

SUSTAINABLE PROCUREMENT FOR PUBLIC SECTOR

Procurement
Business Network
External Workforce Management

Tamara Braun
Chief Customer Officer SAP Procurement Solutions, Intelligent Spend Management

Michelle Mattsson
Senior Account Executive - Intelligent Spend & Business Network

Public



The Sustainability Mandate for Public Sector



“If we are to limit global average temperature increases to 1.5°C, we must reduce carbon dioxide equivalent ... emissions by 45% by 2030 and reach net zero by 2050. This will require drastic transformations in how we produce and use energy and other resources. **Governments, as major consumers, can and must do their part.**” ¹

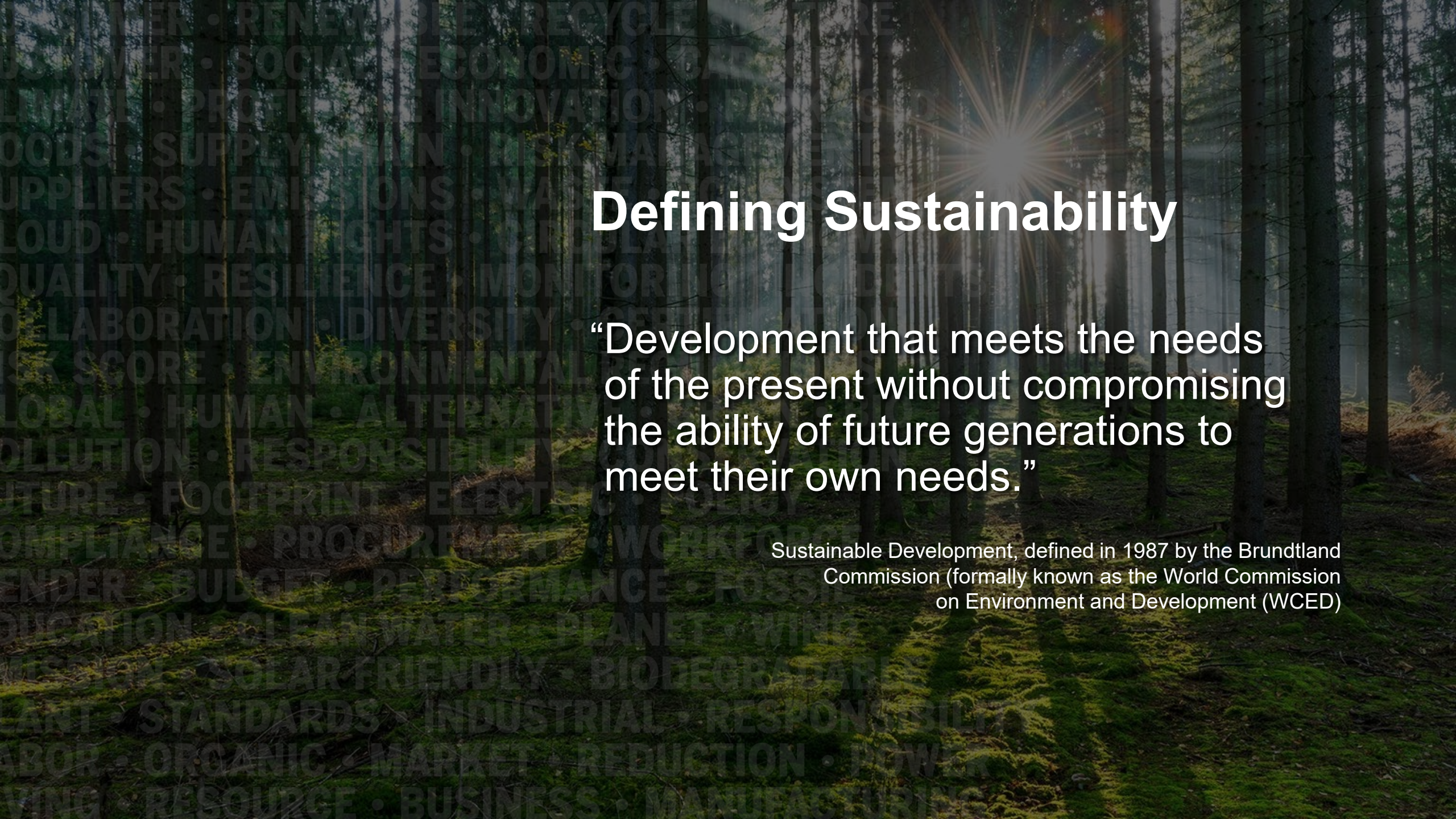
“The procurement activities of national, state and local governments are directly or indirectly responsible for 15% of global greenhouse gas (GHG) emissions. **Abating these emissions will help considerably** in reaching the goal of the Paris Agreement to slow global warming to well below 2°C.” ²

