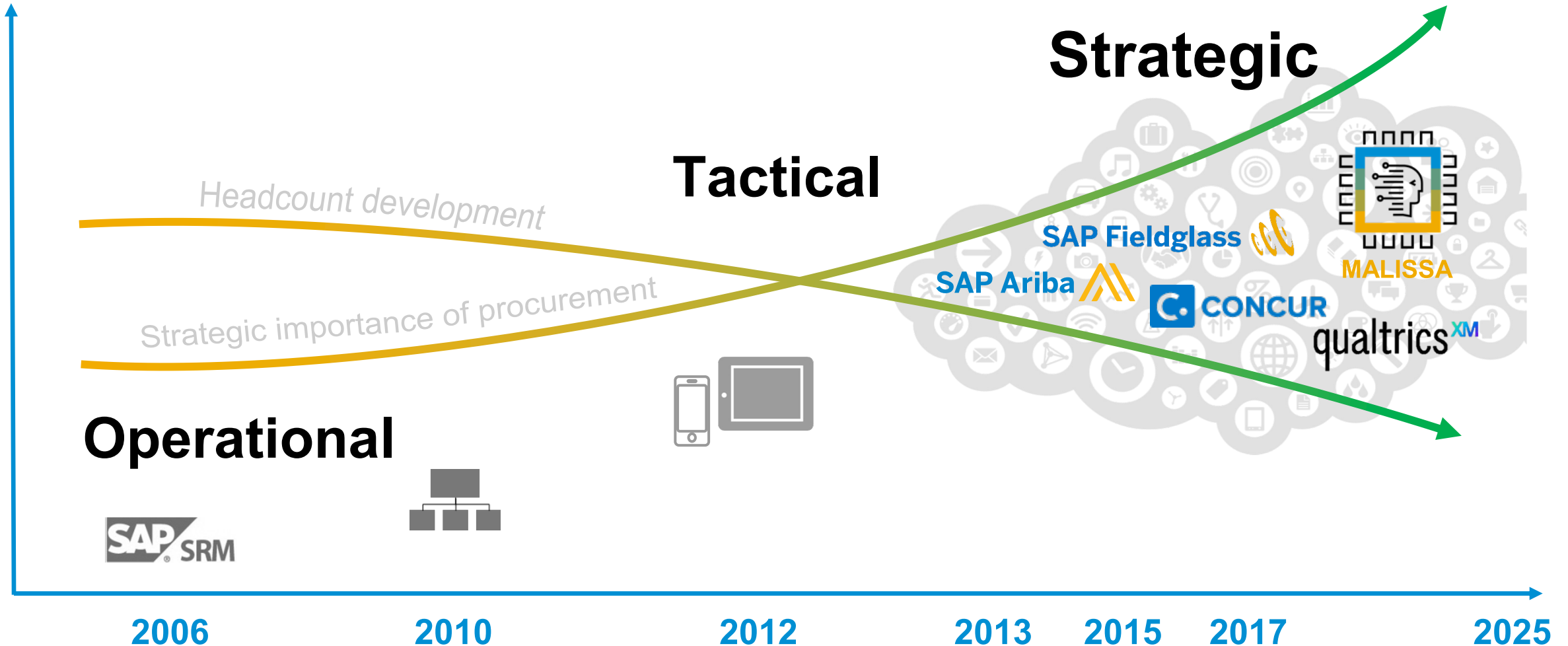


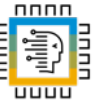
MALISSA



Evolution of Procurement

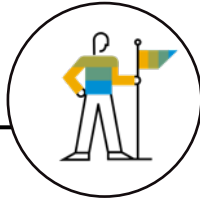
Towards a Strategic Function in a Fast and Dynamic Environment





Transform Goals Into **Strategies & Actions**

1. Procurement Goal



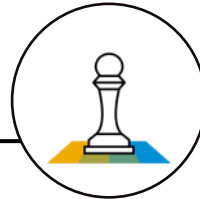
- Central **goal definition**
- Clear and transparent **KPIs**
- Top-down **target setting**
- Bottom-up **target validation**

2. Insights & Analysis



- Evaluate **category dynamics** and driving forces
- Leverage standardized frameworks for **consistent results**
- Integrate **external content providers**

3. Define Strategy



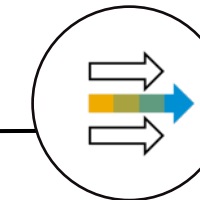
- Evaluate technical, commercial, and organization **procurement levers**
- Investigate **impact on goal achievement** and potential conflicts

4. Actions & Roadmaps



- Translate levers and measures into **specific actions and initiatives**
- Develop execution roadmap and impact on KPIs along clearly defined “**Degrees of Implementation**”
- Forecast **ramp-up** of expected impacts

5. Execution & Management



- **Monitor** strategy **execution** along planned and realized Degrees of Implementation and **KPI impacts**

