ARIBA®
An SAP Company

Ariba Spend Visibility is a SAP HANA® powered cloud-based spend analysis solution that aggregates, classifies and enriches spend data, and makes it available in an analytic tool that enables you to identify sourcing opportunities, monitor compliance and develop effective sourcing strategies.

OVERVIEW

How does Ariba Spend Visibility add value?

Ariba Spend Visibility provides the foundation for procurement organizations to make informed sourcing decisions to improve return on investment. Ariba Spend Visibility's data collection, enrichment, and reporting analytics enables you to:

- Identify leverage opportunities to negotiate superior contracts
- Identify savings leakage or "maverick" spend to drive contract compliance
- Gain visibility into enterprise-wide spend to improve performance and reduce risk

How much experience does your organization have delivering a spend visibility solution?

The Ariba Spend Visibility solution has cumulatively enriched and classified over USD 4 Trillion in spend from 1000+ source systems spread across 300+ customers in 23 industry verticals. Ratings by leading research firms evaluating Ariba's strategic sourcing application suite comprising Ariba Spend Visibility, Ariba Sourcing, Ariba Contract Management and Ariba Supplier Information & Performance Management are additional testimonials to the solution maturity.

- Ariba's Strategic Sourcing application suite has been placed in the "Leaders" quadrant by Gartner in its report "Magic Quadrant for Strategic Sourcing Application Suites".
- Forrester Research rated Ariba's Strategic Sourcing application as a "Leader" in its report "The Forrester Wave: Sourcing and Vendor Management Tool Set", Q1 2013.

Can you provide examples of customers deriving value from using Ariba Spend Visibility?

Some examples of organizations unlocking spend management insights using Ariba Spend Visibility are:

- A leading security systems company realized savings opportunities worth USD 1 Billion within a span of 2 years by integrating spend data from over 200+ source systems.

- A precision laboratory equipment manufacturing company classified 97% of its annual spend and enriched over 98% of the supplier base. This resulted in reduction of over 20% of its supplier base.

- A leading hospitality group in the Latin American region realized 18% average savings across all spend categories in the span of 2.5 years.

- An American eye health products company discovered savings of USD 30 Million year on year by consolidating spend spread across 25 different sites.

- A financial services firm identified cash flow savings of USD 2.5 Million by optimizing working capital conditions with its suppliers. In addition, the firm also saved over USD 20 Million sourcing savings.

Which KPIs are supported?

Spend Visibility enables measuring compliance and savings KPIs because it consolidates spend across all enterprise purchasing systems. Compliance KPIs measure what has already happened such as on/off purchase order measures, approved vendor compliance, and contract level compliance. Savings KPIs project potential opportunities for ordering/invoicing consolidation and identification of sourcing projects. Savings areas can also be identified in terms of contract awareness including price variance/optimization opportunities and supplier consolidation analysis.

What are the major components of the Spend Visibility solution?

- Data collection and validation ensures a complete and accurate aggregation of spend from multiple, disparate source systems.
- Enrichment adds meaningful information to suppliers and spend transactions. Suppliers are enriched with additional information for improved leverage and decision-making. Spend transactions are classified by what was purchased and organized to a goods and services hierarchy to ensure a consistent and complete understanding of purchasing activity.
- Refinement incorporates subject matter expertise into the process for greater accuracy and continuous improvement.
- Analysis provides the ability to slice and dice raw and enriched data to identify quick-hit sourcing opportunities and perform in-depth analyses to find ongoing savings.

How does Ariba Spend Visibility leverage SAP HANA?

SAP HANA combines database, data processing, and application platform capabilities in-memory. It provides Ariba Spend Visibility with the speed and power to handle analytics on large volumes of spend data. Leveraging SAP HANA, Ariba Spend Visibility can process key operational and analytical reports up to 50 – 80 times faster than traditional database platforms. As a result customers experience not only superior analysis and reporting but also improved solution adoption amongst end users in the long run.

We already have SAP Spend Performance Management for our analytics, can we just get enriched data?

Yes, we have a separate offering, Ariba Spend Visibility Basic for SAP Spend Performance Management, which is specifically designed to handle file integration between the two solutions in order to provide enrichment services for SAP Spend Performance Management.

DATA COLLECTION & VALIDATION

How does the data collection process work?

