**Business Process Design Document**

SAP ARIBA Sourcing

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| Project Name |
| **Project XXNXT** |
| Author |
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| **Ernst & Young LLP** | **Sign-off** |
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**Document Review/Approval History**

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# Project Background:

**Ernst and Young LLP (EY LLP)** understands **XX (XX)** embarks to implement SAP Ariba Sourcing and integrate with SAP S/4 HANA Solution to achieve efficiency, visibility, process standardization.

The purpose of this document is to illustrate the Sourcing, as it is designed by SAP Ariba. In addition to the process overview, the document also outlines the AS-IS process, business roles involved in the process, the Master Data considerations, functional flow, and solution.

The objective of implementing SAP Ariba Sourcing is to standardise entire sourcing cycle, adopt the industry specific best practice, and eliminate the manual process across all business functions.

# Purpose and Objectives:

The purpose of the business blueprint phase is to create the Business Process Design Document, which is a detailed process-oriented and technical documentation of the results gathered during requirements and design workshops or based on validation of predefined solution or service description. A blueprint consists of multiple documents illustrating how the company intends to run its business using Ariba Sourcing solution.

The document focuses on addressing following:

* Purchase Requisition (SAP S/4 HANA)
* RFQ Creation (SAP S/4 HANA)
* Sourcing Request (SAP Ariba)
* Sourcing Project Creation (SAP Ariba)
* Supplier Response (SAP Ariba)
* Award Scenario and Tasks (SAP Ariba)
* Send Prices to External System (SAP Ariba)
* PO Creation (SAP S/4 HANA)

The Business Process Design Document (BPDD) will further be leveraged for development of solution configuration design and implementation of Ariba Sourcing in XX (XX).

# XX (XX)\_ Current Process (AS-IS):

### Process without Purchase Requisition (PR) - AS IS Process Diagram for Marketing Department:



# SAP Ariba Sourcing Introduction:

SAP Ariba Sourcing is used to source goods and services across distinct categories. This module allows entities to conduct complete Sourcing event flow, including creating and posting documents, receiving electronic responses, and finding the appropriate supplier. Sourcing events include Request for Information (RFI), Request for Proposal (RFP), Reverse Auction (Buying), Forward Auction (Selling).

SAP Ariba is an online solution catered to deliver a cloud-based procurement platform for the needs of both buyers and suppliers. It is considered as one of the world’s leading business commerce networks where businesses of all sizes can connect to their trading partners anywhere, at any time, and from any application or device to buy, sell and manage negotiation more efficiently than before.

### SAP Ariba Sourcing Concepts:

# Sourcing Request:

Souring Request is a document which consist of all the information available in Purchases requestion or RFQ created in S/4 HANA system. User will initiate the sourcing process by creation of Purchase requisition in S/4 HANA, PR will convert into RFQ and trigger for Sourcing request replication in Ariba Sourcing.

# Sourcing Project:

A Sourcing Project is a document in Ariba which contains detailed information to complete the sourcing activities. Sourcing Request is used to create a Sourcing Project by the buyer using an appropriate template.

Sourcing Project Process:

|  |  |
| --- | --- |
| **Task** | **Description** |
| Create Project | Provide basic project information and select the appropriate sourcing template |
| Modify/Add Project Team | Add members to the project groups and relevant users to complete the tasks assigned |
| Complete Project Tasks | To-Dos / Review / Approve documents, mark tasks as started/completed |
| Complete Project | Update the project state to completed |

Sourcing Projects are used to manage different types of Sourcing Events, and a Sourcing Project can be either created in ways as mentioned below:

* **Full Project (one or more sourcing events):** This Sourcing project type is used when the business wants to create combination of multiple event such as Request for Information, Request for Proposal, Reverse Auction, Forward Auction.
* **Quick Project (single sourcing event):** This Sourcing project type is used when the business wants to create a single event such as Request for Information (RFI) or Request for Proposal (RFP) or Reverse Auction or Forward Auction.

**Note:** XX team will have option to create Full Project or Quick Project as part of Procurement. Option of choosing the template based on requirement have with user in Ariba system.

