

IBM Emptoris Strategic Supply Management

Powering Procurement Transformation,
extending Smarter Commerce



Delivering superior customer experiences that are highly informed and orchestrated

A supply chain
prepared
for the unpredictable



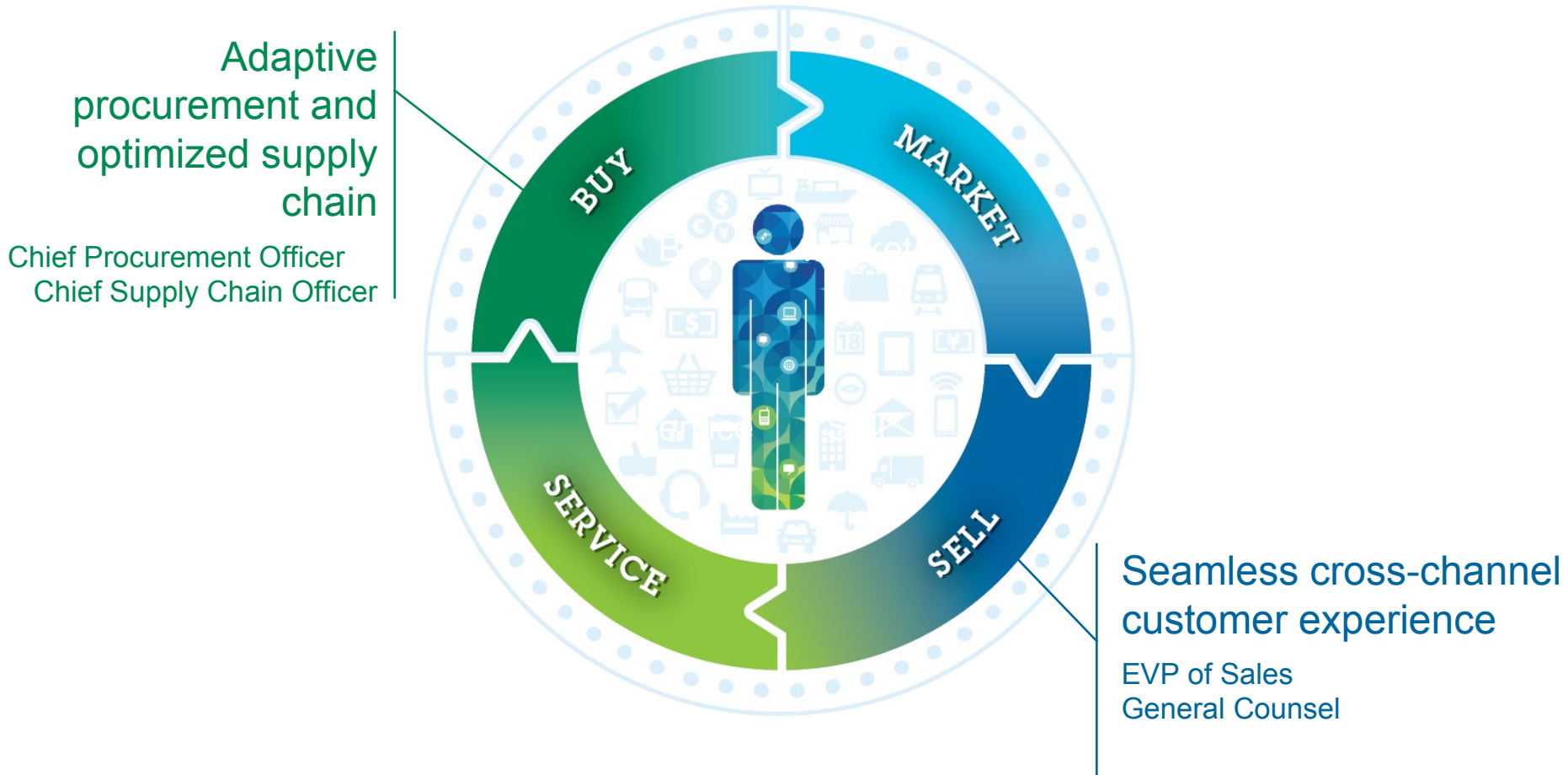
Marketing targeted to
every customer
personally

Service that **knows**
what customers want
before they do

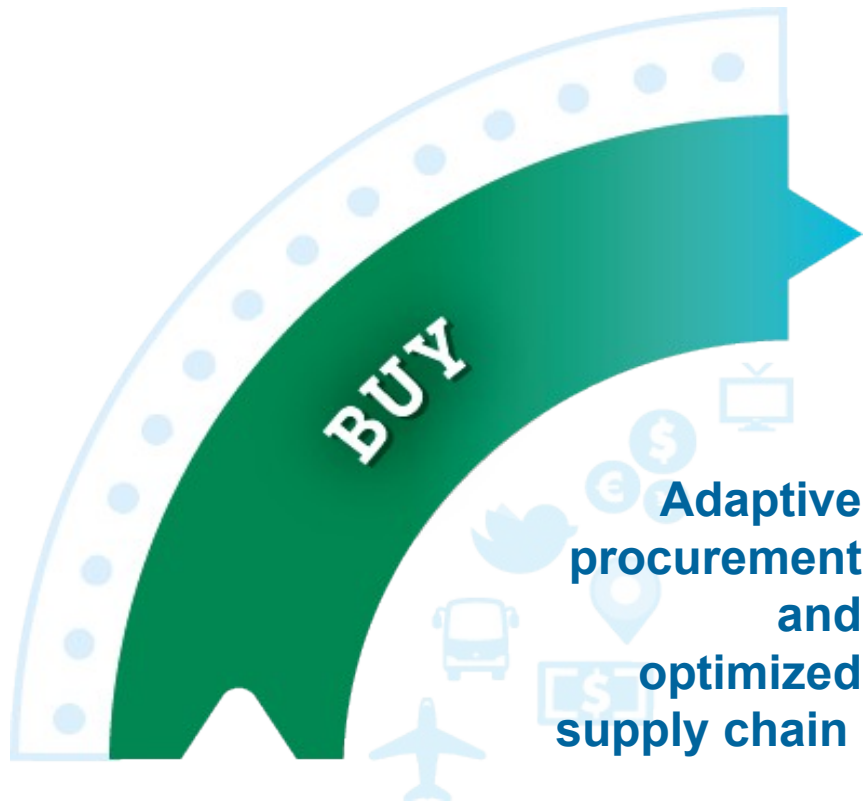


Selling that works with
your customers,
fulfilling their needs

Creating an exceptional customer journey requires collaboration and integration across the value chain



IBM is reaching new buyers: Chief Procurement Officers



5%-7%

Amount of savings CPOs are looking to achieve annually

Chief Procurement Officers are challenged by :

- Complex environments with growth in emerging markets
 - Acceleration of business globalization and consolidation
 - Increased reliance on suppliers
 - Volatility and risk in the global economy
 - Attracting and retaining talent
- Procurement transformation requires a combination of best practices and the right technology**

50%

Average percent of product value derived from suppliers

Reaching new buyers: EVP Sales & General Counsel



SVP Sales & General Counsels have identified their top selling challenges:

- Gain visibility of agreements and their lifecycle
- Define and manage risk to limit exposure
- Maximize revenue by accelerating time to closure
- Enforce compliance with standardized platform

To achieve these objectives, a combination of best practices and the right technology platform is required.