6. Adjust & Refine



- **Agile approach** to execution impacts and unexpected developments

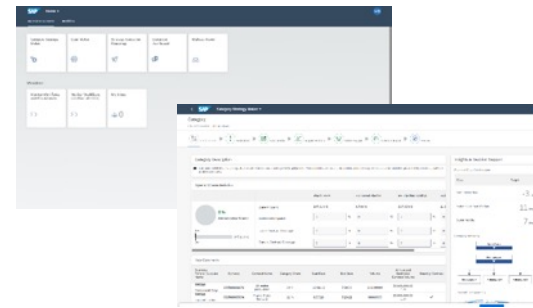
SAP MALISSA evolution

2020



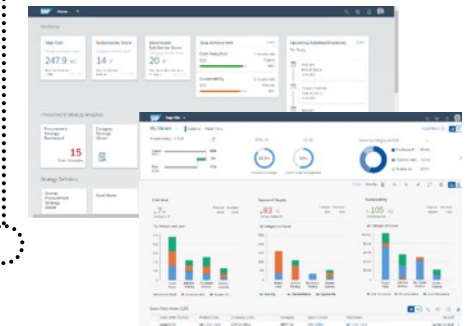
- Ideation, concept and development stage

2021



- MALISSA public introduction
- Go-live with first reference customer SAP GPO
- New developed features:
 - a) Enhancements and bug fixing for first go live
 - b) Improved workflow 2.0
 - c) App & API for master data loading and customizing setting definitions
 - d) Advanced role management

2022



- Ready to use Advisory Services for MALISSA (Business Assessment, Maturity Assessment, Discovery service)
- MALISSA CRISIS Package
- In Concept phase: Analytics for Strategy Management

Agenda



Innovation in **Procurement Strategies Management**



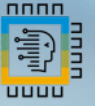
Impact, Demonstration & Procurement Strategy Dashboard (Lab preview)



Benefits



Reference Customer SAP GPO



MALISSA impact and added value

Enables the procurement management to contribute transparently to the company goals



