SAP Ariba

Feature at a Glance
On-time payment rate KPI and benchmarking widgets

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Target GA: August 2021

THE BEST RUN **SAP**

Feature at a Glance
Introducing: **On-time payment rate KPI**

Customer challenges

- Empowerment and process improvement starts with measurement. Suppliers cannot change what they cannot see.

- Suppliers fail to get benefits if results are not measured. Many companies who adopt new technology don't have time to measure and track results.

- If suppliers are not paid us on-time, it impacts their bottom line.

Meet that challenge with
SAP Ariba

- This feature displays On-Time Payment Rate on the supplier home page including percentage of on-time payments, early payments, and late payments.

- Suppliers may choose last quarter, last year, last 12 months, supplier may select which customer.

- Supplier mays also see the value and volume of paid invoices related to on-time payment rate.

Experience key benefits

- On-Time payment is one of a number of KPIs that may indicate the business results of Ariba.

- Suppliers can see results from their acceptance of early payment offers. The more the supplier uses the capability the larger the percentage of on-time a payments will be flagged as early.

- Suppliers can clearly see which customers pay on-time and which ones pay late and how often.

- Suppliers can identify customer behaviors and patterns that can be used in contractual negotiations and in quarterly business reviews.

Solution area

SAP Ariba Network
SAP Ariba Discount Management

Implementation information

This feature is ready for immediate use and no implementation is needed

Prerequisites and Restrictions

See Prerequisites and Restrictions (slide 8) for details.
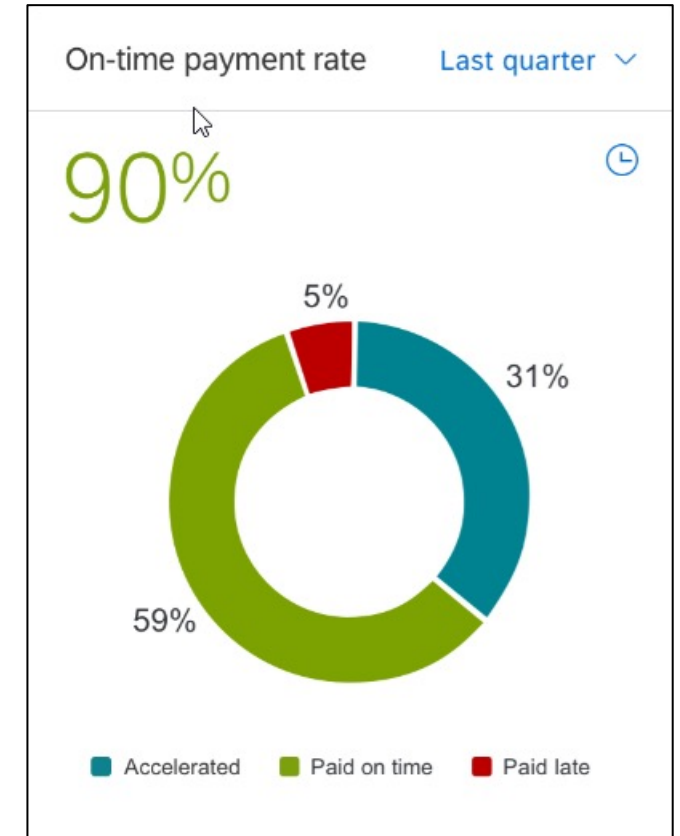
Feature at a Glance

Introducing: **On-time payment rate KPI**

User Story: As a financing manager in my company, I need to understand the on-time payment performance of our customers.

If our customers do not pay us on-time, it impacts our bottom line including:

- our operating costs in credit and collection

- our willingness to accept early payment offers

- our ability to support our business

KPI Definition: The number of invoices paid before, or on the due date listed divided by the total number of paid invoices.

Paid invoice is a scheduled payment in Ariba Network.

Feature at a Glance

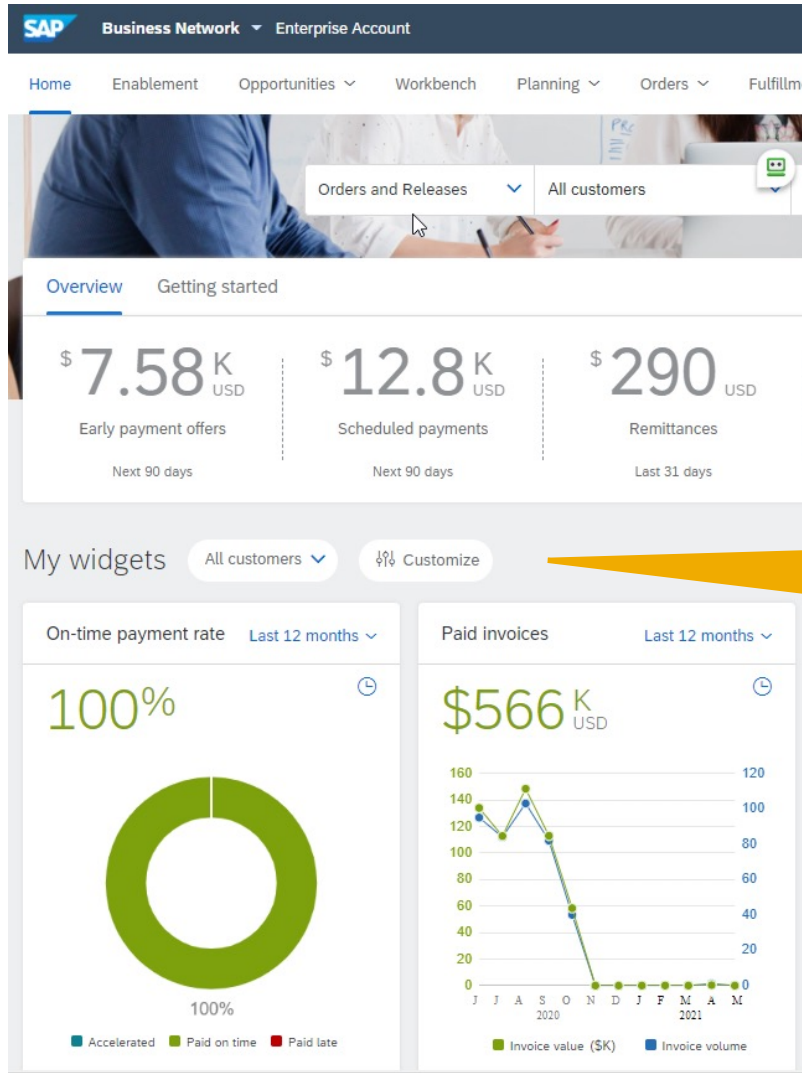Introducing: **On-time payment rate KPI**

