



SBN Procure to Pay Day

How SAP Run Intelligent Spend Management

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INTERNAL – SAP and Customers only

Introduction



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Agenda

SAP SE | SBN Procure to Pay Day | 31st May 2022

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|----|---|-----|
| 1. | Welcome and Introduction | 5' |
| 2. | How SAP Run Intelligent Spend Management <ul style="list-style-type: none">• The WHY• The HOW• The WHAT• The WOW and NOW | 30' |
| 3. | How SAP Run Procurement Strategy Management | 30' |
| 4. | Q&A Session | 10' |

The **WHY**

Source-to-Pay (S2P) – Our business challenges & priorities in a challenging environment and opportunities

Accelerating digital transformation



Human Rights Due Diligence (LkSG*)



Increasing regulations / GDPR



Pushing for sustainability



End User Satisfaction



Increasing frequency of disruptive events



Increased Board expectations



Tight supplier market



Cost measures



War of talents

CHALLENGES

OPPORTUNITIES

New technologies (SAP runs SAP)



Standardization and automation



Procurement Channeling Chatbots



Migration of services into Service Delivery Hubs



Advanced analytics, more insights & data driven decisions



Life long Learning



Network & partnerships



Supply Chain Carbon Neutrality by 2030



Social procurement spend ratio "5&5 by 2025"



Extend collaborative relationships with existing supply base

Source-to-Pay (S2P) – Our facts and figures

2021

107,000+
SAP employees globally



€27.8 billion
SAP Total revenue



€5.3 billion
Spend



14,600+
Global suppliers



Goods & Services procurement



€3.9 billion
Spend on Goods

310,000+
Purchase Orders created

External Workforce



€1.2 billion
Spend on External Workforce

40,000+
External Workers

Travel & Expense



€800 million
Spend on Travel ¹⁾

1 million
Trips per year
in >70 countries ¹⁾

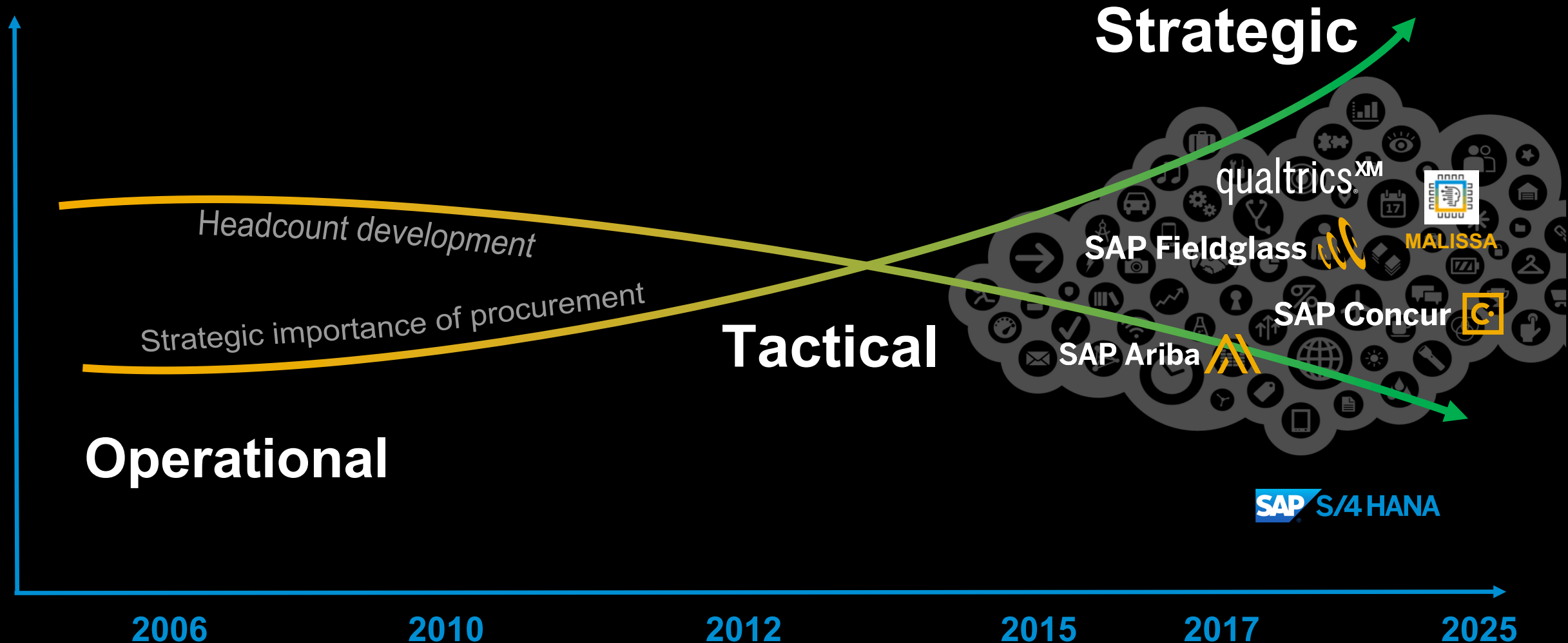
¹⁾ Refers to data from 2019 – prior to COVID-19 pandemic

