

SAP's Strategy on Procurement and Business Networks – Asset-intensive Industries

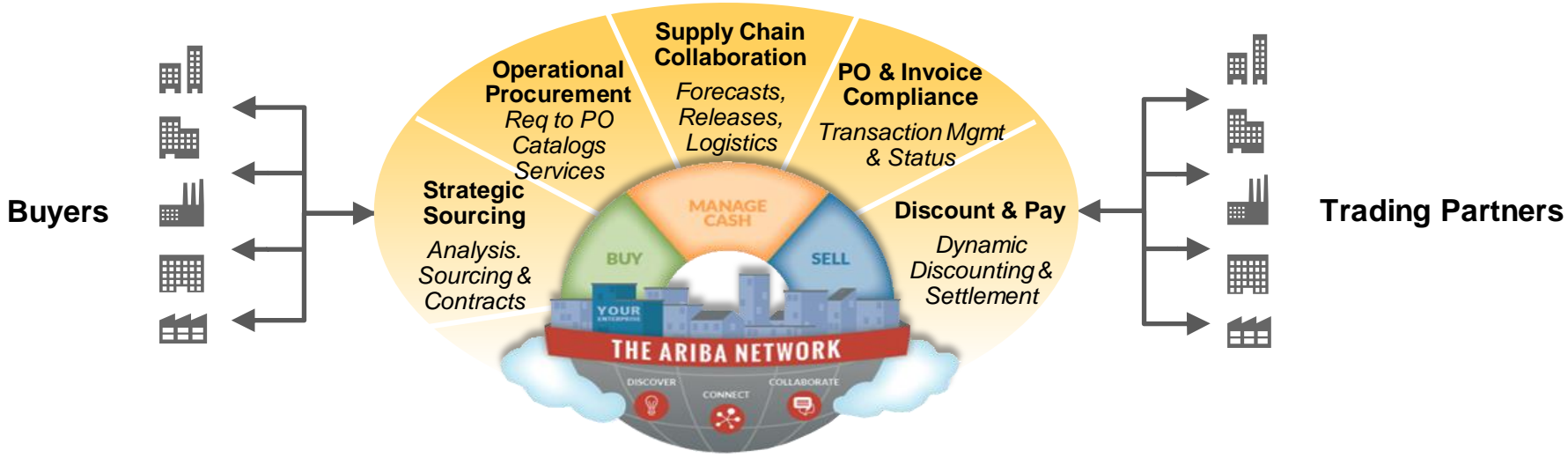
Rolf Weiland, VP Network Growth, MEE
October 2014



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SAP's Procurement Solutions Portfolio addresses the Global Trends and offers application deployment choice + inter-enterprise collaboration

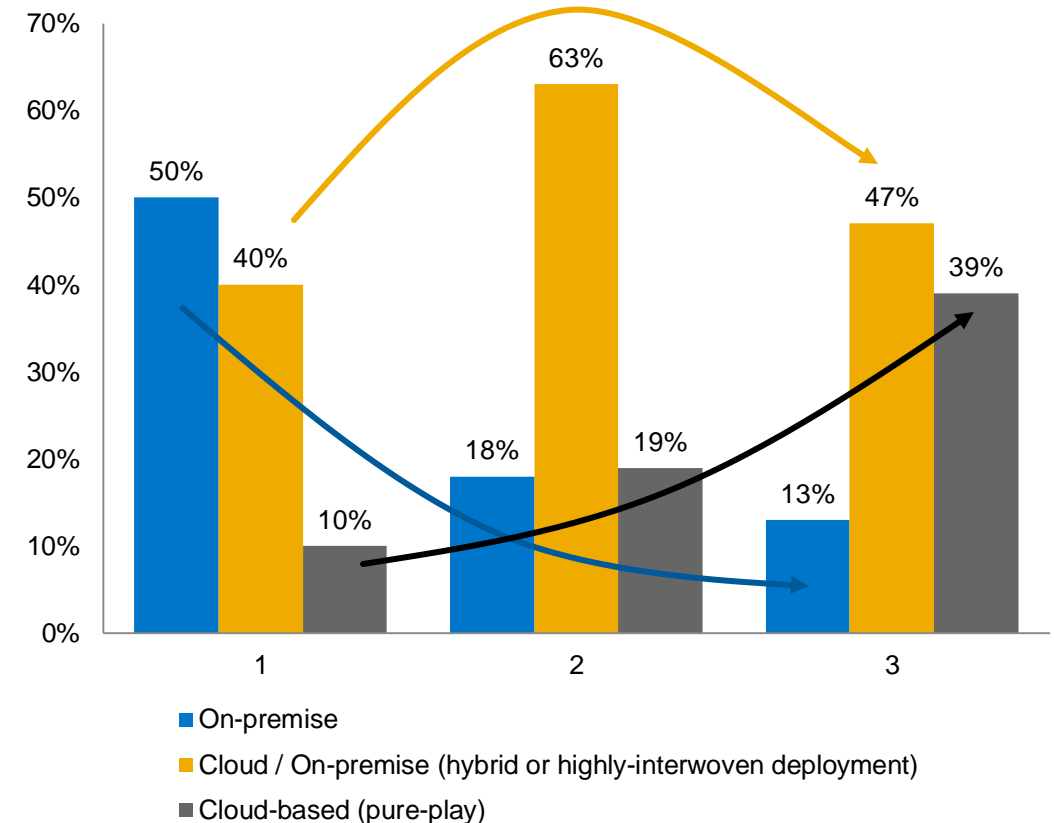


After the storm – the shift to the cloud accelerates

Saugatuck Technology:

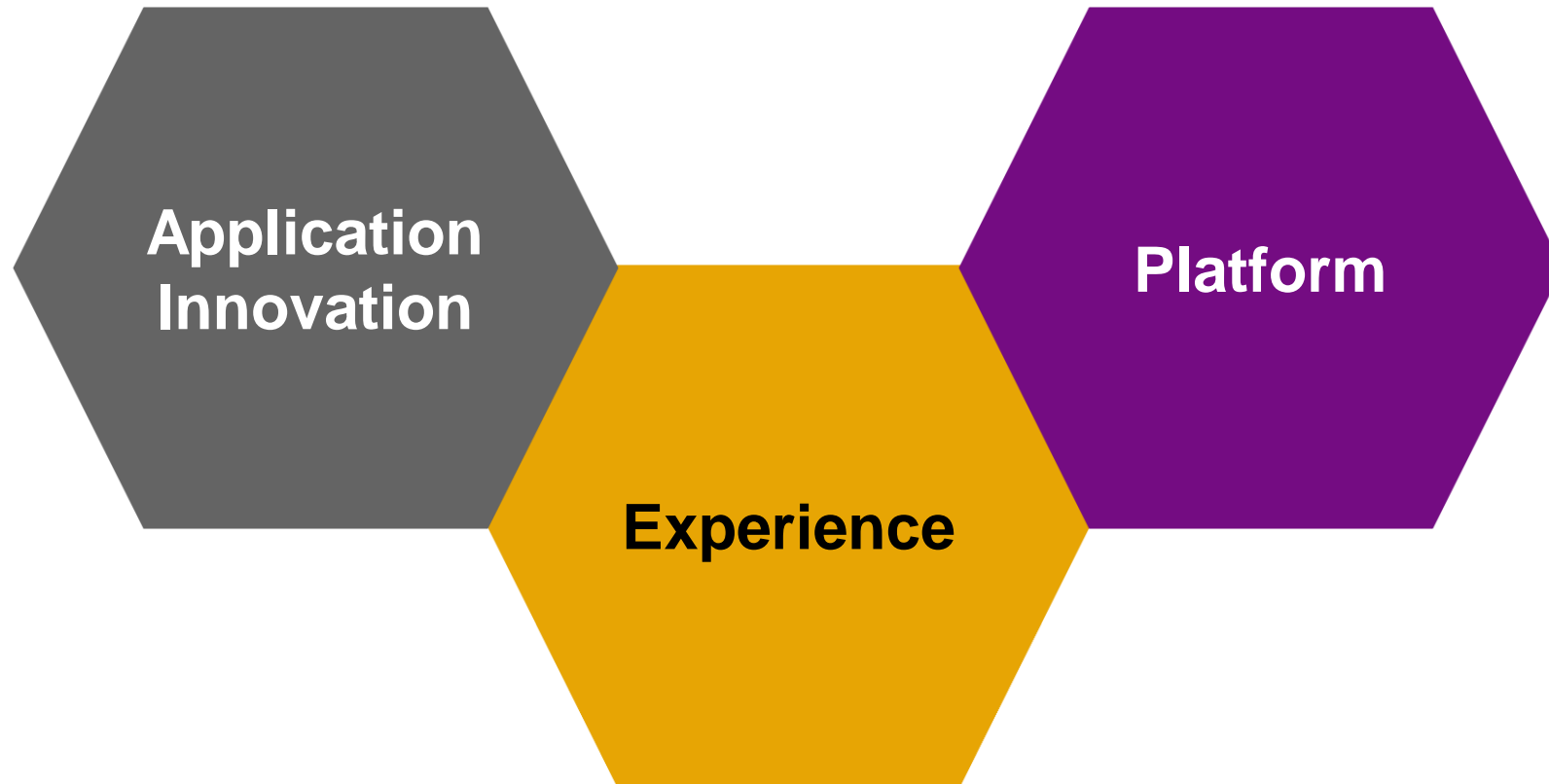
“Through 2016, Hybrid-Cloud becomes the enterprise platform of choice – a transitional platform, however, en route to a future dominated by public and private clouds.”

“By 2016, 75 percent or more of NEW enterprise IT spend will be Cloud-based or Hybrid.”



