

SAP Solution Brief
mySAP Supplier Relationship Management



SUPPLIER RELATIONSHIP MANAGEMENT FOR OIL AND GAS FIRMS: THE KEY TO COST CONTROL

The mySAP™ Supplier Relationship Management solution gives oil and gas companies greater control over spending – for improved profitability and a quick, measurable return on investment. Support for strategic purchasing and sourcing, operational procurement, and supplier collaboration helps you optimize supplier selection and close the loop between sourcing and purchasing – both within your company and across its supply chain. The result is improved spending visibility, compressed purchasing cycles, increased productivity, and lower costs.

Growing energy demand, constant fluctuations in fuel prices, increased operational costs, and regulatory price limits that are out of step with production expenses are just a few of the challenges that oil and gas companies face today. To stay competitive, you must find new ways to cut costs in all your lines of business.

To trim procurement costs, you must efficiently handle sourcing for an intricate array of goods and services: low-value indirect materials, high-value capital goods, complex turnkey projects, commonly used consumables, rarely used items, critical stock and nonstock spare parts, remote and on-time logistics management services, and services for maintenance, repair, and operations.

Cost-effective procurement of goods and services is more difficult if you lack visibility into enterprise-wide expenditures and cannot easily identify, negotiate, and fulfill long-term savings opportunities. Many oil and gas companies do not have the tools to monitor complex, high-value contracts effectively, for example, which can reduce contract compliance. A lack of tools to cooperate efficiently with your supply chain can result in excess inventory and raise various accounting issues in offshore logistics management.

To enhance the procurement process, you need a single IT platform that supports all purchasing categories. Such a system can centralize information sharing for maximized procurement innovation. It can simplify procurement coordination and eliminate manual or redundant processes that may increase your procurement costs.

The mySAP™ Supplier Relationship Management (mySAP SRM) solution provides such a comprehensive platform. It can help you simplify, automate, and accelerate procurement negotiations and enhance contract management – thereby improving supplier relationships throughout your enterprise, cutting costs, and increasing profitability.

mySAP SRM: Covering the Full Cycle of Supply Management

mySAP SRM covers the full supply management cycle – from strategy to execution. It can help oil and gas companies like yours optimize supplier selection, improve collaboration, compress supply cycle times, and reduce obsolete inventory. The solution offers the consolidated content and master data functions you need for business decisions that support your corporate strategy and goals.

With mySAP SRM, firms in the asset-intensive oil and gas industry can achieve fully centralized sourcing. The solution helps sourcing professionals develop effective supply strategies, measure supplier performance, analyze spending patterns, and streamline sourcing processes. It provides integrated support for preparing bids, executing electronic requests for quotations and reverse auctions, evaluating bids, awarding suppliers with purchase orders, and creating contract documents. There is support for centralized, center-led, distributed, marketplace, and other procurement models – which is needed for oil and gas firms with offshore, manufacturing, refinery, and storage operations in multiple locations or countries. Coupling mySAP SRM with the mySAP Product Lifecycle Management (mySAP PLM) solution can provide a framework for real-time sourcing and document collaboration between your internal cross-functional teams and external business partners. Seamless integration with mySAP PLM extends the sourcing process for complex assets and turnkey projects procurement.

Streamlined Procurement Processes

Oil and gas companies require precisely executed, plan-driven procurement processes that can handle complex materials, parts, and services. This in turn requires tight integration with a company's back-end systems and the ability to handle a large number of product attributes. mySAP SRM can integrate with any underlying back-end system using the SAP NetWeaver® platform.

With such integration, you can transfer procurement requests from any plant maintenance or project management system automatically into the mySAP SRM system for sourcing execution. This gives you greater spending control, while minimizing the time and effort involved in buying the materials and services you need. You can also integrate requisitions from any materials-planning system with data from other back-end systems to streamline sourcing tasks – such as supplier identification, qualification, and selection. Once the system creates a follow-up document (such as a purchase order or contract), it can return the document to the back-end system for execution.