Accounts Payables & Payments



710,000+
Invoices processed

Evolution of Source-to-Pay towards a Strategic Function in a fast and dynamic environment



The **HOW**

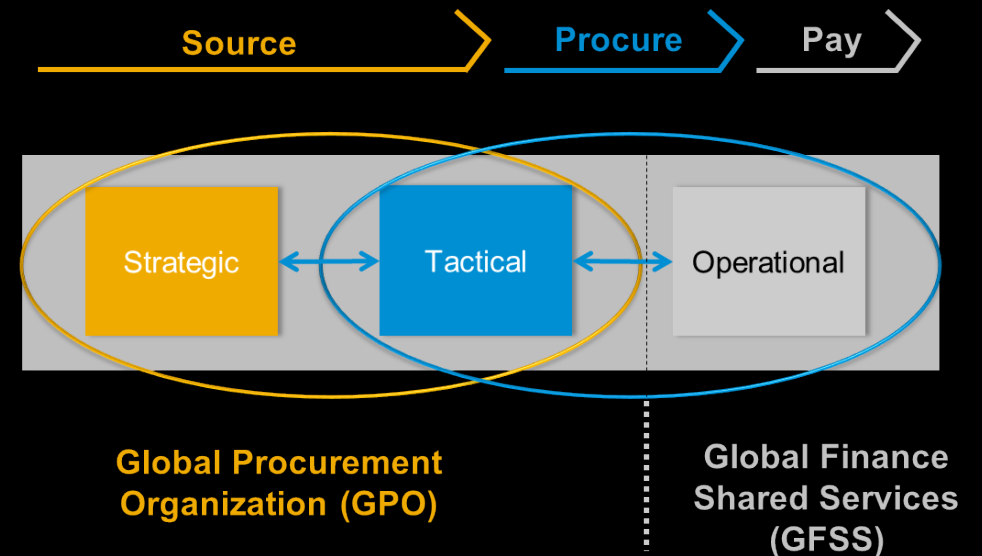
Source-to-Pay – Our organizational set-up

Global Procurement Organization (GPO) combines all tactical and strategic procurement functions

- Center-led global Organization steered by global Categories, executed by Sourcing Excellence Champions, enabled through COO
- GPO colleagues are based in more than 40 locations globally
- Be a value enabler to our Businesses and a fair partner to our suppliers

Global Finance Shared Services (GFSS) combines all operational procurement functions globally

- GFSS provides operational support for the complete Procure-to-Pay end to end process starting from vendor master data & compliance management, through procurement operations and accounts payable to payments and securing transactional compliance
- With employees from over 35 nationalities the Procure-to-Pay team serves the SAP legal entities from its three main shared service center locations in Prague, Buenos Aires, and Manila
- Delivering high quality services through simplifying, standardizing, and automating finance processes while at the same time we focus on development of our people