Source: Saugatuck Technology, 2012 Cloud Business Solution Survey, Global, N-228 (Feb 2012)

Roadmap themes



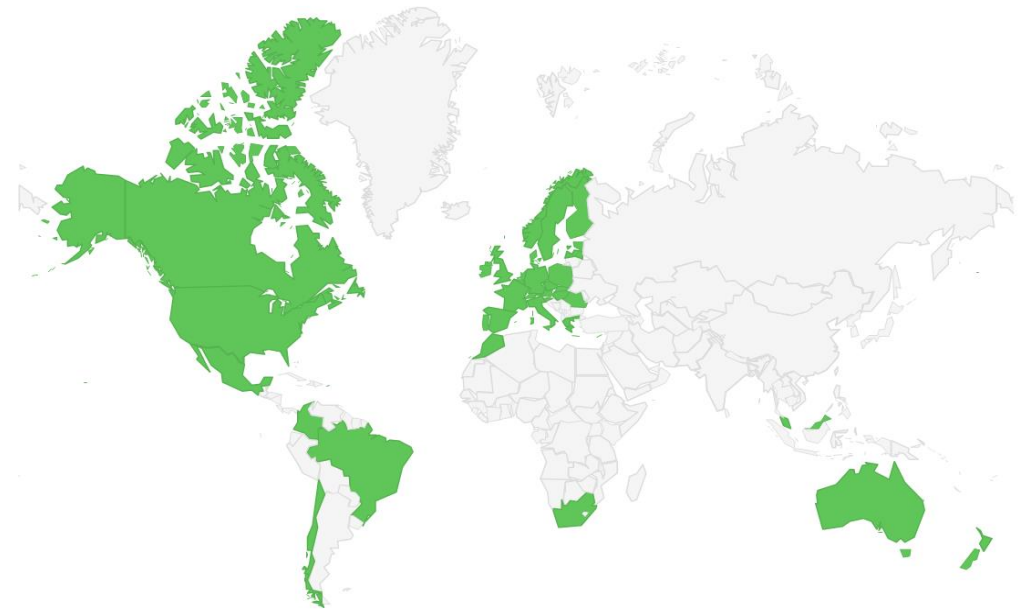
Key Application Innovation Investments I

Globalization

- eInvoicing compliance:
 - By end of 2014: 50 countries compliance for Invoicing;
 - 2015: 75+ countries
- Data Center for Ariba apps in NL in place – China and Russia targeted in Q4/2014

Integration/General

- Additional integrations with core SAP to support end-to-end hybrid scenarios
- Enhancements/usability improvements in all Ariba apps (upstream and downstream)
- On-premise enhancements in all core solutions
- Usability improvements across ALL applications



Key Application Innovation Investments II

Spot Buy/Spot Quote

- Deliver network content for ad hoc / spot buy spend (eBay pilot)
- Grow ecosystem of sellers with pre-configured content
- Spot Quote in conjunction with SAP ERP (“3 bids and a buy” scenario)

Open Payment

AribaPay (US pilot rollout in 2014)

- Launch and growth with Discover.com

Open the Network for Payment

- Open API and more payment modes for Partners

The screenshot displays the Ariba Spend Management interface. The top navigation bar includes links for Home, Contracts, Procurement, T&E, Shopping, Catalog, and a user profile. The main content area is divided into sections: 'Shop By Category' with a list of categories like Books, Forms and Pkts, Computers and IT eqpt, etc.; 'Recently Viewed Items' showing a list of items with details like 'HIS TREESA KEYBOARD' and 'eBay'; 'Recently Viewed Suppliers' listing various suppliers; and 'Categories With Most Items'. Below this, there's a 'Remittance Advice' section for a payment of \$1,332.80 USD, showing details like 'From: Buyer Corporation, Inc.', 'To: Acme Company', and a payment progress bar. The bottom section shows a table of 'LINE ITEMS' with columns for Line #, Invoice Reference, Invoice Date, Gross Amount, Discount, Adjustment, and Net Amount Paid.

Line #	Invoice Reference	Invoice Date	Gross Amount	Discount	Adjustment	Net Amount Paid
1	Invoice: 9451212223	29 Jan 2013	\$ 250.00 USD	-	(\$ 100.00 USD)	\$ 150.00 USD
2	Invoice: 9451212345		\$ 50.00 USD	-	-	\$ 50.00 USD
3	Invoice: 9451212358	30 Jan 2013	\$ 1,090.00 USD	-	-	\$ 1,090.00 USD
INVOICE SUMMARY			\$ 1,000.00 USD			
Original Purchase Order: 001233223			Invoice Subtotal:			
			Total Tax:	\$ 90.00 USD		
			Total Shipping:	\$ 200.00 USD		
			Invoice Total:			\$ 1,290.00 USD
			Net Amount Paid:			\$ 1,332.80 USD

SAP Supplier Relationship Management, SAP ERP MM

on premise

SAP SRM 7.03 runs on HANA (optionally)