“Public spending has an extremely large footprint, typically representing 15-30% of GDP. **Which projects governments choose to spend money on - and who they spend it with - therefore makes a substantive difference.** Rather than being “neutral”, such spending will positively or negatively impact everything from local employment to levels of carbon emissions, making public spending integral to many of the SDGs.” ³

¹ World Economic Forum, BCG: Green Public Procurement, https://www3.weforum.org/docs/ WEF_Green_Public_Procurement_2022.pdf

² World Economic Forum, BCG: Green Public Procurement, https://www3.weforum.org/docs/ WEF_Green_Public_Procurement_2022.pdf

³ The Economist: The future of public spending https://content.unops.org/publications/Thefutureofpublicspending_EN.pdf



Defining Sustainability

“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Sustainable Development, defined in 1987 by the Brundtland Commission (formally known as the World Commission on Environment and Development (WCED))

Swiss Public Sector leads the path for Sustainable Procurement

Holistic Steering & Reporting

Climate Action

Zero Emissions



Align your supply chain with your carbon reduction goals.

Social Responsibility

Zero Inequality



Integrate ethical and socially responsible business practices to help ensure diversity, equity and inclusion across your entire value chain.

Circular Economy

Zero Waste



Contribute to a zero-waste world by incorporating resilience and circularity into your supply chains.

ZERO EMISSIONS WITH CLIMATE ACTION
ZERO INEQUALITY WITH SOCIAL RESPONSIBILITY
ZERO WASTE WITH CIRCULAR ECONOMY

Driving Sustainability Throughout the Procurement Process

Source to Pay

Ensure your sourcing and procurement processes support your sustainability goals and values

Business Network

Level up supply chain transparency with improved trading partner collaboration and resiliency

External Workforce Management

Actively manage every services and contingent engagement in accordance with corporate social responsibility objectives



Zero Emissions with Climate Action

- **Track carbon footprint data** for your operational buying processes using *SAP S/4HANA Procurement*
- **Choose suppliers aligned with your goals** by incorporating climate action into your sourcing decisions with *SAP Ariba Sourcing*
- **Avoid carbon-intensive rush transportation** by proactively manage supply chain risks with *SAP Business Network for Logistics*




Zero Inequality with Social Responsibility

- **Improve pay equity of external workers** with visibility to market rates by position and location in *SAP Fieldglass Contingent Workforce Management*
- **Ensure human rights due diligence** with an ongoing risk management process in *SAP Ariba Supplier Risk & SAP Business Network for Procurement*
- **Ensure materials abide by your social requirements** (e.g. no forced labor) throughout your supply chain with *SAP Business Network for Logistics*
- **Procure from diverse suppliers** in the non-catalog purchasing process utilizing *SAP Ariba Guided Buying*



Zero Waste with Circular Economy

- **Collect supplier information and award business** to those in alignment with your Circular Economy goals (e.g. post-consumer recycled content) with *SAP Ariba Sourcing*
- **Author and manage contract clauses** that promote / ensure supplier alignment with Circular Economy goals with *SAP Ariba Contracts*
- **Find new / alternate material suppliers** that align with your Circular Economy goals leveraging the *SAP Business Network for Procurement*



Procurement:

Driving Sustainability Throughout the Source to Pay Process

Spend Analysis

- Spend aggregated across global organization
- Enrichment services
- Diversity spend explorer

Supplier Management

- Certification management
- Social/Environmental risk score components
- 3rd-party sustainability tools integrated with risk management tools (e.g., EcoVadis)

Sourcing

- Ecosystem of new potential suppliers
- Sustainable prequalification questions
- Weighted scoring / Scenario optimization

Contracts

- Sustainability opt-out clauses
- Subcontractor requirements
- Streamlined electronic workflow

Procure to Pay

- Sustainability catalogs
- Sustainability policy reminder
- Enhanced workflow / approval flow based on sustainability variables



Business Network:
Making Value Chains into Value Networks

Improve trading partner collaboration to innovate and act more sustainably

Quickly discover new, more sustainable providers across industries and geographies

Invoke material traceability providing transparency and accountability in logistics coordination


Enable asset intelligence to reduce energy-intensive and costly activities supporting sustainable business operations

Create the opportunity for uniform information standards for data sharing and innovation



Thank you

Appendix

A photograph of a forest with sunlight streaming through the trees, creating a bright starburst effect in the upper right. The ground is covered in moss and fallen branches.