80%

Reduction in time taken to review Agreements

\$60 M

Agreement administration costs reduced in one year by one customer

55%

Increase in compliance to agreement

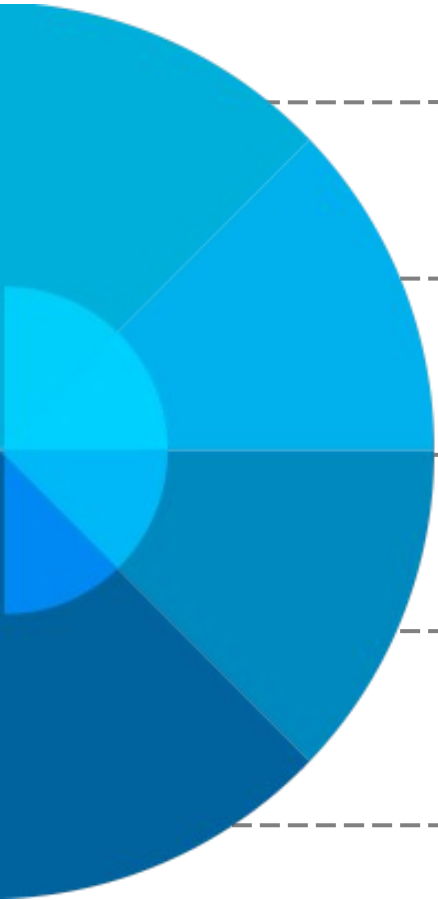
30%

Typical reduction in agreement administration costs

IBM can offer a range of capabilities to help you on your procurement transformation journey



Key market trends



Procurement organizations more open to the Cloud

Pro-active vs. reactive supplier risk management

Social, collaborative communities with internal and external parties

Cost savings responsibilities plus revenue generating initiatives

New strategic and analytical skill sets needed by Procurement

Key CPO challenges

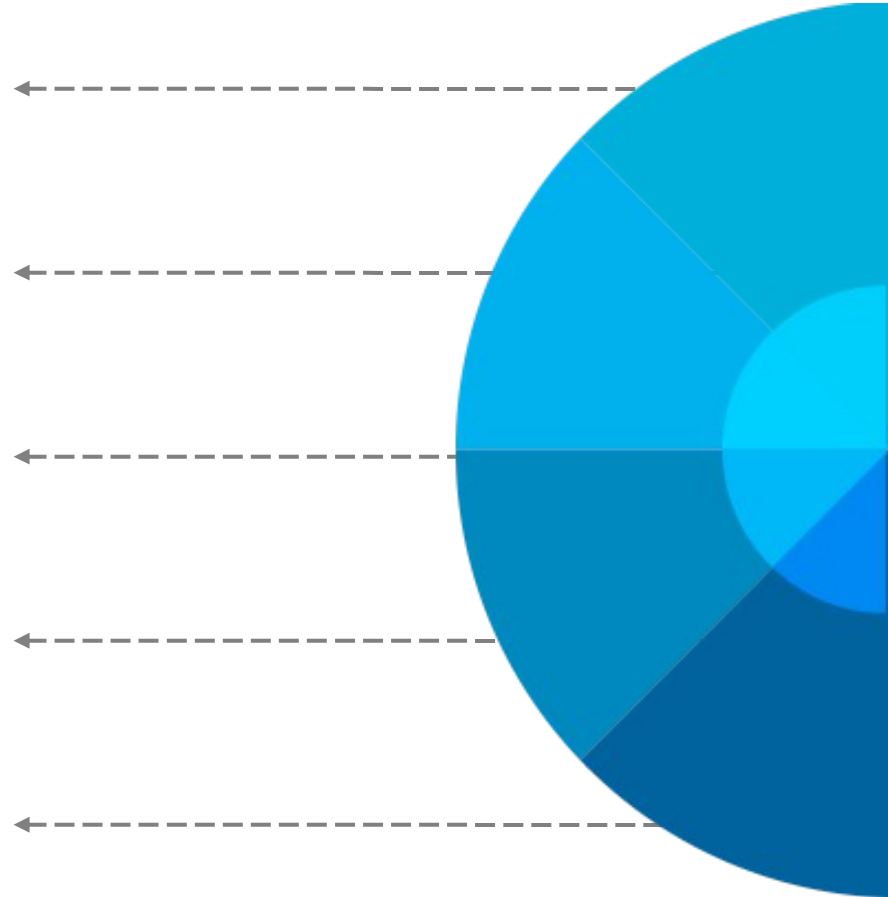
Complex environments with growth in emerging-market segments

