

Don't leave your supply-based decisions to chance

Are you satisfied with the effectiveness of your supplier relationships and the efficiency of your sourcing and procurement processes? Chances are you're not. Does your company have money tied up in unneeded inventory? Do you continually miss out on the best available prices? Do labor-intensive processes pull your employees away from value-add activities? Chances are yes. But effective supplier relationship management (SRM) can help rectify that. SRM is an emerging

discipline in which strategic sourcing, operational procurement and collaborative design converge and form a single, integrated framework to promote effective supplier relationships and efficient design and procurement processes.

IBM Business Consulting Services is uniquely positioned to help you enhance the value suppliers bring to your organization. How? By developing and deploying an SRM solution using leading software from SAP AG. We draw on our proven methodologies, vast business and industry experience, innovative technologies and best practices to help your company transform its supply chain and reduce costs, increase productivity and quickly adapt to market opportunities or threats.





Get started

The first step to effective SRM is to select the right services provider, and IBM Business Consulting Services professionals may be the optimal choice.

We can help you determine what to do

Our consultants employ a workshops approach, in which they use diagnostic techniques to help your company design a benefits-driven plan, documented in a deliverable that details solution priorities, expected benefits and costs, and planned implementation activities and timetables.

We can help you implement your strategy

Our consultants can help you efficiently structure and execute your strategic sourcing and procurement initiatives, as well as install and configure your mySAP SRM solution, working side by side with you to help you transform your processes and achieve your business objectives. Their value relies on their extensive project experience, as well as access to an internal mySAP SRM 4.0 demo system (used for demo sessions or to jumpstart a project as template system), a worldwide community of SRM practitioners and documentation databases.

We can implement your strategy for you

By outsourcing your SRM solution to our Business Transformation Outsourcing (BTO) organization, you can leverage capabilities that complement or exceed your current abilities. Our professionals can perform your strategic sourcing, fulfillment, purchasing and payables processes using the mySAP SRM application suite, and they can support your applications and infrastructure.

About IBM Business Consulting Services

With consultants and professional staff in more than 160 countries, IBM Business Consulting Services is one of the world's largest consulting services organizations. IBM Business Consulting Services provides clients with business process and industry expertise, a deep understanding of technology solutions that address specific industry issues, and the ability to design, build and run those solutions in a way that can deliver bottom-line business value.

To learn more about the SRM capabilities of IBM Business Consulting Services, contact your IBM representative or visit:

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1. IBM Research
 2. Ibid.

Enhance the value of your supplier relationships

World-class services from IBM. Leading software from SAP.



Get more from your suppliers

Given cross-industry pressures to cut costs and improve profitability, suppliers must offer more than parts and services. They must deliver value. Yet many organizations today still rely heavily on manual, paper-based processes and disjointed, compartmentalized systems to manage supplier interactions and transactions, stifling productivity, slowing parts selection and approval, and preventing effective spend data aggregation and analysis. A closer look shows that challenges in three process areas hinder enterprises' efforts to optimize supplier relationships.

Strategic sourcing:

Strategy sourcing can be defined as the process of finding qualified sources to fulfill supply needs, negotiate agreements, manage contracts and evaluate supplier performance

Companies often lack deep expertise in strategic sourcing or the ability to consolidate supplier relationships for competitive advantage. They also struggle to capture accurate, timely data that could give them insight into enterprisewide spend patterns, including maverick spend, contract compliance and price opportunities. Sourcing organizations lack collaboration tools that automate communications-intensive processes, such as process generating supplier performance reports, requests for quotations and requests for proposals (RFQ/RFP), and competitive bids. Additionally, sourcing is decentralized and fragmented across the enterprise, often resulting in limited volume control, a proliferation of suppliers, maverick buying and limited inventory planning capabilities.

The costs associated with purchasing goods and services can make up as much as 50% or more of a company's annual revenue.¹

Procurement operations:

Procurement operations can be defined as the process of acquiring the goods and services needed for a company's business operations, in compliance with company contracts, policies and approval processes

Lean and just-in-time production teams demand flawless execution and have no tolerance for errors in purchase orders, late shipments or complex supplier contracts. Procurement organizations lack online employee and supplier self-service tools. Organizational, supplier and data readiness issues often delay implementation of online procurement systems that have been purchased.