CFO

**Transparency of the procurement goals
& goal achievements**



CPO

**Improved orchestration of
strategic procurement**

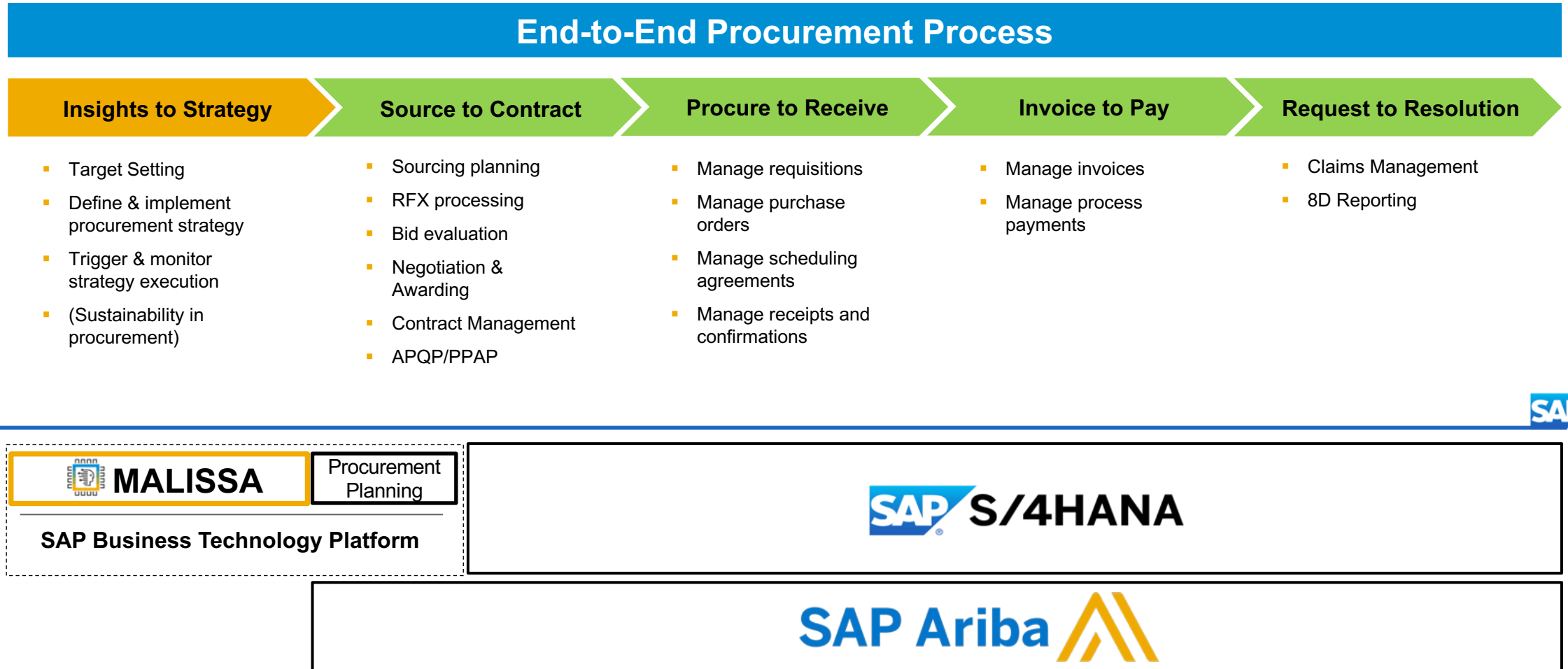


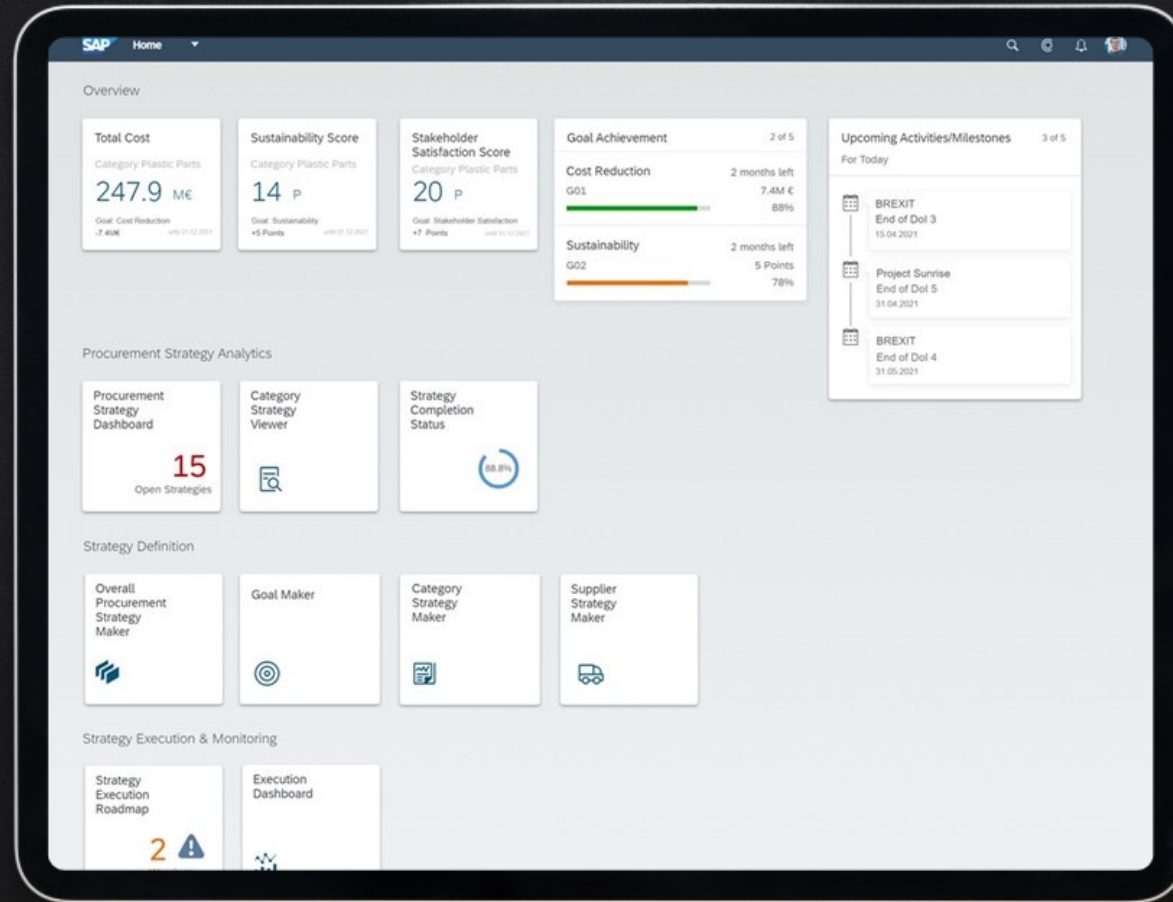
**Category
Manager**

Guided & integrated strategy approach

Enabling digital End-to-End Procurement Process

Procurement starts with **Insights to Strategy**





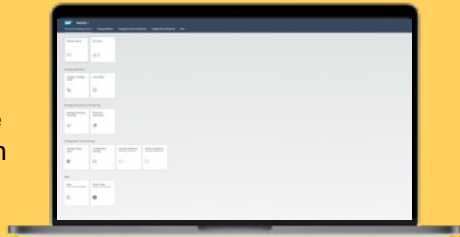
Demonstration

MALISSA User Journey

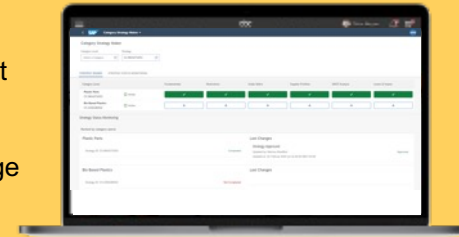
Example: Update category strategy and plan strategy execution



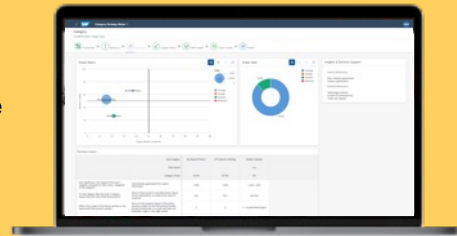
Enter the MALISSA-app with current capabilities: Manage procurement goals, update and share category strategies, plan and monitor strategy execution



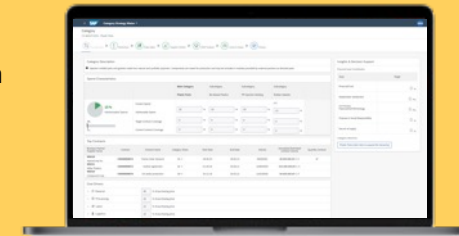
Select category and get full transparency on editing and approval status on summary page



