

KDD015 - Handling Large-Capacity Logistics Sourcing Events

Status	Approved
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Issue

The purpose of this Key Decision Document (KDD) is to elaborate on the recommended Sourcing tool for large-capacity Logistics sourcing events with the future S/4HANA environment.

Recommendation

Keelvar integrated with SAP Ariba Sourcing is recommended for large capacity Logistics sourcing events for Syensqo. This recommendation is based on several key factors, such as Keelvar’s well-defined integration points with SAP Ariba Sourcing, and the strategic alignment within the SAP ecosystem, and advanced optimization capabilities for large capacity events in Keelvar.

The following enhancements are also recommended:

- Enable bidirectional integration between SAP Ariba Sourcing and Keelvar – awards from Keelvar should be transferred automatically back to SAP Ariba Sourcing
- Fully integrate SAP Ariba Sourcing with the future SAP S/4HANA ERP system and with SAP Ariba Contracts, in order to ensure a cohesive source to pay ecosystem that supports end-to-end sourcing and procurement processes, from supplier discovery to sourcing, contract management and performance monitoring.
- Configuration of the templates in Ariba to direct users to make the correct choice between execution of the sourcing event in Keelvar or Ariba.

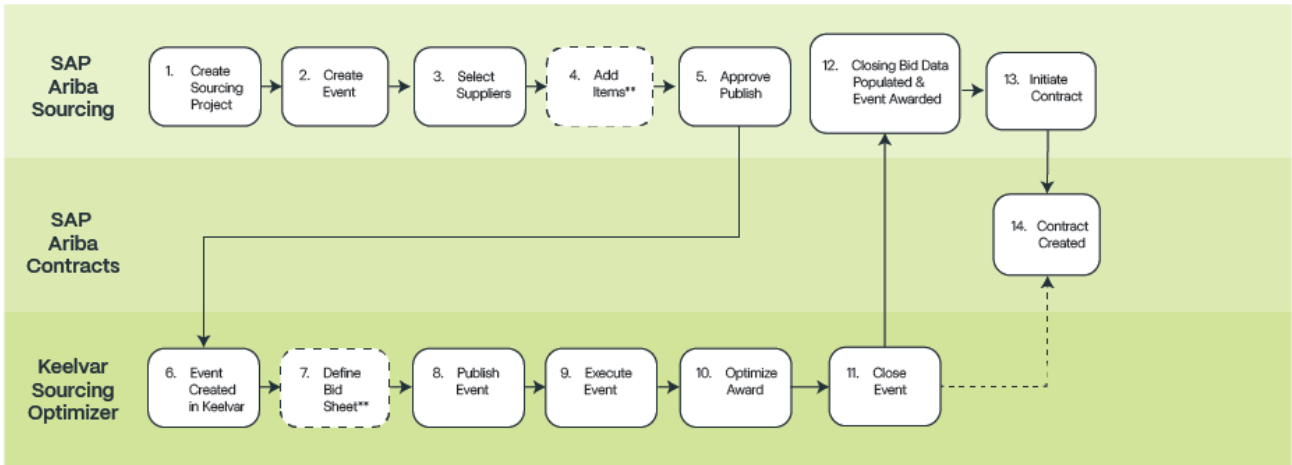
Background & Context

At the moment, large-capacity events (primarily for logistics with hundreds of items) are initiated in SAP Ariba Sourcing from where they are redirected to Keelvar. This is primarily because of the limitations on large capacity events in SAP Ariba Sourcing, whose usability also suffers when the number of events exceeds a few hundred.

SAP Ariba Sourcing at Syensqo is a tool used to manage the whole sourcing lifecycle process and Keelvar complements this solution by providing optimisation capabilities for large capacity events. Users trigger the desired large capacity sourcing event in SAP Ariba Sourcing and then send it to Keelvar. Within Keelvar, the SAP Ariba-initiated event is created and launched, bids are collected and validated, cost models are built, and optimised award scenarios are analyzed.

Below is the existing process flow between SAP Ariba Sourcing and Keelvar. The final award data is not currently sent automatically to SAP Ariba; instead, buyers are expected to manually update Ariba Events, which quite often does not happen.

Keelvar SAP Ariba Connector Flow



There is no SAP Ariba Contracts module at Syensqo at the moment, therefore the flow ends in Keelvar and all contracts have to be created manually.

Assumptions

- SAP Ariba Sourcing will be used in the future as the preferred solution that automates and streamlines the sourcing process.
- S/4HANA Cloud Private Edition will be used as SAP ERP system. This is also subject to a [separate KKD](#).

Constraints

- SAP Ariba Sourcing does not support events with more than 10,000 line items. Keelvar does not have this limitation.
- Keelvar will only be used for sourcing for logistics where line items on sourcing events are not linked to material master.