Sourcing Project contains multiple steps (Functional Sections):

* **Overview (Project Creation):** Header fields in the sourcing project which buyer will select, such as the name, event type, region, department, owner, commodity, template etc.
* **Documents (Full Projects only):** Documents such as planning documents, due diligence reports and forms. This is a central storage system that enables user to store and manage multiple versions of project documents and to manage file access for multiple users.
* **Tasks (Full Projects only)**: These are actions assigned to users, such as reviewing, approving, and/or negotiating. These tasks enable collaboration with internal or external users to review and revise project information.

A project may contain the following types of tasks:

* + **To Do** tasks to remind users to take some action outside of the project, such as compiling a list of potential business contacts. After a task is completed, it must manually be marked as complete.
  + **Notification** tasks send an email message once or multiple, recurring rounds of the message at scheduled intervals.
  + **Document** tasks are associated with a document being sent for approval or review. For example, if a excel report is to be reviewed by a team member, a review task could be directly assigned from the document. Document tasks can be any of the following: Review tasks, Approval tasks & Negotiation tasks.
* **Rules:** This consist of the attributes on which event will run consisting of Timing rule, Bidding rule, Currency rule, and Market Feedback
* **Teams:** The users who can access different areas of the project
* **Supplier:** The participants invited to provide the response of questions asked by the buyer and according to quote for the items available in event
* **Content:** This is the important part of event which consists of general terms & conditions, questions & attachments which buyer wants to ask/provide and items details for which the event is publish
* **Summary**: This consists of the information added by the buyer of above mention steps and buyer gets the option to publish the event for suppliers to quote

1. **Sourcing Event:**

SAP Ariba Sourcing allows user to create and run events in which user exchange sourcing relevant information with potential suppliers. Depending on the type of information user want to collect, user create different types of events. All events are created from templates, which define rules and content information (such as the types of pricing terms) for the event.

An event in Ariba Sourcing, follows a process from creation to awarding the event to participants. SAP Ariba Sourcing event types include:

* **Request For Information (RFI):** This is used to collect the information about suppliers and their capabilities (no pricing information shared), their participant feedback, and qualify participants based on their responses.
* **Request For Proposal (RFP):** An RFP communicates business needs to potential participants and request to propose goods or services to fulfil the business needs. The participant typically includes pricing information in the response, but price might not be the most important factor in the selection.
* **Auction:** Auctions are directly competitive and allow the real-time exchange of information between participants & organization. Auctions can be used to bring the participants into competitive environment to provide best prices for the business needs. Different auction types:
  + Reverse Auction
  + Forward Auction

1. **Supplier Bid Response:**

Suppliers receive Email notification when they are invited to participate in an event. Once event is started Supplier will be able to review the terms and conditions of buying organization and enter their bids. Supplier bid response will be controlled by Sourcing project team, by different event rules.

1. **Awarding Events**

Upon evaluation of responses/bids, sourcing team create an award scenario for the finalized supplier and submit it for approval. After the award approval, the quote is sent to external system.

# SAP Ariba Sourcing - TO BE Process:

### Categories where PR is not available in S/4 HANA: Process Description:

The Sourcing process which XX will initiate by creating Sourcing Event with all the details and published for Suppliers to respond, and Suppliers will prepare their bid response based on event timings and bidding rules. Sourcing Managers will evaluate the bid responses and award to supplier. Manually creating Purchase Requisition and Purchase Order in S/4 HANA system.

#### **Process Description:**

A computer screen shot of a flowchart

AI-generated content may be incorrect.

(\* Auction Process is Optional)