Source-to-Pay – Our Operating Model

Business demands from various channels

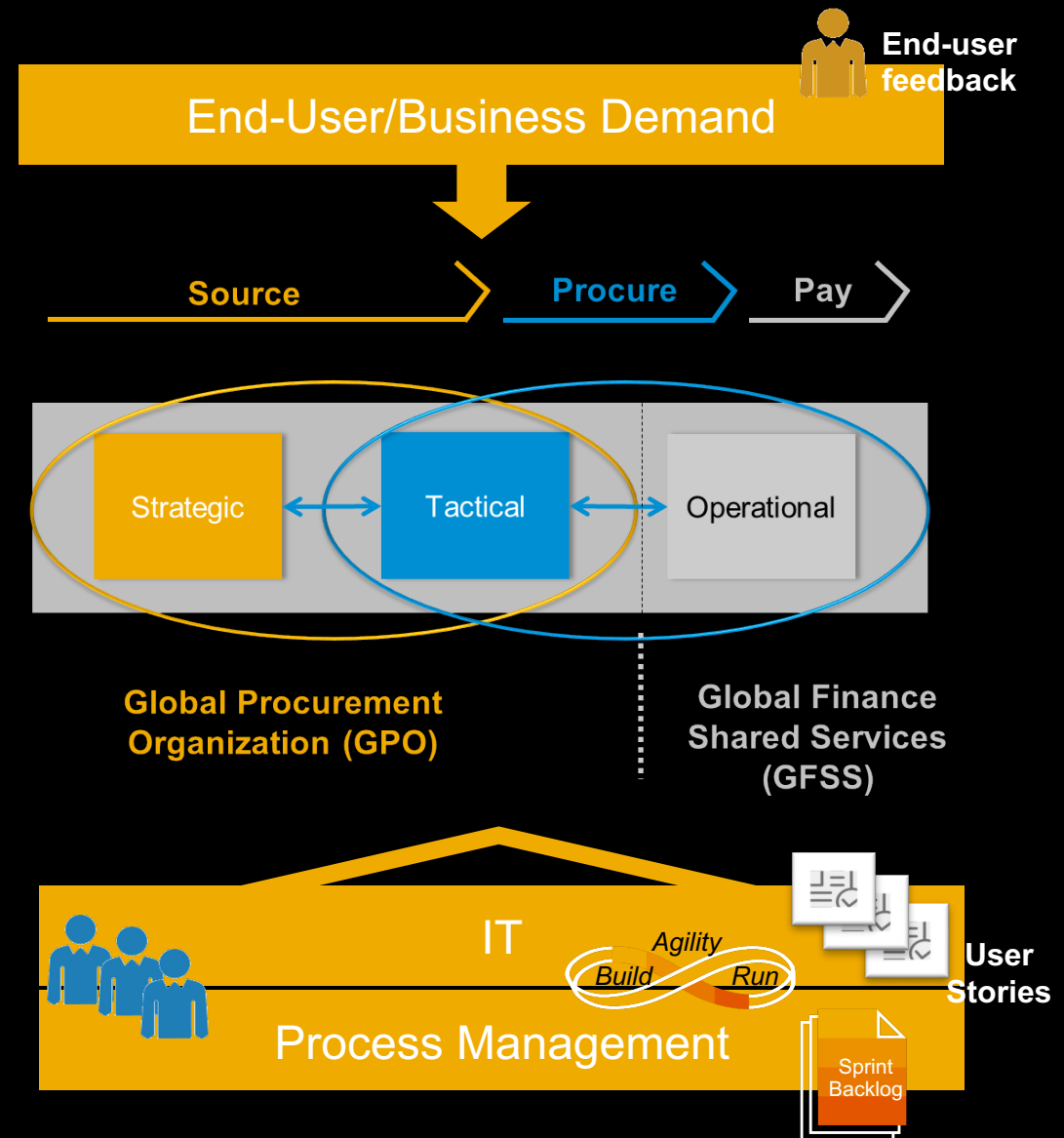
- End-user feedback channel and regular feedback loops
- Escalation Management and ad-hoc problem solving