Impacts

Recommended solution, facilitated by SAP Ariba Sourcing with Keelvar, can significantly impact business operations and project outcomes by enhancing efficiency, reducing costs, improving decision-making, and fostering better supplier relationships. While there are many benefits, we should also be mindful of the challenges, such as the initial investment in infrastructure and the need for training to ensure user adoption.

Business Rules

- Only use Keelvar for Logistics events. Do not use Keelvar when there are materials involved in the sourcing event; for such events only Ariba must be used regardless of the number of line items.
 - Even if the number of line items exceeds a few hundred (i.e. what Ariba can handle), if material master is involved then Keelvar cannot be used.

Options considered

When comparing the management of large capacity events in SAP Ariba Sourcing versus Keelvar, it is essential to focus on how each platform supports the execution, efficiency, and strategic outcomes of such events and what are their limitations. Both platforms are designed to enhance sourcing processes, but they do so with different emphases and technological approaches.

Option A: SAP Ariba Sourcing

Key Features:

- **End-to-End Solution:** Offers a complete suite of tools for managing the entire sourcing process, from supplier discovery and bidding to contract management and payment, which is beneficial for large-scale procurement activities.
- **User Interface and Usability:** SAP Ariba Sourcing offers a robust platform that can handle complex sourcing events. The user interface is professional and designed to manage the end-to-end procurement process, though it may have a steeper learning curve for new users due to its extensive functionalities.
- **Comprehensive Integration:** Ariba's tight integration with SAP S/4HANA and other SAP products allows for a unified procurement process, which is crucial for managing the complexity of large capacity events.

Limitations:

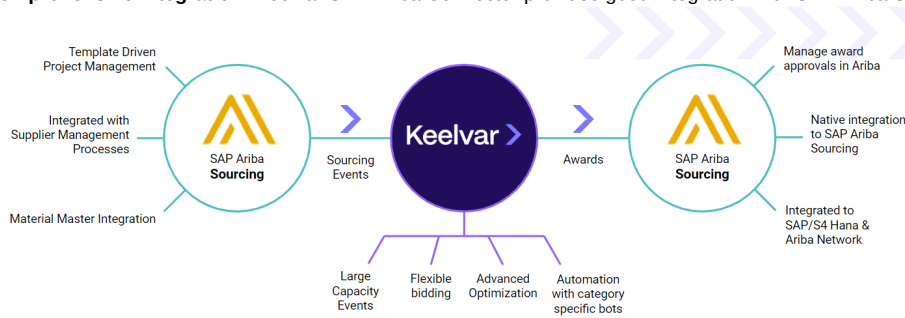
- SAP Ariba Sourcing has strong limits for the number of content items in sourcing events.
 - **Standard-capacity** (simple-capacity) events can contain up to 2k items
 - **Large-capacity** events with up to 10k items are supported only as non-competitive RFPs (suppliers cannot see rank when bidding). The most importantly, the contents for large-capacity RFPs can be accessed only using Excel spreadsheets and are not directly visible in the user interface. In addition, large-capacity RFPs are supported only in Classic sourcing RFPs, not in Guided Sourcing that should replace Classic sourcing by the end of 2024.

Option B: Keelvar integrated with SAP Ariba Sourcing - used for large-capacity events

Key Features:

- **User-Friendly Interface:** Designed with a focus on usability, Keelvar offers an intuitive platform that simplifies the management of complex sourcing events with thousands of items. The contents of large-capacity events are visible in the user interface.
- **AI and Automation:** Keelvar emphasises the use of artificial intelligence and automation to streamline sourcing processes. This can significantly enhance efficiency and outcomes for large capacity events by optimising bidding strategies and analysing complex scenarios.

- **Dynamic Bidding:** The platform supports advanced bidding mechanisms, which can be particularly advantageous in large capacity events for achieving optimal cost and value.
- **Comprehensive Integration:** Keelvar SAP Ariba Connector provides good integration with SAP Ariba Sourcing.



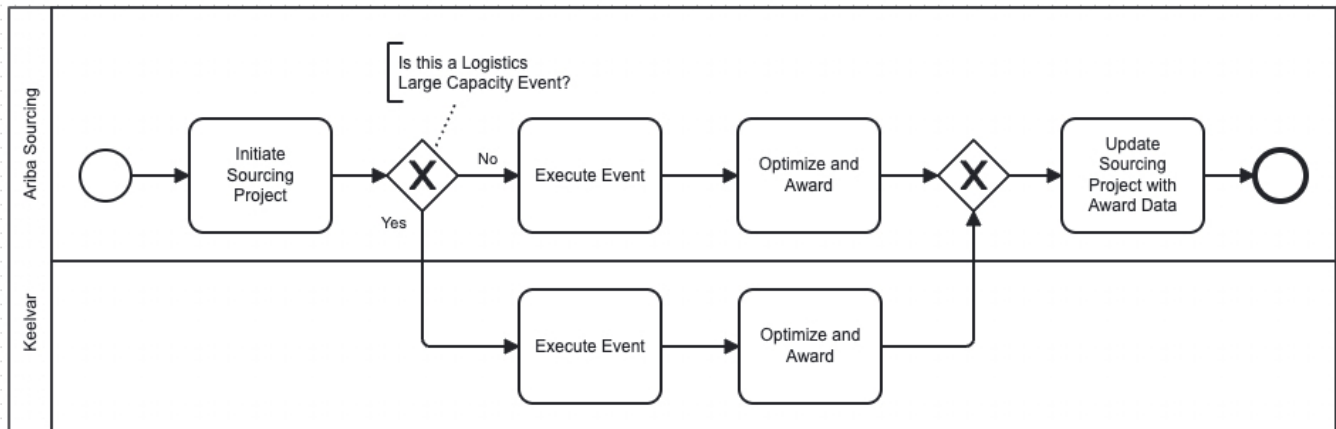
Limitations:

- Keelvar does not have a direct, out-of-the-box integration with SAP S/4HANA. Therefore, awards from Keelvar cannot be automatically converted to Agreements in S/4HANA.
- Keelvar has an API integration with SAP Ariba Contracts, but their preferred path is to send awarded items from Keelvar to SAP Ariba Sourcing and then have them flow into SAP Ariba Contracts from there.
- Keelvar cannot be used to manage the whole sourcing lifecycle process from source to pay. It is actually not a competition to SAP Ariba Sourcing, but it rather complements SAP Ariba Sourcing functionality by providing optimization capabilities for large capacity events.

Evaluation

Both SAP Ariba Sourcing and Keelvar offer compelling features for managing large-capacity sourcing events. Due to the SAP Ariba Sourcing limitations for large-capacity events, and Keelvar limitations in the full sourcing life cycle process from source to pay and strong integration with S/4HANA **the recommended solution for large-capacity events is “Keelvar integrated with SAP Ariba Sourcing - used for large-capacity events”** (large-capacity events initiated in SAP Ariba Sourcing and executed in Keelvar).

Recommended process flow:



Recommended enhancements to the existing set up:

- Enable bidirectional integration between SAP Ariba Sourcing and Keelvar – awards from Keelvar should be transferred automatically back to SAP Ariba Sourcing
- Fully integrate SAP Ariba Sourcing with the future SAP S/4HANA ERP system and with SAP Ariba Contracts, in order to ensure a cohesive source to pay ecosystem that supports end-to-end sourcing and procurement processes, from supplier discovery to sourcing, contract management and performance monitoring.
- Configuration of the templates in Ariba to direct users to make the correct choice between execution of the sourcing event in Keelvar or Ariba.

See also

File	Modified
File APPROVAL REQ - ERP Rebuild - KDD - Handling Large-Capacity Logistics Sourcing Events.eml	Sept 11, 2024 by FALL-ext, Cheikh
Microsoft Word Document Meeting Minutes - Business Review of KDD - Handling Large-Capacity Logistics Sourcing Events.docx	Aug 05, 2024 by RUSNAK-ext, Peter

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Change log

Version	Published	Changed By	Comment
CURRENT (v. 17)	Jul 25, 2024 14:03	RUSNAK-ext, Peter	
v. 16	Jul 25, 2024 13:37	WENNINGER-ext, Sascha	
v. 15	Jul 25, 2024 13:35	WENNINGER-ext, Sascha	
v. 14	Jul 25, 2024 13:24	WENNINGER-ext, Sascha	
v. 13	Jul 25, 2024 13:00	WENNINGER-ext, Sascha	
v. 12	Jul 25, 2024 12:36	WENNINGER-ext, Sascha	
v. 11	Jul 18, 2024 17:21	RUSNAK-ext, Peter	
v. 10	Jul 18, 2024 17:07	RUSNAK-ext, Peter	
v. 9	Jul 17, 2024 17:19	RUSNAK-ext, Peter	
v. 8	Jul 03, 2024 12:06	WENNINGER-ext, Sascha	

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Workflow history

Title	Last Updated By	Updated	Status
There are no pages at the moment.			

Workflow history

This view shows the 5 most recent entries. The complete workflow log is available from the 'Document Activity' menu item.

Aug 21, 2024	Actor	Type	Activity	Version
Approved	 FALL-ext, Cheikh	State	changed state to Approved at 11:28 am	v17
Pending SteerCo Review	 FALL-ext, Cheikh	State	gave <i>Final Approval</i> approval at 11:28 am	
Jul 31, 2024				
	 FALL-ext, Cheikh	State	changed expiry date to '14 Aug, 2024 11:13 am' at 11:13 am	
		State	changed state to Pending SteerCo Review at 11:13 am	v17
Pending Stakeholder Review	 FALL-ext, Cheikh	State	gave <i>Stakeholder Review</i> approval at 11:13 am	

Jul 26, 2024

WENNINGER-ext,
Sascha

State changed expiry date to '02 Aug, 2024 07:59 am' at 7:59 am

State changed state to Pending Stakeholder Review at 7:59 am v17