Customer references

Customer stories



[NEOM,
Saudi Arabia](#)

Achieved a complete view of total cost of ownership and ethical, sustainable processes across value chains



[Iberdrola, Spain](#)

Gained detailed view of the sustainability of the supply chain, empowering teams to make smarter purchasing decisions based on environmental sustainability goals (ESG) criteria



[Los Alamos National
Laboratories, USA](#)

“SAP Ariba and SAP Fieldglass solutions have enabled us to drastically change the way we do business, so we can **grow rapidly and support an important national security mission.**”

Christine Hipp, Head of Procurement Center of Excellence, Los Alamos National Laboratory



[ERG, Italy](#)

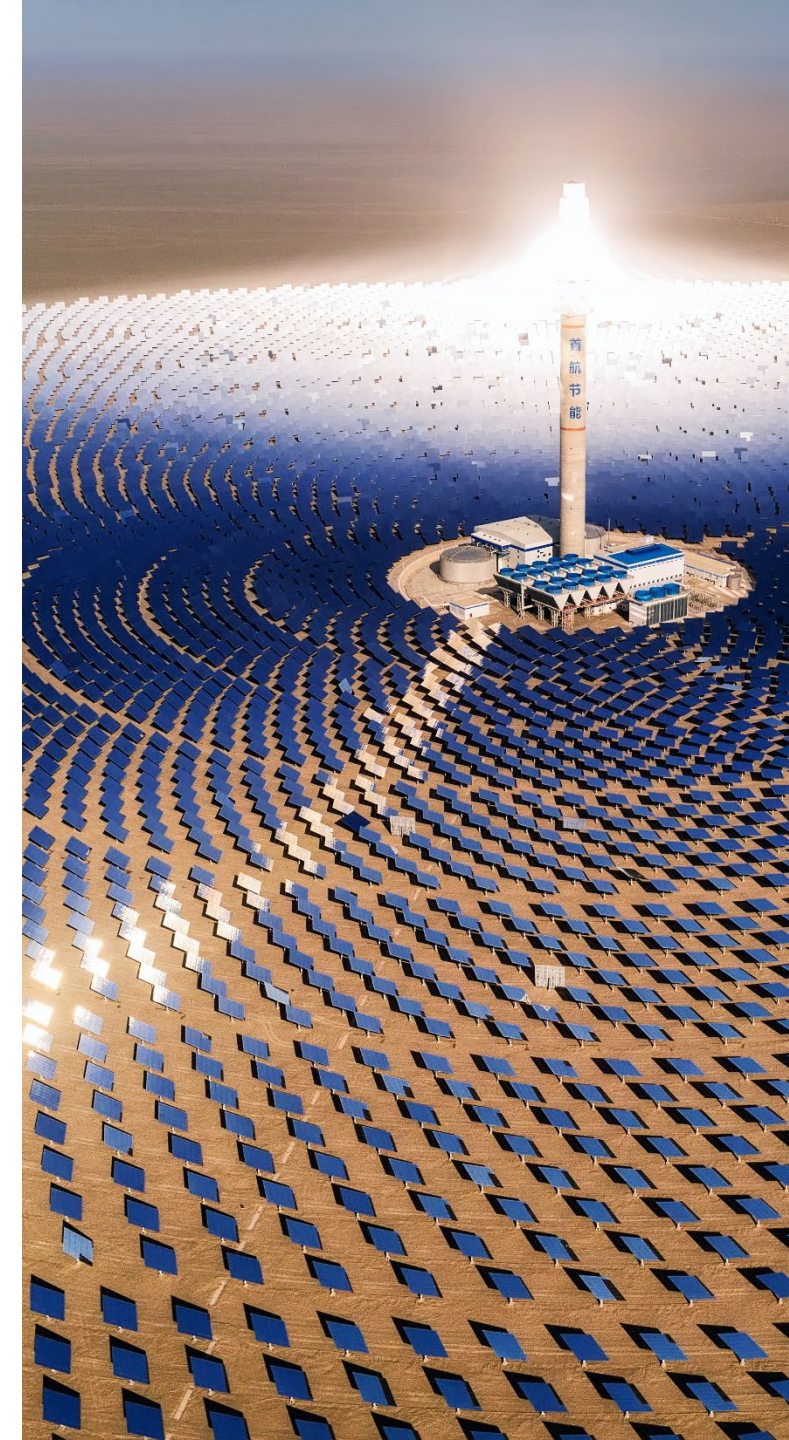
Improved supplier qualification to align with sustainability, anti-corruption, and human rights goals and the company's code of ethics.

norwegian

[Norwegian Air
Shuttle, Norway](#)

“To control sustainability, you've got to control your value chain. SAP Ariba solutions enable a **360-degree view of procurement processes** and suppliers, fueling our objective to become best in class on environmental sustainability in Europe.”

Knut Olav Høeg, Executive Vice President, Norwegian Air Shuttle





PUBLIC

NEOM: Building a Futuristic, Cognitive Urban Area That Reimagines Urban Life

NEOM is a region in northwest Saudi Arabia being built from the ground up as part of the Vision 2030 master plan envisioned by the leadership of Saudi Arabia. NEOM will be a new, multi-city model with exceptional livability, thriving businesses, and focus on environmental conservation. The region will include hyperconnected, cognitive towns and cities, ports and enterprise zones, research centers, sports and entertainment venues, and tourist destinations.