Acceleration of business globalization and consolidation

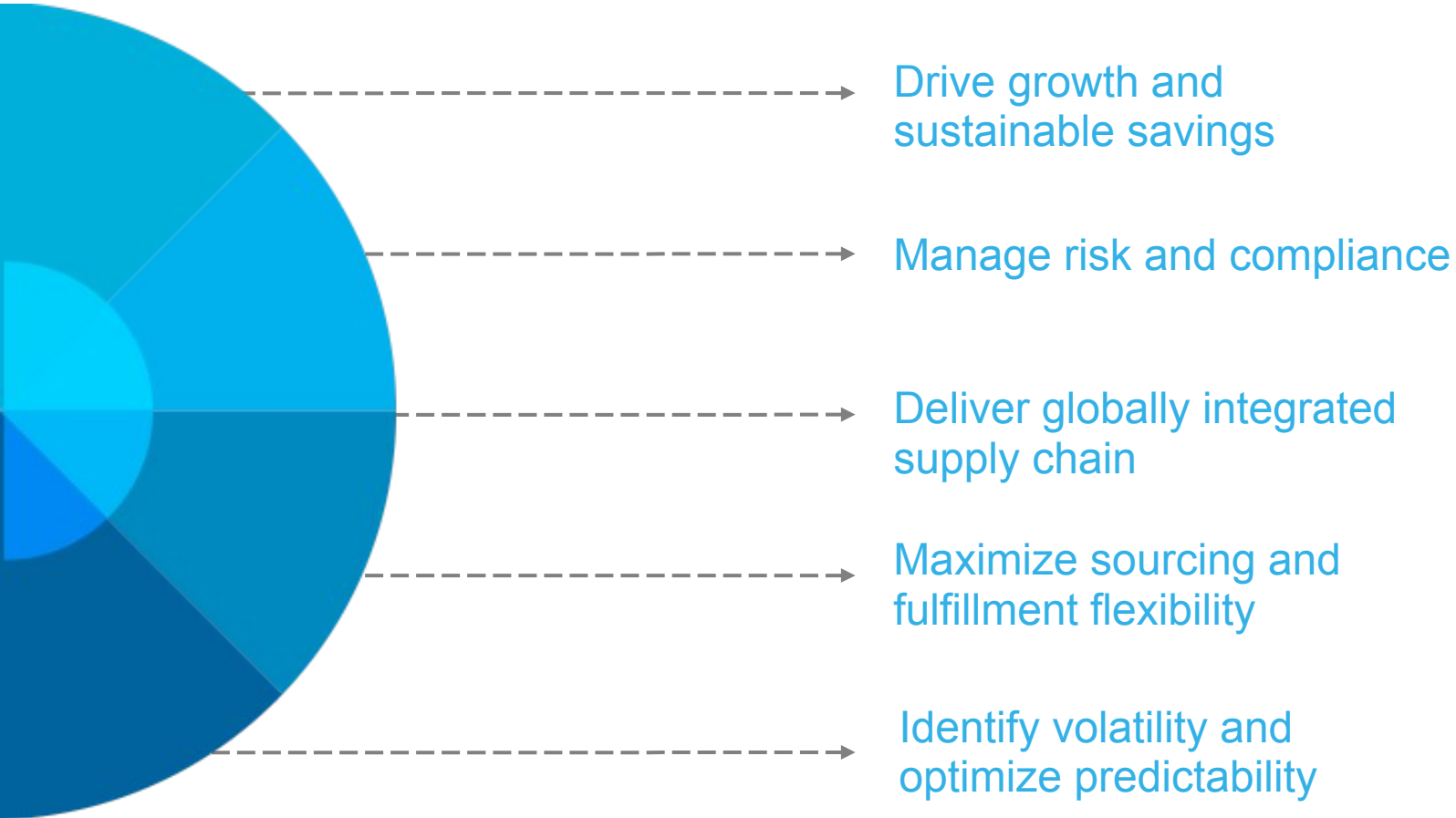
Increased reliance on suppliers

Volatility and risk in the global economy

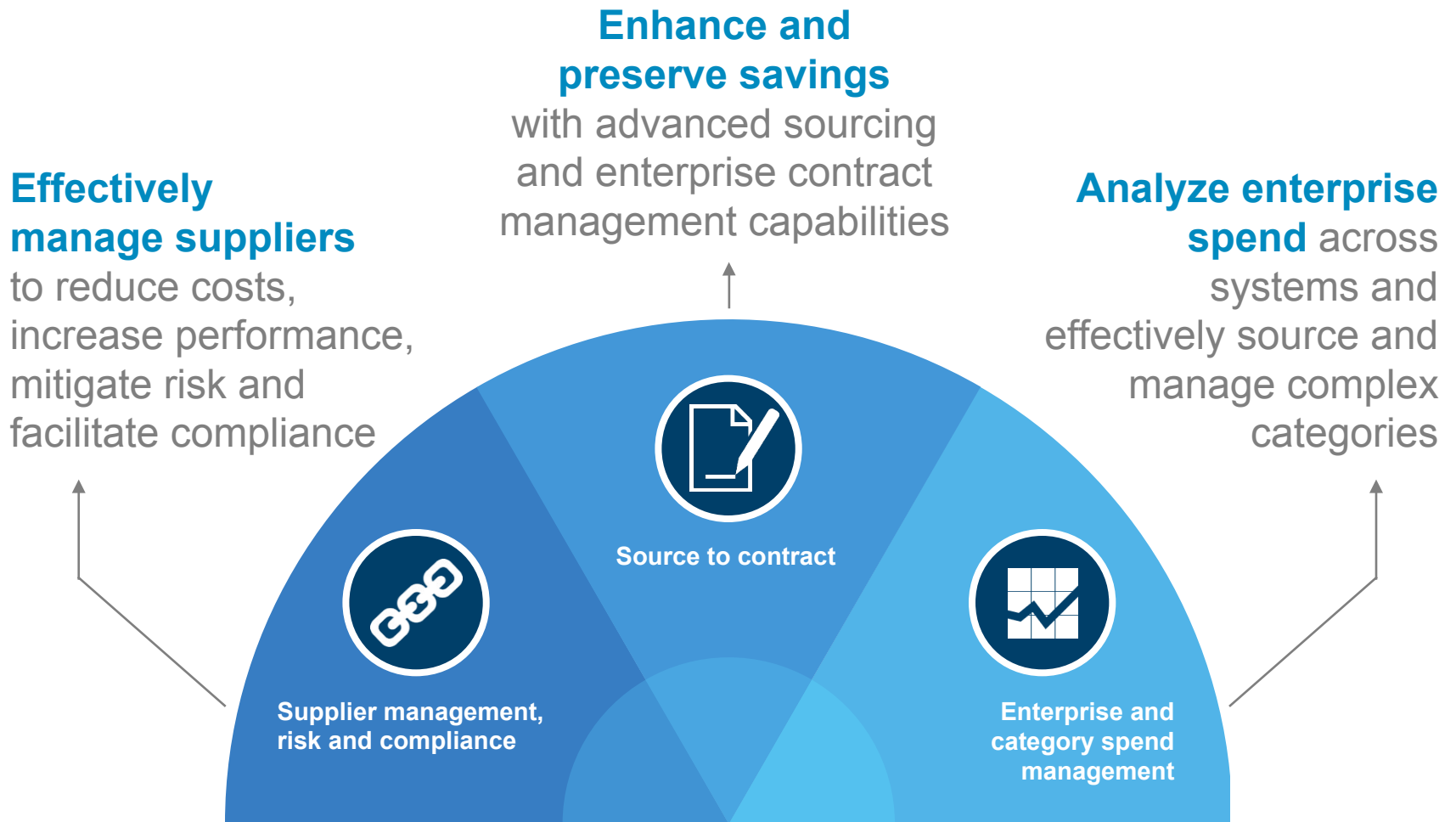
Attracting and retaining talent



Key CPO initiatives



IBM strategy to support key CPO initiatives



What if you could achieve the following?



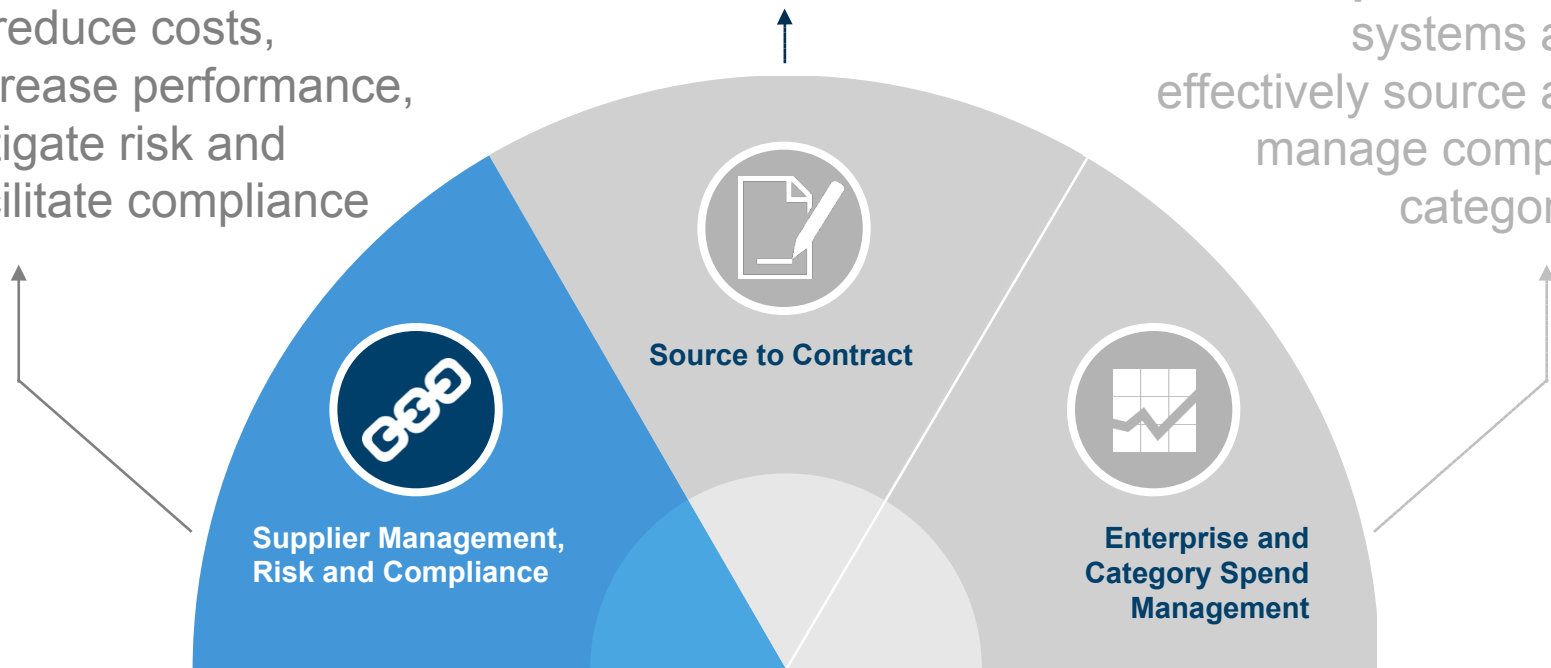
Supplier Management, Risk and Compliance

Effectively manage suppliers

to reduce costs, increase performance, mitigate risk and facilitate compliance

Enhance and preserve savings with advanced sourcing and enterprise contract management capabilities

Analyze enterprise spend across systems and effectively source and manage complex categories