During implementation, the Ariba Project Manager (PM) explains the data schema and extract requirements for the various source systems that contain your company's purchasing information. An appropriate resource from your company writes the extraction scripts and uploads the data into Ariba Analysis. The PM provides guidance on how to review your data in Analysis for format issues, missing data, inconsistencies, enrichment clues, and summary metrics such as approved spend, number of active suppliers and transaction counts. Extracts are iteratively revised and uploaded until they are correct. Once you approve the source data and spend totals, the enrichment process can begin.

How long does data collection and validation take?

The duration of the data collection phase is mainly a function of the number of source systems, transaction volume, and availability of resources. The initial data collection typically takes 6-8 weeks because it requires a one-time effort to write the extract scripts. On average, an extract takes 80-120 hours to program and test. During a refresh, data collection and validation typically takes 1-2 weeks.

What if we don't have a resource available to format our source data?

As a separate option, we have a data transformation services team that can help with mapping and transforming your source data into the Ariba Spend Visibility format.

ENRICHMENT

How do you enrich suppliers?

Ariba offers supplier enrichment as a unified service via the D&B Business Insights database. Each supplier is processed through our matching engine against the Ariba supplier database using name, address and/or DUNS number to identify candidate matches. Our services professionals review the results to determine the best candidate and manually research and match suppliers as needed, based on the agreed spend coverage. After matching, the suppliers are enriched with additional information such as parentage, financial indicators and industry designations.

What type of supplier enrichment is available?

- Standard enrichment includes parentage, financial indicators, and industry designations. With enriched parentage, spend can be further aggregated to increase leverage opportunities. Financial indicators can help you manage risks that impact your supply chain and corporate performance. Industry designations, such as SIC and NAICS, can provide additional insight into spend activity.

- Diversity and green enrichment are available as separate add-ons to help you track compliance for corporate diversity and green initiatives.

- Risk enrichment can be obtained for a separate fee, and must be enabled by an Ariba representative. It includes reports on financial stress scores (FSS), supplier evaluation risk (SER), and commercial credit scores (CCS). This information can be used to help minimize disruptions and costs associated with supplier bankruptcies or delinquencies.

How do you enable supplier risk?

Ariba will separately price your risk enrichment based on the predictive risk scores desired, number of suppliers, and refresh frequency. Ariba will also arrange for you to sign a third party contract with D&B since they will send the risk data to Ariba. Once the contract is signed, you must create a public report that identifies the suppliers you want to be enriched with risk, such as the top 500 suppliers. This report can be created at any supplier level, but the risk data will be charged per ERP supplier. Ariba will send these suppliers to D&B for retrieval of risk information. D&B will send the results back to Ariba, and Ariba will load it into your Ariba Analysis site.

What is the supplier hierarchy like?

The supplier hierarchy is a multi-level hierarchy based on legal ownership of more than 50%. It includes the enriched supplier, to which the ERP supplier has been matched, the immediate parent, domestic ultimate parent, and the global ultimate parent.

Do you provide DUNS numbers?

No. If DUNS numbers are required, then you must sign a third party agreement with D&B for an additional cost. Ariba can work with you and D&B to facilitate.

What sources make up the Ariba Supplier database?

Dun & Bradstreet Business Insights is our primary source for supplier enrichment. . Additionally, we leverage supplier information from the Ariba Network and our own research. We have over 230 million suppliers in our database providing global coverage throughout North America, Europe, Asia Pacific, Latin America, Africa, and the Middle East.

Do we need to contract with D&B separately for the supplier enrichment data?

No. Ariba Spend Visibility offers the D&B-based supplier enrichment as a unified service. There are no additional costs or integration efforts required from the customer side to include the D&B Business Insights supplier enrichment within the Ariba Spend Visibility solution.

How do you categorize spend?

Ariba uses three major classification engines in parallel to identify possible category codes using the information provided. The supplier engine identifies which goods and services your supplier sells. The rules engine maps and prioritizes your internal coding systems, such as general ledger accounts or material groups, into relevant categories. The natural language engine reads your free-form text descriptions and researches them in our knowledge base to suggest what was purchased. The output from the supplier, rules, and natural language engines is then evaluated by an inference engine to determine the most likely classification code and assign a confidence level. Our services professionals review the results and revise as needed. For refreshes, we also use machine learning techniques to build statistical models that automate classifying the majority of spend.

What information do you use to categorize spend?

We typically use invoice descriptions, purchase order descriptions, part descriptions, ERP supplier, ERP commodity description, GL account, and up to three custom fields. Our classification engines consider any and all information provided in parallel before resolving to the best possible category.

What if our information is missing or vague?