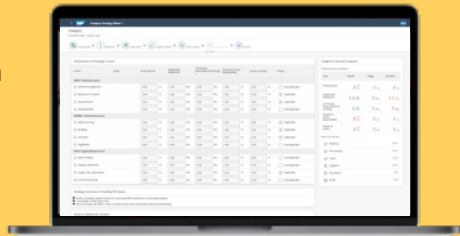
Analyze category, leveraging best practice frameworks such as Kraljic matrix or SWOT



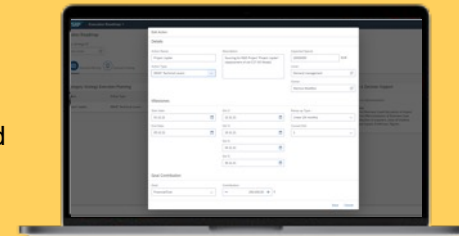
Evaluate and edit main internal and external driving factors and key stakeholders



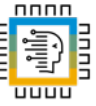
Conduct guided evaluation and selection of relevant procurement levers (technical, commercial, organizational)



Translate category strategy into specific execution roadmap and actions



Value Levers



Category

CS-9841071653 - Plastic Parts

Fundamentals

Restrictions

Kraljic Matrix

Supplier Portfolio

SWOT Analysis

Levers & Impact

Preview

Assessment of Strategic Levers

Levers	Detail	Financial/Cost	Stakeholder Satisfaction	UX Process Improvement/Technology	Purpose & Social Responsibility	Secure of supply	Priority
WHAT: Technical Levers							
1 Demand management		0.00 %	2.50 Pts	0.00 Pts	1.50 %	0.00 %	☐ Not Applicable
2 Reduction of variants		0.00 %	0.00 Pts	0.00 Pts	0.00 %	0.00 %	☒ Applicable
3 Respecification		0.00 %	3.00 Pts	0.00 Pts	1.50 %	0.00 %	☒ Applicable
4 Standardization		0.00 %	0.00 Pts	0.00 Pts	0.00 %	0.00 %	☐ Not Applicable
WHERE: Commercial Levers							
1 Global Sourcing		0.00 %	0.00 Pts	0.00 Pts	0.00 %	0.00 %	☒ Applicable
2 Bundling		0.00 %	0.00 Pts	0.00 Pts	0.00 %	0.00 %	☒ Applicable
3 Allocation		0.00 %	0.00 Pts	0.00 Pts	4.50 %	0.00 %	☒ Applicable
4 Negotiation		0.00 %	0.00 Pts	0.00 Pts	0.00 %	0.00 %	☐ Not Applicable
HOW: Organizational Levers							
1 Spend visibility		0.00 %	0.00 Pts	0.00 Pts	0.00 %	0.00 %	☐ Not Applicable
2 Supplier relationship		0.00 %	0.00 Pts	0.00 Pts	0.00 %	0.00 %	☐ Not Applicable
3 Supply chain optimisation		0.00 %	1.50 Pts	0.00 Pts	2.00 %	0.00 %	☒ Applicable
4 In and Outsourcing		0.00 %	0.00 Pts	0.00 Pts	0.00 %	0.00 %	☐ Not Applicable

Strategy Summary & Guiding Principles

Build up strategic supplier/ partner for upcoming shift towards focus on bio-based plastics

Consolidate overall supply base

Early exchange with R&D in order to influence best value specifications (Business Partnering)

