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Implementing an SRM tool

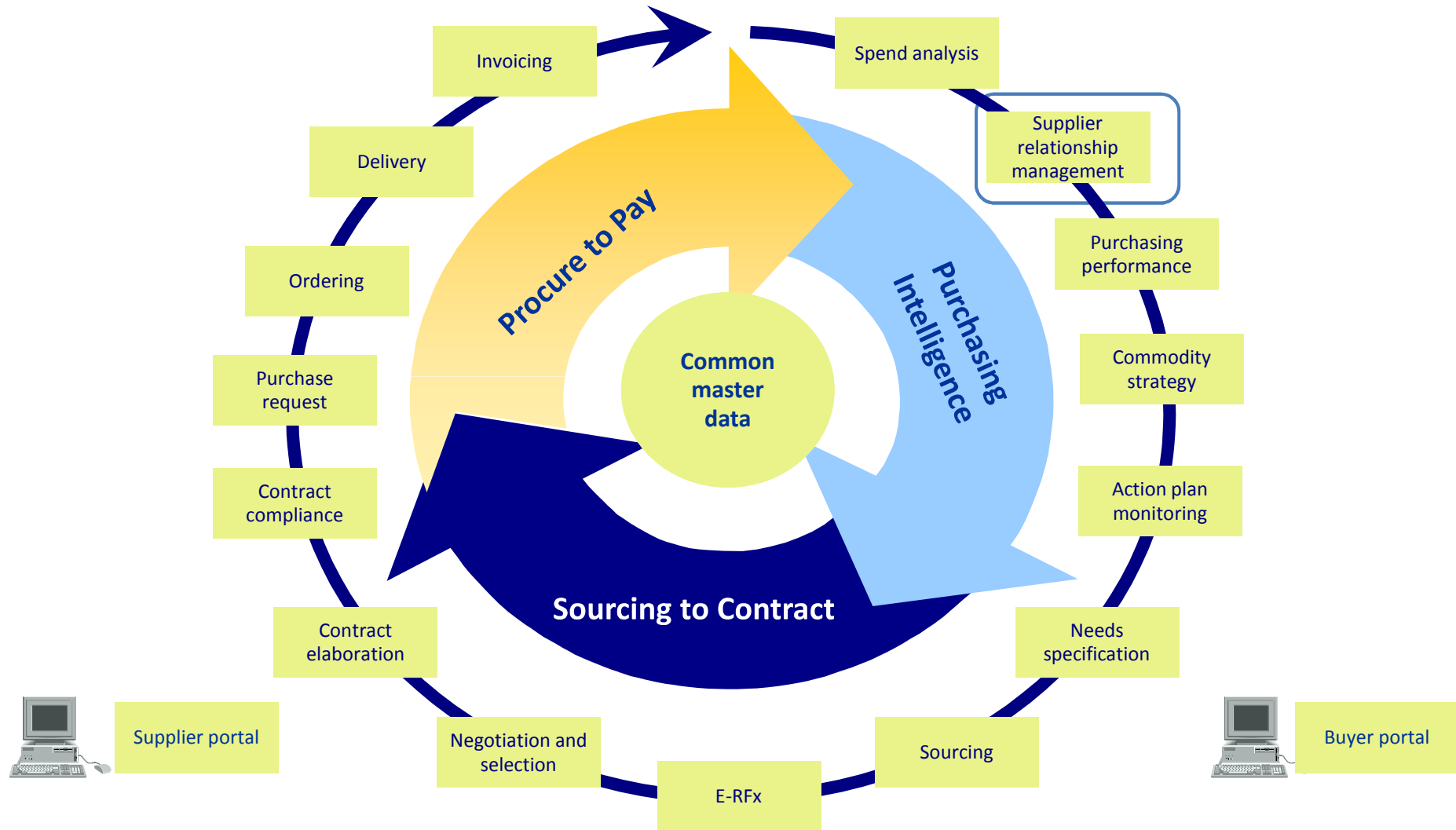
Business value & key success factors

Perfect Club


25 April 2013




The functional Purchasing Information System loop




What stands for Supplier Relationship Management ?