Supplier Management, Risk and Compliance



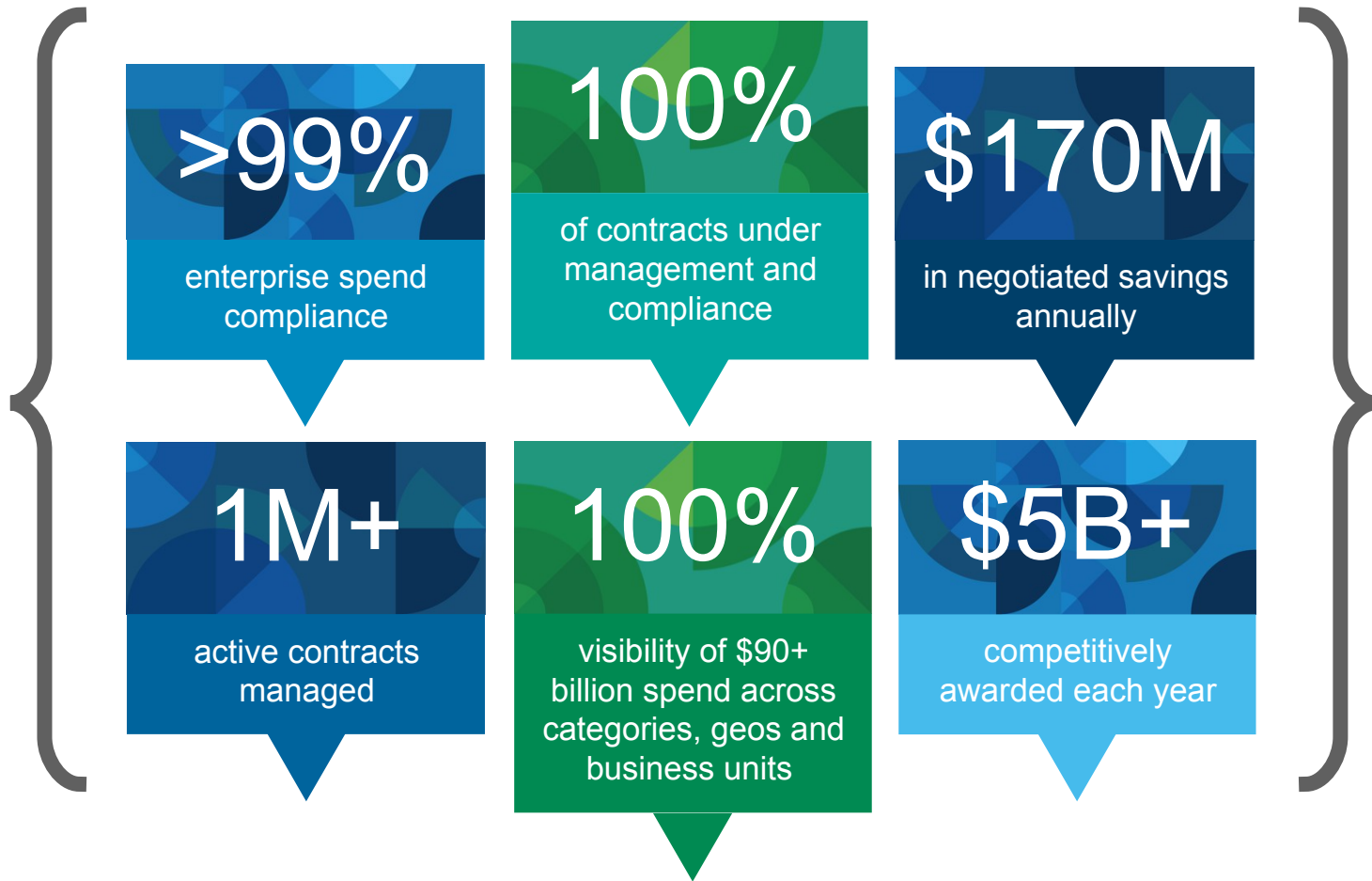
Goals

- Know the marketplace and manage the portfolio of suppliers
- Raise overall performance of suppliers
- Reduce exposure to risk and compliance issues

Market Challenges

- Supply chain disruptions caused by unreliable suppliers
- Poor visibility into supplier spend, performance and compliance
- Risk to company brand because of supplier actions
- Missed opportunities to exploit supplier innovation
- Inaccurate or conflicting supplier information

What if you could achieve the following?



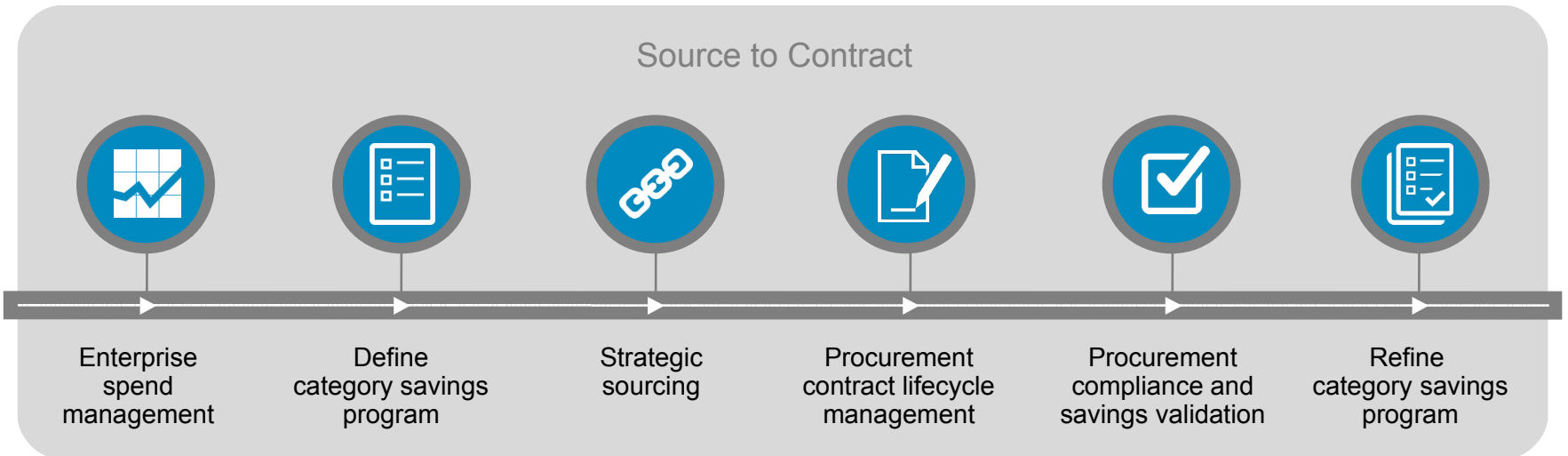
All amounts are in US dollars.

Source to Contract



Source to Contract

Target savings **vs.** Actual savings **vs.** Realized savings



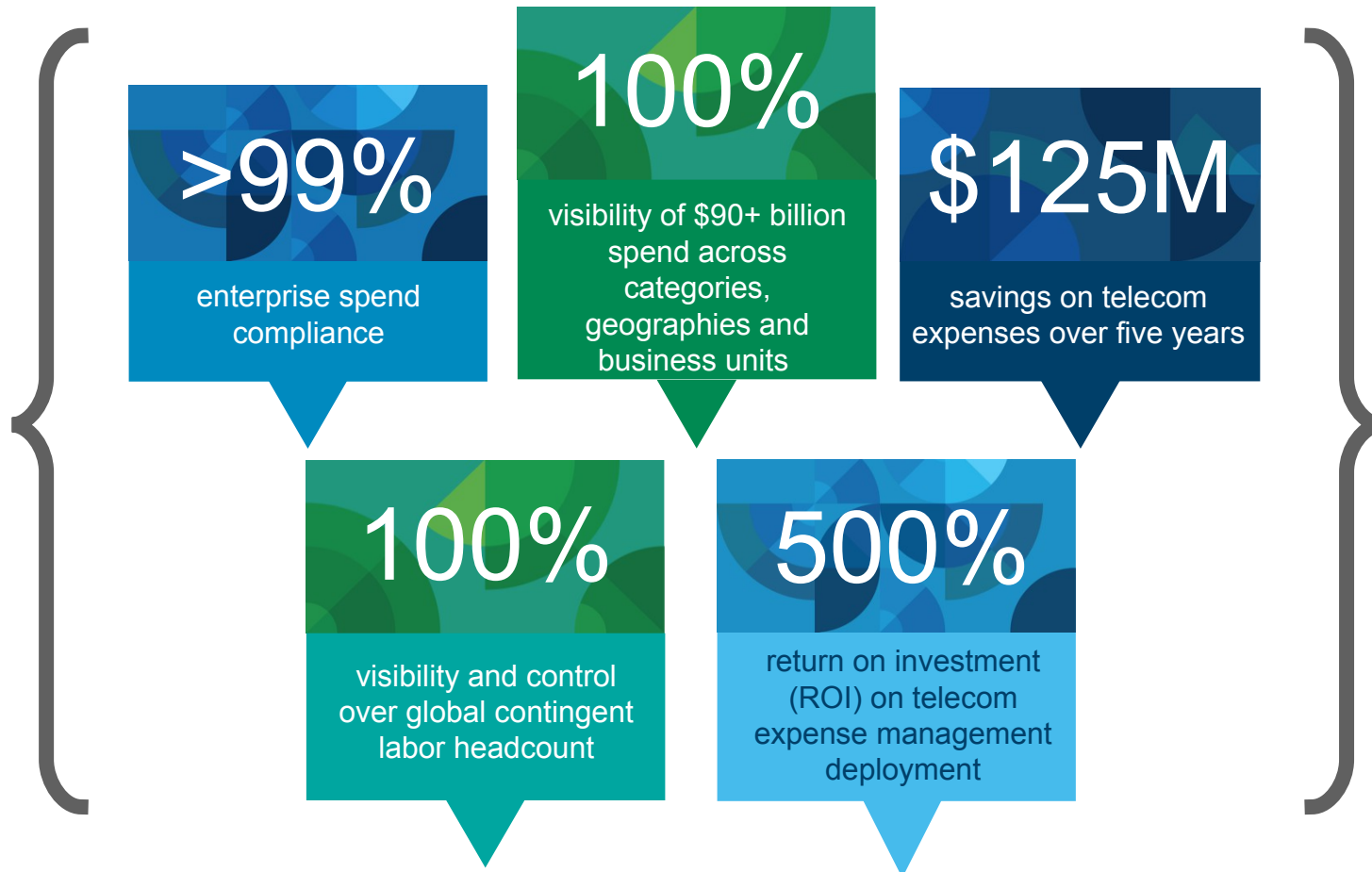
Goals

- Achieve best value from suppliers
- Negotiate and enforce standardized contracts
- Enforce standard processes and help ensure accountability for results