Before we categorize your spend, we assess the data elements you provide to see how well populated and useful they are. Then we define an enrichment strategy based on the disposition of these elements along with suggested weights for fine-tuning the classification engines. When line item detail is clear and present, we can precisely determine what commodities and services were purchased. When detailed information is missing or vague, we rely upon our global supplier database, extensive set of supplier models, and subject matter expertise to infer classification.

How does your classification differentiate from other solutions?

Ariba's multivariate approach is superior. Single variable approaches are simple, but they are not accurate and they lead to lost leverage and credibility. If you were to simply classify spend by decoding an item description, you would miss leverage because not all transactions carry item descriptions—especially indirect spend. If you base your classification on the G/L account alone, you may be biased towards 'why' something was purchased instead of 'what' was actually purchased. Lastly, if you classify transactions just by the supplier's line of business, you will oversimplify your spend because suppliers tend to sell more than one thing. As a result, alternative leverage such as consolidated shipping and services will remain unseen and unleveraged.

Which goods and services taxonomies are available?

We support multiple taxonomies including standard ones, such as the United Nations Standard Products and Services Code (UNSPSC), the Ariba Classification Taxonomy (ACT), and user-defined custom taxonomies. The ACT is an expanded version of UNSPSC that has specialized categories that do not exist in the UNSPSC structure. It continues to expand to meet customer needs and can include complete new categories or additional levels of granularity (levels 5 and 6). We can support your own user-defined taxonomy or leverage our broad industry expertise to help you develop one to suit your needs. The UNSPSC, ACT and user-defined custom taxonomy can be simultaneously available for selection in Ariba Analysis reporting.

How long does enrichment take?

Upon receipt of properly formatted, validated, and customer-approved data, the initial data enrichment typically takes six weeks, depending upon the data's quality, complexity, and volume. Enrichment takes less time during a refresh due to increased automation.

REFINEMENT

What is refinement?

During refinement, enrichment results are loaded to the Ariba Analysis staging area for you to review and provide feedback. Your feedback modifies the current cycle and will be used to improve future enrichment. You can examine suppliers and commodities at various levels of aggregation or drill down to line item detail. With the professional package of our solution, you can submit classification change requests directly through the reporting interface. These requests will then go through an approval workflow before publishing. Feedback can also be managed via offline spreadsheets. Once feedback and refinement are complete, data can move from the Ariba Analysis staging area to production.

How long does refinement take?

The duration of the refinement phase is a function of the data's quality, complexity, and volume. It is also depends upon the window of time you want to leave open for review. An initial refinement typically takes two weeks. Refinement may only take a few days during a refresh.

REFRESH

Please describe the refresh process.

Maintaining full visibility on your spend data is an ongoing exercise. Accordingly, after the initial Ariba Spend Visibility implementation, Ariba provides quarterly refresh services covering all the incremental spend data accumulated in your systems. The refresh process consists of data collection and validation, customer approval, enrichment, refinement, and production load. Refreshes are highly automated. Scripts written during the initial data collection pull data from your systems. Most customers leverage a java client tool that we provide to automatically upload and validate all files when scheduled into our process. Once uploaded and validated, the files await your approval of the overall content and spend metrics. The approved data is then enriched and quality assured for coverage and accuracy by our enrichment specialists. Enriched data is then loaded to the Ariba Analysis staging area for your review and refinement, and ultimately published to production. Your Ariba Spend Visibility project manager guides you through the entire process and is the single point of contact. Continuous refreshes are an integral part of the Ariba Spend Visibility solution by helping you get the most recent picture of your spend and improving accuracy with each iteration.

How frequently can refreshes be run?

We typically run quarterly refreshes, but monthly, semi-annual, and annual refreshes are also available. As a best practice, we recommend quarterly refreshes when transactional data is used for sourcing and compliance purposes, and monthly refreshes when data is used for operational reporting.

Do you refresh cumulative or incremental extracts?

Either cumulative or incremental feeds may be provided, but incremental is preferred to reduce the amount of data passed for each refresh. As a best practice, we recommend providing incremental extracts for the transactional data and full loads for the master data.

How long does a refresh take?

Refreshes take less time than the initial enrichment due to increased automation enabled by our machine learning. The amount of time for a refresh largely depends on the number of source systems to process, typically 2-4 weeks after receipt, validation and approval of data.

ANALYSIS

Are there limitations on the spend data size that we can use for running Spend Visibility reports? (In other words will reporting performance be affected by the amount of spend data that we use for analysis?)