To succeed in this mammoth undertaking, NEOM's management team needed to **digitally transform how it manages day-to-day operations**. The team deployed SAP S/4HANA® as its digital foundation and rolled out a full set of cloud solutions from SAP.

THE BEST RUN 



Supporting Breakthrough Innovation and Execution at Scale with SAP® Solutions



Before: Challenges and Opportunities

- Increase efficiency by eliminating manual, paper-based processes
- Streamline and automate procurement from supplier onboarding and purchasing to payment
- Be able to spin off over 100 new organizations while managing diverse municipal operations

Why SAP

- SAP S/4HANA® – a complete, intelligent infrastructure for ERP with embedded AI, machine learning, and fast, accurate reporting
- Managed private cloud provided by SAP HANA® Enterprise Cloud
- Cloud solutions from SAP for line-of-business operations, project management, and analytics integrated with SAP S/4HANA
- SAP® Value Assurance service for code reviews, custom development, and more

After: Value-Driven Results

- Transformation to an intelligent enterprise with unified data, connected processes, and mobile and user-centered experiences
- Increased procurement efficiency
- Higher employee engagement
- Faster, smarter decisions using dashboards and automated, trusted reports
- A complete view of total cost of ownership and ethical, sustainable processes across value chains

“SAP S/4HANA and the cloud solutions from SAP that run on it are the core enablers of our intelligent enterprise. SAP is the motor that **powers our entire operations.**”

Abdi Jibril, Director of Corporate Applications, NEOM Company

~70%

Increase in overall operational effectiveness

~80%

Reduction of overall supplier registration duration

1–5 days

For employees to receive expense reimbursement, compared to three to four months before implementing SAP solutions

NEOM Company

Tabuk, Saudi Arabia

www.neom.com

Industry

Public sector

Products and Services

City planning, development and management, procurement services, and municipal services

Employees

~2,000

Featured Solutions

SAP S/4HANA, SAP HANA Enterprise Cloud, SAP Value Assurance, and SAP Analytics Cloud, SAP Conversational AI services, and SAP Ariba®, SAP SuccessFactors®, and SAP Concur® solutions

THE BEST RUN



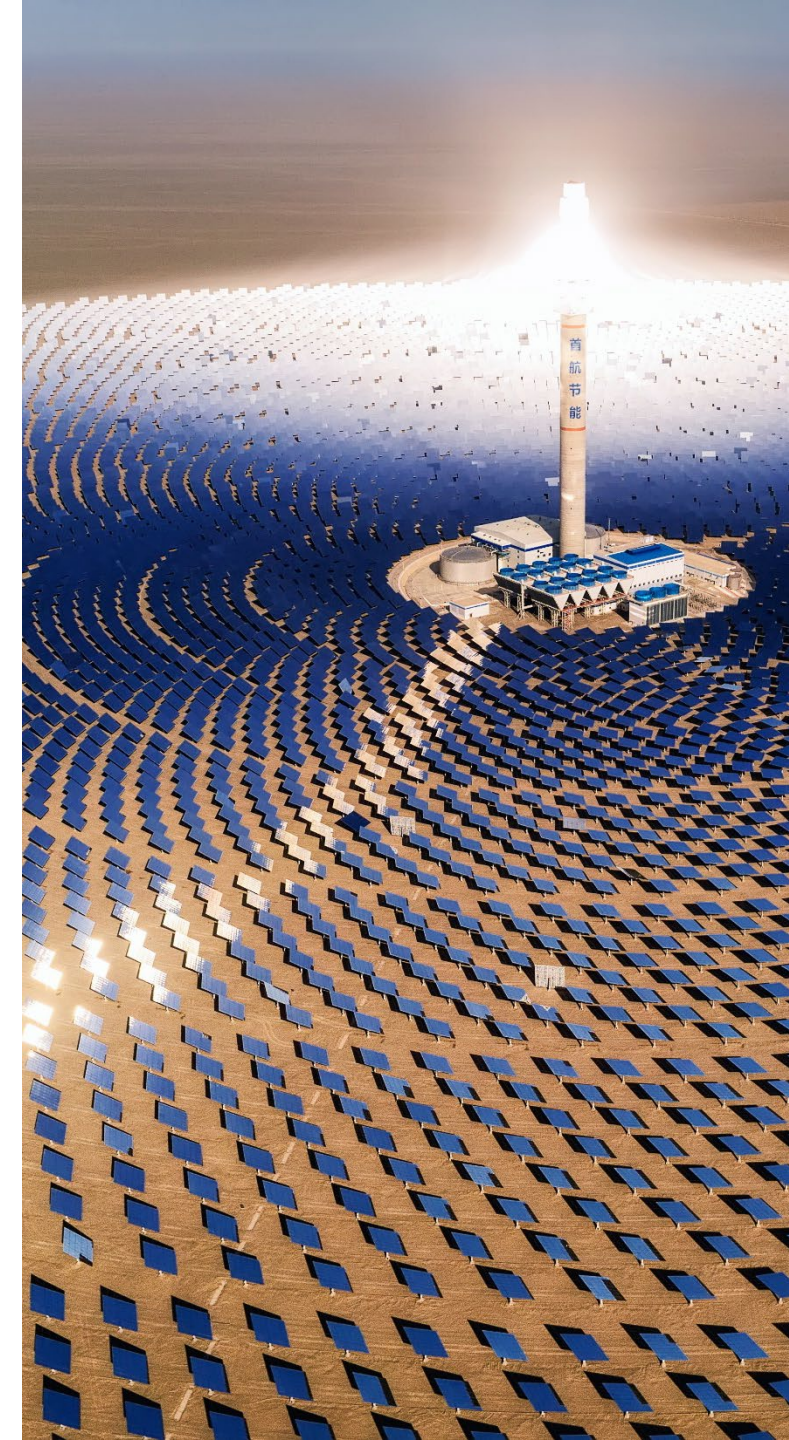
Planning and **Building the Future Now** in a Desert Along the Red Sea

