



## **SUPPLIER RELATIONSHIP MANAGEMENT FOR THE RETAIL INDUSTRY**

### **Reducing Costs, Ensuring Quality, Providing Value**

Today's retailers have no choice but to give customers what they want, when they want it – at the lowest costs possible. This requires a well-oiled supply network – one that starts with effective supplier relationship management. The mySAP™ Supplier Relationship Management (mySAP SRM) solution gives you the tools you need to qualify and evaluate suppliers, negotiate favorable terms, and drive supplier collaboration in a cost-effective manner. It gives you the power you need to enforce contract compliance throughout the enterprise to close the sourcing and procurement loop and to reap the benefits of the relationships you build.

When it comes to the number of outlets and number of persons employed, retail is one of the largest and most important industries in the world. But with falling brand loyalty, deeper discounting, rising customer service expectations, constant employee turnover, and 24x7 Internet shopping sites vying for market share, the retail industry is also one of the most forbidding competitive landscapes in the business world today.

To stay ahead of changing market dynamics, retail companies like yours must constantly find better, faster, and more cost-effective ways of doing business. But numerous challenges stand in your way. These include:

- Complex category management for a wide range of goods and materials
- A large, geographically dispersed, constantly changing workforce
- Inefficient service procurement across multiple locations
- Poor global spend visibility leading to missed savings opportunities
- Limited inventory visibility and management exacerbated by short product life cycles
- Excessive leakage due to poor contract compliance
- Ineffective methods for measuring business performance
- Inadequate change management capabilities
- Limited supplier collaboration capabilities

To meet these challenges head on, you need to optimize spend and exert your global purchasing power by leveraging sourcing knowledge across organizations and categories. You also need to enforce contract compliance through enterprise-wide coordination and develop key performance indicators that measure business performance for ongoing improvements. In short, you need to reduce costs, increase efficiency, and find ways put the right products in the right place at the right time. This is where the mySAP™ Supplier Relationship Management (mySAP SRM) solution can help.

### 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 helps you optimize supplier selection, increase collaboration, compress cycle times, and ensure greater contract and regulatory compliance throughout your enterprise.

### Qualify Suppliers and Negotiate Better Agreements

A critical aspect of effective supply management is developing lasting relationships with the right suppliers – suppliers with proven capabilities that can meet your needs on an ongoing basis. mySAP SRM gives you the tools you need to identify and evaluate qualified suppliers in an effective, efficient manner. You can search external or internal supplier databases and generate customizable questionnaires that gather required information on issues such as compliance with required standards, support for relevant business practices, or logistical capabilities to ensure on-time delivery of quality products or services.

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 Vendor List		
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		

SAP NetWeaver®

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

mySAP SRM also helps you negotiate the best possible terms and conditions with your suppliers – without sacrificing the quality and dependability needed to maintain smooth, efficient operations. Your purchasing professionals can access a wide range of tools that help you automate the request for quotation (RFQ) process, conduct reverse auctions, and analyze incoming bids based on criteria relevant to your needs. You benefit from shorter proposal and quotation cycles, enhanced revenue through RFQ process improvements, and an increased ability to consolidate spend into reliable partnerships for greater supply savings and efficiency.

### **Close the Sourcing and Procurement Loop**

No retail company can reap the benefits of negotiated agreements without the ability to enforce contract compliance throughout the enterprise. mySAP SRM enables you to do this with centralized contract management functionality. 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. This saves time while ensuring compliance with external regulations and adherence to your company's internal business rules and best practices.

mySAP SRM automatically uses new contracts as sources of supply. Based on the material or services required, the solution identifies 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.

### **Improved Supplier Interactions**

Because suppliers are such a critical link in the value chain, retailers are constantly looking for ways to improve supplier interaction. But the supply base is diverse, which means you must support multiple channels of interaction so that the widest range of suppliers can connect to the widest range of internal corporate processes. That's why mySAP SRM enables several options for interaction. For example, your suppliers can use a powerful, browser-based, highly scalable portal to access internal information and transactions to collaborate with you. At virtually no cost to your suppliers, the portal delivers a single point of entry where they can update their catalog data, process acknowledgements, track payment status, access performance data, and more. You can also use the portal as the basis for collaborative replenishment initiatives, providing critical information on inventory levels and supply and demand plans.

**“When we began evaluating software products, our priority was to find a single, highly integrated solution. . . . Much of what we do today on paper can be processed electronically with much greater speed and efficiency – and with far fewer errors.”**

**Rolf Schweiker, Project Manager, INTERSPORT Deutschland eG**

Other communication options include an integration broker for XML-based document exchange and a powerful set of collaborative applications that enable new ways of working with suppliers. To provide even more options and to help bring down the barriers to effective e-procurement, SAP has launched the SAP® Supplier Network offering, which offers hosted services for nonstrategic procurement and collaboration. SAP Supplier Network handles the typical interactions needed to execute e-procurement transactions for indirect materials effectively. It brings together document exchange functionality, supplier self-service functions, supplier onboarding services, and a supplier and buyer call center in one solution. Whatever approach you choose, mySAP SRM provides the functions you need to improve collaboration with your supply partners so that you can compete more effectively and achieve business success.

### Start Relating and Reap the Benefits

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 can continuously fine-tune your supply strategy, increase the efficiency of your supply base, and maximize return on your supplier relationships.

**"We wanted a single ordering system for retailers that would support paperless and mobile order processing for a wide range of products – at the trade center, on the supplier's premises, and in the retail outlet itself. . . . Thanks to the openness of the SAP NetWeaver platform (with mySAP SRM) and its powerful components, we have been able to build a purchasing portal for our retailers that is virtually unparalleled in Germany."**

Thomas Danner, IT and Communications Director,  
INTERSPORT Deutschland eG

And who better to trust than SAP? With more than 30 years of experience serving large, midsize, and small companies throughout the world, SAP has the experience and know-how that leading organizations rely on to help them achieve their business objectives. Currently, more than 3,000 companies use mySAP SRM to reduce procurement costs, shorten sourcing cycle times, and improve sourcing strategy. And that's why leading retailers turn to mySAP SRM to help them stay ahead of the competition.

### Get Started Today

With mySAP SRM, you can bring new levels of sophistication, control, and collaboration to your global supply network and build supplier relationships that help you stay ahead of the competition in a fast-paced industry. To find out how mySAP SRM can help your company, call your SAP representative today or visit us online at [www.sap.com/srm](http://www.sap.com/srm).

### Powered by SAP NetWeaver®

mySAP SRM is powered by the SAP NetWeaver® platform, the open integration and application platform that enables change. SAP NetWeaver helps companies align IT with their business. It allows companies to obtain more business value from existing IT investments and to deploy a service-oriented architecture. SAP NetWeaver reduces total cost of ownership and complexity across the entire IT landscape.

SAP NetWeaver powers mySAP Business Suite solutions, SAP xApps™ composite applications, and partner solutions. It 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, reducing the need for custom integration.