#### **Sourcing Process Tasks:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr. No.** | **Process Task** | **Role** | **Description** | **System** |
|  | Create Sourcing Project | Sourcing Executive | Buyer will create the sourcing project via selecting the mandatory header fields like region, department, commodity etc. Select the appropriate template and click on Submit. | Ariba Sourcing |
|  | Sourcing Event Creation i.e., RFP | Sourcing Executive | Once Approved, Sourcing Executive will create the event i.e., RFP. Define the rules, team, and check content tab | Ariba Sourcing |
|  | Sourcing Event Publish | Sourcing Executive | Sourcing Executive will check the details added and publish the event | Ariba Sourcing |
|  | Approval on Publish | Sourcing Approver | Once click on Submit, concerned approver will get the notification to approve/deny along with comment. | Ariba Sourcing |
|  | Supplier Notification & Login, Raise & Submit Query and Submit RFP Response | Supplier | Supplier gets the notification on email, he will login to system and complete the mandatory steps to reach on Submit Response page and provide the answers to question asked by buyer along with quoting the price. In case of any query, he can use the Compose Message Functionality | Ariba Supplier Portal |
|  | Bid Comparison | Sourcing Executive | Supplier’s quote will be visible on Content tab after event closes. User can compare and get the option to download the comparative | Ariba Sourcing |
|  | Award | Sourcing Executive | Sourcing Executive will create the awarding scenario under scenario tab and submit for Award approval | Ariba Sourcing |
| Approval Flow Trigger | Sourcing Executive | Approvers will get the email for approval of the event. Project Owner can provide the recommendation in message tab and attach downloaded Bid Comparative Report | Ariba Sourcing |
| Approval on Award (NFA) | Awarding Approver | Approvers will get the email for approval of the event. That email will have Bid Comparative Report as an attachment and comments/recommendation in mail body along with “Approve” “Deny” link | Ariba Sourcing |
| Event Status Change | Automatic | Event Status will change from Pending Selection to Complete | Ariba Sourcing |
|  | PR Creation | Manual | PR creation will be done manually in S/4 HANA system after vendor and Price finalisation in Sourcing | S/4 HANA |
|  | PO Creation | Manual | PO creation will be done manually in S/4 HANA after PR creation with price details by user department | S/4 HANA |

* **User Department:** The person who is responsible for creation ofPurchase Requisition with all the requirement details.
* **Sourcing Executive/Buyer/Project Owner**: The person who is responsible for creating, publishing, and monitoring of Sourcing event. These personals are license users in Ariba.
* **Awarding Approver**: The person who is part of Publish/Award approval flow. These personals are non-license users in Ariba.
* **Supplier/Participants: Person/organisations who are invited to provide the prices for requirement published by project owner/sourcing executive**

### SAP Ariba Sourcing Auction- TO BE Process:

#### **Process Description:**

In case procurement team wants to do further negotiation with suppliers, they have the functionality of Auction. Procurement Department user will create Sourcing Event i.e., Auction based on RFP event and publish the same. Suppliers receives the notification of Sourcing Event and respond. Suppliers will respond in Auction as per timings and bidding rules. Sourcing Managers will evaluate the bid responses and award one or more suppliers.

#### **Process Diagram:**



#### **Sourcing Process Tasks\_Auction:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr. No** | **Process Task** | **Role** | **Description** | **System** |
|  | Start | Sourcing Executive | Start sub-process of Auction from RFP main process | Ariba Sourcing |
|  | Further Negotiation Required | Sourcing Executive | In case procurement team wants to do further negotiation in form of Auction can initiate | Ariba Sourcing |
|  | Conduct Online Auction | Sourcing Executive | In case procurement team wants to do further negotiation can conduct Online Auction | Ariba Sourcing |
|  | Build and Execute Auction | Sourcing Executive | Sourcing Executive will create the event i.e., Auction based on details from Sourcing Project i.e., RFP. Define the rules, team, and check content tab | Ariba Sourcing |
|  | Publish Auction | Sourcing Executive | Sourcing Executive will check the details added and publish the event | Ariba Sourcing |
|  | Supplier Participation in Auction | Supplier | Supplier gets the notification on email, he will login to system and complete the mandatory steps to reach on Submit Response page and provide the answers to question asked by buyer along with quoting the price. In case of any query, he can use the Compose Message Functionality | Ariba Supplier Portal |
|  | Conduct Commercial Review | Sourcing Executive | Sourcing Executive check the quotes received from suppliers | Ariba Sourcing |
|  | Shortlist Supplier | Sourcing Executive | Sourcing executive may exercise the option of multiple rounds of negotiation in same Sourcing event with selected suppliers | Ariba Sourcing |
|  | Award (Optional) | Sourcing Executive | Sourcing Executive will create the awarding scenario under scenario tab and submit the for-Award approval | Ariba Sourcing |
| Approval Flow Trigger | Sourcing Executive | Email regarding the approval will trigger to concern approvers | Ariba Sourcing |
| Approval on Award | Awarding Approver | Approver i.e., Project owner and respective manager will approve the task | Ariba Sourcing |
| Event Status Change | Automatic | Event Status will change from Pending Selection to Complete | Ariba Sourcing |
|  | PO Creation | Manual | User will create PO manually in S/4 HANA | S/4 HANA System |

