FINANCIAL SUPPLY CHAIN THROUGH SAP ARIBA

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About the Speakers

Speaker Name

• Ajain Kuzhimattathil
• Solutions Specialist at SAP Ariba with 17+ years of Commercial Payments and Working Capital expertise
• Aspiring Helicopter Pilot
Source-to-Settle Myths With Payables

- **MYTH 1** - Procure to Pay (P2P) = Procure to OK to Pay (OK2PAY)
  - Approved invoice is not just for payment by ERP but used as an Asset for Discounting or Financing
  - PIF file is not a working capital solution

- **MYTH 2** - Invoicing is not that important
  - Getting an approved invoice in 5 days is absolutely the heavy lifting
  - The faster the approval cycle increases the opportunity and ability to Finance

- **MYTH 3** - One solution fits all
  - Needs to cater to all suppliers types and be flexible to accommodate regional requirements (API for country specific partners)

- **MYTH 4** - Payables works everywhere
  - Solution needs to support Legal invoicing and regional financing requirements (i.e. credit notes for discounting)
SAP Ariba Solutions

SUPPLIERS | SELL TO SETTLE

Ariba Network

BUYERS | SOURCE TO SETTLE

Note: SAP Ariba Procurement Analytics included in all solutions
Support all invoices and funding scenarios, complementing other processes using SAP Ariba solutions

**Invoices**
Suppliers issue invoices over the network

- All spend items
- All suppliers

**Payments**
Single payment channel to manage ACH, Card and check payments

- All spend items
- All suppliers

**Discounting**
Supplier agrees to be paid by buyer at prorated discount prior to due date

- Medium to Large spend items
- Small and midsize suppliers

**Supply Chain Finance**
Supplier sells approved invoices to funder at a discount rate based on buyer’s credit worthiness

- Larger spend items
- Large to midsize suppliers
WHY CLIENTS CARE ABOUT PAYABLES?

CFO and treasurer
- Increase in cash flow
- 12% to 36% risk-free return
- Secure bank account management

Chief procurement officer
- Economic value add beyond price reduction
- Strengthening of supply chain and supplier relationships
- Payment visibility for suppliers

CIO
- One platform: source to settle
- Low total cost of ownership
- Nominal change management

Payables enables business objectives

Growth
- Build new plants or stores

Innovation
- Increase R&D spending

Expansion
- Enter new markets or regions

Financial
- M&A, pay down debt, dividends
Smart Invoicing

The smart-processing approach in **SAP Ariba solutions** drives **touchless invoicing rates of 98%** by eliminating errors and exceptions at the point of supplier submission.

The supplier network provides **real-time access** to PO, invoice, and payment status, eliminating inquiries to accounts payable and procurement.

There are over **100 configurable rules** that capture errors and exceptions before they reach accounts payable and procurement.

- **VAT/GST compliance**
- **Digital signature**
- **Price**
- **Quantity**
- **Amount**
- **PO match**
- **Contract match**
- **Receipt match**
- **Service sheet match**
- **Supplier ID**
- **Invoice number**
- **Invoice date**
- **Ship-to address**
- **Bill-to address**

SAP Ariba Invoice Management

Error
Invoice
Exception
How often does an organization capture early payment discounts on invoices?
Sometimes: 18%
Always: 13%
Never: 69%
SAP Ariba Payables Dynamic Discounting

Key Features

- Standing early payment terms
- Buyer-initiated dynamic discount
- Supplier-initiated dynamic discount
- Reporting
SAP Ariba Payables Supply Chain Finance

Key Features

- Allow buyers to offer third-party financing for suppliers through Ariba Network
- This third-party financing **accelerates payment** of approved invoices
- Suppliers can receive earlier payments and improve their Days Sales Outstanding (DSO)
SAP Ariba Payables

Payments

**Key Features**

- Rich remittance information
- Payment tracking status
- Remittance delivery to suppliers
- Support for payment and remittance information integration to supplier
- Bank transmission and exception alerts
- Matching between remittances and the invoices
SAP Ariba Payables Card Payments

Key Features

- Payments using Single Use Tokens for approved Invoices
- Coming Soon
  - Pay on Purchase orders using Single Use tokens – Coming soon
  - Multiple methods to consume Single Use Card Number
  - Reconciliation support by SAP Ariba
SAP Ariba Payables Card Payments

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Q&A

For questions after this session, contact me at ajain.kuzhimattathil@sap.com.
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