Notes & Additional Context

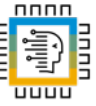
Insights & Decision Support

Planned Goal Contribution

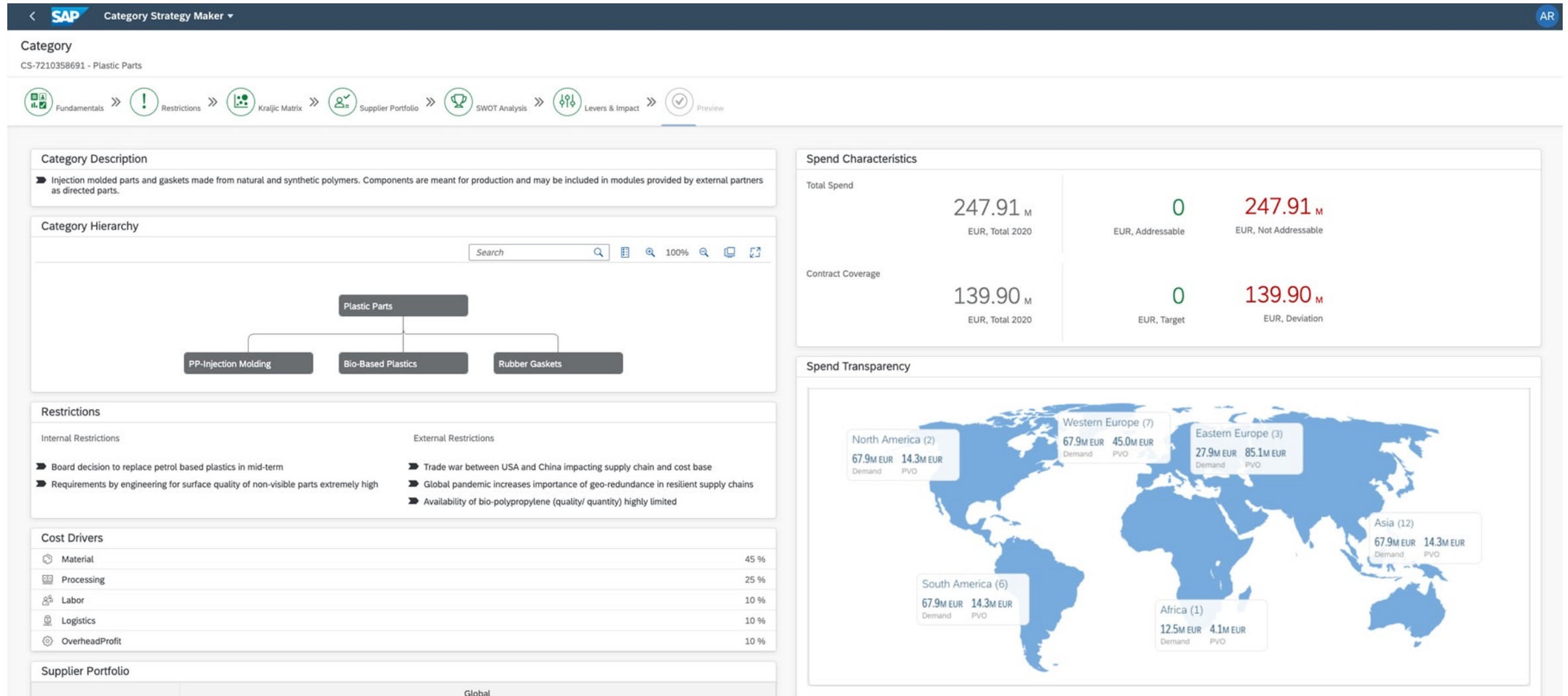
Goal	Details	Target	Deviation
Financial/Cost	0 %	0 %	0 %
Stakeholder Satisfaction	4.5 Pts	0 Pts	4.5 Pts
UX Process Improvement/Technology	0 Pts	0 Pts	0 Pts
Purpose & Social Responsibility	8 %	0 %	8 %
Secure of supply	0 %	0 %	0 %