Woody Allen



**“Everything you
always wanted to know
about suppliers *
*But were unable to ask”**

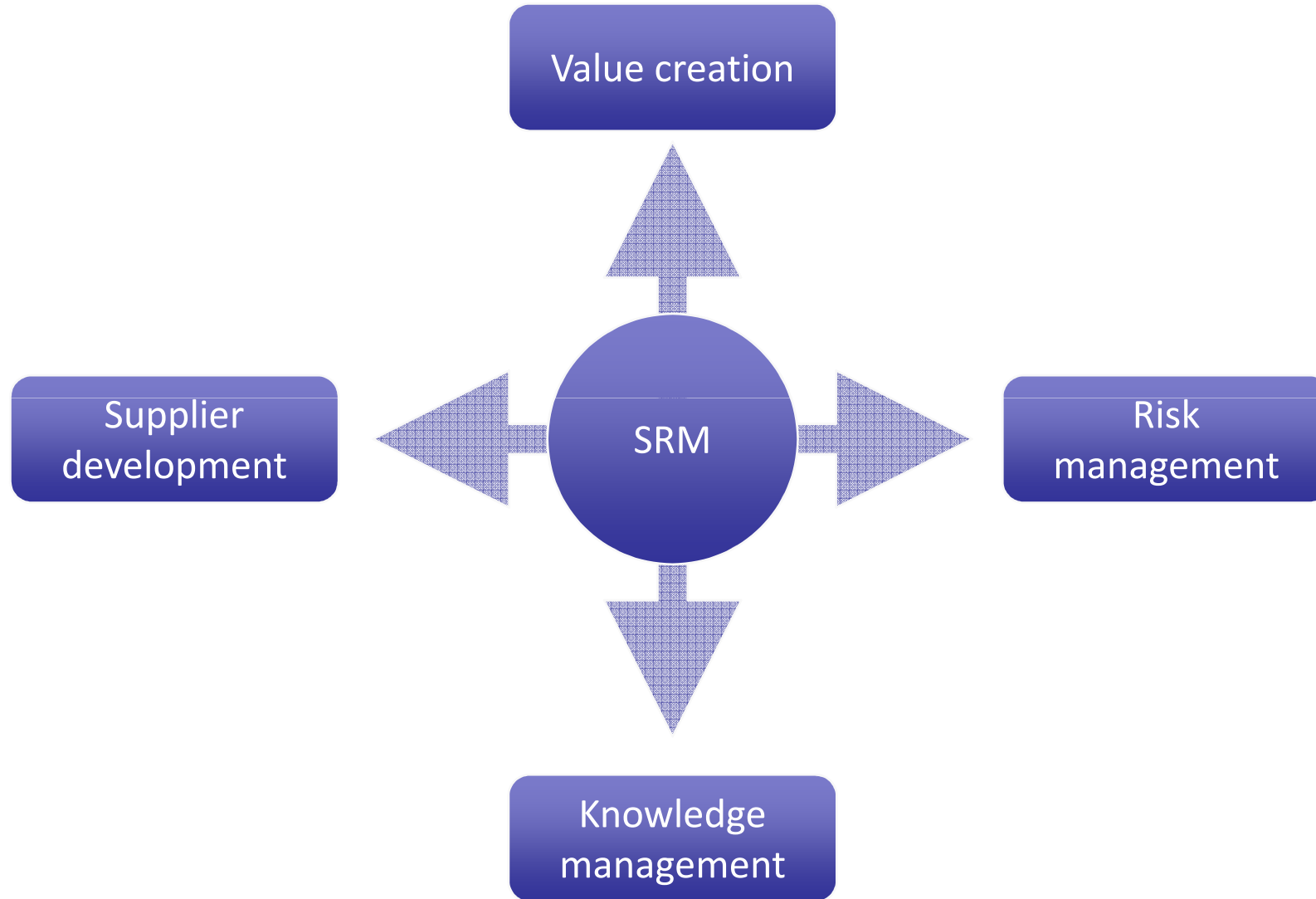


Which business value for SRM tools ?

- **SRM tools implementation facilitate the creation of a shared & common data base within the company**
 - SRM = Supplier knowledge management tool
 - But not only ...



