



SUPPLIER RELATIONSHIP MANAGEMENT FOR THE CONSUMER PRODUCTS INDUSTRY

Reducing Costs, Ensuring Quality, Providing Value

Are you looking for better ways to work with retailers, produce goods at low cost, and generate competitive advantage? Think about the mySAP™ Supplier Relationship Management (mySAP SRM) solution. With mySAP SRM, you'll be able to optimize global spend, qualify and evaluate suppliers, negotiate favorable terms, and drive supplier collaboration in a cost-effective manner. You'll also have the power to enforce contract compliance throughout the enterprise to close the sourcing and procurement loop and enhance supplier relationships.

Competition in the consumer products (CP) industry is fierce – and challenges abound for manufacturers that want to achieve profitable growth on a consistent basis. Consumers demand more convenience, better quality, and lower prices – even at a time of decreasing demand and diminishing brand loyalty. Meanwhile, manufacturers are feeling increased pressure to share the risks and costs of inventory with retail partners. And while the Sarbanes-Oxley Act and other regulations add additional challenges, competitive pressures continue to be unrelenting – forcing prices down, exacerbating the proliferation of stock-keeping units (SKUs), and shortening product life cycles.

In response, leading companies in the CP industry are looking for new ways to drive innovation, accelerate growth, and increase margins. Reducing time to market is a primary concern, because it can help to boost the impact of new products and improve success rates. But being first to market with the wrong product has never helped a company succeed. That's why companies also want to find efficient, effective ways to incorporate the insights of consumers, suppliers, and retailers into the earliest stages of the product definition process.

To drive growth, forward-thinking companies are also on the lookout for ways to exploit opportunities for category and geographic expansion. This involves strategies for winning shelf space and increasing market share through superior account management, demand-driven supply networks, service leadership, improved product quality, and increased brand strength. At the same time, companies need to get aggressive about reducing operating costs and increasing process efficiency in order to improve profit margins across the entire product portfolio.

Part of the solution, certainly, is effective supply management. For example, it is well known among CP manufacturers that a 4% reduction in sourcing costs can generate the equivalent of a 10% increase in sales. But if you're like most CP manufacturers, IT system inadequacies – characterized by a lack of integration – pose serious obstacles. These include the following:

- Excessive leakage due to poor enterprise-wide contract compliance
- Weak adaptive demand-planning capabilities
- Inability to align purchasing execution with strategic objectives
- High purchasing overhead due to manual processes
- Lack of collaboration between internal and external business parties
- No single purchasing and sourcing platform to facilitate spend visibility across categories
- Ineffective ways to measure business performance
- Weak supplier collaboration capabilities leading to poor supply chain visibility, ineffective supplier monitoring, and high supplier interaction costs

Fortunately, these obstacles are not insurmountable with the mySAP™ Supplier Relationship Management (mySAP SRM) solution.

Comprehensive Supply Management from the Market Leader

mySAP SRM provides a comprehensive purchasing platform for world-class supply management. While helping you simplify, automate, and accelerate the procurement process, the solution also supports self-service requisitioning and strategic purchasing practices with functionality for supplier qualification, negotiation, and contract management. And because it covers the full supply cycle from strategy to execution, mySAP SRM makes it possible for you to optimize supplier selection, increase collaboration, compress cycle times, and ensure greater contract and regulatory compliance throughout the enterprise. The business processes supported by mySAP SRM are shown and described below.

Analyze Spend and Develop More-Effective Purchasing Strategies

Leveraging the integrative functionality of the SAP NetWeaver® platform, mySAP SRM helps you overcome the obstacles posed by heterogeneous system landscapes so that you can analyze global spend, evaluate historical buying patterns, consolidate and anticipate supply needs, and track current market trends. Sophisticated sourcing analytics, meanwhile, set the foundation for strategic sourcing decision making. Ultimately, mySAP SRM helps you balance issues of procurement costs against issues of

Purchasing Planning	Purchasing Governance		Strategy Development	Risk Management	Procurement Office Planning
Category Management	Program Management	Data Improvement	Spend & Opportunity Analysis	Supplier Development	Purchasing Controlling
Supplier Qualification	Demand & Market Analysis	Specification Development	Supplier Identification	Supplier Evaluation	Approved Vendor List
Supplier Negotiation	Event Preparation	Request for Quotation	Reverse Auction	Bid Evaluation & Awarding	
Contract Management	Contract Development		Contract Execution		Contract Monitoring
Requisitioning	Requirement Definition		Requisition Approval		Requisition Analysis
Order Management	Source of Supply Assignment		Restriction Validation		Order Generation & Tracking
Receiving	Acknowledgement & Delivery		Quality Assessment		Returns Handling
Financial Settlement	Invoice Verification		Evaluated Receipt Settlement		Invoice Payment
Supplier Enablement	Document Exchange	Supplier Network		Supplier Portal	Supplier Collaboration

Figure 1: mySAP™ SRM Covers the Key Purchasing Processes in the Consumer Products Industry

supply quality and dependability so that you can optimize your supply network for the highest levels of customer satisfaction and competitive advantage.

Qualify Suppliers and Negotiate Better Agreements

mySAP SRM gives you the tools you need to identify and evaluate qualified suppliers in an effective, efficient manner. Users can search external or internal supplier databases and generate customizable questionnaires that gather information on issues such as compliance with required standards, support for relevant business processes, or logistical capabilities for the on-time delivery of quality products or services. mySAP SRM also provides a wide range of tools that help you automate the request-for-quotation (RFQ) process, conduct reverse auctions, and analyze incoming bids based on a variety of criteria. You'll benefit from shorter proposal-quotation cycles, enhanced revenue through RFQ process improvements, and increased abilities to consolidate spend into reliable partnerships for greater supply savings and efficiency.