### Event Status:

The below table specifies the status of events in SAP Ariba:

|  |  |
| --- | --- |
| **Sr. No** | **Description** |
| Draft | Buyers create the Sourcing Event i.e., Rules, Team, Suppliers and Content as per the requirement of user department |
| Preview | Buyer can have a time before event opens in which suppliers have can login to system and view the content ahead of time but cannot respond in the event |
| Open | The event is open for participants responses |
| Pending Selection | The event has closed for the responses and is pending for the buyer to select the vendor for award. Buyers have the right to reopen or edit the event |
| Completed | In the complete state, buyers do not have option to edit the edit. It is the end point of every event |
| Cancelled | At any point after publishing an event, buyers have the option to cancel the same. Cancelling the event will bypass all the status and event ends immediately |

# System Configuration:

SAP Ariba provides leading best practice templates for Sourcing Request and Sourcing Project:

* **Sourcing Request Template**: It is pre-populating with Standard Tasks (Prepare Sourcing Request, Approver Sourcing Request, Create Sourcing Project), Header Fields and content consisting of Price Terms.
* **Sourcing Project Templates**: Full Project and Quick Project:
* **Full Project Template**: Configuration done based on requirement received from the XX with consideration of Ariba best practice/process.
* **Quick Project Templates:** Configured done based on requirement received from XX along with Ariba best practice/process. As per workshops conducted with procurement team, below mentioned points are finalised:

|  |  |
| --- | --- |
| Rules | Few highlighted Rules are:  Minimum Supplier Status for Invitation: Not Invited  Minimum Supplier Status for Award: Invited  Enable preview period - Not Required  Allow Email Bidding: No but Delegated  Require Participants to provide reason for declining bid: No  Can owner see responses before event closes – Set as “Yes” |
| Team | Buyer has the option to add the respective team members as part of team in sourcing event i.e., RFx |
| Content | Content will be configured based on requirement received from XX |

**Note:** Pricing structures are finalised for Material (Raw Material, Packing Material, Gifts, Asset etc), Services and Import are finalised by XX team during RFP template discussion. Standard Ariba Full Project template will be activated for XX use.

Ariba Standard Auction Templates i.e., Reverse and Forward will be activated by EY Team

*Project owners of Sourcing Project have the freedom to use those templates based on requirement.*

* **Custom Header Field Data Collection Template**: EY had discussion regarding custom header fields workbook and XX have finalised the attributes of standard header fields and accordingly changes will be done in both test and production realm with help of SAP. If required, XX team have provision to decide custom header fields till UAT.

SAP Ariba provides up to 5 Custom header fields creation in Ariba Sourcing till Go-live.

* **Enablement Workbook:** XX team is working on the data and provide the same to EY team to configure the Ariba Sourcing Test and Production Realm.
* XX person having Ariba Admin rights can create the users in Ariba system

# Approval Conditions:

The below table specifies the approval flow configuration in Sourcing Request:

|  |  |
| --- | --- |
| **Approval Condition – Sourcing Request** | **Sourcing Request** |
| **Approval for Sourcing Request** | Not Required |

The below table specifies the approval flow configuration in Sourcing Project:

|  |  |  |  |
| --- | --- | --- | --- |
| **Approval Condition/**  **Event Type** | **RFI** | **RFP** | **Auction** |
| **Approval for Publish** | 🗴 | 🗸 | 🗴 |
| **Approval for Award** | 🗴 | 🗸 | 🗴 |

***Note: RFP Approval on Publish:***

|  |  |
| --- | --- |
| **Crop** | **Crop Manager** |
| Paddy | Mr. Manoj Bhandari |
| Corn | Mr. Manoj Bhandari |
| Wheat | Mr. Manoj Bhandari |
| Soyabean | Mr. Manoj Bhandari |
| Maize | Mr. Manoj Bhandari |
| Horticulture | Mr. Pravin Jhadav |
| Plantations | Mr. Pravin Jhadav |
| Pulses | Mr. Pavan Yadav |
| Sugarcane | Mr. Pavan Yadav |
| Cotton | Mr. Pavan Yadav |
| Other Crops | Mr. Shishir Chandra |
| Corporate Items | Mr. Shishir Chandra |