Collaboration model between Business/ IT and Process Management

- Joined collaboration and same goals
- consolidated & prioritized business backlogs
- Regular exchange about new upcoming features & system enhancements

Consolidated & prioritized business backlogs

- Process & IT backlog/cross portfolio alignment
- Agile delivery through prioritized business/sprint backlog
- Follow-up activities after final implementation/measure & celebrate success



Service Delivery Quality Management in the Source-to-Pay area

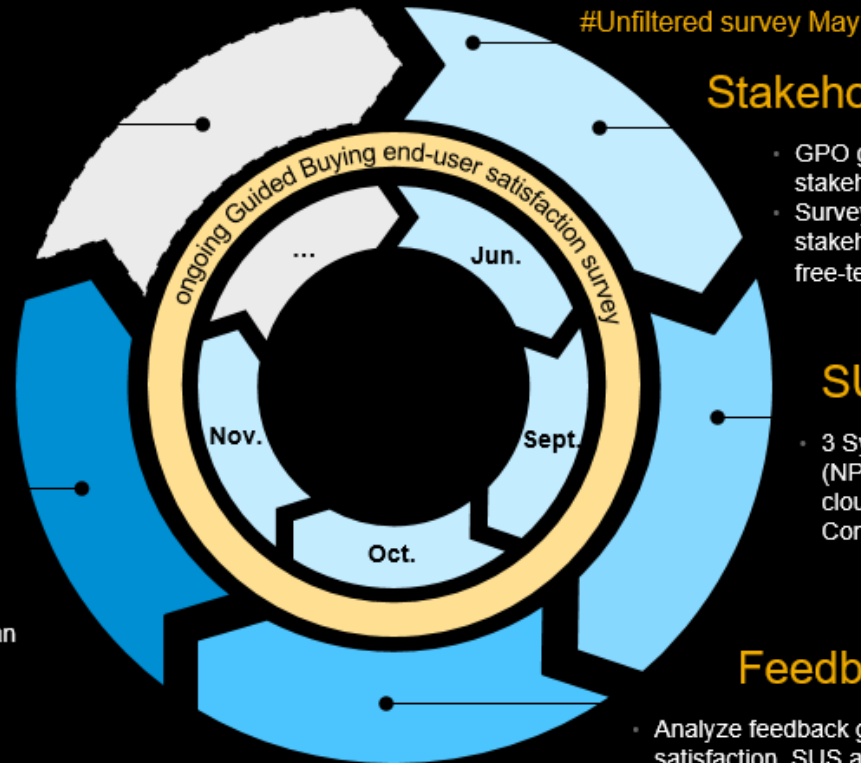
Yearly continuous improvement circle with focus on customer satisfaction

Written follow-ups on progress

- Written follow-ups from stakeholder round-table to share success stories and completed accomplishments of commitments made
- Comms of improved system and processes (new features & functions) to power users

Stakeholder roundtables

- KPIs and survey results are reviewed jointly with top stakeholders by Board Area on an annual basis
- Improvement proposals are jointly prioritized, and GPO and Board Areas jointly commit to an improvement roadmap (two way partnership)



Stakeholder satisfaction survey

- GPO gathers detailed feedback from its top stakeholders to further improve existing relationships
- Survey focuses on 7 questions and allows stakeholders to share details via additional optional free-text fields