No. Ariba Spend Visibility is powered by the HANA database platform. It is currently the only spend analysis solution that runs on the HANA platform. Traditional database architectures are severely limited in their ability to handle the exponential growth of spend data while offering the desired speed to customers. HANA database platform breaks this limitation by combining all data processing functionality in-memory. As a result, customers experience significantly faster reporting times as well as unlimited scalability.

What are the major functions and features of the Ariba Analysis user-interface?

Ariba Analysis uses OLAP technology and allows other reporting tools to leverage our data model. It offers the same user-interface as other Ariba products to ensure broad acceptance among procurement, sourcing, finance, and division analysts. Major features include:

- Two-way contextual linking between Ariba Analysis and other Ariba applications for seamless access to information across the enterprise
- One-click pie and bar-charting capabilities plus a three-step process to create custom analysis and wizards for visual presentation of results
- Parameter-based reports to make analysis readily accessible even to new and infrequent users
- Multi-measure charting for trends, forecasting, and performance visibility
- Drag and drop capability for directly editing existing reports
- Flexible drill-down, expansion, and navigation
- Line-level reporting for detailed analyses
- Scheduled reporting that can be set by date, time, and frequency and can be cached for performance and quick retrieval
- Visual alerting and grading determined by user-defined thresholds and metrics
- Pivot tables with drill-down and drag and drop operations
- 80/20 filtering and flexible grouping across multiple dimensions
- Custom, user-defined fields
- Search criteria that can be saved and applied to different reports
- Metadata layer that supports easy data model customization and flexible aggregation across ERP systems
- Excel integration

Do you offer out-of-the-box spend analysis reports?

Yes, we have many out-of-the-box Ariba Spend Visibility reports that are grouped into four analytical categories:

- Commodity analysis – various detailed analyses across or into specific commodities
- Supplier analysis – various analyses across or with specific suppliers
- Organization analysis – various analyses across or within specific business units
- Spend overview reports – compound reports filtered by a specific view, such as a specific supplier or business unit

Does your schema have commodity-specific metrics?

Commodity-specific metrics and reports are part of our Ariba Spend Visibility solution, including such measures as spend remaining on contract for labor-based categories, and measures such as purchase price variance, purchase price alignment, and supplier optimization for direct materials.

Does your Ariba Spend Visibility solution support custom schema extensions?

Yes, the Ariba Spend Visibility schema can be extended to include customizable tables of information that define critical initiatives, activities, status, and resources that your executives and project managers require to be fully informed and have access to critical information.

QUALITY ASSURANCE & SERVICE LEVEL AGREEMENTS

What is your supplier enrichment coverage?

We enrich a minimum of 90% of supplier "parents" by spend including all "children" of those suppliers included within the spend data.

How accurate is your supplier enrichment?

We deliver 95% supplier accuracy. Accuracy is defined as the correct parentage assigned to a supplier record when name and address (minimum of city and country) are available.

How do you conduct quality assurance for supplier enrichment?

To ensure supplier enrichment quality, our enrichment specialists review "top supplier" reports to validate matching quality, "multi-parent" reports to ensure consistent supplier rollups, and random samples of approved suppliers to verify data accuracy.

What is your classification coverage?

We classify a minimum of 90% of the total spend to the UNSPSC and Ariba Classification Taxonomy. This coverage also applies to the custom taxonomy as long as there are sufficient categories available.

How accurate is your classification?

We deliver 90-95% classification accuracy. Accuracy is defined as a correct classification, at the lowest taxonomy level, assigned to a transaction when supported by the data.

How do you conduct quality assurance for classification?

To ensure classification quality, our enrichment specialists review "supplier capability" reports to spot anomalous commodities for a given supplier, "multi-classed" reports to ensure consistent use of similar hint fields, "coverage by source system" reports to make sure each source system is adequately categorized, and random samples of approved transactions to verify accuracy.

Can you deliver higher SLAs?

Yes, for an additional fee.

SERVICES

Please describe your implementation services, including program management.

Our deployment methodology is comprised of general project management and project stages. We assign a single point of contact to manage and lead the deployment services. Details such as level of involvement required, estimated timeline, resource requirements, and deliverables are defined so you can properly prepare your team for deployment. Project management deliverables:

- Standard project plan with variations based on amount and quality of your data
- Regular status calls and reports to include action items, deliverables, and issues
- Primary point for issue escalation and resolution

Deployment stages:

- Project kick-off
- Data collection & validation
- Data enrichment
- Refinement
- Deployment

Do you have a dedicated project manager?

Yes, a single project manager will be assigned to your Ariba Spend Visibility project and serve as the single point of contact for issues or questions.