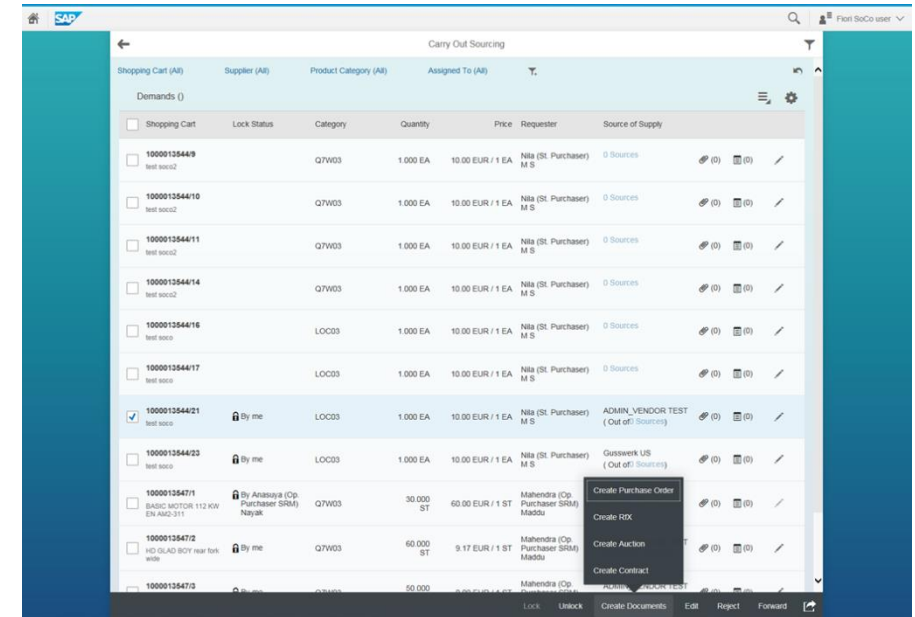
Continued investments in improving usability through HTML5-based user interface add-on

Functional enhancements based on customer feedback (Customer Connection), i.e.

- Payment plans
- Terminated Employee Handling
- Search for SC using ECC PO number
- Check for "open" POs before central contracts can be completed
- Fiori app to improve handling and processing in SAP SRM Sourcing Cockpit

SAP ERP MM/SD Customer Connection collect phase ended in Sept. 2014:

Shipment of new features expected in Q2/Q3 2015



SAP Supplier Lifecycle Management

on premise

Runs on HANA (optionally) since GA of version 2 in August 2014

New embedded activity and task management for supplier development

On the roadmap for 2015:

- Integration with D&B (1st level data)
- Extend process integration with backend systems
- Hybrid scenario with Ariba Network
- Interfaces to Sourcing systems
- Enablement for analytics within SAP SLC

Activity: New

Save

Suppliers

Add Supplier Add Line Create Task

ID	Name	Address	E-Mail	Role
197	IMS Inc.	Hitchhikers Street, 69190 Walldorf	info@sap.com	Potential Supplier

Participants

Add Participant Add Line Add from Purchasing Category Create Task

ID	Name	Department
CATMAN	CATMAN	
CATMAN1	CATMAN1	

Attachments

Add Attachment

File Name	File Description	File Type	Uploaded On/At
end-to-end-supplier-lifecycle-management.pdf	SLC Solution Brief	PDF File (Adobe Acrobat Ex...	