SUS* survey

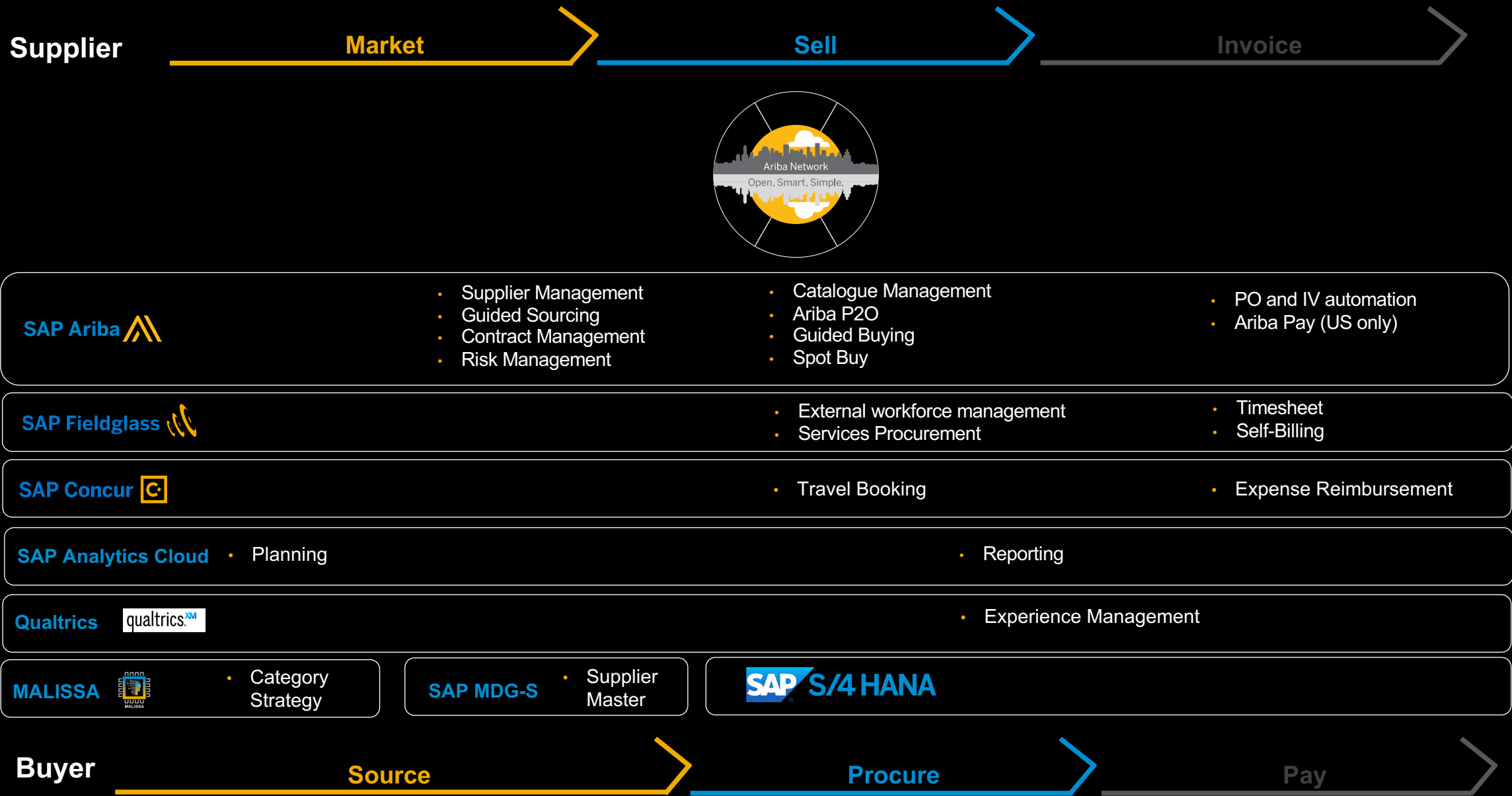
- 3 System Usability Scale (SUS) and Net Promoter (NPS) survey to score the usability of our internal cloud procurement solutions Ariba, Fieldglass and Concur