Four key stakes to implement an SRM tool



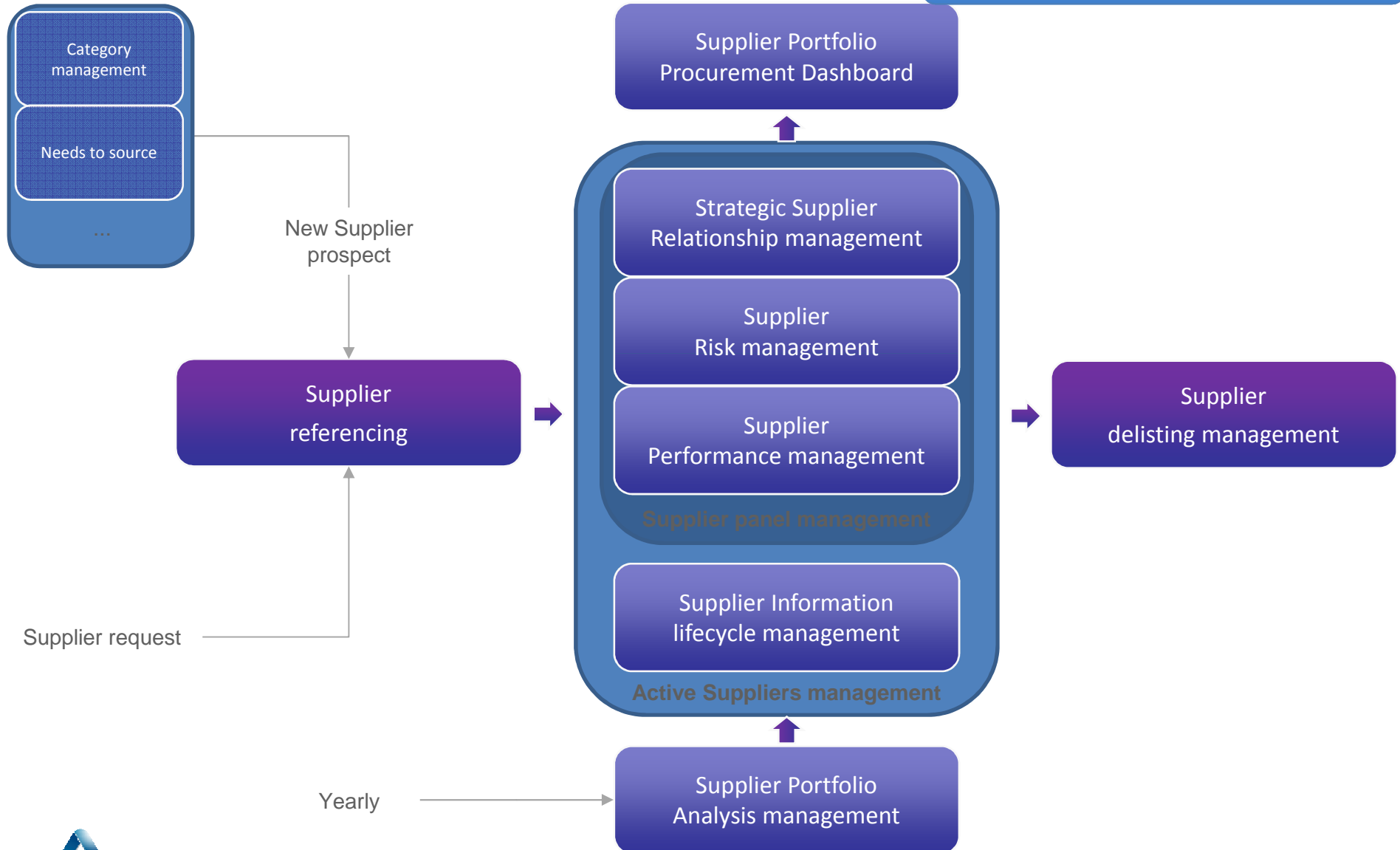
At first SRM is not a tool but a process

- **SRM tools are enablers to disseminate within the purchasing organization – and moreover within the company- the best practices related to the management of key suppliers**