Tasks

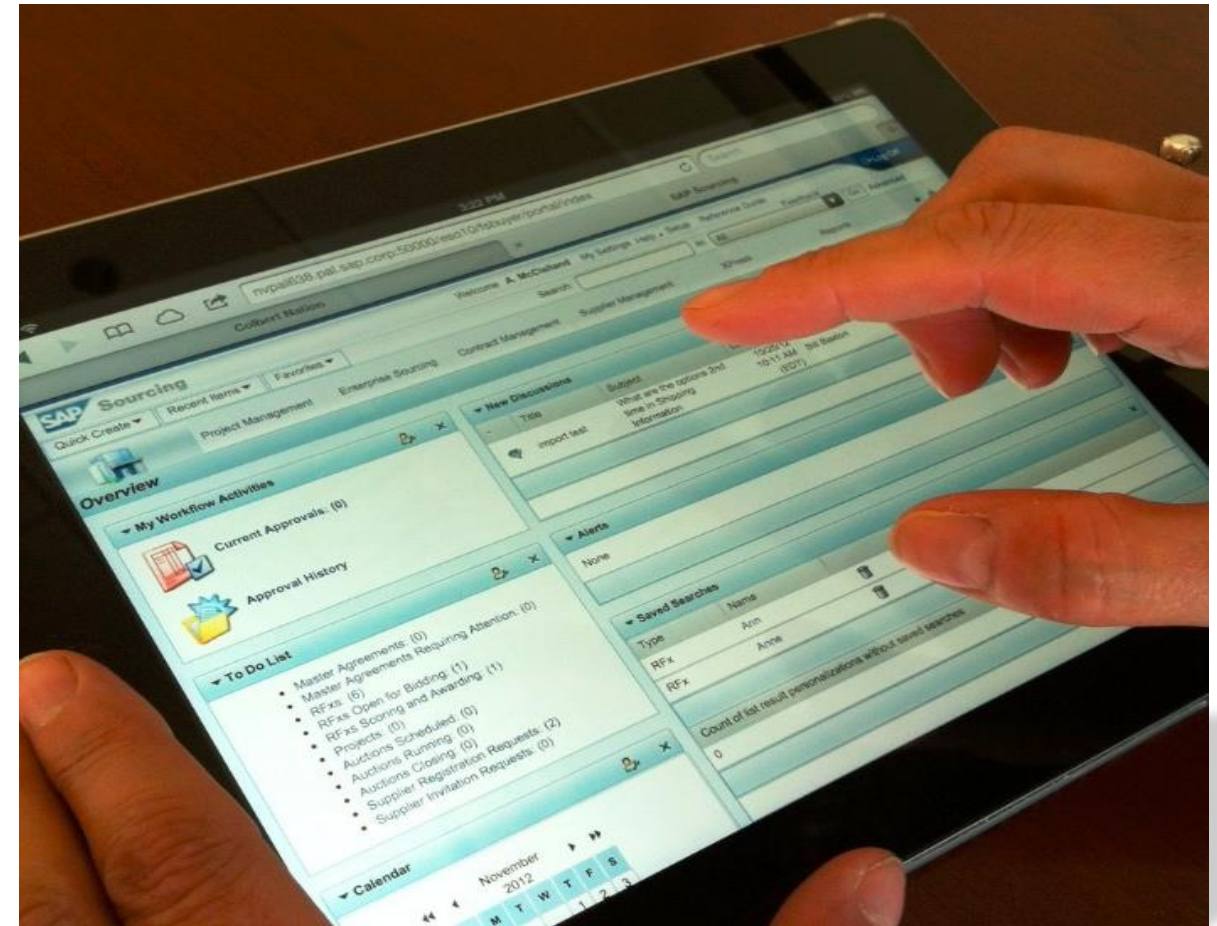
Refresh

Task Name	Due Date	Status	Supplier	Processor	Last Changed On

SAP Sourcing/CLM

on premise

- Integration between ERP/SRM and Ariba Sourcing/Contracts
- Graphical workflow editor in SAP Sourcing/CLM
- Web Services framework in SAP Sourcing/CLM
- iPad Workbench page in SAP Sourcing/CLM
- Wave 11 contents currently in planning stage (based on customer survey)



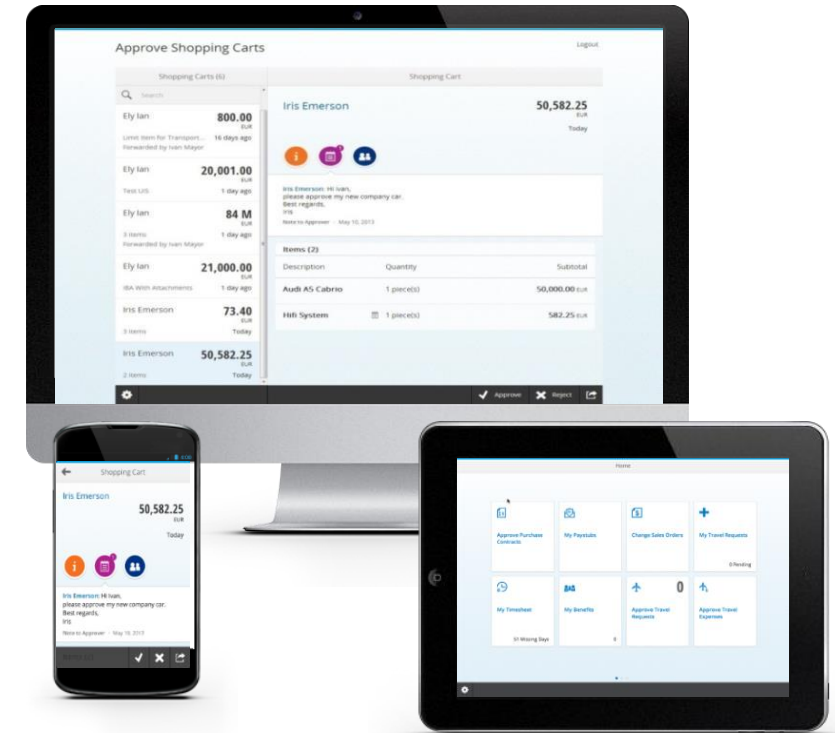
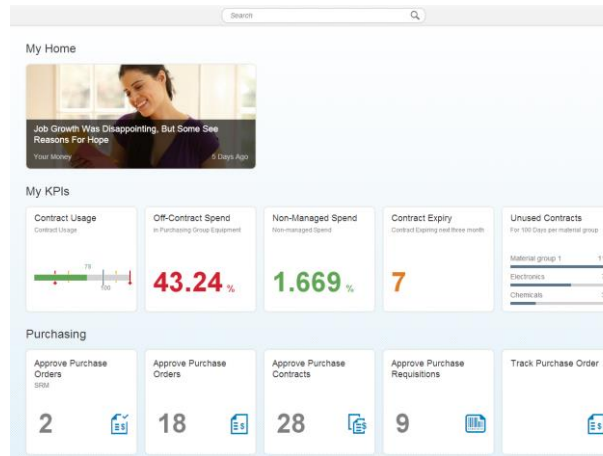
SAP Fiori for Procurement

on premise

New: Fiori Launchpad

- Personalization
- Search
- Navigation
- Persona Centric
- Multiple Devices
- Multiple Platforms

More than 30 Fiori Apps for Procurement available today – and more to come...



What is SAP Fiori:

A collection of apps with a simple and easy to use experience for broadly and frequently used SAP software functions that work seamlessly across devices: desktop, tablet, or smartphone.