Feedback review & analysis

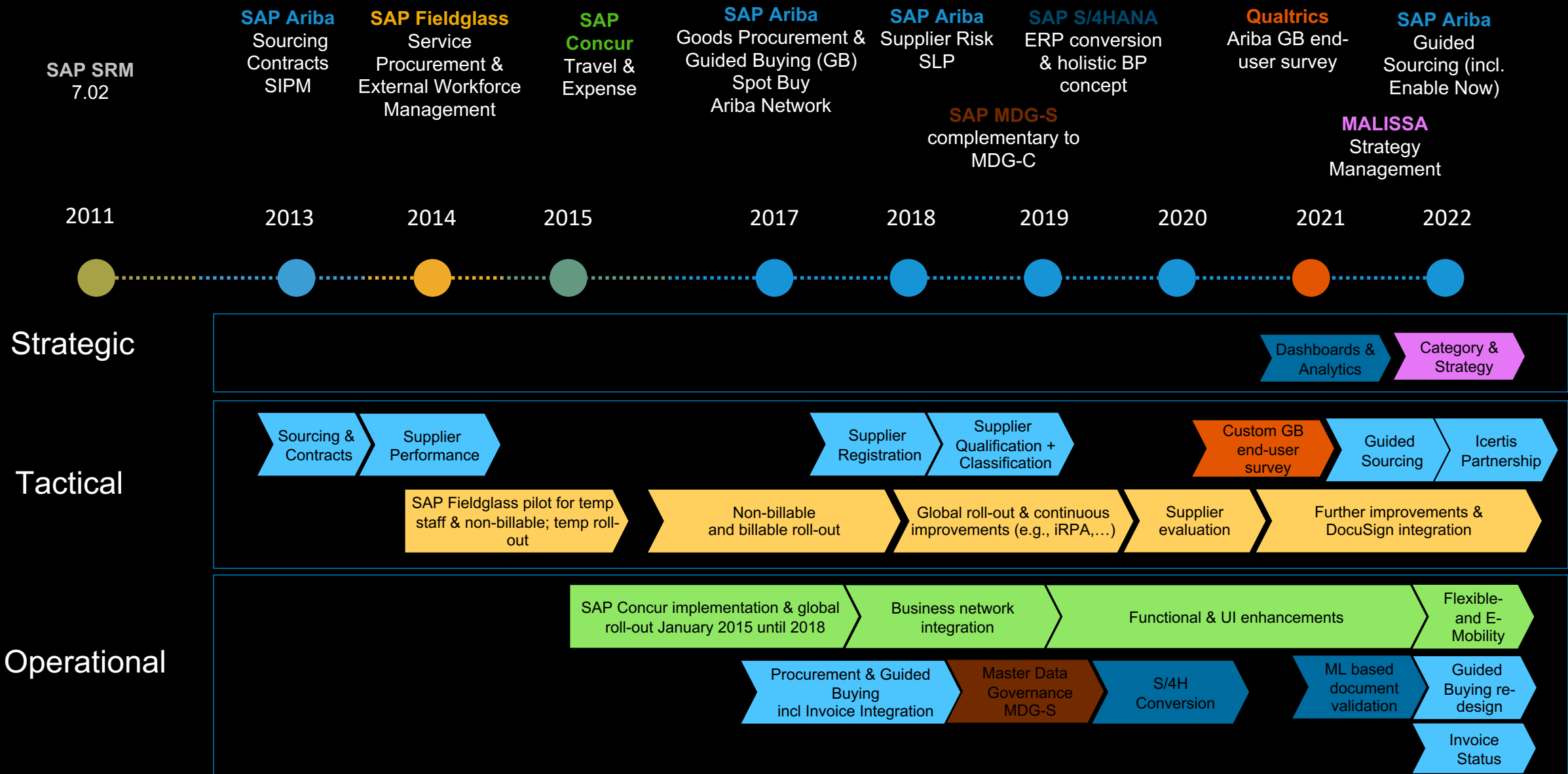
- Analyze feedback gathered through stakeholder satisfaction, SUS and continuous GB end-user satisfaction surveys
- Use results of analysis for stakeholder roundtable meetings
- Pre-align improvement proposals to major pain points

