



**Get More Value with Strategic
Supplier Lifecycle Management**



The Best-Run Businesses Run SAP™

The strategy of supplier management

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To manage a global supply base and deal with mounting regulations, companies are moving beyond mere supplier rationalization and toward [strategic supplier management](#). The goal is to extract more value from inbound value chains and reduce the risk and total cost of procurement while increasing innovation. The SAP® Supplier Lifecycle Management application helps you achieve this.

Companies that get more value from suppliers while reducing overall costs and risk have a competitive advantage. That's why leading organizations are taking a more strategic approach to supplier management – to maximize the value of supplier relationships by ensuring quality throughout the relationship lifecycle. This is particularly important for direct spend, where the quality and value of a supplier relationship can directly influence overall company performance.

Strategic supplier management means overcoming IT complexity and data inconsistencies that can limit supplier portfolio visibility. Central visibility across disparate back-end and operational procurement systems is key to providing a single source of truth to manage supply-base risk and improve category-specific performance. Companies must deal with hundreds of weekly supplier interactions for data maintenance and performance management. They need automated processes that keep procurement productivity high and transaction costs low.



The transparency you need for better supplier relationships

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Supplier onboarding and registration

Supplier qualification

Supplier classification

Category management

Supplier evaluation

Supplier development

Integration with other SAP software

SAP Supplier Lifecycle Management helps you address these requirements. It empowers your procurement organization to manage its supply base throughout the complete supplier lifecycle – from initial onboarding at the beginning of the relationship to continuous performance evaluations for ongoing improvements throughout the relationship.

Encompassing the entire lifecycle of the supplier relationship (see [figure](#) on the next page), SAP Supplier Lifecycle Management helps you manage each supplier consistently and effectively. Your procurement organization will be able to gain visibility into and control over the complete supply base to reduce supply risk, increase supplier performance, and maximize cost savings.

Designed for simplicity, the application helps make life easier for both category managers and the suppliers they work with every day. The system architecture helps ensure a safe communication and data exchange between the buy side and sell side of the application – suppliers only have access to the sell side, which is outside the firewall. Built-in integration with SAP Business Suite applications increases transparency and improves productivity. And because it covers the entire supplier lifecycle, this application fosters a more strategic approach to supplier management that enables you to maximize value and minimize risk.



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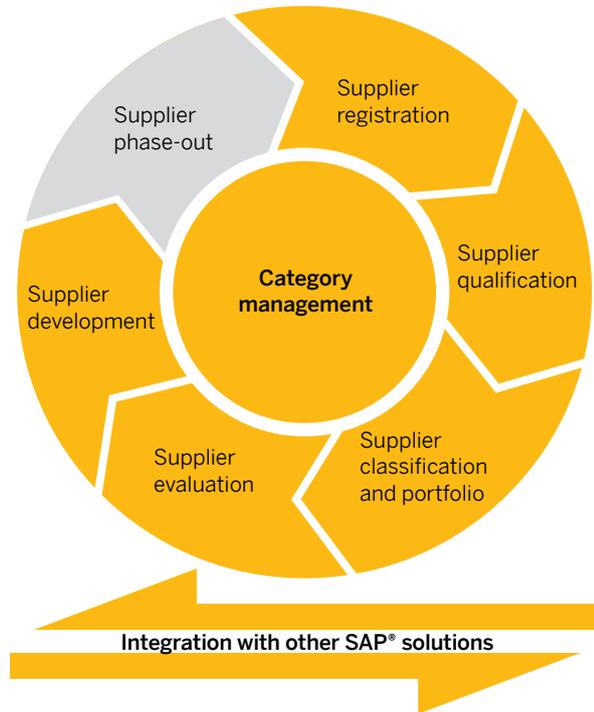


Figure: Supplier relationship management



Supplier onboarding and registration

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SAP Supplier Lifecycle Management makes your supplier selection and onboarding process faster and more efficient. An automated workflow helps manage the approval process for new suppliers, and self-service functionality enables suppliers to register themselves. Each supplier maintains its own company and contact data, adds users as needed, uploads attachments, and maintains all qualification requests and certificates. With integration to your SAP Business Suite applications, this repository represents your source of truth for supplier data and can be distributed to whatever back-end systems are required. This approach relieves your procurement team of a significant administrative burden – freeing it to focus its energies on the job of negotiating better deals with your suppliers.



Use automated workflow and supplier self-service to bring new suppliers on board.



Supplier qualification

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SAP Supplier Lifecycle Management streamlines the entire supplier qualification process. Using a library of reusable questions in multiple languages, you can build a questionnaire that is suitable for the supplier under consideration. A category manager then triggers the qualification process from a supplier list, and the software sends the questionnaire to the potential supplier via e-mail. Once the questionnaire is returned, the manager can evaluate the response based on a scoring system that weighs the value of each question according to its importance. Managers also enjoy full visibility over the qualification process to monitor progress and keep it moving forward.



Quickly build and send questionnaires and evaluate suppliers based on a weighted scoring system.