Procurement professionals are spending over 90 percent of their time on organizing and tracking transactions, leaving insufficient time for the critical strategic aspects of their job.²

Collaborative design:

Collaborative design can be defined as the process of engaging suppliers to exchange knowledge during product design to help reduce cost and time-to-market, and at the same time maintain quality standards

Outmoded design processes — for example, working in isolation and making assumptions about supplier capabilities — often undermine sourcing strategies through high costs. And designers may fail to leverage supplier knowledge and their willingness to collaborate, producing designs that require multiple parts to execute and result in low levels of parts reuse, the inability to systematically classify parts and disjointed information systems. For instance, by making a relatively insignificant design specification change, a less expensive or already purchased part could be used — helping to reduce costs.

Turn data into knowledge

The goal of SRM is to streamline communications within enterprises — and between enterprises and their suppliers — to enable strategic supply-related decisions to be based on consolidated, realtime information, and then to be cost-effectively executed.

Investing in an SRM solution is an important step in furthering your evolution toward e-business on demand™ practices and achieving the benefits associated with building a flexible, responsive supply chain. These include:

- Increasing your ability to dynamically sense and respond to changes within and outside your organization
- Providing employees and suppliers with realtime, around-the-clock visibility into supply-related information across and beyond the organization (including data on supplier performance and competitive pricing)
- Leveraging realtime collaboration capabilities to support the creation of innovative, quality products and services while shortening cycle times and supply-related costs
- Achieving faster time-to-value and higher levels of productivity through automated, online processes (such as for RFP and RFQ cycles, order approvals and supplier acknowledgements and responses)
- Consolidating demand across multiple business units to optimize profit margins.

Leverage our powerful alliance

IBM Business Consulting Services has teamed with SAP to help you successfully launch your SRM initiative. IBM offers a comprehensive solution, including world-class consulting services, the mySAP SRM application suite and supporting technologies, global delivery capabilities and flexible financing options. We understand SRM and have structured our service offerings to accommodate each client's unique starting point. We can start by addressing the business processes in your company that need attention, whether operational procurement, content management, strategic sourcing, supplier enablement, or all of the above.

Outside of SAP itself, IBM Business Consulting Services SAP practice is one of the world's largest SAP services providers. With more than 8,500 SAP professionals, we serve over 70 percent of SAP's Fortune 500 (installed base and small and midsize business customers). IBM brings unique capabilities and experience as both an award-winning procurement practitioner and a leading services provider. IBM has a world-class reputation in thought leadership in procurement, and we've secured Purchasing magazine's Medal of Excellence, the MIT Sloan School award, and over 70 procure-to-pay patents. IBM is SAP's number one integrator and has won the SAP Award of Excellence every time and— and in every country — it has been awarded. Additionally, IBM participated with SAP Walldorf in the business scenario development within Enterprise Buyer Professional (EBP).

Three key principles underlie the development of a successful SRM solution—one that is designed to deliver long-term value.