Funded by Saudi Arabia's public investments, the region of NEOM will be home to two million people. "It will be a cognitive, green region that fully exploits robots and produces zero carbon," explains Abdi Jibril, director of corporate applications at NEOM Company. "Everything will be **automated, digitalized, predictive, and autonomous**. For example, a residential refrigerator can be equipped with intelligent sensors to monitor when food supplies fall below a specified threshold and a new order is needed. A fully digitalized operation can supply products and arrange delivery to the resident's door by robot."

It will also include "The Line" – a city concept that pushes all infrastructure underground and uses high-speed rapid transit to move people citywide – and Oxagon, the region's industrial city.

NEOM Company oversees the planning, sourcing, and execution of every aspect of a region for which there are no models. "We do things no one has ever done before every day," comments Jibril. "NEOM is the procurement and management organization that finds the expertise, labor, and materials to build everything."

NEOM quickly outgrew its manual processes. Finance needed a single system of record with full transparency for investors and the government. Procurement needed efficient, end-to-end processes to work with 8,000 global suppliers. And employees needed to be onboarded quickly, paid and reimbursed on time, and empowered with modern, mobile processes. This would require unified, real-time data, an intelligent, next-generation ERP, and connected, end-to-end unified processes. In other words, NEOM needed to make the **leap to an intelligent enterprise**.





Harnessing SAP® Solutions to Drive the Beating Heart of NEOM

NEOM chose to deploy cloud solutions from SAP to begin its transformation. “SAP® solutions are truly automated, intelligent, and integrated and run off a single, real-time digital foundation with centralized data,” adds Jibril. “This foundation drives every machine, order, and action. It allows systems and robots to predict, sense, and respond.”

NEOM deployed SAP S/4HANA® as its new ERP system with built-in AI and machine learning. It allows NEOM to adopt new business models, manage business change, orchestrate internal and external resources, and use the predictive power of AI. Native integration between processes and an in-memory data model enables **financial transparency, operational efficiency, and data-driven intelligence**.

To support procure-to-pay operations, NEOM runs SAP Ariba® solutions for sourcing, contracts, supplier lifecycle management, commerce automation, and catalogs. Now, global sourcing of specialized suppliers takes minutes, and collaboration is automated.

SAP SuccessFactors® solutions accelerate recruiting and employee onboarding and improve the employee experience. And SAP Concur® solutions for travel and expense management provide hassle-free travel management and timely reimbursements.

To enable operational reporting – for example, to **track billions of dollars of construction** – NEOM deployed the SAP BW/4HANA® solution to stage data from SAP S/4HANA and SAP Ariba solutions in near-real time. Data is available through interactive dashboards in the SAP Analytics Cloud solution.

“SAP SuccessFactors solutions have provided an integrated employee lifecycle to process hundreds of transactions per day and provide the foundation for downstream systems across the NEOM organization. It continues to facilitate NEOM’s accelerated growth plans by **bringing innovation and simplification to our people strategy**.”

Arron Patel, HR Systems Manager, NEOM Company



Delivering on the NEOM Vision as an Intelligent Enterprise

In less than a year, NEOM deployed SAP S/4HANA as its foundation and cloud solutions from SAP for human resources, procurement, finance, travel and expense management, and reporting. And in doing so, NEOM has evolved from inefficient, manual operations to a truly intelligent enterprise.

The business impact has been transformational. For example, in procurement, **efficiency has increased more than 70%**. In addition, NEOM is able to process vendor invoices faster than before. With SAP Analytics Cloud, procurement can check the status of orders instantly. In addition, reporting of company financials to government bodies and investors is much easier, as all company data is centralized, trusted, and real time.

“SAP S/4HANA is at the core of our financial delivery model. It enables us to build trust with our business partners and **execute our goals of harnessing intelligent automation** and realizing greater operational efficiencies through digital workflows and smart payment systems.”