Main Cost Drivers

Material	45 %
Processing	25 %
Labor	10 %
Logistics	10 %
Overhead	5 %
Profit	5 %

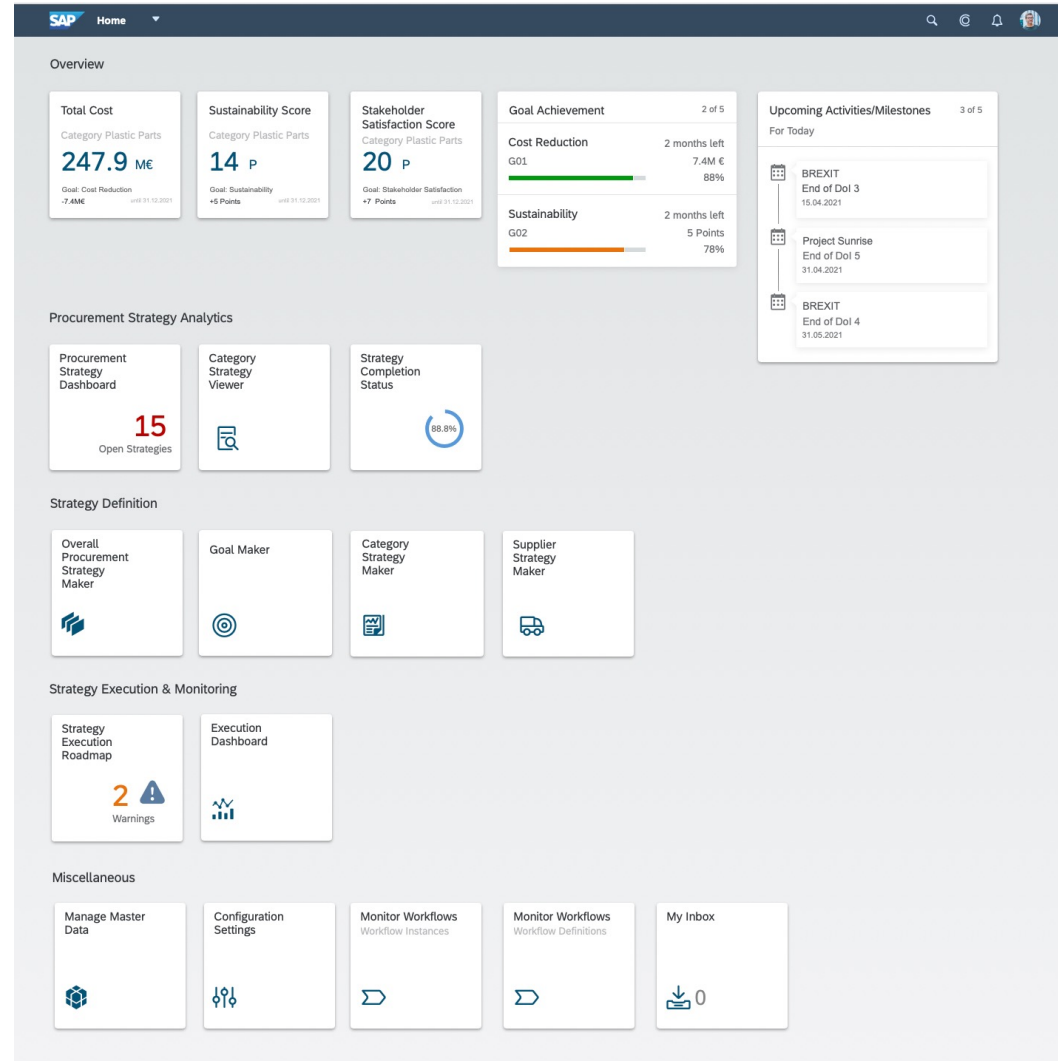


Strategy Preview





Category Strategy Launchpad

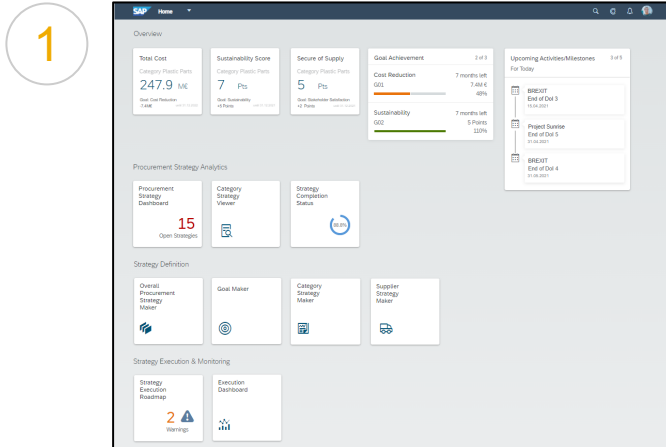




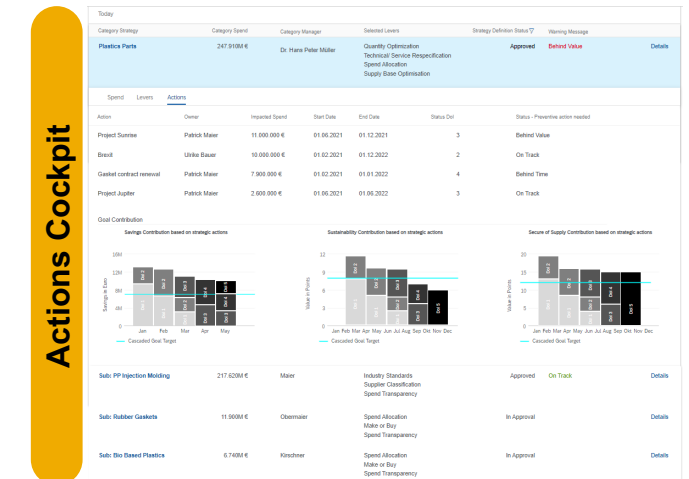
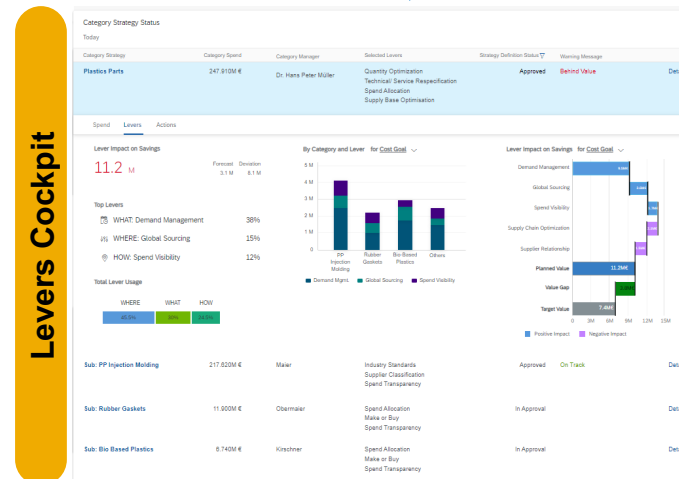
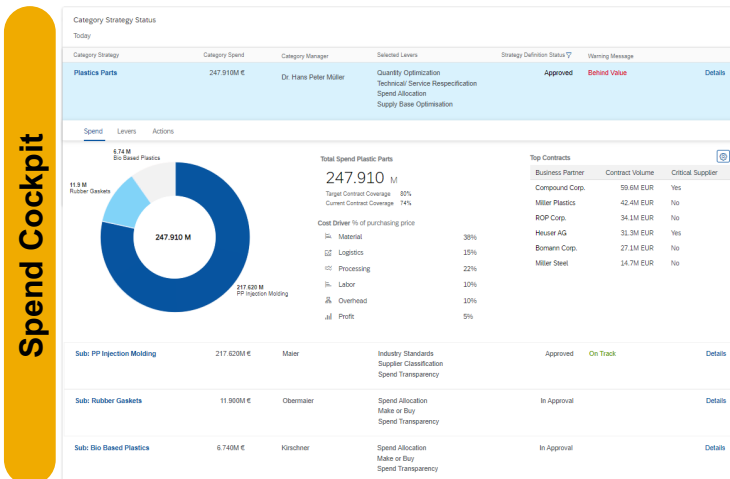
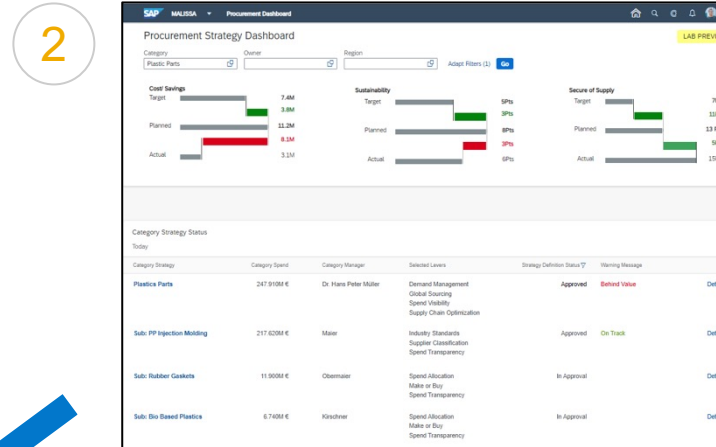
Reporting & Procurement Strategy Analytics

