

Ariba Supplier Performance Management



Benefits

Ariba Supplier Performance Management enables companies to define, measure, aggregate and act upon the performance metrics of their supply base, including bringing together qualitative and quantitative information and collaborating with suppliers.

Benefits of SPM include:

- Ability to capture all supplier value—ensuring suppliers to perform to expected metrics and service levels
- Improved delivery through proactive collaboration with key suppliers improves processes, costs, and awards more business to high performers (quality, timeliness, and other key performance indicators)
- Avoidance of critical supply problems via tight collaboration and frequent measurement
- Ensures future sourcing activities take performance and quality into account
- Ability to manage more suppliers with automated processes and scoring/analysis tools
- Gives suppliers visibility into performance issues and quality problems
- Consistent metrics-based approach to supplier development and process improvement

Supplier Performance Management (SPM) facilitates the definition, measurement and collaborative enhancement of supplier performance to meet business needs, improve supplier relationships, and minimize risks within the supply base.

A variety of business trends are driving the need for SPM as part of strategic sourcing activities, including:

- Executive Mandates to Reduce Supplier Risks
- Increased Outsourcing
- Regulatory Oversight
- Unstable Supply Markets - more and more companies are taking actions to measure and improve supplier performance:
- 70 percent of best-in-class enterprises measure the performance of at least 51 percent of their supply base.¹
- 43 percent of best-in-class companies have instituted cross-functional teams of key stakeholders to manage supplier performance and risk management programs.¹
- 54 percent of firms, measured in a study by Gartner, plan to increase budgets for Supply Chain Risk Management activities.² But there are a number of challenges that may be encountered in taking on this effort:
 - Large numbers of suppliers ('000s) can make SPM efforts cumbersome and limit coverage
 - Fragmented supplier data across multiple disconnected purchasing systems
 - Inconsistent goals, metrics and measurements across divisions and sourcing teams
 - Labor-intensive data gathering and rudimentary analysis tools that are not scalable
 - Lack of a single "owner" for each supplier to drive the SPM process and be accountable for results. Ariba Supplier Performance Management helps overcome challenges to stay on top of your supplier relationships and improve collaboration.

How It Works

Ariba Supplier Performance Management may be added to the Ariba Sourcing Professional or CD Packages, building on RFX and process management capabilities to incorporate a comprehensive solution for managing supplier performance and minimizing risks. It enables companies to define, measure, aggregate and act upon performance metrics of their supply base, including the ability to bring together qualitative and quantitative information and to collaborate with suppliers throughout the process.

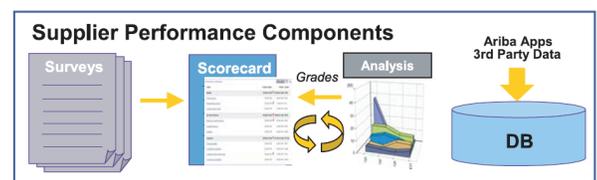
Sourcing provides a foundation in supplier management that offers capabilities to manage the on-boarding of suppliers and capture of their profile information:

- Supplier Self-Registration allows suppliers to go to your site and provide profile information prior to official acceptance
- The Supplier Profile Questionnaire supports Question, Attachment, and Text formats
- RFX functionalities push questionnaire responses directly into Supplier Profiles, eliminating the need to ask for it to be filled out multiple times or to manually transfer information
- Supplier Search uses extended profile elements as search criteria

Supplier Performance Management Capabilities

SPM Process Management/ Collaboration:

- Organize SPM activities into dedicated workspaces
- Define SPM processes by category or supplier
- Specify activities, tasks, documents, analyses and team members
- Schedule recurring tasks or phases
- Collaborate with suppliers and stakeholders on scorecard results and action items
- Automate action item alerts due to out-of-threshold scores



¹ Aberdeen Supply Risk Management, 03/07

² AMR - Managing Risk in the Supply Chain - A Quantitative Study

About Ariba, an SAP Company

Ariba is the world's business commerce network. Ariba combines industry-leading cloud-based applications with the world's largest Internet-based trading community to help companies discover and collaborate with a global network of partners. Using the Ariba® Network, businesses of all sizes can connect to their trading partners anywhere, at any time from any application or device to buy, sell and manage their cash more efficiently and effectively than ever before. Companies around the world use the Ariba Network to simplify inter-enterprise commerce and enhance the results that they deliver. Join them at: www.ariba.com

Scorecards and KPIs allow you to:

- Create one or many scorecards by supplier and category
- Create specific KPIs on scorecard templates
- Allow sensitive supplier information to be seen only by designated team members
- Store KPIs and sections in a library for easy reuse
- Pull in either survey data or transaction data to populate KPIs
- Map legacy transaction data into KPI grades
- Identify "out of range" scores for each KPI to trigger alerts

Stakeholder Surveys

- Create robust stakeholder surveys on supplier interaction
- Map survey questions to specific KPIs on a scorecard
- Automatically pull survey results onto the scorecard
- Automatically average all stakeholder feedback for each supplier or scorecard
- Schedule surveys as recurring tasks on a regular basis

SPM Reports and Alerting

- Automated, out-of-box reports for supplier 360-degree view across all spend management activities
- Ability to create quick reports across suppliers or categories
- Track SPM performance over time to identify improvement needs
- Automate action item tasks and alerts when out-of-threshold scores occur

SPM-Specific Dashboard

- Maintain all supplier or category-specific performance data in one view
- Gain persistent view of favorite SPM reports
- Quickly see alerts and tasks related to out-of-threshold performance
- Manage overall SPM tasks in calendar view
- View progress of "watched" SPM projects
- Drill further into any data on the dashboard for more detail

ARIBA, AN SAP COMPANY, EXPERTISE DRIVES SPM SUCCESS

Ariba's best-practice process, based on Ariba's deep SPM experience, comes standard with the solution—enabling you to start off with a robust foundation on which to build an SPM program. For companies wishing to develop a custom SPM program with processes designed uniquely to their needs, Ariba offers Supplier Performance Management Consulting to help define and build a tailored process for each organization. Our consultants also help to design surveys, scorecards and KPI measures that align with individual supply markets.

WHY SUPPLIER PERFORMANCE MANAGEMENT?

Spend management requires working with existing suppliers, identifying new sources of supply, and evaluating the supply base. Formal systematic SPM programs are associated with at least a 20 percent improvement in various supplier performance categories, including price, on-time delivery, quantity, and service level, yet nearly 50 percent of companies in most industries still have no formal SPM program.

WHAT NOW?

Do you have the right tools and expertise to achieve your Supplier Performance Management goals? Best-in-class organizations have realized the impact that SPM has on not only improving supplier relationships, but minimizing supply market risks and driving improvement of key performance indicators. Contact Ariba today to learn more.

Ariba, an SAP Company

910 Hermosa Court, Sunnyvale, CA 94085

Toll-free (USA): 1 866 772 7422 | Outside USA: +1 650 390 1000

www.ariba.com



ARIBA®

An SAP Company