What post-deployment services are included with the solution to ensure adoption?

Our post-deployment services provide an approach to drive adoption, return on investment, and enduring enablement of Ariba solutions. Post-deployment services give you access to a combination of process expertise, proven templates and configurations, and coached projects; all based on Ariba's extensive experience helping organizations get the most out of their implementations.

If you have our professional package, you can opt-in for one managed project offered by Ariba's Best Practice Center for Ariba Spend Visibility Professional. The project scope includes:

- Ariba Spend Visibility JumpStart – key users are trained on how to leverage their data to identify sourcing opportunities and build a sample sourcing pipeline
- Advanced Reporting – training on advanced features such Excel export templates, dashboards and requirements identification of advanced reports
- Added Enrichment – identify segments of data that require deep-dive enrichment, provide added training and workshops for customer provided enrichment feedback

You may also purchase additional Post-deployment services to support ongoing savings.

LANGUAGE SUPPORT

What languages do you support for the Ariba Analysis user interface?

Users can select between Brazilian Portuguese, Chinese (Simplified and Traditional), Danish, Dutch, English, French, German, Greek, Hungarian, Italian, Japanese, Korean, Norwegian, Polish, Romanian, Russian, Spanish, Swedish, and Turkish. The United Nations Standard Products and Services Code (UNSPSC) is available in Brazilian Portuguese, Chinese (Simplified and Traditional), English, French, German, Italian, Japanese, Russian, and Spanish. Enriched supplier data and the Ariba Classification Taxonomy (ACT) are in English only.

What languages does your enrichment technology support?

Ariba's Data Enrichment technology does not have any inherent language translation today, so it is recommended that the data be submitted in English for consistency. However, our data specialists are able to translate data as needed using a mix of translation tools and manual review all within the limitations of the data quality, hence the richer the data the better the translation. We focus on languages supported in the user interface, but we can cover other languages as well.

What is the impact to supplier enrichment if data is submitted in multiple languages?

It is important to make the distinction between character set and language. The majority of names in our supplier database are recorded in Latin characters, therefore, the character set (i.e., scripted text) should be submitted in Latin. The supplier names themselves, however, may be submitted in the locally known or legally registered name. For example 'GE Lighting' is recorded as 'G.E. Illuminación' in Venezuela. In this case, there is no need to translate 'G.E. Illuminación' to its English equivalent for matching. However, if the supplier's name is submitted with Chinese text, such as '신한정밀', it will need to be manually translated so that it can match to 'SHINHAN PRECISION' as it appears in the database. Manual translation takes additional time.

What is the impact to classification if data is submitted in multiple languages?

While different languages are not a problem per se, it will take more time and effort during the first few classification cycles for the engines to gain experience with specific multilingual values to support classification. For example, if an invoice description uses the German word 'drucker' for printer, it may not be automatically classified to a printer category at first. Consequently, we would translate the description into English, either using a translation tool or leveraging support from a language specialist, and then run it through our natural language engine. Over time, as the machine learning engine gains experience, the word 'drucker' builds significance and associates with the printer category for automatic classification of these transactions in the future.

DATA PRIVACY, SECURITY & PROTECTION

Where is the data located?

We have data centers in North America and Europe. Our North American data center is hosted in an Equinix Data Center in San Jose, California, SSAE16 SOC-1 Type II compliant facility. Our European data center is hosted in the Telecity Data Center in Amsterdam, (AMS5) an ISO27001 and PCI compliant facility. Within each region, Ariba has deployed two data centers which act as redundant pairs. Our data enrichment services data center is located in North America in Pittsburgh, Pennsylvania. Please refer to our "Ariba SaaS Technical Infrastructure White Paper" for further details.

How do you keep our data separate from other customers?

The Ariba Spend Visibility data model keeps your data strictly separate from other customers. A distinct realm is used to identify each individual customer and store their data. Realms are sealed off from other realms such that it is not possible for a given realm to see or access data from another realm.

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 web-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

How do you handle personal information?

Information submitted to the solution may not include Sensitive Personal Information, such as social security numbers, credit card numbers, or medical information. Only publically available business information may be submitted. When submitting Sole Proprietors, you may not provide personal social security numbers, instead you should submit federal tax Employer Identification Numbers (EIN). When submitting employee data, you must mask out all personal information, including name and address. Employee name should be replaced with a generic name of "EMPLOYEE" and the address should be removed. This way your spend analysis will still have visibility to the type of spend activity taking place for the employee entity, without any Personal Information present.

ARIBA®
An SAP Company