The **WHAT**

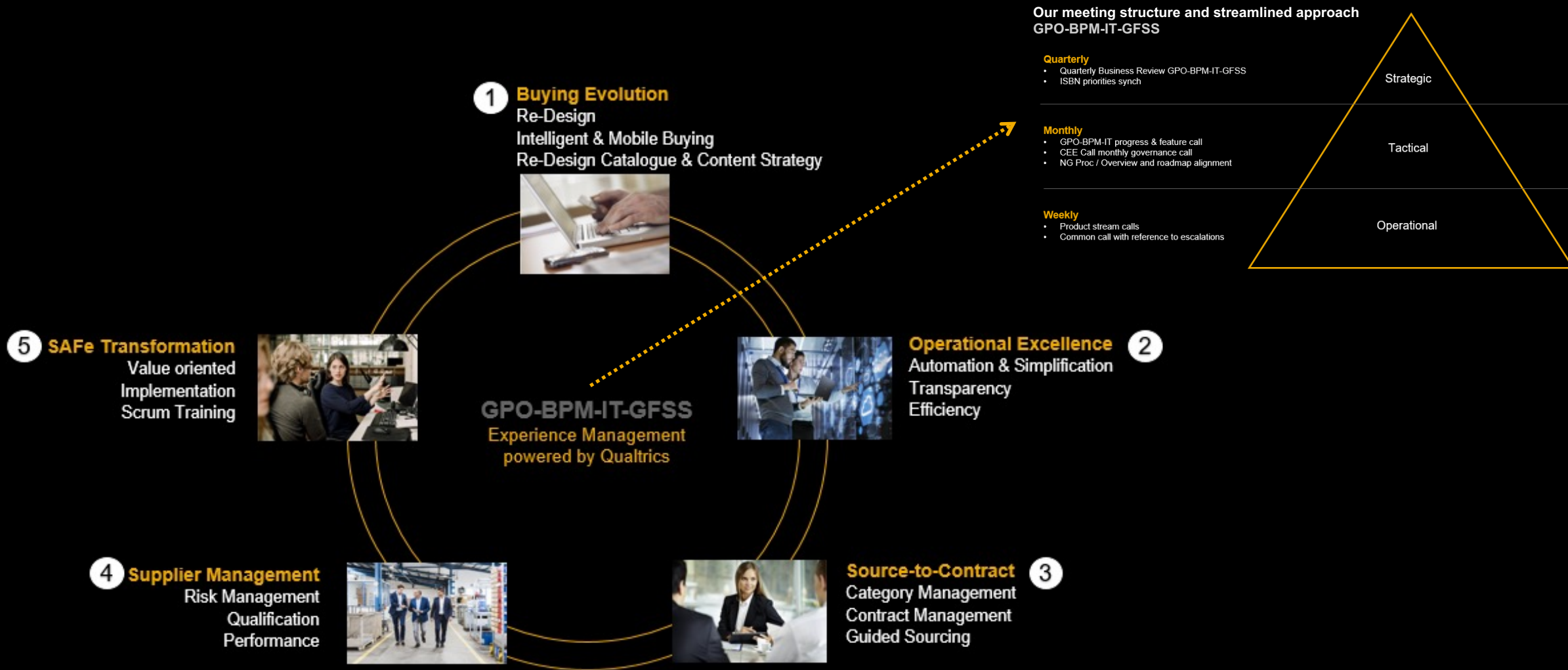
Current Source-to-Pay System Landscape @ SAP



Transformation journey

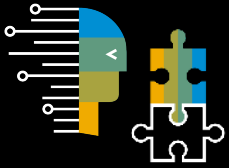


Our **top five priorities** for 2022 are focusing on intelligent buying and sourcing by improving operational processes



Key Projects to achieve Operational Excellence in S2P

Query Handling & Invoice capturing



- Implement an Artificial Intelligence (AI) solution **Business Entity Recognition (BER)** which enables to check supplier & internal tickets and queries and respond automatically.
- An automated processing of manual pdf-based invoices with extracting, validating the data and preparing for posting of the invoice using **Document Exchange (DOX)** and populate into ERP.