Close the Sourcing and Procurement Loop

With robust support for centralized contract management, mySAP SRM enables you to enforce contract compliance enterprise-wide and reap the benefits of negotiated agreements. During the contract development phase, purchasers can search for contracts based on different attributes and copy information from existing contracts or from a predefined template. The solution also automatically uses new contracts as sources of supply data – identifying the optimal contract to fill the need – taking into consideration such factors as quality, delivery times, and plant location. It can also account for different types of discounts, such as value discounts and quantity-based stepladder discounts. By enabling powerful, automated contract compliance processes, mySAP SRM helps you close the loop between sourcing and procurement so that you can extract the most value out of expertly negotiated agreements.

Improve Supplier Interactions

mySAP SRM supports multichannel supplier interaction so that the widest range of suppliers can connect to the widest range of internal corporate processes. For example, a powerful, browser-based, highly scalable supplier portal provides your suppliers with a low-cost, single point of entry where they can update their catalog data, process acknowledgements, track payment status, access performance data, and more. The portal can also be used as the basis for collaborative replenishment initiatives, providing

critical information on inventory levels and supply- and-demand plans. Other options include an integration broker for XML-based document exchange, a powerful set of collaborative applications that enable new ways of working with suppliers, and the SAP® Supplier Network offering, which offers hosted services for nonstrategic procurement collaboration. Whatever options you choose, mySAP SRM has the functionalities you need to improve collaboration with your supply partner so that you can compete more effectively and achieve business success.

Real-World Benefits: The Case of SAB Ltd.

With more than 30 years of experience serving large, midsized, and small companies throughout the world, SAP has the experience and know-how leading organizations rely on to help them achieve their business objectives. And with more than 200 companies in the CP industry using mySAP SRM to manage procurement and sourcing activities, optimize spend, and maximize cost saving, it's not difficult to find real-world examples

“By removing the bottlenecks, we have seen significant tangible and intangible benefits, as well as savings. mySAP SRM has played an important role in that.”

Stephen Donovan, Head of E-Procurement, South African Breweries Ltd.

of the solution's benefits. Take the example of South African Breweries Ltd. (SAB Ltd.) – part of the global giant SABMiller plc, whose brands include Pilsner Urquell, Miller Genuine Draft, and Amstel Lager, among many others. When SAB Ltd. wanted to eliminate maverick buying, improve spend visibility, and aggregate demand to take advantage of volume discounts from chosen suppliers, the company turned to mySAP SRM. An earlier free-text purchasing system lacked the necessary controls to help the company optimize the procurement of nonproduction goods. mySAP SRM, on the other hand, supports catalog-based buying capabilities that enforce compliance with negotiated purchasing contracts. mySAP SRM also provides greater visibility across the company's 140 indirect suppliers and 17,000 SKUs. This has helped SAB Ltd. reduce nonproduction spend by some €5.3 million – 20% more than was originally anticipated.

Today mySAP SRM is helping SAB Ltd. to enforce governance, lower costs, and drive efficiency. Managers can see total spend by user, vendor, and product – a key factor that helps improve decision making and cost management. mySAP SRM also helps the company improve overall purchasing efficiency. Instead of

“EBP [now part of mySAP SRM] was about changing the way in which the company requisitioned and purchased items.”

Chris Scott, IT Director, Kimberly-Clark Corporation

spending time processing transactions, commodity managers at SAB Ltd. spend more and more time on high-value activities such as improving vendor relationships and negotiating better deals.

Get Started Today

Fully integrated and capable of covering the entire SRM cycle from strategy to execution, mySAP SRM helps you synchronize business processes with your most important trading partners as well as build efficient processes with suppliers you trust. With mySAP SRM, you'll be able to continuously fine-tune your supply strategy, increase the efficiency of your supply base, and improve the maximum return on your supplier relationships on a continuous basis.

To find out how mySAP SRM can help your company build competitive advantage through better supplier relationship management, call your SAP representative today or visit us online at www.sap.com/srm.

Powered by SAP NetWeaver

mySAP SRM is powered by the SAP NetWeaver platform – the open integration and application platform that provides the best way to integrate all systems running SAP or non-SAP software. SAP NetWeaver unifies integration technologies into a single platform and is preintegrated with business applications, enabling change and reducing the need for custom integration.

Leading Companies in the CP Industry Run mySAP™ SRM

- Anheuser-Busch Company
- Beiersdorf AG
- Bitburger
- Blanco
- British American Tobacco
- Britvic Soft Drinks Ltd.
- Cadbury Schweppes
- Canon
- Coca-Cola Enterprises
- Colgate-Palmolive
- Eastman Kodak Company
- Ericsson
- Fonterra
- Group Danone
- Japan Tobacco
- Kellogg Company
- Kirin Beverage Corp.
- Kraft Foods UK Ltd.
- Mars Incorporated
- Miller Brewing Company
- Molkerei Müller
- Nike Inc.
- Nisshin Seifun Group
- Nordzucker
- Osram Sylvania
- Philips Lighting
- Procter & Gamble Company
- QingDao Haier
- S. C. Johnson & Son Inc.
- SAB Ltd.
- Scotts Miracle-Gro
- Südzucker
- The Coca-Cola Company
- The Gillette Company
- Tyson Foods Inc.
- Whirlpool Corp.
- Xerox
- Youngone Corp.