Market Challenges

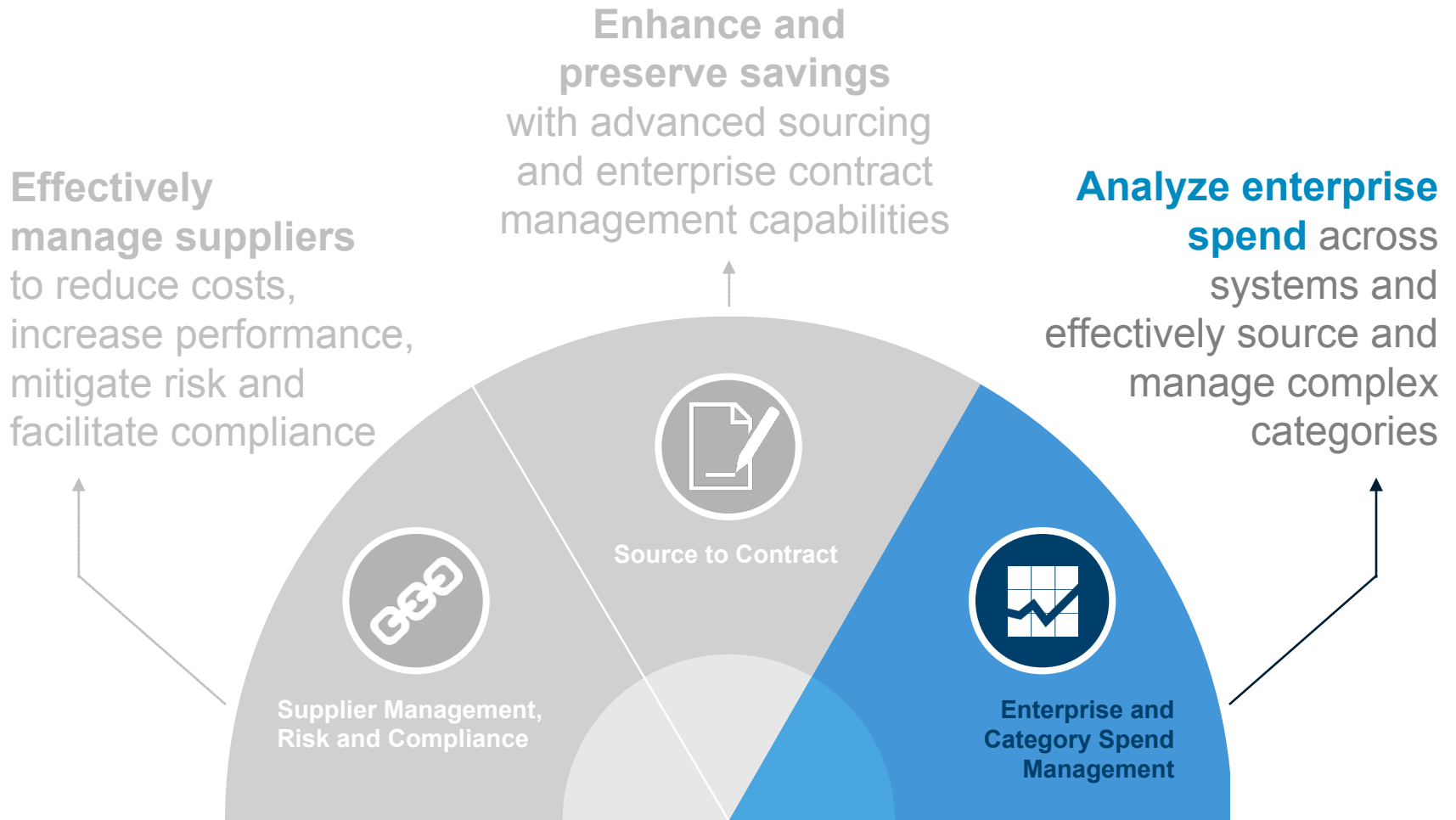
- Lack of visibility into source to contract process and supplier information
- Poor adherence to standard processes around the globe
- Variable contract language and noncompliance with contract terms

What if you could achieve the following?

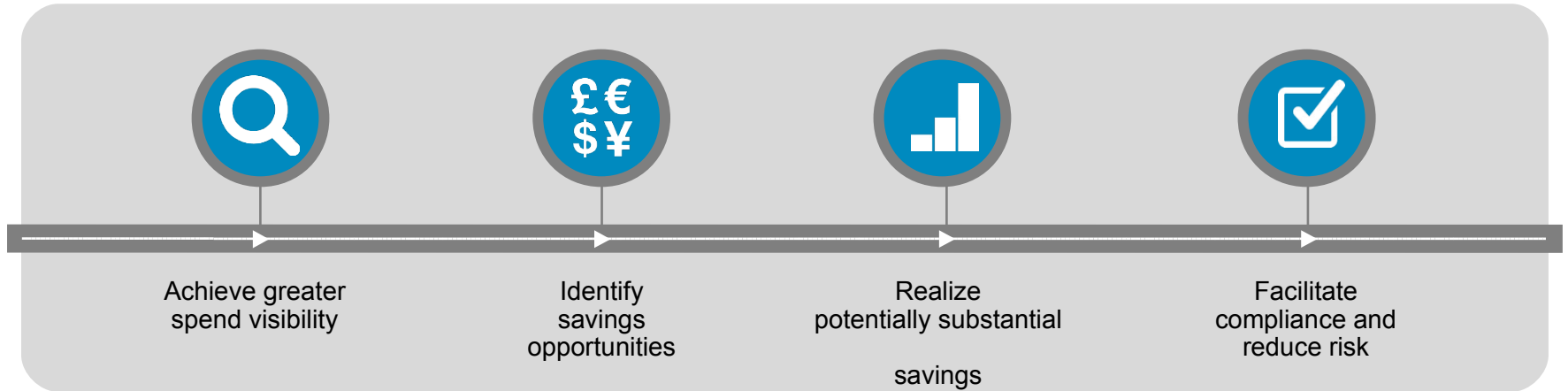


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Enterprise and Category Spend Management



