

**SAP Solution Brief**  
**SAP Supplier Network**



## **SUPPLIER ENABLEMENT WITH SAP® SUPPLIER NETWORK**

**Unleashing the Full Potential of E-Procurement**

SAP® Supplier Network is a global document exchange offering that allows you to transact business electronically with thousands of suppliers through a single, standards-based network connection. This offering accelerates supplier onboarding and provides hosted order management for direct and indirect goods. The result is a comprehensive solution for nonstrategic procurement collaboration that you can implement in weeks.

Many companies have invested in e-procurement solutions in an effort to significantly reduce costs while increasing efficiencies and margins. But not all of these companies have realized their anticipated ROI. According to a September 2004 report from Aberdeen Research, U.S. companies alone are leaving \$260 billion in annual savings on the table because their e-procurement systems are underutilized.

Why? Because connecting electronically with a wide range of suppliers – which typically have different technical capabilities and use a variety of communication standards – is costly, complicated, and time-consuming. And the prevailing integration alternative, electronic data interchange (EDI), is cost-effective only when major suppliers agree to exchange a large volume of documents and data on a regular basis.

### **The Business Value of Supplier Enablement**

The fact is, if you don't have enough enabled suppliers, you're severely limited in how much you can use the Internet as a collaborative supply network for end-to-end procurement. The ROI you can realize from an e-procurement system is limited by your suppliers, because ROI is directly related to the number of suppliers connected to such a system. Inefficiencies are compounded because information about hand-processed purchases must be manually entered into systems so that managers can track and analyze purchases, negotiate lower-cost contracts based on volume, and so on. Equally important, until all buying activities are centralized through an e-procurement system, businesses lack sufficient transparency across all procurement activities and can't enforce compliance with purchasing policies company-wide.

The business value of supplier enablement also extends beyond the enterprise. Being able to connect easily with suppliers worldwide makes it easier for you to explore lower-cost regions and develop new relationships with suppliers globally. In addition, as more and more companies outsource nonstrategic activities to suppliers, they are growing increasingly dependent upon close, e-enabled partnerships. For these reasons, accelerated supplier enablement can significantly improve your organization's ability to succeed in today's competitive environment.

**SAP Supplier Network: Enabling Rapid Supplier Adoption**

SAP is committed to helping you connect with all of your suppliers efficiently and cost-effectively so that you can fully benefit from the e-procurement capabilities provided by the mySAP™ Supplier Relationship Management (mySAP SRM) solution. To complement mySAP SRM, SAP now offers SAP® Supplier Network, a global document exchange offering that allows you to transact business electronically with thousands of suppliers worldwide through a single, standards-based network connection. Providing low-cost, hosted services for nonstrategic procurement collaboration, SAP Supplier Network enables rapid supplier adoption and facilitates millions of transactions and billions in spending per year.

mySAP SRM customers receive immediate network participation and connectivity to thousands of member suppliers. Adding new preferred vendors to the network takes just hours. As a buyer, you can make purchases online, conduct all order-to-pay transactions electronically, and centralize and analyze all purchasing data within mySAP SRM. At the same time, suppliers receive hosted order management and access to thousands of potential buyers worldwide in addition to support services. Suppliers with high order volumes also have the option to integrate their sales management system directly with SAP Supplier Network rather than connecting via the Web.

By streamlining supplier onboarding and nonstrategic procurement collaboration, SAP Supplier Network complements the existing capabilities provided by mySAP SRM. For more strategic procurement needs, you can continue to use the supplier enablement capabilities included with the entire mySAP Business Suite for self-managed supplier collaboration in such areas as design and replenishment, as well as forecasting and planning.