**RFP Approval for Award:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Value** | **Approver 1** | **Approver 2** | **Approver 3** |
| **Less Than 10 Lakhs** | **Project Owner** | **Subsequent Manager** | **-** |
| **Above 10 Lakhs** | **Project Owner** | **Subsequent Manager** | **CMO Sir** |

# Dependency:

### Master Data:

|  |  |
| --- | --- |
| **Object** | **Source** |
| Material Master | Background job will be scheduled in specific intervals to sync the data from S/4 HANA to Ariba system |
| Service Master | Background job will be scheduled in specific intervals to sync the data from S/4 HANA to Ariba system |
| Vendors | All Legacy vendors will be uploaded in Ariba Sourcing realm with the help of excel upload  In case of new vendors to be added in via a Ariba Sourcing Event, new organisation creation is done |

### Systems:

The below mentioned systems which are in scope during the implementation:

|  |  |
| --- | --- |
| **Sr. No.** | **Systems** |
| 1. | SAP Ariba Realms: Ariba Buyer and Ariba Supplier |
| 2. | CIG: Cloud Integration Gateway |
| 3. | Cloud Connector |
| 4. | SNAP Buying |
| 5. | S/4 HANA |

# Reports:

The following pre-built reports are available on the Ariba Sourcing Portal for Operation and Analytical Reporting:

1. Event Level Reports:
   * Bid Report
   * Bid Summary Report
   * Bid Change Report
   * Full Bid Data Report
   * Bid History Report
   * Bid Comparison Report
   * Scenarios Report
   * Questions and Terms Report
   * Event Summary Report PDF
   * Supplier Response Report PDF
2. Organisation Level Reports:
   * Active Projects by Owner
   * Active Projects by Status
   * Actual Savings Report
   * Baseline Spend by Project
   * Duration of Projects by Start Date
   * Late Projects by Owner
   * Pipeline Report
   * Project Quarterly Report
   * Projects to End in the Next 3 Months
   * Projects to Start in the Next 3 Months
   * Savings by Project
   * Savings Detailed Report
   * Savings Summary Report
   * Sourcing Project by Type and Start Date
   * Sourcing Project Suppliers Report
   * Sourcing Projects by Type, Category, and Organisation

# Requirement Tracker:

The below table describes the requirements received during AS IS discussion:

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No** | **Requirement** | **Solution - Standard/ Customization/Alternate Provided/Not feasible** | **EY Remarks** |
| 1. | Automatic Data Replication in Header Fields while creation of Sourcing Event i.e., Name, Event Type, Region, Department, Commodity etc | Customization | In integrated scenario, replication of data in header fields is possible for fields Region and Commodity only |
| 2. | Rank visibility of supplier in RFP Event based on Landed Cost | Standard | Configuration is possible at template level |
| 3. | Participation in Ariba Event by Supplier via WhatsApp | Not Feasible |  |
| 4. | Last Purchase Price visible to buyer during RFP Creation in Ariba | Customization | If LPP is available in SAP PR then value can be made available in Ariba Sourcing Request/RFP |
| 5. | Details like Line-Item text, specifications, and attachment to float from SAP PR/RFQ to Ariba Sourcing Request | Customization |  |
| 6. | Lead Time is available in Material Master, so user want the same to be visible in Ariba RFP | Customization |  |
| 7. | Budget Tracking of Products needed while Sourcing Project Creation | Not Feasible |  |
| 8. | Notification of the Award to the concerned team | Standard | Notifications is possible in Ariba if concerned team members will be added as part of team in Sourcing Project by Project Owner. |
| 9. | Approval on Publish of Sourcing Event to Concerned Crop Managers | Standard |  |

# Change Management:

The below table describes the change management:

|  |  |  |
| --- | --- | --- |
| **Item** | **Old** | **New** |
| PR Creation | User department creates the PR with detail in S/4 HANA | PR creation will be followed as per Current process |
| RFP | Manual RFQ were created and floated on email | Standalone Sourcing project will be created by user for negotiation and vendor/pricing finalisation |
| PO Creation | Manual PO were created based on Purchase Requisition | PO creation will be followed as per Current process |