Procurement moves strategies into the digital age

CPO Landing Page (Cockpit)



Category Cockpit



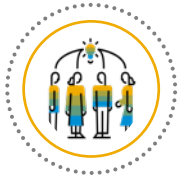
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Innovation in **Procurement Strategies Management**



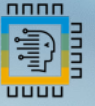
Impact, Demonstration & Procurement Strategy Dashboard (Lab preview)



Benefits

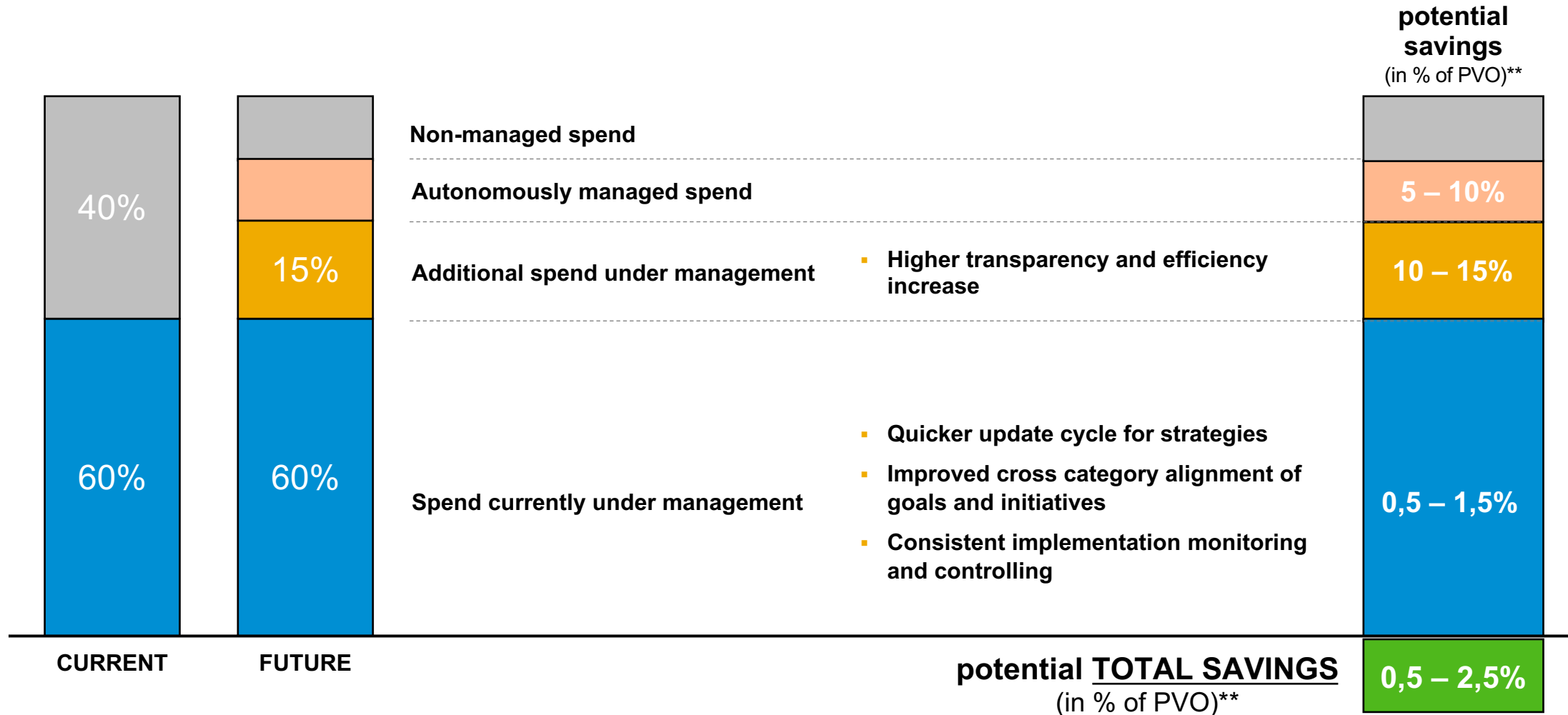


Reference Customer SAP GPO



MALISSA – potential total savings

Initial outside-in view indicates **very strong value proposition**



** Assumption based on BTS consultants from cost optimization projects

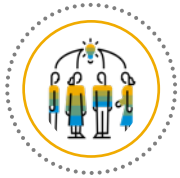
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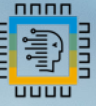
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Benefits