The supplier lifecycle management process

Customer example



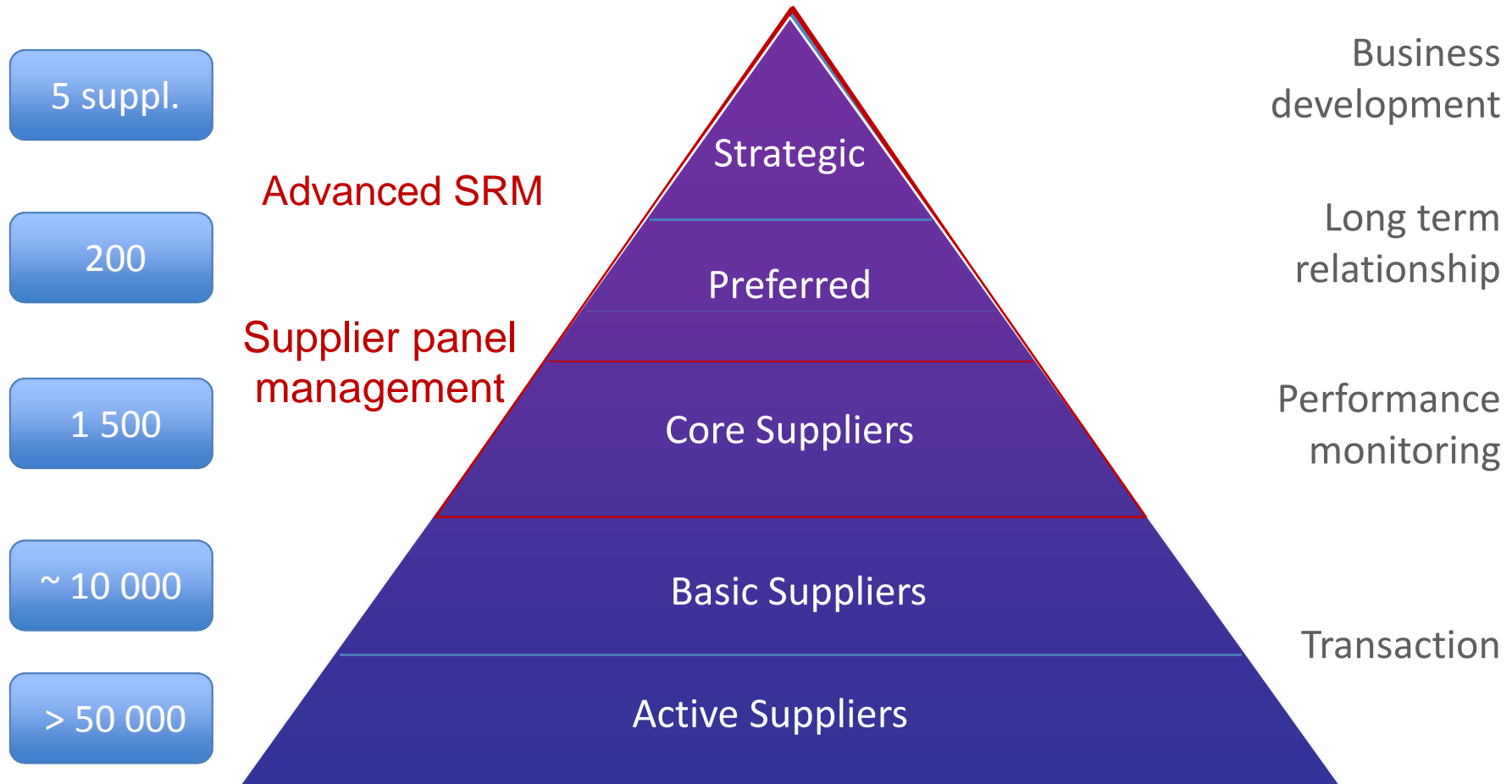
The deployment of SRM is not a quiet journey

- **First it requires a good level of purchasing maturity**
- **The issues are :**
 - **How many suppliers are concerned ?**
 - **Who will do the job ? Update of information & data**
 - **Who will facilitate the process ?**



Suppliers categorization is a key point Suppliers categories need appropriate SRM approaches

Customer example



Objectives and value proposition for SRM

Customer example

SRM pursues 4 main objectives

- Managing supplier in smart way to maximize benefits
- Build a consolidated and shared view of suppliers to mitigate risk at Group level
- Implementing optimization action plans and monitor results
- Defining and sharing roles and responsibilities across the Procurement organization

SRM target will contribute to foster Procurement Performance through

- Better efficiency in supplier management processes
- Strong risk mitigation processes and tools
- Reinforced procurement management capabilities



SRM would better stands for Supplier Risk Management

Customer example

- Logistic
- Quality
- Financial
- Environment and Safety
- Human Resources
- Geographical, Political, Ethic
- Manufacturing Capability
- Sub tier chain control
- Safety classification
- Special Process Involvement
- Design Complexity
- Manufacturing Complexity
- Organization / Structure
- Legal (IP)



Going one step forward with Supplier Asset Management

- **A consistent Suppliers database is an asset for the enterprise as part of the immaterial assets (so called goodwill)**
- **Extra financial ratio are commonly used now to evaluate companies on criteria such as :**
 - **Sustainable Development level of maturity – with a high focus on suppliers**
 - **Immaterial assets extended to customers base & suppliers long term relationships**
 - **See : <http://www.observatoire-immateriel.com/>**



SRM & ROI : the big issue

- **Master data management : enhance the quality of data : identify current workload and impact of an improved process with a better productivity**
- **Risk management : potentially high financial losses (supplier dependancy, reputation of the company,...) versus which gains ?**
- **Knowledge management : supplier button = quick access to a reliable information with facts and figures on a past period : which gains ?**
- **Goodwill impact : potentially high value ?**



New business models have to be considered

- **What is the value of a supplier network for a software vendor acting as a service provider ?**
- **Who pays for what services ? Dematerialization ?**
 - PO sending
 - PO acknowledgment
 - E-invoicing
 - Suppliers discovery
 - Documents management (legal, regulation, quality certificates...)
- **What is the right attitude on buyers side ?**
- **What is the impact on ROI calculation mode ?**