Enterprise and Category Spend Management



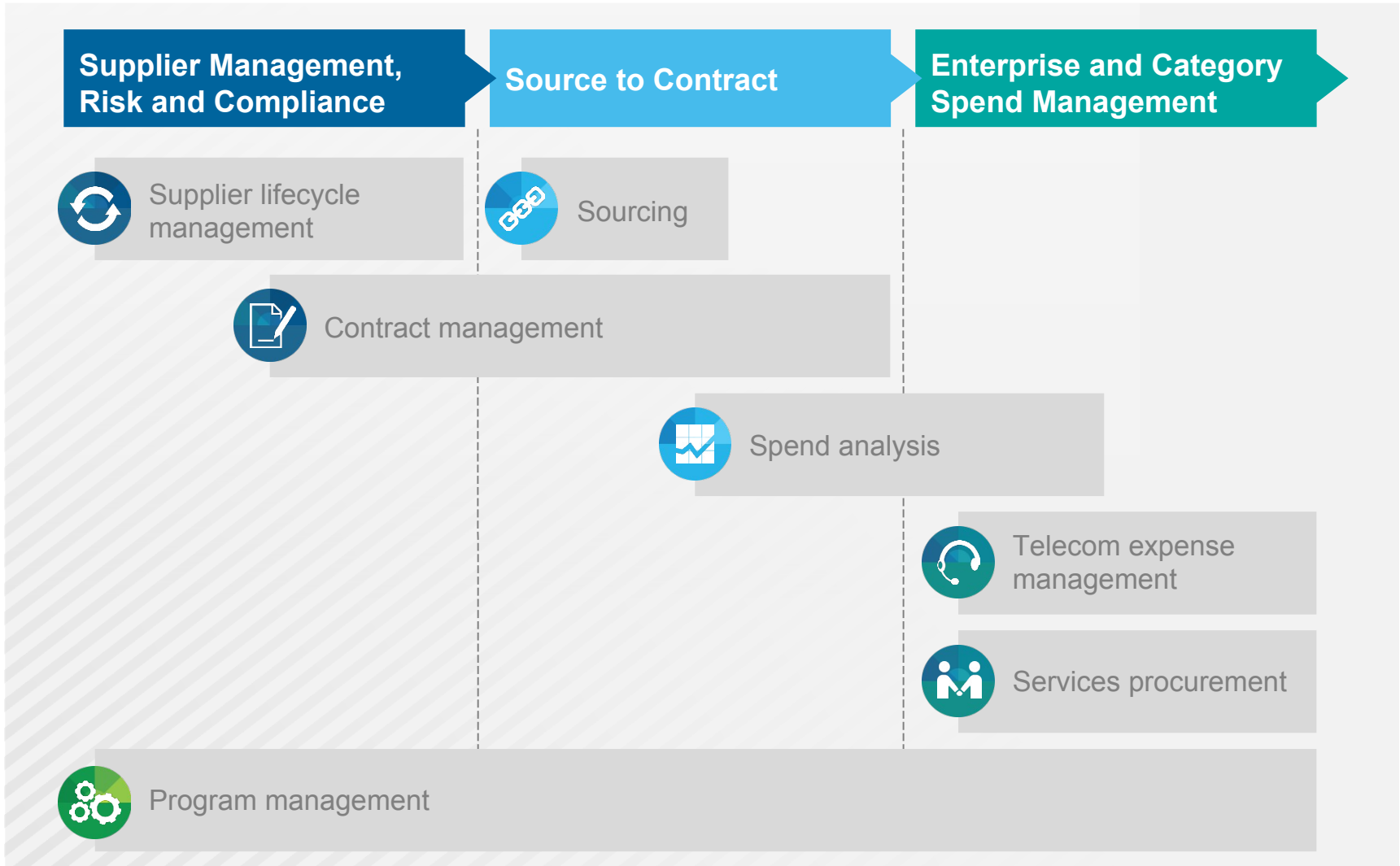
Goals

- Gain a more complete view into spending across the global organization
- Improve control over complex telecommunications and service categories
- Reduce savings leakage

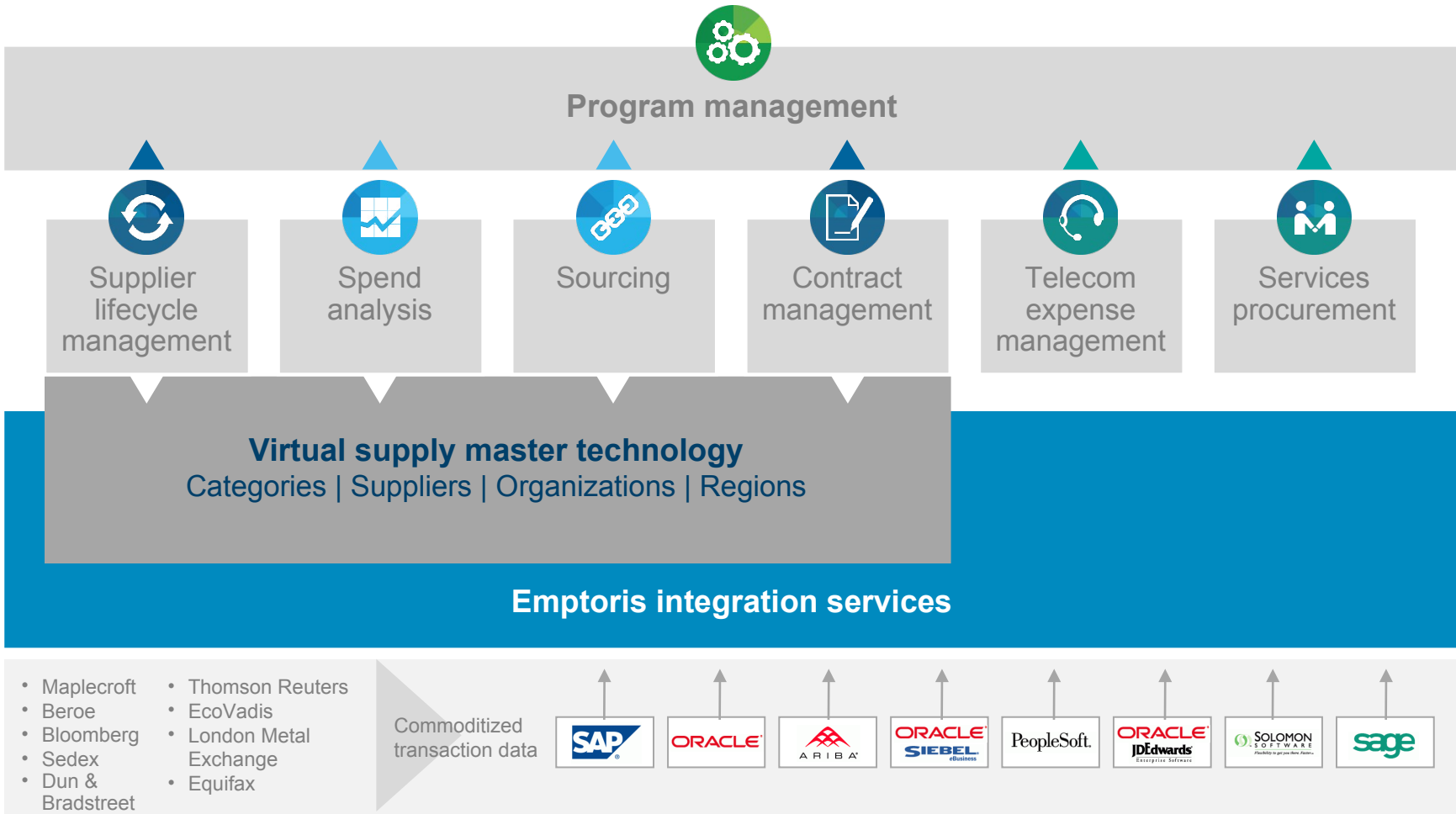
Market Challenges

- Poor visibility into enterprise spend by suppliers and categories
- Managing spend for complex telecommunications and service categories
- Poor accountability for savings goals

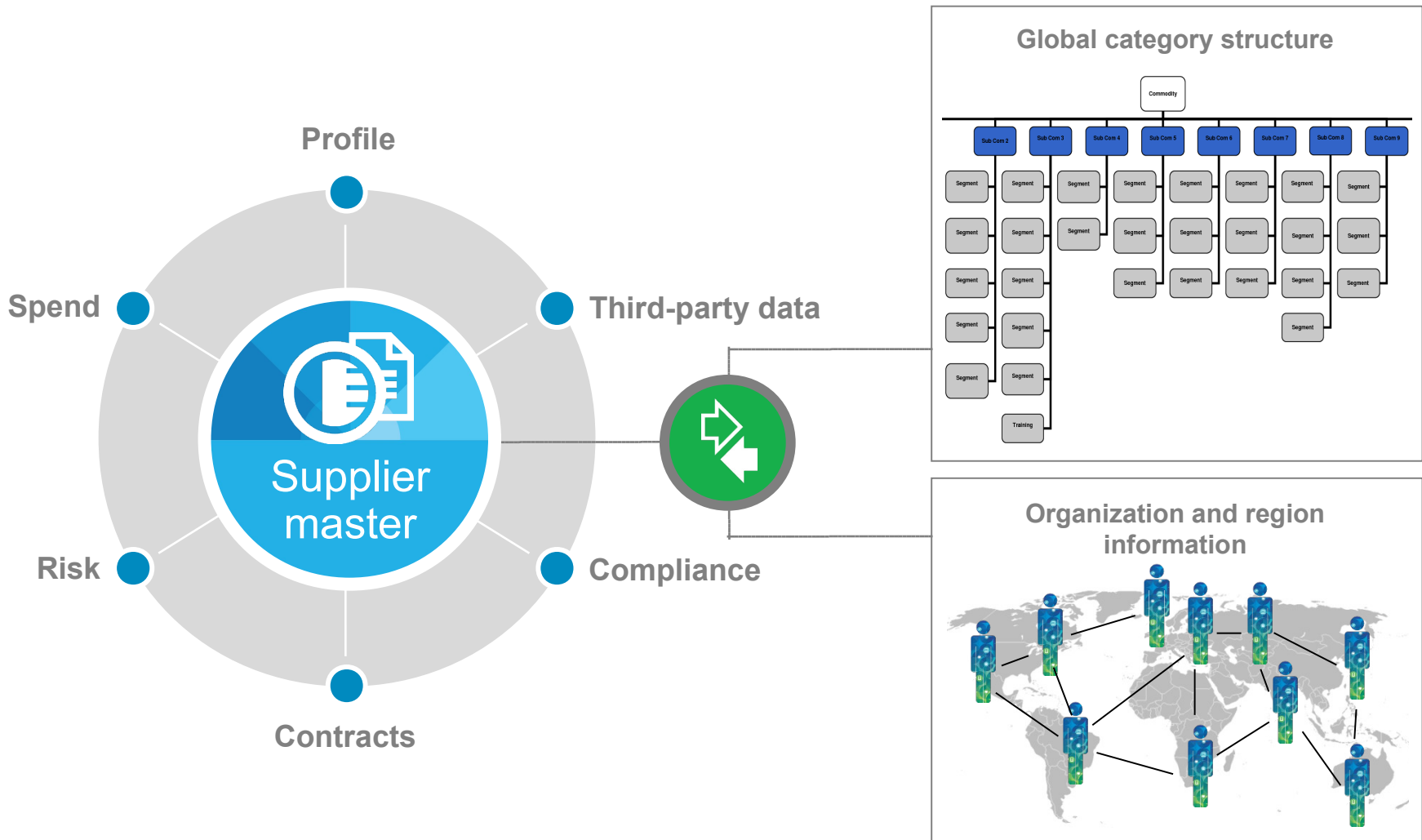
Strategic supply management capabilities