Reference Customer SAP GPO



SAP Procurement **CRISIS PACKAGE**



Customer challenges

- Main focus on fire fighting (reactive) and almost no time to be proactive
- How to get resilient for next crisis?
- Updating category strategies is time consuming

Key questions

- How to overcome the dilemma to be reactive to address supply issues in procurement as well as to find time to be proactive and get resilient?
- How to do that in short term with an accelerated approach
- How can SAP support me preparing for “next covid crisis”?

Value proposition

- Get experienced consulting support to speed up
- Address supply issues reactive as well as proactive
- Become resilient for next crisis

**Disruptions
are the new reality.**

**We should deal with
them.**

TOGETHER



**“We can better
demonstrate the success
and relevance of our
purchasing organization.”**

**– Nikolaus Kirner,
Chief Procurement Officer &
Senior Vice President,
SAP SE**

Achievements

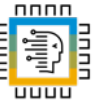


SAP Runs SAP: Connecting Procurement Strategy with Execution for Improved Employee and Customer Experiences

The mission of multinational software company SAP SE is to help the world run better and improve people's lives. To support this vision, SAP's Procurement organization developed an innovative, strategic approach based on existing and future trends and facts, including controlled initiatives and the measurement of results to help ensure continuous improvement. The organization wanted to leverage **thought leadership and best practices to help align procurement strategy and execution** and improve customer and employee experiences and satisfaction.

THE BEST RUN 





Enabling SAP's Procurement Organization to Reach a New Level of Strategic Management with Innovative Technology from SAP

Before: Challenges and Opportunities

- Disconnects between procurement strategy and execution
- No system support for alignment of procurement goals, strategies, and initiatives
- Reactive, project-based management instead of agile, insight-to-strategy processes

Why SAP

- Thought leadership and best practices in digital procurement strategy management, from conceptual solution design to execution, provisioned by the Business Transformation Services group
- Proven approach of analyzing current conditions and state, developing a joint vision of targeted goals, and enabling a comprehensive, sustainable transformation journey for tangible success
- With SAP Service we provision a new technology for procurement strategy management, which can be adapted to customer needs and into their system landscape (based on MALISSA initiative).

After: Value-Driven Results

- Unified approach and processes for procurement strategy management, from goal definition to execution
- Better employee experiences and increased process effectiveness with replacement of multiple stand-alone tools.
- Improved procurement performance through data-driven management and integration with a digitally enabled insight-to-strategy approach

“With our approach and tools digitalized and standardized, we can define, align, and execute strategies in trackable procurement initiatives. So we can **better demonstrate the success and relevance of our organization.**”

Nikolaus Kirner, Chief Procurement Officer and Senior Vice President, SAP SE

Optimized

Strategic outcomes through best practices and quantitative analysis

100%

Visibility into procurement processes

SAP SE
Walldorf, Germany
www.sap.com

Industry
High tech

Products and Services
Enterprise application software and services

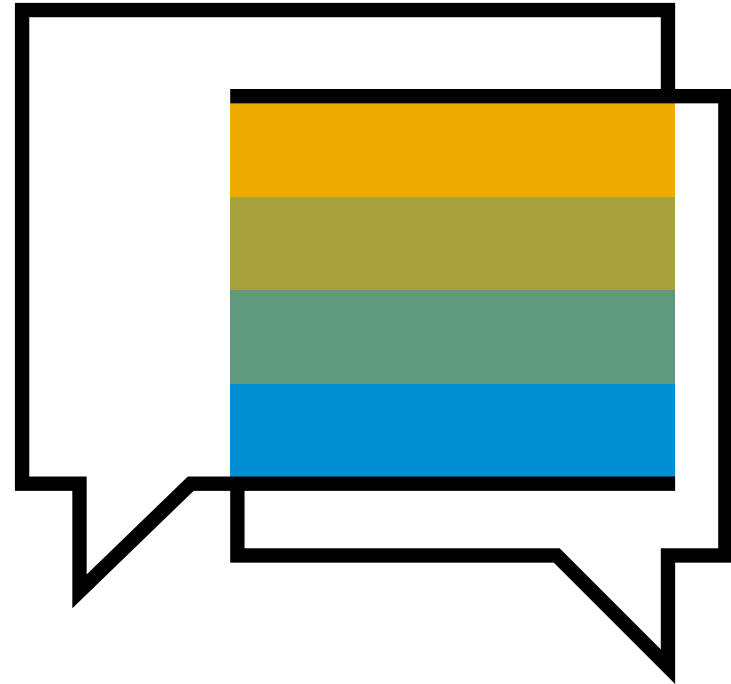
Employees
>105,000

Revenue
€27.3 billion

Featured Services
SAP Services and Support and business and value assessment service for procurement

THE BEST RUN 

Q & A





Thank you

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