Today's Challenges



Lean Operations

- True lean MRO processes (end-to-end)
- Lean inventory levels and 99+% uptimes



Regulatory Compliance

- Stringent reliability, regulatory and safety requirements
- Ensure that operators are on top of configuration management, traceability and compliance control



Aging Assets

- Preventive maintenance planning needs accurate data exchange from suppliers and workcrews
- Assets-in Field are routinely maintained via contractors: Paper doesn't really work



Contractor Workforces

- Strong increase of outsourced MRO activities
- Management of contractors (orders, payment, timesheets, milestones, ...) becoming critical to business



Supply Chain Risk

- Identify and qualify suppliers, negotiate best-value agreements
- Manage end to end supplier performance & KPIs



Build from both sides

A large steel truss bridge is under construction over a river. A red crane is positioned on top of the bridge's steel framework, lifting a section. Below the bridge, a white boat is visible on the water. The background shows a hazy sky and distant structures.

It is our strong belief that external electronic collaboration is key to address challenges in many industries. So, does every company in the room want to build and maintain their own trading partner network?

From our experience:

What works for 5 suppliers doesn't scale for 5,000 suppliers:

Professional supplier enablement is key to a network, and it's hard, high-touch and expensive.

Ariba provides unlimited supplier enablement for buyers subscribing to the Network!

ARIBA NETWORK

Collaboration with Trading Partners

Open



Global



Non-disruptive



Intelligent



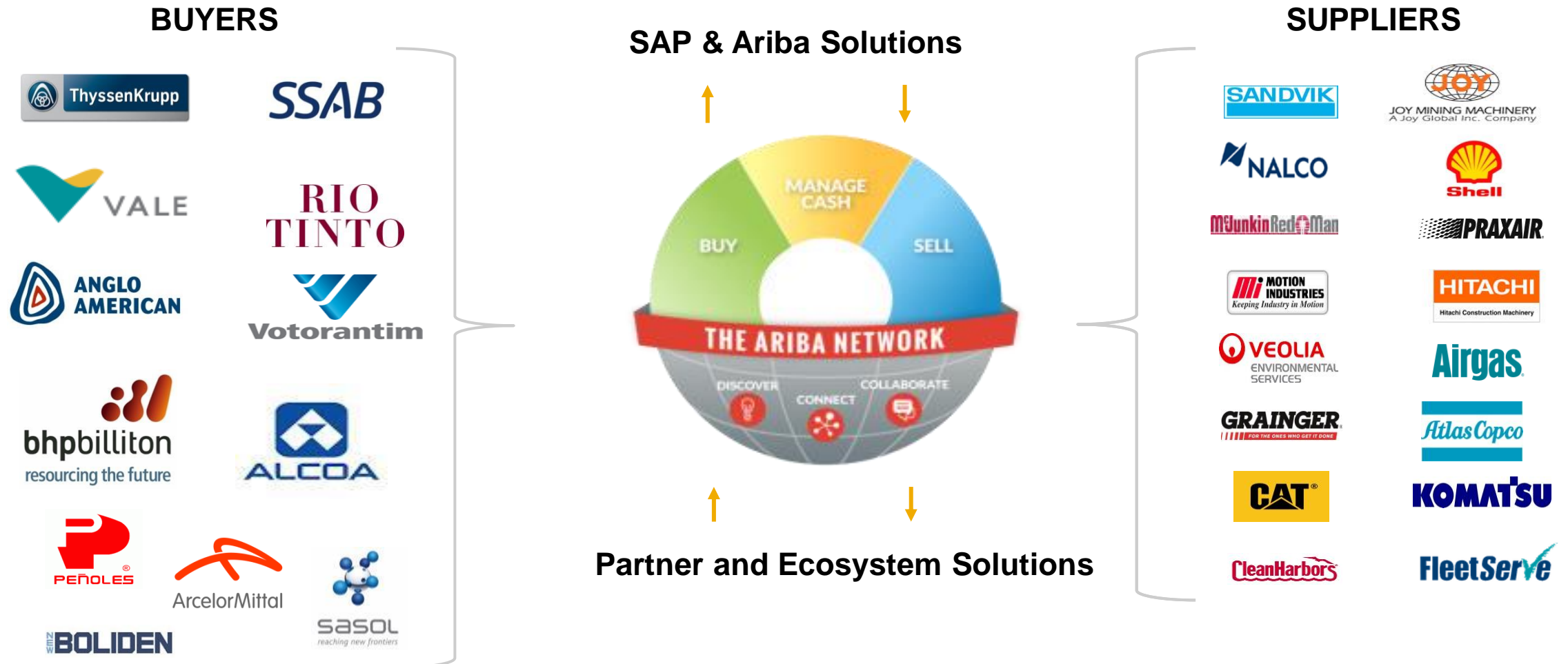
Scalable



Secure



Expertise & traction in the Metals and Mining Industry is significant



LOW DISRUPTION

“Come as You Are” (ERP, SRM, non-SAP accounts all welcome)