Go to market offering – integrated suite



Virtual supply master—foundation for managing procurement information



IBM SSM suite

Understand

- Deeper analytics
- e360 Reporting

Connect

- Integrated intra-suite
- External applications (Cast Iron)

Foundation

- Multi-enterprise relationship mgmt.
- Align architecture to latest IBM tools, quality processes and tech stack

Engage

- Mobility (Responsive Design) and Usability enhancements
- Net Promoter Score



IBM experience

99%

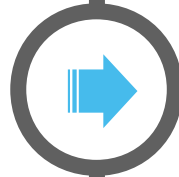
Spend visibility achieved for clients, on average

90%

Contracts under management and compliance

11%

Average savings on total sourced spend

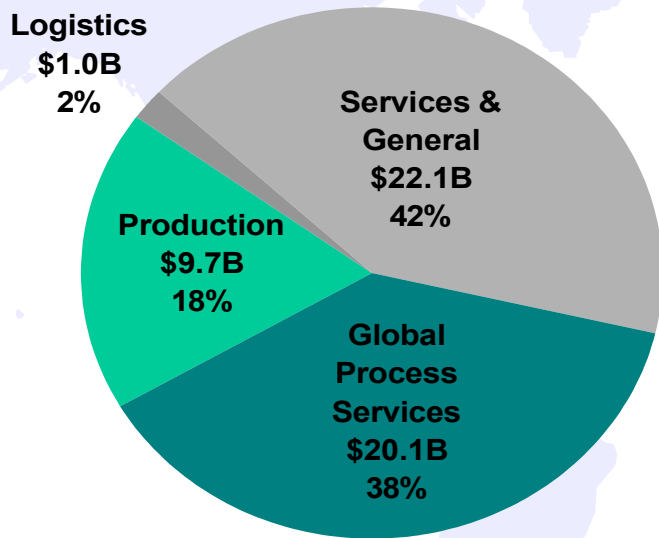


- IBM has helped hundreds of Global 2000 clients transform their procurement functions
- IBM offers a range of capabilities to address the needs of CPOs, including strategy, process, sourcing and technology
- IBM Emptoris® solutions are recognized as a leader by industry analysts:
 - Forrester Wave: Sourcing and Vendor Management, 2013
 - *The Forrester Wave™: Contract Life-Cycle Management, Q2 2011*
 - Gartner, *Magic Quadrant for Strategic Sourcing Application Suites*, July 1, 2013

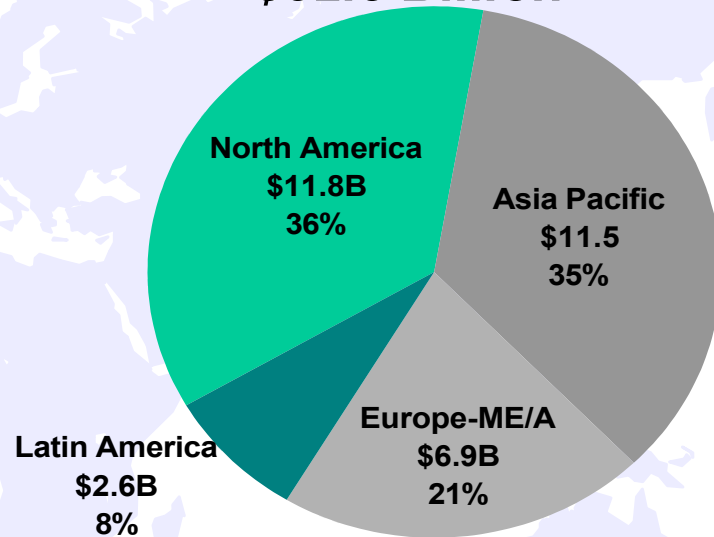
IBM Procurement Profile

Procurement internal spend (\$32.8B) was equivalent to 33% of IBM's revenue in 2013.

**2013 Procurement Spend
\$52.9 Billion**



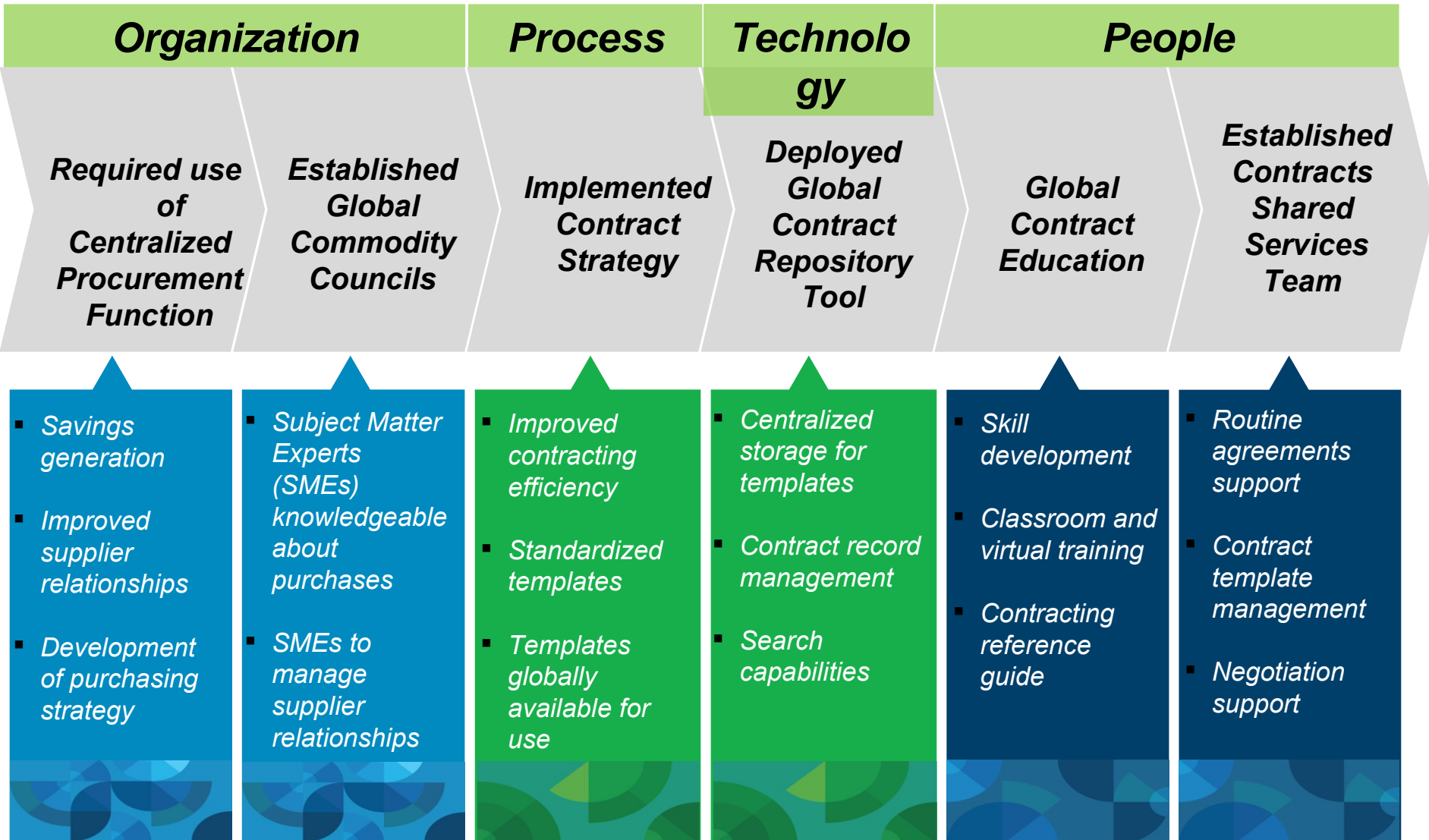
**2013 Procurement Spend by Geo
\$32.8 Billion***