Cecilia Dascalu, Director Finance Shared Services, NEOM Company

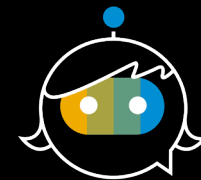
Amal Alsomali, procurement manager at NEOM Company, explains, “Introducing our new chatbot as part of our move toward digitizing procurement has brought greater transparency and helped enhance communication. Using SAP Analytics Cloud, we can **easily track our KPIs while delivering insights and analytics** across NEOM.”

All of this has vastly improved the employee experience as well. People can work smarter and more efficiently without burdensome manual tasks. Information is trusted and always at their fingertips. Approvals for time off are handled digitally and happen quickly. And filing for expenses is a fast, paperless effort that results in reimbursement in two days, instead three or four months.



40%

Of suppliers already integrated with Ariba Network



100%

Of employees using a chatbot for instant answers to procurement-related questions



Replicating the Intelligent Enterprise to Support NEOM’s Growing Region

Preparing to megascale

To meet its aggressive goal of completing the region by 2030, NEOM will need to spin off more than 100 independent companies focused on manufacturing food, hotels, and more. Each company needs its own instance of SAP S/4HANA and line-of-business solutions. “The first few splits took months – but we’ve used them to create a best-practice model SAP system. Now, we can spin off a brand-new company in four weeks that **starts off as an intelligent enterprise**,” explains Jibril. “These organizations truly have a flying start.”

Running faster, smarter, and leaner

To help managers stay on top of expenditures, contracts, POs, employee time off, travel, expense reports, and more, NEOM is creating a universal mobile app that brings all approval requests

together from across SAP applications. It is also using SAP Conversational AI services to develop the chatbot that gives business users instant answers to standard procurement-related questions, such as order status.

Creating an operating system for cognitive cities

Integrated SAP solutions will be the core enabler of NEOS, a new operating system being developed to run the region. “Data-driven intelligence and forecasting will drive everything. Organizations running NEOS will be able to detect who is staying where, what will be needed and when, and plan accordingly so we can **eliminate waste of food and water, power, and other resources**,” explains Jibril. “SAP systems will sense and respond in real time to drive every machine, order, robot, and more.”



~3,000 out of 8,000

Global suppliers already fully integrated with Ariba Network, with instantly searchable information on products and services