DATA BACKED BUSINESS CASE

Cloud allows agility

SUPPLIER ENABLEMENT

High touch service outsourced to Ariba, the experts

Ariba does the heavy-lifting: Ensuring suppliers are ready to transact



Transaction
Automation

Management of
Field Assets

Control Tower
Applications

Supplier
Management

SERVICE SHEETS

Electronic, collaborative entry eliminates paper and errors

Contract compliance is secured

Only invoices based on approved SES's pass through to your ERP

MANAGE CONTRACTORS

Manage work crews for efficient and safe practices

Transaction
Automation

Management of
Field Assets

**Control Tower
Applications**

Supplier
Management

RECEIVE SIGNALS FROM SUPPLIERS

Order confirmation & shipping details

SEND SIGNALS TO SUPPLIERS

Order change/cancellation & attachments

FULL VISIBILITY

In SAP EAM with Alerts & Workflows

Supply Chain integration with SAP SNC

FUTURE CAPABILITIES

Track and Trace, Mobile Entry

Transaction
Automation

Management of
Field Assets

Control Tower
Applications

**Supplier
Management**

SUPPLIER RISK

HANA-based Big Data analysis

Predict supplier performance

PERFORMANCE MANAGEMENT

Proactive Management

CONTRACTS

Contract negotiation, legal authoring and
operational usage

SOURCING

Tender competitively for MRO and Labor
contracts



Ariba Network: Ariba Collaborative Supply Chain

Released in August 2014:

New Collaboration scenarios for

- Direct material extensions for Order/ASN/Invoice
- Scheduling Agreement Releases

Industry-specific extensions for retail and manufacturing

Ariba Network Integration to SAP SNC (Supply Network Collaboration)

- Message Integration on Ariba Network
- Single Sign-On for advanced processes
- Unified supplier on-boarding

New

GO TO MY: LEADS PROPOSALS CONTRACTS ORDERS & INVOICES

ARIBA NETWORK - SUPPLY CHAIN COLLABORATION

Home Inbox Outbox Catalogs Enablement Tasks Reports

5 Pending Tasks
Action Required to Complete Enablement Tasks >

Profile Completeness
15%
Enter commodities to reach 35% >

Quick Links
View: [dropdown]

Orders and Releases
New (0)
Changed (0)
Failed (0)
Partially Confirmed (0)
Partially Shipped (0)
Partially Invoiced (0)
Inquiries (0)

Invoices
Failed (0)
Data not found

Supply Network Collaboration
Forecast
Replenishment
Work Order
Inventory
Quality

Search
Orders and Releases
Order Confirmations
Ship Notices
Invoices
Payments
More...
Customer: [dropdown]
Order Number: [input]
Date Range: Last 14 days [dropdown]
Exact Match [checkbox]
Search

Alerts and Messages
Looking for ways to bi and visibility? click he our business informat
Find out if your existin requests from supplier
Signup For Data Reten beyond 18 months, su
Signup For Ariba Discoc Advantage service.

Learn how to accelerate payment and conver

Order Status
Customers: 1 of 1
Customer New Changed Confirmed Shipped Invoiced
SS03-BUYER 0 0 0 0 0

Invoice Status
Customers: 1 of 1
Customer Sent Approved Paid
SS03-BUYER 0 0 0

Early Payments
Customer
SS03-BUYER

Supply Network Collaboration
Forecast
Replenishment
Work Order
Inventory
Quality

SAP Supply Network Collaboration – Ariba Network Integration

Planned for 2015 and beyond

Mobile enablement for real-time supply chain alerting and visibility

- More Collaborations
- Contract manufacturing scenarios – subcontracting PO etc.
- Inventory
- Forecast

Track and Trace – esp. for Pharma/Life Sciences

Network intelligence scenarios (fill rates, delivery performance, ...)

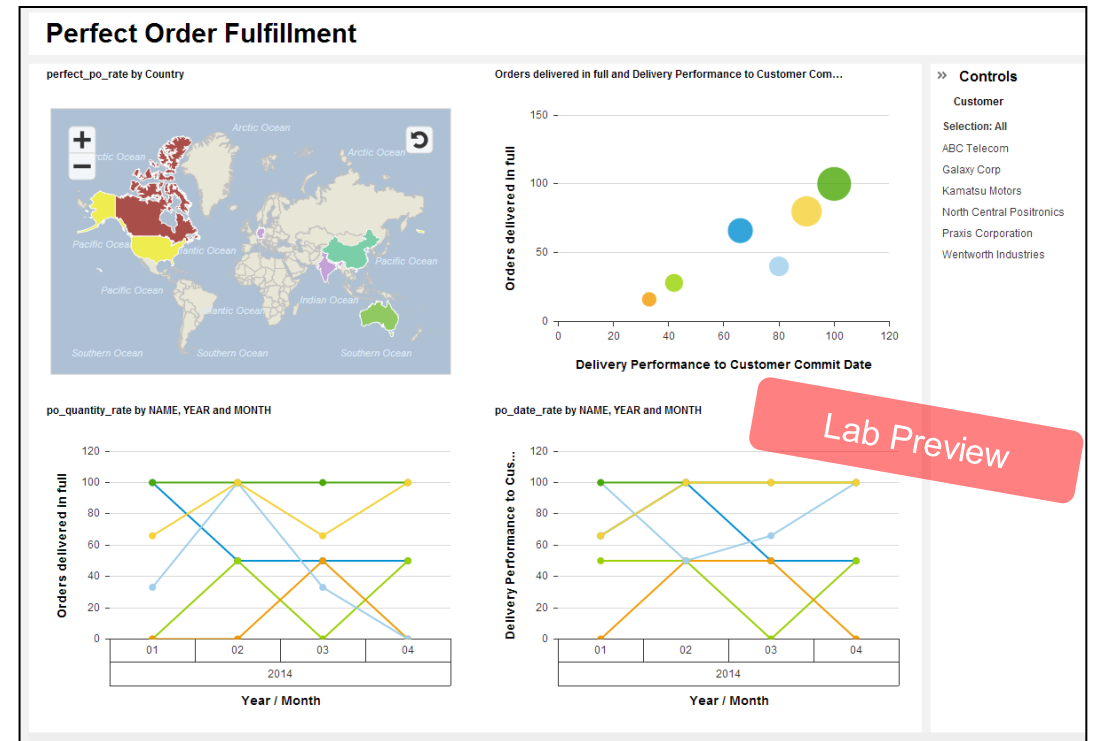
- Enabling self-monitoring views for sellers to monitor their performance to 'Perfect Order'