Automating processes frees you up from routine operational tasks and gives you more time to focus on strategic activities such as strengthening supplier relationships and negotiating deals that deliver maximum value to your organization. By reducing manual entry of document data, mySAP SRM also minimizes the impact of human error on the purchasing process.

mySAP SRM can further reduce supply cycle time and paperwork by letting you execute transactions and communicate with suppliers online. The quick and easy-to-use online spare-parts catalog can significantly speed up purchasing for both standard and ad hoc material and service needs. The catalog is based on contracts with OEM suppliers, which enforces contract compliance across the enterprise. Integration of the catalog with both SAP® and non-SAP plant maintenance systems makes it easy for plant engineers to search and order spare parts. mySAP SRM can also help you manage spending in areas such as temporary labor, consulting, maintenance, and facility management.

Better Contract Management

Centralized contract management can result in better terms, greater cross-enterprise contract visibility, assured compliance, and reduced administrative costs. It can also help you develop enterprise-wide contracts that increase compliance throughout the organization.

mySAP SRM supports a fully integrated contract process that makes it easier to ensure that all suppliers, business units, and individual buyers comply with the terms and conditions you negotiate. The contract management functions in mySAP SRM can be fully integrated with processes for bidding, auctioning, and material resource planning in back-end systems – giving you greater control over the entire contract process.

mySAP SRM helps you manage and monitor contracts at both the enterprise and individual department levels. A central contract repository facilitates document and knowledge management. You can store contracts electronically for enhanced access by whatever subsidiaries and plants you choose. This mix of centralized support and local flexibility can boost productivity by freeing individual business units from many of the burdens of contract management.

Enhanced Collaboration with Suppliers

Successful supplier relationship management also requires cost-effective methods for helping suppliers of all sizes connect to multiple processes throughout the supplier relationship life cycle. mySAP SRM gives suppliers direct access to supply-side transactions and other relevant information – such as supplier performance data – using a powerful, browser-based, and highly scalable supplier portal as the single point of entry. Suppliers can use this portal to update their catalog data, document acknowledgement of invoice creation and verification, and track their payment status and other relevant supply chain information (such as inventory and supply/demand plans).

Through integration with mySAP PLM, you can provide a collaborative document repository to your organization and external business partners. You can store all documents related to your procurement process, no matter how complex, and easily share those documents with all the related parties in real time.

Companies Worldwide Enjoy Many Business Benefits

More than 3,000 companies throughout the world have adopted mySAP SRM, including more than 30 of the world's leading oil and gas firms. Among them is Oil & Natural Gas Corporation Limited (ONGC), one of India's most successful companies. Having already realized many benefits from SAP software for enterprise resource planning, ONGC implemented mySAP SRM to improve its procurement processes. ONGC succeeded in its objectives of enhancing supply chain visibility, improving efficiency, and enhancing relationships with suppliers.

“All our measurements are showing reduced cycle times now that we can eliminate paperwork and carry out transactions and communicate with our vendors online,” says K. S. Jamestin, the company's general manager. “E-tendering has enabled us to reach out to a more competitive market so we can get better service and prices from our suppliers. Over time, we are expecting to see impressive monetary savings.”

At another global oil and gas company, mySAP SRM has helped reduce order placement processes by 72% and cut the cycle time for suppliers' sales processes by 70%. By optimizing and reducing supply costs, the solution has cut inventory for purchased items by 25% and trimmed costs for maintenance inventory by 25%. By improving this company's procurement strategies and strategy compliance, mySAP SRM has helped reduce average one-year contract prices by 6%.

Transparency: The Key to Procurement Savings

By optimizing your supply management processes and providing greater visibility into savings opportunities, the solution can reduce procurement and product costs and improve profitability. mySAP SRM can also increase the overall contribution of your purchasing department. An accelerated and easily managed procure-to-pay cycle frees your employees to concentrate on areas where they can add more value.

In addition, mySAP SRM can help you synchronize business processes across different lines-of-business trading partners. It helps you 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 reap the maximum return from your supply chain.

Improve Supplier Relationships Now and in the Future

SAP provides the only complete and integrated purchasing solution for world-class supply management that covers all types of spending. mySAP SRM is also the only long-term, scalable solution that can support future changes in your sourcing requirements and the only solution to use your maintenance fees to integrate and maintain future applications and technologies.

mySAP SRM can help you maximize current and future sourcing opportunities in a competitive market to achieve appropriate levels of supply, while getting better service and prices from your suppliers. To learn more about how this solution can improve supplier relationship management at your firm, call your SAP representative today or visit us on the Web at

www.sap.com/solutions/business-suite/srm.

Powered by SAP NetWeaver

mySAP SRM, mySAP PLM, and the mySAP ERP solution are 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, the 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.