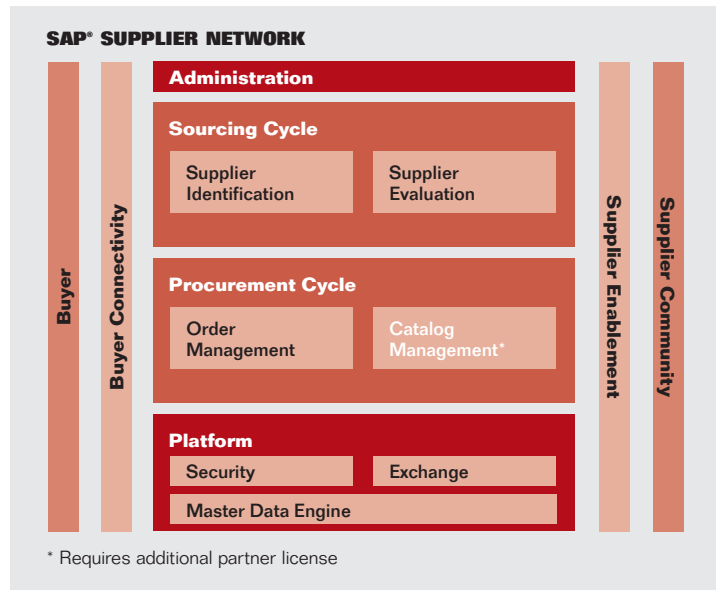


Figure 1: Document Exchange with SAP Supplier Network

**Outsource Management of Your Supplier Network**

SAP Supplier Network allows you to outsource the time-consuming activities associated with technically enabling suppliers. It also provides a cost-effective way to achieve 100% supplier participation, freeing you to concentrate on managing and collaborating with suppliers for maximum ROI.

### **Secure Document Exchange**

SAP Supplier Network allows buyers and suppliers to automate all business document processing. As a buyer, you can safely send and receive an unlimited number of purchasing documents. Documents currently supported include purchase orders, purchase order changes, purchase order responses, advance shipping notifications, invoices, and credit notes. SAP Supplier Network guarantees document delivery and monitors documents end to end. For reference, documentation, and audit purposes, SAP Supplier Network tracks all messages for one year.

The Web-based order collaboration services within SAP Supplier Network provide suppliers with a streamlined order management system and user-friendly interface. Outbound, discrete purchase orders are sent from your purchasing system to the network, where suppliers can view, change, and respond to the orders. All subsequent communications relating to purchase orders are exchanged electronically.

### **Connect Once, Transact with Many Companies**

Accelerated e-procurement starts with a single point of integration between an SAP procurement system and SAP Supplier Network. This standards-based connection eliminates the need to support separate network connections with suppliers. In addition, it allows SAP Supplier Network to route documents in both directions, regardless of a supplier's communication standards. And because you don't have to pay for each connection, you can take advantage of economies of scale in supplier connectivity.

### **Streamlined Supplier Connections**

With the proven e-marketplace services provided by SAP Supplier Network partners, Perfect Commerce and cc-hubwoo, you have instant access to more than 16,000 connected suppliers. Because SAP Supplier Network includes the strategic and nonstrategic suppliers used by most companies today, it probably already

includes your main suppliers. If some of your suppliers aren't currently connected, you can add them using the supplier invitation tools. To ensure privacy, SAP Supplier Network sends suppliers an e-mail message linking them to online registration forms. This automated, streamlined process accelerates supplier adoption and shortens time to value for your e-procurement investment. Through the SAP Supplier Network partners, SAP also offers suppliers professional services to facilitate onboarding, such as back-end integration of their sales order system and ongoing support.

### **Proven Support Services**

SAP Supplier Network provides world-class support services to both buyers and suppliers. You can use standard SAP communication channels, such as the SAP Service Marketplace extranet, to request technical support.

### **Efficient Catalog Management**

SAP also makes available optional catalog management services. SAP partners host and manage vendor catalogs, handling processing, creation, layout, and ongoing maintenance and management. (These services are available upon request and are subject to separate partner licenses.) Hosted catalog management services make it easy for buyers to rapidly find, compare, and select products and then transfer them into the procurement system included with mySAP SRM. To ensure compatibility with various procurement applications, SAP Supplier Network uses an open catalog interface that supports single sign-on capabilities inside an application. You establish catalog controls so your internal purchasers only see items approved for purchase.

### **Closed-Loop Procurement with Bottom-Line Benefits**

A low-cost solution that can be integrated in just weeks, the SAP Supplier Network offering streamlines order collaboration between your purchasing organization and its suppliers, significantly reducing procurement and supplier connectivity costs. Because it removes the barriers to supplier adoption by accelerating the ramp-up of all of your suppliers, it quickly enables full utilization of your e-procurement system – the key to realizing expected ROI. At the same time, you are freed to focus on improving strategic purchasing processes instead of managing supplier connectivity and related IT infrastructure. And as your organization achieves the goal of 100% e-procurement, you also benefit from access to complete, detailed transaction information that increases visibility, enhances procurement leverage, and enables better control.

At the same time, SAP Supplier Network maximizes the value of relationships for both buyers and suppliers. As a buyer, you can expect increased supplier participation and automation of cross-company processes. And suppliers benefit from access to an unlimited number of customers and efficient collaboration with them – without the need for costly IT investments.

### **Take the Next Step**

Contact SAP today to learn how your business can extend the benefits of mySAP SRM by accelerating supplier enablement through SAP Supplier Network. For more information, please call your local SAP representative.