



SAP AI

Grow Procurement Efficiency and Compliance with AI

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According to IDC¹, leveraging automation and AI improves the entire source-to-pay process by driving significant process efficiencies and bottom-line savings in addition to better spend visibility, improved compliance, and improved resource optimization.

CPOs are at a Crossroads

Chief Procurement Officers (CPOs) are facing growing challenges. Despite the end of the COVID-19 pandemic, rising geopolitical uncertainty, price inflation, new regulations, and a tightening labor market are making it difficult to contain costs, enforce compliance and manage supplier risks. Traditional ways of running the business no longer suffice, and business expectations are rising.

Procurement leaders must adopt modern technology to gain **greater visibility, improve buying experiences, and increase efficiencies** across the entire source-to-pay process.



1 [IDC, IDC's Worldwide Digital Transformation Use Case Taxonomy, 2022: Procurement, US49675922, September 2022](#)

Procurement Modernization has Become a Business Imperative

On the heels of the “great resignation,” procurement departments are shorthanded in expertise and work power. Their teams are buried in routine manual tasks and struggle to find necessary information. Meanwhile, cumbersome buying experiences stand in the way of democratizing procurement for casual buyers, draining more resources from procurement departments and increasing unmanaged purchases.

Containing maverick spending and meeting compliance KPIs remain challenging. More spend areas, such as contingent workforce or travel services, require procurement involvement. Yet, siloed data remains in the way of cross-department collaboration and control.

Evolving organizational policies and regulations are also raising the bar for compliance. For example, the movement toward socially conscious and environmentally sound business practices require procurement organizations to revisit their direct sourcing practices. New regulations, such as the [Supply Chain Act](#), ask companies to establish control practices not just inside the enterprise but across the entire supply chain. Meanwhile, many procurement organizations still lack spend visibility inside their own company.

Ensuring continuity of supply and managing risks is increasingly difficult. Years of supplier optimization and the drive to lower costs have led to over-reliance on too few suppliers that threaten the availability of needed resources and risk increasing costs. But identifying, and onboarding new suppliers add to the workload of procurement teams that are already shorthanded, raising the urgency to modernize procurement processes.

AI is Growing Procurement Performance

According to a recent Deloitte survey², high-performing procurement organizations are 18 times more likely to have deployed AI capabilities. With the ability to analyze huge volumes of data, understand relationships, provide visibility into operations, and learn from past behaviors, AI can help procurement organizations navigate changing market dynamics and grow efficiency.

AI can profoundly impact all stages of the source-to-pay process. For example, it can help category managers and strategic buyers streamline tasks ranging from identifying suppliers to managing contracts. It can simplify the buying experience for operational buyers and employees to increase compliance. It can also support accounts payable personnel with intelligent automation that expedites processing across the invoice-to-pay process.

The compound impact of adopting AI across the source-to-pay process is significant. But many companies do not have the expertise to scale AI initiatives – a requirement to reap the reward of procurement modernization.

2 [Deloitte – Agility: The antidote to complexity. Deloitte 2021 Global Chief Procurement Officer Survey, 2021](#)

Why Partner with SAP for an AI-powered Procurement

Building on its over 50 years of industry and business process expertise, SAP is sharply focused on delivering business AI – AI built to solve business problems. This AI is embedded into the SAP applications that power the source-to-pay business process, making it more straightforward and cost-effective for procurement organizations to modernize.

With SAP AI, engaging suppliers, selecting goods and services, enforcing compliance, and performing receiving and reconciliation become easier.

The result is **greater business efficiency and lower risk** – whether you procure direct or indirect materials, services, or contingent labor.

Simplify Strategic Sourcing Processes

With hundreds of sourcing events to manage, procurement teams can use AI-powered automation and insights to significantly lower costs and accelerate processes.

For example, AI in [SAP Ariba Sourcing](#) extracts insights hidden in data from past events to compile best-fit supplier lists. This enables even new hires to expedite RFQs, RFIs, and RFPs. AI also saves category managers and strategic buyers time by suggesting key questions to include in bid documents. Efficient AI algorithms reliably identify the most appropriate questions based on information from past events for similar materials and services.

Creating sourcing events is laborious for the many procurement teams that still rely on spreadsheets to assemble information for large RFQs. These custom-made documents include information ranging from item descriptions to questions for suppliers. AI in SAP Ariba Sourcing can process these spreadsheets and automatically extract the information needed to create the appropriate sourcing event. This automation saves category managers precious time and improves the productivity of the procurement department.



Enhance Experiences in Operational Buying Processes

Enhancing the buying experience for operational and casual buyers is vital to growing efficiencies and curbing maverick spend across the enterprise. **AI can play a crucial role in achieving these outcomes.**

For example, employees can benefit from an intuitive user experience and personalized recommendations that streamline purchasing from the company's catalogs. AI algorithms embedded in [SAP Ariba Buying](#) identify an employee's role and suggest products or services chosen by peers. AI can also propose similar items to facilitate comparisons and suggest additional offerings that employees typically buy together. These recommendations improve the buying experience, encouraging purchases from the company catalog and lowering maverick spending.

Operational buyers can use intuitive free-format text to describe indirect materials and have AI algorithms automatically suggest suitable category names that back-end systems recognize. These AI-powered suggestions built into [SAP Central Procurement](#), private cloud edition save buyers time by ensuring that requisitions are assigned to the right purchase group. They also prevent errors from surfacing later in the process that may be expensive to fix.



Hiring managers looking for contingent workers can find optimal candidates through a streamlined recruitment process in [SAP Fieldglass](#) that leverages AI to identify the most promising resumes. Specifically, AI algorithms extract keywords from anonymized resumes and match them to the corresponding job description. Resumes that receive higher matching scores are more likely to be a good fit for the open position. With the demand for contingent workforce at an all-time high, empowering hiring managers to identify candidates from approved suppliers quickly improves efficiency and productivity.



Expedite Invoice Management and Payment Processes

Increasing efficiency and ensuring compliance in invoice reconciliation and payment processing is essential to the success of a procurement organization. The tasks involved in processing invoices and matching them to purchase orders or contracts are among the most time-consuming activities for accounts payable teams and carry a high risk of errors.

Combining AI and RPA with [SAP Build Process Automation](#) makes it possible to streamline these activities without compromising compliance. For example, bots created with SAP Build Process Automation can identify email attachments that contain supplier invoices and upload copies into [SAP Central Invoice Management](#). AI embedded in this solution then extracts information from the uploaded documents and automatically creates corresponding line items.

The solution works whether the invoices have a referenced purchase order number (PO invoices) or not (non-PO invoices), helping process both direct and indirect spending. Specifically for non-PO invoices, AI algorithms automatically assign account attributes such as general ledger and cost center based on previously processed invoices.

Accountants easily see when new line items are added and verify that the information is correct. Once an invoice is cleared, it is sent automatically to the right back-end system and queued for further inspection or payment. [SAP Concur Invoice](#) also uses similar AI capabilities to process vendor invoices for travel and expenses. With streamlined invoice management across major spend categories, SAP AI helps lower processing costs and increase compliance across the enterprise.



By partnering with SAP, companies can modernize every aspect of your source-to-pay process with AI-powered insights, recommendations, and automation built into SAP applications.

More information about SAP AI can be found at www.sap.com/ai.

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