



SAP Solutions/SAP Ariba Category Management | PUBLIC

SAP® Ariba® Category Management Solution

Digitalize and streamline the development, execution, and monitoring of category strategies

Improve Procurement Outcomes with Intelligent Category Management

Global supply markets have become increasingly complex and volatile, and business requirements are changing rapidly, impacting almost all categories of spend. Because of this, companies are elevating the strategic value of procurement and looking for ways to optimize spend decisions, enhance category performance, and proactively drive better purchasing and supplier management decisions.

Effective category management plays a critical role in procurement success, helping companies increase cost savings, reduce risks, and boost profitability. Yet reliance on time-consuming manual methods for category management can impede performance, resulting in significant unaddressed spend across an organization.

As leading organizations recognize the need for a better approach, category management has become a top driver for procurement digital transformation. Modern digital tools make it easier for managers to reap the full value of category management, helping them simplify the development and execution of category strategies, achieve cross-organizational spend alignment, and become more efficient and strategic in their daily work.

REALIZE BETTER RESULTS WITH THE SAP® ARIBA® CATEGORY MANAGEMENT SOLUTION

With the SAP® Ariba® Category Management solution, you can enhance your category performance through digitalized processes that provide fast access to actionable intelligence along with a comprehensive strategy development and execution framework. Built on SAP Business Technology Platform, the solution helps you operationalize your category strategy through data-driven analysis so you can:

- **Define category profiles** – Use a consolidated category taxonomy for purchasing that provides a uniform, enterprise-wide framework for classifying goods and services.

BENEFITS

- Higher cost savings through system-based actionable insights
- Reduced time spent on data gathering, analysis, and preparation
- Enhanced coverage of spend categories
- Enriched and categorized spend data
- Increased time for strategizing and initiative execution
- Improved compliance and segmentation accuracy
- Better performance tracking of categories
- Deeper insights through industry-standard guidance and strategic frameworks
- Greater efficiency using native integration with source-to-pay processes
- Easier creation of category initiatives through system-recommended opportunities

- **Outline and plan strategy** – Create and plan a strategy with step-by-step guidance on how to perform category positioning, evaluate categories based on industry-standard frameworks, and identify opportunities.
- **Monitor and execute outcomes** – Integrate category management with source-to-pay systems, and automatically convert category management initiatives into opportunities as sourcing projects or events.

ACHIEVE THE FULL VALUE OF YOUR CATEGORY MANAGEMENT

By using SAP Ariba Category Management as part of your procurement strategy, you can accelerate realization of long-term value by reducing risk exposure, achieving higher savings, and improving procurement efficiency.

The solution provides an easy-to-use framework, as shown in the figure on the next page, that enables you to automate creation of category spend profiles, follow a guided process for strategy and plan development, and monitor strategy execution. Each step is supported by a wide array of helpful features and functionality, including:

Step 1: Define Category Profiles

- Logical and manageable product and service categories using a purchasing category taxonomy for mapping to existing classifications
- Category profiles with information and compliance guidance on laws and regulations, spend channels, risk assessments, and policies
- Instant views into category spend and suppliers based on classified and enriched data
- Insights using embedded visualization tools from the SAP Analytics Cloud solution
- Drill-down capabilities into categories and suppliers across multiple dimensions

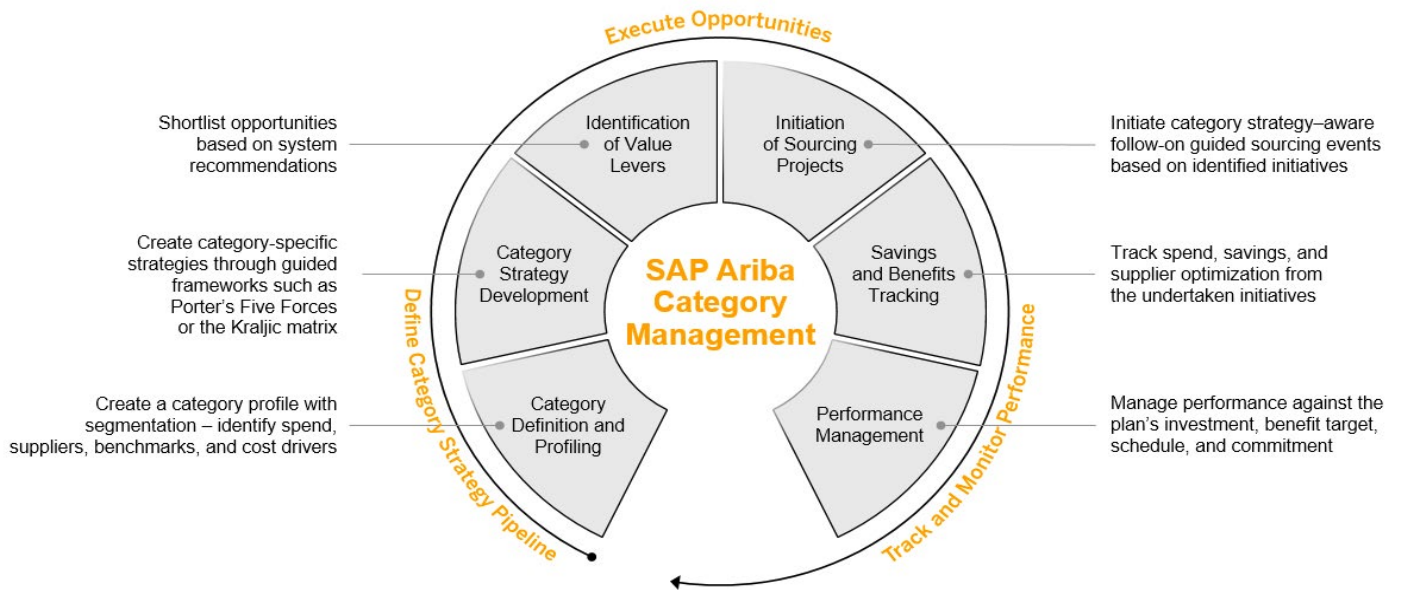
Step 2: Outline and Plan Strategy

- Step-by-step strategy development processes that use category segmentation and customizations
- Best-practice templates and tools, such as Porter's Five Forces Framework for market dynamics; cost structure breakdowns; strengths, weaknesses, opportunities, and threats (SWOT) analyses; regulatory, assurance of supply, quality, service, cost/commercial, innovation (RAQSCI) models; and risk assessments for category planning
- Tools for creating purchasing strategies based on the Kraljic matrix for segmenting categories by business impact, supply market risk, and associated spend
- Capabilities for maintaining category-related goals and value levers, identifying opportunities, and tracking and executing category strategies
- Functionality for reviewing opportunities based on value-lever initiative drivers, estimated savings, and opportunity status

Step 3: Monitor and Execute Outcomes

- Built-in analysis to identify, create, manage, and monitor opportunities for meeting category-specific goals
- System-recommended opportunities based on supplier fragmentation, impact, price variances, tail spend, and supplier diversity
- Integration to the guided sourcing capability for the SAP Ariba Sourcing solution for converting initiatives into sourcing projects or events
- Access to category analytics and strategy-related documents within sourcing projects
- Automatic updates of events upon completion in SAP Ariba Category Management for transparency into initiative progress and value realization

Figure: Comprehensive Framework for Achieving Strategic Category Management



GET STARTED TODAY

To learn more about how SAP Ariba Category Management can help you optimize procurement outcomes, contact your SAP representative.