SAP Software Architecture at NEOM Company

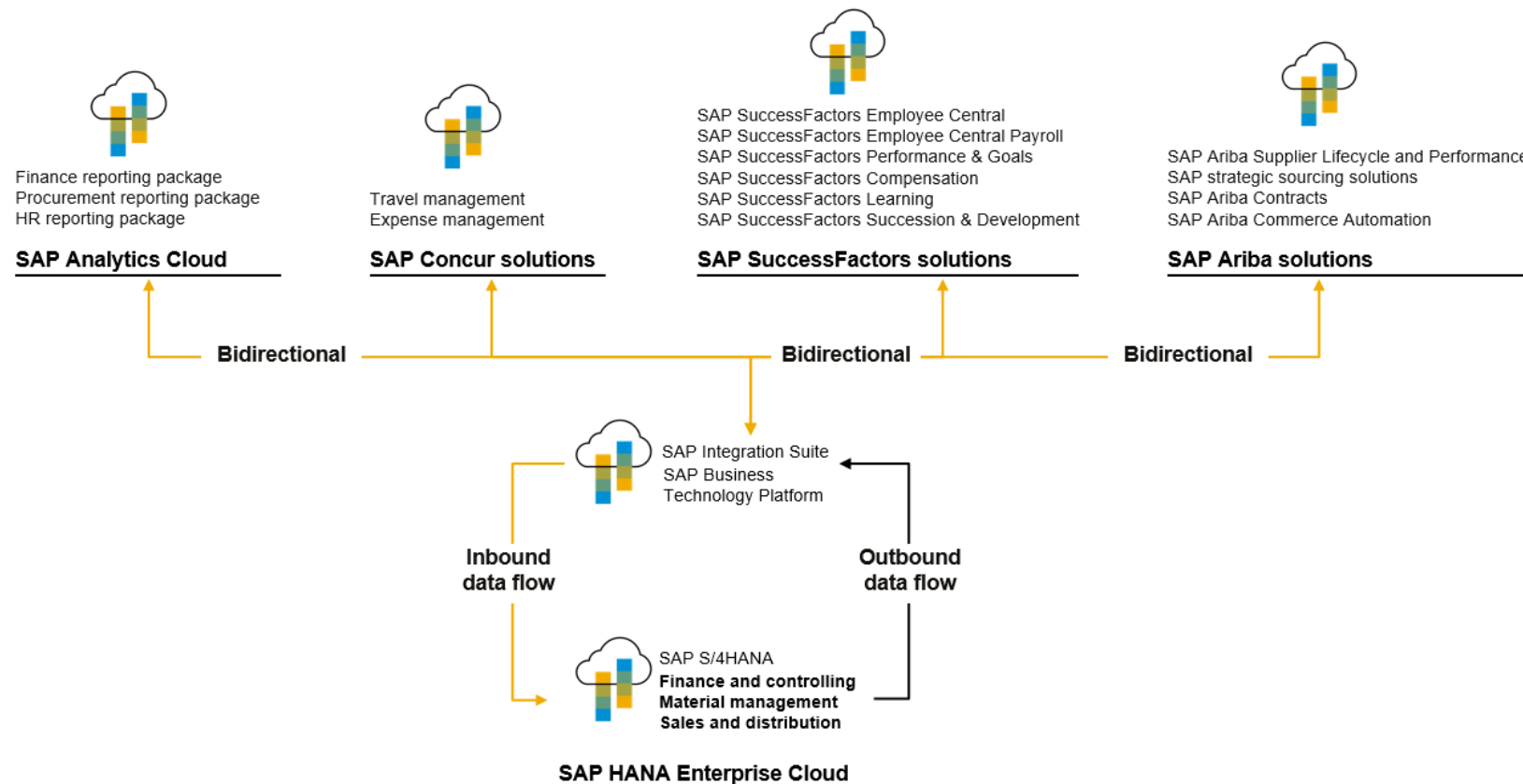


Figure: Conceptual SAP Software Landscape for NEOM's Intelligent Enterprise Framework

Making Procurement More Environmentally Sustainable with SAP® Ariba® Solutions

Before: Challenges and Opportunities

- Ensure that 70% of key suppliers have sustainable development policies and standards by 2022
- Assess new and existing suppliers against environmental sustainability criteria
- Increase visibility of procurement activity and purchasing governance controls
- Replace highly customized on-premise supplier relationship management (SRM) system with automated digital workflows

Why SAP and IBM

- Flexibility, capability, and scalability of the cloud-based SAP® Ariba® Buying and SAP Ariba Sourcing solutions
- Integration with SAP ERP; ability to connect procurement with core business processes such as capacity and resource planning, and finance
- Application programming interface (API) connections with third-party tools, including Iberdrola’s supplier sustainability scoring solution
- Expert design, implementation, and migration support from IBM Services

After: Value-Driven Results

- Reduced the risk associated with supplier spend with guided buying protocols and catalogs
- Boosted procurement efficiency with one-stop shop for all purchasing activity
- Stopped email-based internal processes, ensuring compliance with internal policies and best practices
- Gained detailed view of the sustainability of the supply chain, empowering teams to make smarter purchasing decisions based on environmental sustainability goals (ESG) criteria
- Eliminated the cost and maintenance burden of maintaining on-premise IT infrastructure



“SAP Ariba technology is making procurement more efficient, more profitable, and more sustainable, helping us to deliver affordable clean energy and **build a greener future for all.**”

Ramón Zumárraga, Director of Purchasing, Iberdrola, S.A.

Reduces

Total cost of ownership

3-year

Return on investment

Featured Partner



Iberdrola, S.A.	Industry	Products and Services	Employees	Revenue	Featured Solutions and Services
Bilbao, Spain www.iberdrola.es/en	Utilities	Power generation, renewable energy	38,000	€33.145 billion (2020)	SAP Ariba Buying, SAP Ariba Sourcing



How Can Digitalized Procurement Support Rapid Organizational Expansion?

Managing efficient transactions across a **2,000-strong supplier network**

With a mission to ensure the safety, security, and reliability of the U.S. nuclear deterrent, reduce global threats, and solve emerging national security and energy challenges, Los Alamos National Laboratory (LANL) is undergoing significant expansion. To support this growth, the organization wanted to streamline procurement and contingent labor management by replacing paper-based workflows with digitalized and automated processes. LANL looked for a vendor that could provide an **integrated, standardized technology foundation** that would enable it to scale procurement operations quickly while meeting the needs of a highly regulated environment.

THE BEST RUN



Scaling Up Procurement Operations with SAP® Ariba® and SAP Fieldglass® Solutions



Before: Challenges and Opportunities

- Enable the procurement function to keep pace with rapid operational growth
- Accelerate purchasing workflows and improve efficiency with digitalized and automated processes
- Meet compliance requirements in a highly regulated environment
- Establish a standardized, integrated digital foundation for all purchasing activities

Why SAP

- Rich functionality provided by Ariba® Network and SAP® Ariba solutions for sourcing, contract, and risk management, supplier performance management, and buying and invoicing
- Support for external workforce management provided by the SAP Fieldglass® Contingent Workforce Management and SAP Fieldglass Services Procurement applications
- Electronic signature management enabled by the SAP Signature Management application by DocuSign
- Straightforward integration with other SAP and third-party software
- Project guidance and close collaboration with SAP experts through SAP Services and Support