Approx. 19K suppliers in almost 100 countries

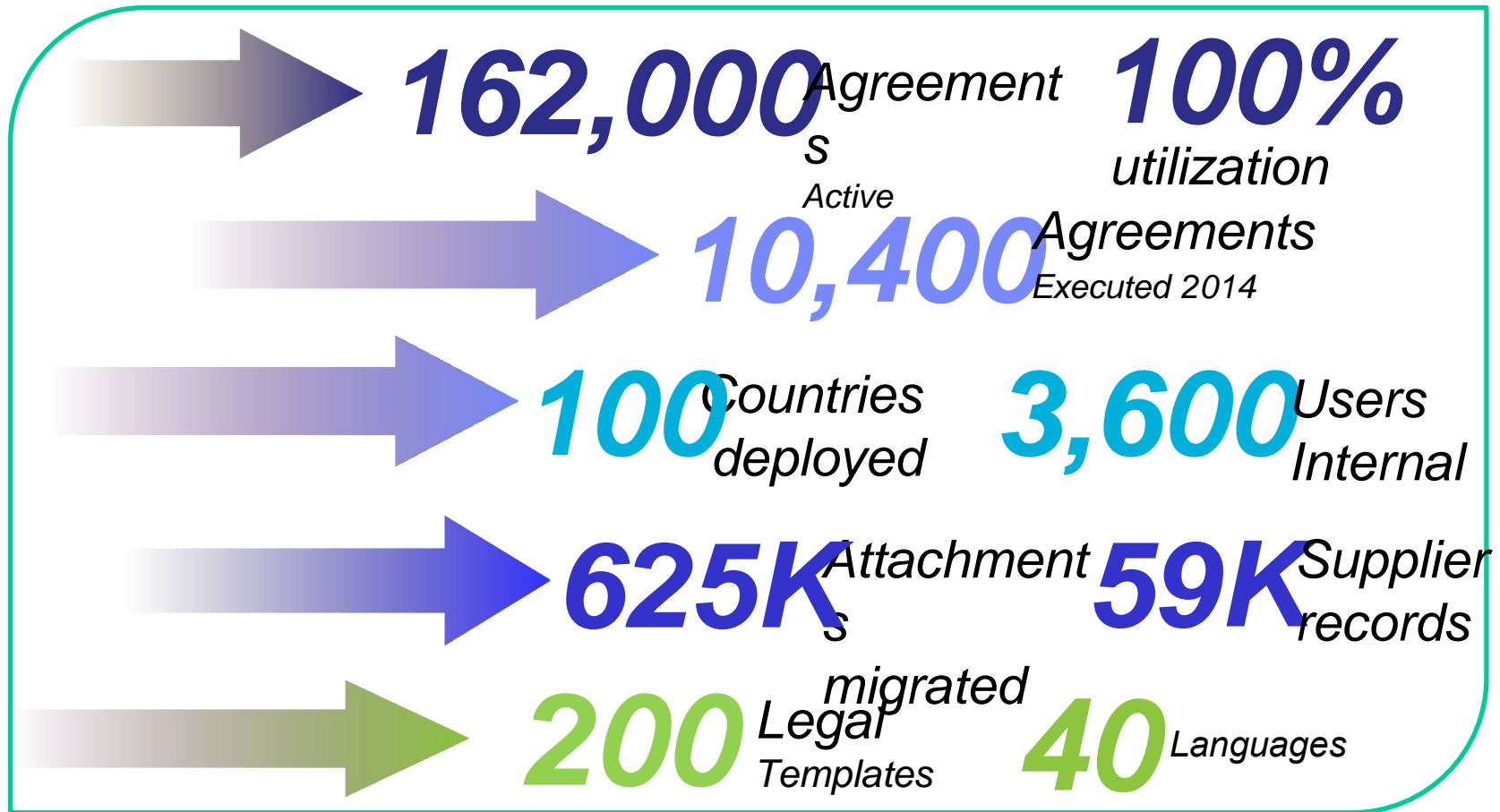
**Spend by Geo based on IBM internal spend of \$32.8B*

IBM Procurement & Contract Management Transformation

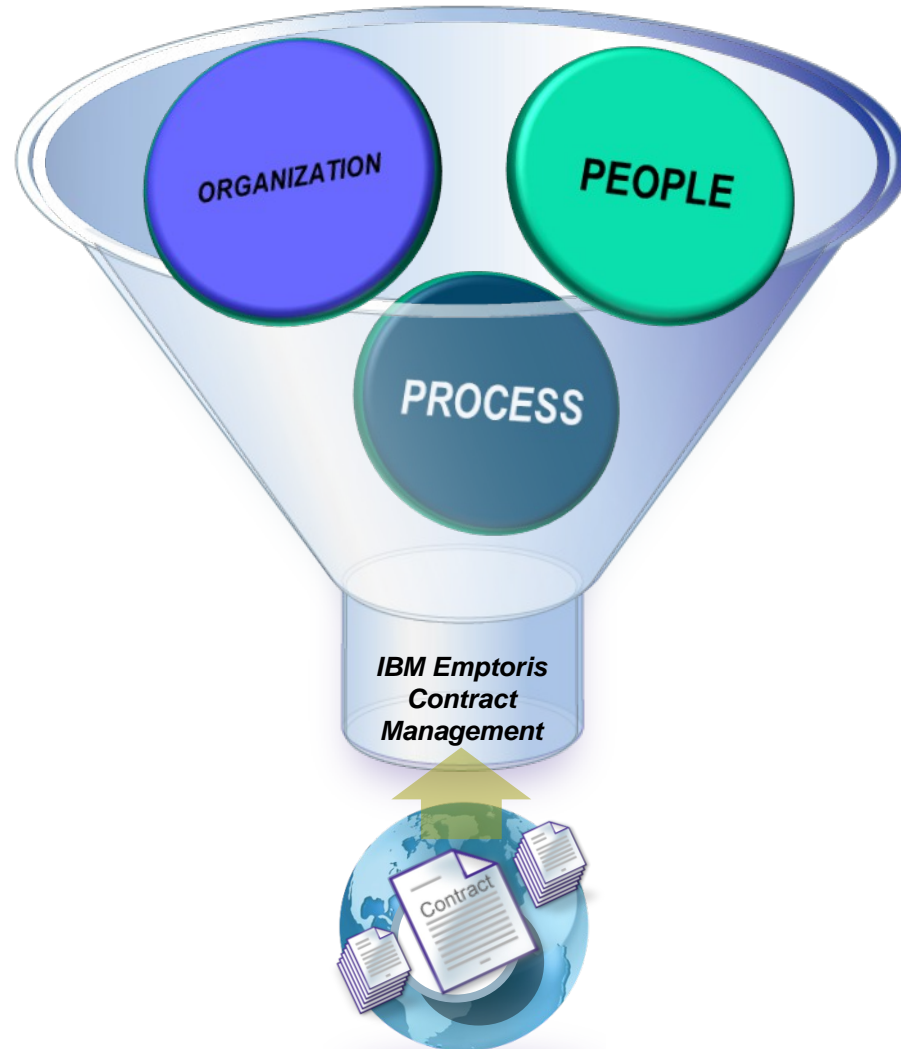


IBM Contract Management System Deployment

Global buy side IBM Emptoris deployment by the numbers



IBM paired transformation with technology to further streamline its contract management processes



Thank you

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