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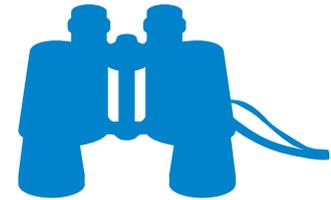
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With SAP Supplier Lifecycle Management, you gain a portfolio-level view of your supplier relationships. This gives you the visibility you need to continuously determine the right mix of suppliers to best serve your business objectives and reduce your overall supply risk. Using the application, you can classify your suppliers by multiple criteria – for example, categorizing a set of suppliers with the same set of goods and services. Based on your classifications, you can flexibly identify and search suppliers using multiple criteria. You can also store and access time-dependent sustainability scorecards, structured attachments, qualification results, and certificates. And with an automated workflow, you can launch a supplier promotion process for the suppliers that deliver the results you expect.



Obtain an overview of supplier relationships, classify and search suppliers, and assign suppliers and buyers to purchasing categories.



Category management

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Category management provides a holistic approach of buying goods and services. If applied effectively throughout an entire organization, the results can be significantly greater than traditional transaction-based purchasing negotiations. SAP Supplier Lifecycle Management provides category management functionality along the entire supplier lifecycle.

The application gives you complete flexibility to create a purchasing category structure that can be used in all steps of the process. Suppliers and category managers can be

assigned to the purchasing categories you define. Suppliers then register, choosing relevant goods and services from standard product classifications such as the United Nations Standard Products and Services Code (UNSPC) or e-class, which are then mapped in the system with your category structure. You can assign registrations to responsible buyers in your organization and trigger respective workflows. Supplier qualifications and evaluations can be created and executed for specific categories, and certificates can be managed along this structure.



Manage the complete supplier lifecycle based on a purchasing category structure that you define.



Supplier evaluation

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SAP Supplier Lifecycle Management allows you to evaluate and monitor the performance of your suppliers. The application maintains a central library of key performance indicators, which is updated using questionnaires for scoring suppliers in areas such as daily work performance, contract procedures, and price negotiations. Leveraging this data, you can instantly generate reports, benchmark performance, and perform analysis needed to identify valuable suppliers and manage them effectively. You can also use the application to phase out underperforming suppliers or to develop the required capabilities for promising suppliers with whom you want to build ongoing relationships.



Continuously analyze performance and develop or phase out suppliers based on their value to your business.



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With SAP Supplier Lifecycle Management, you can act on your insights and execute your strategies by developing key suppliers to optimize performance and collaboration or to drive co-innovation. You can collaborate with internal stakeholders as well as suppliers on activities and projects – for example, to improve supplier performance and cost, establish a strategic partnership, or develop a new category strategy. Purchasers can create activities related to categories or suppliers and assign respective tasks to stakeholders inside and outside your organization. Documents can be attached to tasks and automated reminders set for due dates of assigned tasks. You can document and access activities and tasks centrally in SAP Supplier Lifecycle Management to have complete transparency on joint initiatives.



Go from insight to action by collaborating with internal stakeholders and suppliers on development activities.



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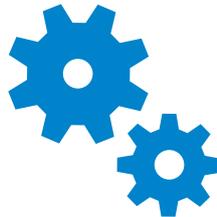
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SAP Supplier Lifecycle Management offers standard integration with the SAP Supplier Relationship Management, SAP ERP, SAP Master Data Governance, and SAP Business Warehouse applications as well as the SAP Jam social software platform to support the entire supplier management process. It allows you to both understand and collaborate with internal stakeholders as well as with your suppliers, all from one application. You can view all relevant procurement-related transactions associated with your suppliers – which helps

you stay up-to-date on all purchase orders, service entries, and invoice payments being executed. With a robust view into the strategic and tactical aspects of your supplier relationships, you're able to manage relationships in a holistic fashion. You can leverage data from SAP Supplier Lifecycle Management and other software to analyze your supplier and category data and create insightful reporting. Integration with SAP Master Data Governance enables you to perform sophisticated master data management for your suppliers.



Integration with other SAP software helps streamline processes, internal and external collaboration, data integrity, and meaningful analytics.



Comprehensive benefits from comprehensive supplier management

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With SAP Supplier Lifecycle Management, you can cultivate value-driven supplier relationships that encourage supplier excellence and increase profitability. You'll be able to manage the complete supplier lifecycle and deepen and enrich supplier relationships for a competitive advantage. This helps you reduce costs through superior supplier effectiveness and performance. It also helps you reduce supplier risk by providing full visibility into supplier information that you can use to evaluate suppliers, automate key supplier collaboration processes, and monitor ongoing supplier performance.



Build stronger, more valuable supplier relationships with SAP Supplier Lifecycle Management.





Objectives

Solution

Benefits

Quick Facts

Summary

Leading companies are moving toward a more strategic approach to supplier management – one that recognizes and leverages the way supplier relationships impact the bottom line. The SAP® Supplier Lifecycle Management application enables strategic supplier management with functionality that lets you control the entire supplier lifecycle. The results include lower costs, less risk, and more effective relationships that help drive competitive advantage.

Objectives

- Achieve a single source of truth for supplier information and management
- Gain visibility into supplier portfolio coverage and risk management
- Improve ability to collect, maintain, and evaluate supplier performance information

Solution

- Supplier onboarding and registration
- Supplier qualification
- Supplier classification and portfolio management
- Category management
- Supplier evaluation and performance management
- Integration with other SAP software for smooth-flowing processes

Benefits

- Cultivate value-driven supplier relationships by continuously promoting suppliers based on measured performance
- Reduce cost through automated supplier collaboration and lower administrative burden
- Minimize risk with a standardized approach to supplier qualification and full visibility into supplier performance

Learn more

Contact your SAP representative today, or visit us at www.sap.com/supplierlifecycle.



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