After: Value-Driven Results

- Better-informed decision-making based on advanced spend analytics
- Accelerated workflows, with transactions processed more than 18 times faster than before
- Transparent processes and reporting in line with requirements for public sector agencies
- Smooth transition, due to a realignment of roles and extensive consultation with users prior to go-live
- Improved supplier relationships, thanks to more-efficient processes and faster payment
- Increased agility, with the ability to quickly adjust software configuration according to changing needs
- Continuous improvement opportunities based on SAP's road map

“SAP Ariba and SAP Fieldglass solutions have enabled us to drastically change the way we do business, so we can **grow rapidly and support an important national security mission.**”

Christine Hipp, Head of Procurement Center of Excellence, Los Alamos National Laboratory

<8 hours

To process commercial transactions under US\$250,000, down from 30 days

250%

Projected increase in contingent labor over a two-year period

Los Alamos National Laboratory	Industry	Products and Services	Employees	Revenue	Featured Solutions and Services
Los Alamos, New Mexico www.lanl.gov	Defense and security	Nuclear energy technology and energy security solutions	13,806	US\$4 billion	Ariba Network, SAP Ariba and SAP Fieldglass solutions, SAP Signature Management, and SAP Services and Support



Managing Increasing Procurement Spend in a Transparent and Compliant Way

For purchasing professionals at Los Alamos National Laboratory (LANL), paper-based processes were time-consuming and made it difficult to gain the visibility required to manage supply chains effectively. A significant planned expansion in the laboratory's operations meant that it needed to streamline and accelerate procurement workflows.

LANL looked for a vendor that could offer a robust technical foundation for the digitalization and automation of its procurement processes, as well as the deployment expertise to help ensure a smooth transition. Impressed by SAP's road map and the comprehensive functionality offered by SAP® Ariba® and SAP Fieldglass® solutions, the organization decided to implement the software with help from SAP Services and Support.

Extensive consultation with employees and suppliers meant that the deployment went smoothly and adoption is high. LANL now has the visibility it needs to manage procurement and contingent labor management processes efficiently while meeting the compliance demands of a highly regulated environment. Purchasing workflows are faster and more efficient, enabling the procurement function to scale its operations to support rapid organizational growth. Meanwhile, the supplier experience has improved, with increased transparency of opportunities and faster invoice processing.

“With SAP Ariba and SAP Fieldglass solutions, we can **take ownership of our supply chain**, understand and mitigate potential issues, and use reliable data for effective planning.”

Drew Fuller, Chief Procurement Officer, Los Alamos National Laboratory

2x

Growth in purchasing spend in two years

100%

Of spend currently managed using SAP Ariba solutions

How Does a Renewable Energy Provider Manage a **Sustainable Supply Chain?**

Operating more than **80 years** in the energy sector, providing renewable energy in Europe

ERG S.p.A. is the leading wind-power operator in Italy. On a mission to provide the future with renewable and sustainable energy, ERG produces wind, solar, hydroelectric, and high-yield and low-environmental-impact thermoelectric cogeneration energy. Committed to driving a sustainable business, ERG was focused on digitally transforming the management of its supply chain to align with its **supplier code of conduct, allow better visibility, and streamline processes** with its suppliers.



ERG Achieves Supply Chain Management and Savings Through Digital Transformation with SAP® Ariba® Solutions



Before: Challenges and Opportunities

- The need to standardize disjointed systems and tools into a single platform to enhance productivity and provide better collaboration and better visibility into the business
- Manual processes and the need to streamline processes to update supplier data and qualify suppliers

Why SAP

- Single procurement platform with SAP® Ariba® solutions
- Ability to manage suppliers in one place
- Integration with the SAP ERP application
- Support from the Intelligent Enterprise to enable enterprise-wide digital transformation

After: Value-Driven Results

- Significant increase in savings on sourcing projects compared to previous platform
- €100 million of procurement volume
- Improved supplier qualification to align with sustainability, anti-corruption, and human rights goals and the company's code of ethics
- Greater transparency with suppliers with scaled compliance for entire supplier base
- Real-time access to unified supplier data that is current and consistent through the sync between SAP ERP and SAP Ariba solutions

“Thanks to SAP Ariba solutions, we now have one centralized procurement platform that enables **greater supplier compliance and transparency**. We have strengthened the trust with our network of suppliers.”

Anna Campi, Head of Procurement Planning, Control, and Vendor Management, ERG S.p.A.

€100 million

Procurement volume through sourcing projects



ERG S.p.A.
Italy
www.erg.eu

Industry
Energy and natural resources

Products and Services
Oil and renewable energy

Employees
800

Revenue
€1 billion

Featured Solutions and Services
SAP Ariba Supplier Lifecycle and Performance solution, SAP Ariba Sourcing solution, and SAP ERP application

THE BEST RUN