Establish a solid foundation

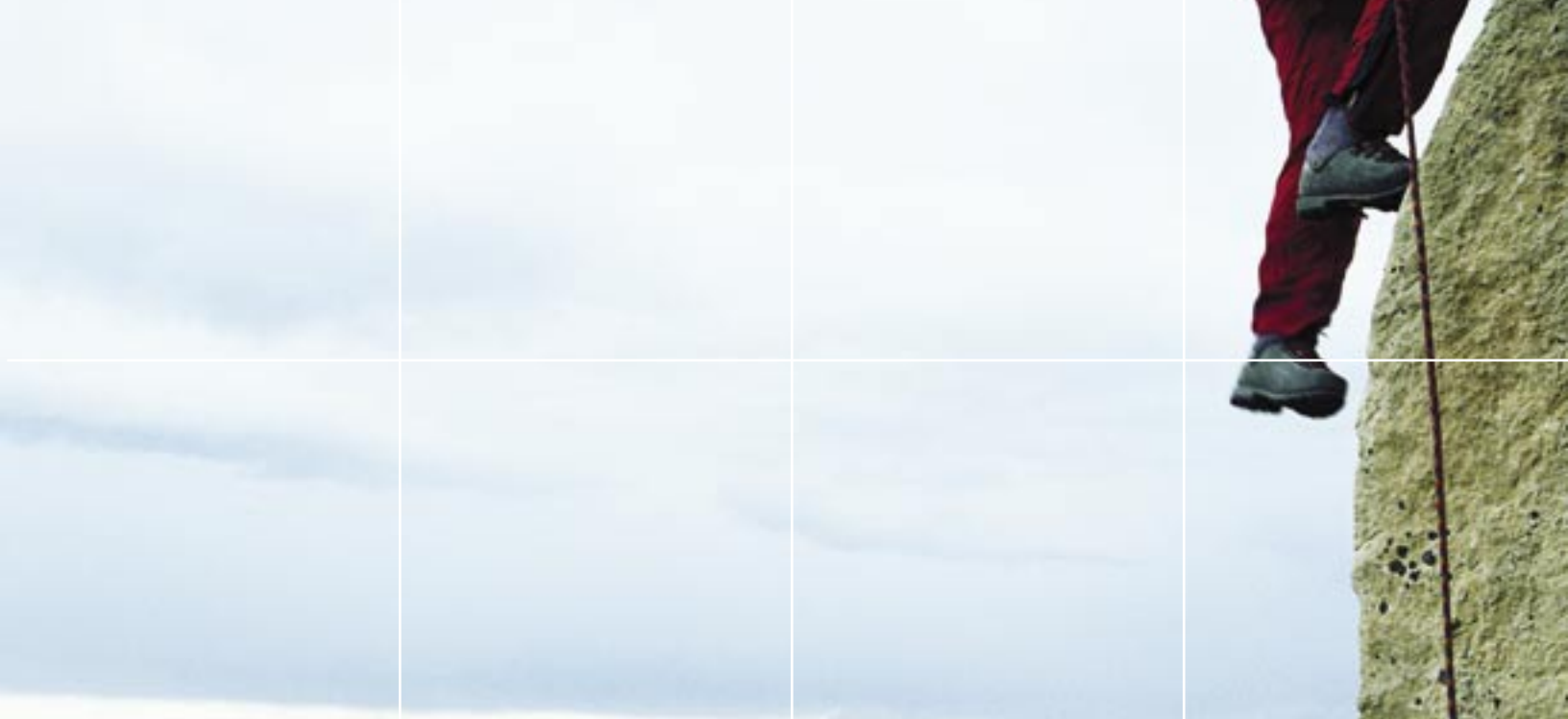
Effective strategy, process, technology, organization and performance management form the foundation for collaborative design, sourcing and procurement, and facilitate strong and effective linkages between supply management actions and drivers of shareholder value.

Embrace your suppliers

Engaging suppliers early in the product development lifecycle can generate significant cost savings to an enterprise (through less expensive overall designs via parts reuse, lower-cost parts, larger volumes of fewer different parts, etc.) The enterprises that build collaborative relationships with suppliers have a higher potential of meeting their time-to-market and cost goals.

Adopt a minimum set of standards

Companies should leverage the Internet and embrace the standards provided by a robust application framework, such as that found in SAP software. By doing so, a company introduces and leverages a single data model, robust content management and integrated workflow to greatly enhance communication and control.



Leading SAP technology

Now in its fourth release, mySAP SRM 4.0 is a robust solution that can provide a solid foundation for your SRM solution. Let your business requirements drive your implementation priorities. Whether it's operational procurement, strategic sourcing, supplier enablement or content management, IBM can assist you in crafting an implementation plan to optimize your returns.

mySAP SRM helps streamline procurement operations by increasing compliance to existing contracts, increasing leverage with suppliers through better spend information and consolidation opportunities, and reducing process costs. mySAP SRM eProcurement includes the following components:

- SAP Enterprise Buyer Professional 5.0
- Requisite Bugs Eye 4.0 (Catalog and Search Engine)
- Requisite eMerge 4.0 (Content Management)
- SAP CCM 1.0 (Catalog and Content Management)
- SAP Enterprise Portal 6.0
- SAP Business Information Warehouse 3.5.

mySAP Supplier Collaboration Engine can further your strategic sourcing objectives by helping you identify new sourcing opportunities, improve the selection of your suppliers and streamline the collaboration process with your supply base, thus reducing the cost per relationship. mySAP Supplier Collaboration Engine includes the following components:

- SAP SRM Analytics (as part of SAP Business Information Warehouse 3.5)
- SAP Supplier Self Service 3.0
- SAP Bidding Engine and SAP Live Auction 2.0
- SAP cFolders 3.0
- SAP XI (Exchange Infrastructure) 3.0.

The mySAP SRM software suite can deliver collaborative design capabilities via cFolders (an SAP component for engineering collaboration), part of SAP Product Lifecycle Management (PLM), cProjects (an SAP component for collaboration, which includes cFolders, and is part of a larger component named PLM), which allow an enterprise to share blueprints, bills of materials and other technical documentation with suppliers in an online collaborative environment — all while offering redlining and versioning capabilities.