Network 2.0

- Unified network (Ariba, Quadrem, BProcess)

Fieldglass integration to

- Ariba Sourcing / Spot Quote, Ariba Contracts, Ariba SIPM/Spend Visibility, Knowledge Network, Ariba Discovery
- OnPremise Ariba Buyer
- SAP ECC / SRM / Plant Maintenance (Phase 1)



The Opportunity

Strong business networks can create competitive advantage and help organizations grow top-line and save on the bottom-line simultaneously¹

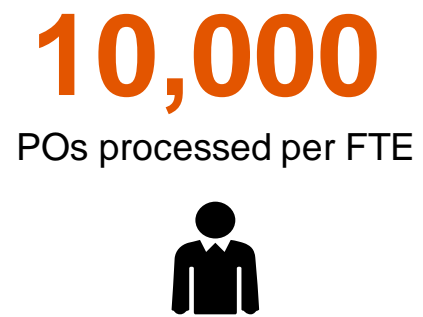
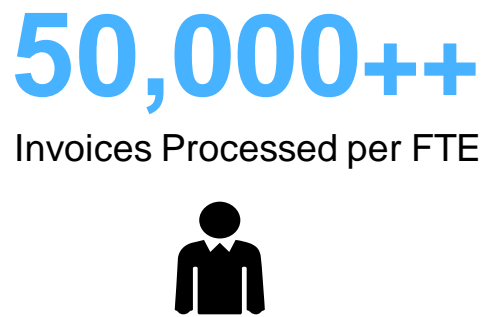
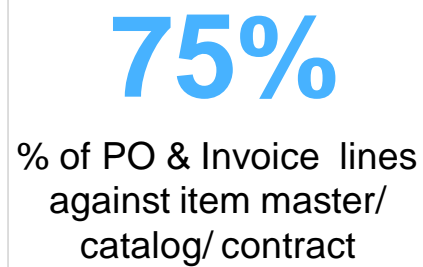
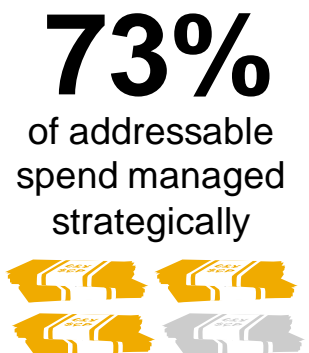
Buyer Benefits

- 4-15% Sourcing savings
- 70% Operating cost reduction (AP & Procurement)
- 1-4% Compliance savings
- \$2-3M Discount savings for \$1B addressable spend

Supplier Benefits

- 40%+ Cost reduction
- 6 Days DSO reduction
- 15% Increased sales & wallet share

BEST IN CLASS BENCHMARKS¹



(1) Based on Ariba customer engagements and benchmarks

A POSSIBLE ROUTE TO THE CLOUD

Most common path that we see being adopted

Transaction Automation

Connect ECC to Ariba Network
98% touchless Confirms, ASNs and Invoicing
60-80% process cost reduction in Procurement and AP

Field Services

Collaborative Service Entry Sheets
Pro-active checks on rates/milestones
Manage Contractor Workforces

Control Tower

Utilize ASNs and Confirmations
Reduce stock-outs
Gain Visibility into Supply Chain

Collaboration

Address supply risk
Monitor supplier performance
Contracts & Tendering



Key takeaways

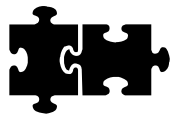


IT'S TIME TO **MANAGE ASSETS** LIKE NEVER BEFORE

- Make a **connection** to all your suppliers
- **MRO**, **service** or **contractors**
- Drive **inefficiencies** out
- To give **results** on **both** sides

SAP BUSINESS NETWORK :

Open



Global



Non-disruptive



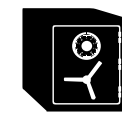
Intelligent



Scalable




Secure





 rolf.weiland@sap.com

 +49 160 908 23165

Questions?



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