Self Service Scenarios



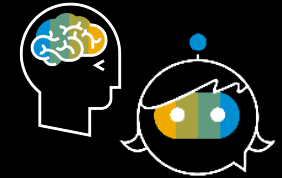
- Implement an **Invoice status portal** for our suppliers that suppliers can check payment information/invoice status as a self service without triggering an e-mail to our GFSS organization.
- An **Intelligent End-User Dashboard** for our internal users to check on Purchase Order status, Invoice and Payment status as well as supplier creation process.

SAP Ariba GB - Buying Evolution



- An **Ariba Guided Buying re-design including in-App guidance** (Enable Now) for a new buying evolution and end-user experience incl. an improved help & support section
- An **Improved Search Engine** for better and improved search functions in Ariba GB
- New innovative **Ariba Mobile App** to increase user satisfaction
- An **Ariba GB End-user Survey** for real-time feedback

Digital Assistant for our business users



- Implementation and improve the **Digital Assistant (Chatbot)** which helps and guides users to all related procurement questions as well as to invoice and purchasing requisition status.
- Chatbot answer based on different roles of colleagues (more intelligent AI-feature)
- Extend content of chatbot across multiple teams and functions.

The **WOW** and **NOW**

Source-to-Pay: KPI results 2021/2022

10.118 number of active suppliers (business/any transaction in 2021)

354 number of active suppliers (global ultimate's) covering 80% of invoiced spend: 4.325 MEUR of total 5.437 MEUR



310.000+ total number of POs

92% PO count through Ariba Network as a percentage of total PO count

~3.000 Contracts processed and stored incl. Data Protection Agreements, supplier contracts, SoWs, rate cards, etc.

710.000+ total number of invoices

80% of all Ariba POs are catalogue based (*rest is managed by forms*)

143+ Legal entities served by GFSS

85% invoice paid in time

~350 sourcing events served by GPO & GFSS

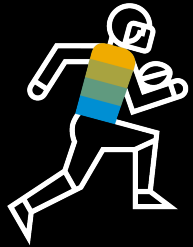
~15% increase in end-user satisfaction System Usability Scale (SUS) & NPS score

41 Company Codes active with the Network (~6.827 active vendors)

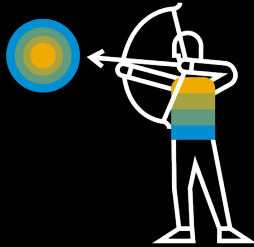
0.5 days Fieldglass Work Order processing time

97% Ratio of answered calls and chats by GFSS in time/based on SLAs

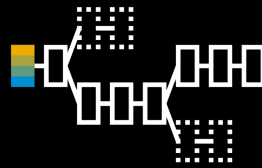
Source-to-Pay: Our key learnings



Plan all single details along the timeline – define your organizational vision, mission, strategy and success indicators, but, most importantly, get it running with achievable sliced sprints.



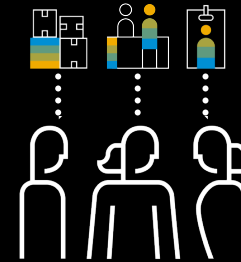
Change for the sake of change – jointly identify and agree upon the business use cases, the anticipated business value and the required resources to transform.



Do not underestimate the effort for business process design – jointly review and agree upon the (adjusted) process design and its purpose.



Consider budget and agility capabilities – use a phased approach, with achievable progress steps and develop quick wins to maintain flexibility to adjust.



Don't focus on technology only - conduct a comprehensive stakeholder analysis impacted by the change (employees, internal business units, suppliers).



Do not forget your people – based on your expected business value and your identified stakeholders plan a proper communication, enablement and change management.

Thank you.

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