User Story:

- Some of our customers send make payments for only a few invoices.

- I need to understand if the KPI applies to a high value of paid invoices or a high volume depending on our selections.

- If the KPI applies to for a low value of invoices, then we aren't impacted that much.

- If the KPI applies for a low volume of invoice, then we may not be impacted that much either.

Feature at a Glance

Introducing: **On-time payment rate KPI**

The on-time payment rate KPI and paid widgets are available to all suppliers on the SAP Business Network home page.
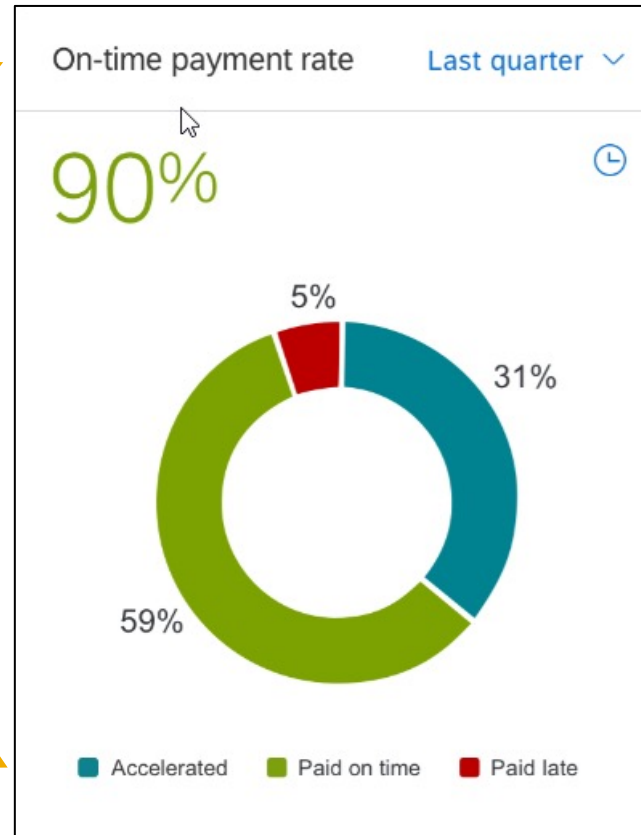
The customer chooser applies to both widgets and allow you to choose your customers with trading relationships on Ariba Network.

Feature at a Glance

Introducing: **On-time payment rate KPI**

Ariba Network calculates on-time payment rate by comparing the remittances and scheduled payments sent to you by your customers.

Date Range chooser: Last 12 months, Last quarter, Last month

Time stamp of last data refresh

Accelerated: Are on-time scheduled payments resulting from a discount offer (buyer-initiated, standing early payment term offer, or payment term offer).

On-time payment rate — Last quarter

90%

5%

31%

59%

■ Accelerated ■ Paid on time ■ Paid late

Invoice volume is count of scheduled payments with status of paid

Feature at a Glance
Introducing: **On-time payment rate KPI**

Date Range chooser: Last 12 months, Last quarter, Last month

Time stamp of last data refresh

Invoice value is sum of scheduled payments with status of paid

Invoice volume is count of scheduled payments with status of paid

Feature at a Glance

Introducing: **On-time payment rate KPI**

Prerequisites and Restrictions

- Not all buyers load remittance data to Ariba Network.

- A scheduled payment is the buyer's representation of the supplier invoice in the buyer's accounts payable system. The on-time payment rate calculated by Ariba Network may therefore differ from that calculated by the supplier receivable system. Understanding the buyer perception of on-time payment can be a powerful tool in business reviews as both parties work together to improve process performance.

- The accuracy of the widget may be impacted by problems with the buyer's integration with Ariba Network.

- The Ariba Network KPI framework includes intelligence to identify and exclude data outliers that may be bad data, test data, or otherwise interfere with the KPI calculation. Therefore, KPI calculations may not fully reconcile with the scheduled payments with status Paid on Ariba Network .

- This widget does not include payment data from test accounts.

- The Paid Invoice widget displays the value of paid transactions in USD only.

Feature at a Glance
Introducing: **Benchmarking widgets**

Customer challenges

- Benchmarking is a powerful tool to understand a company's performance however is difficult, time consuming, and costly.
- Small to mid-size companies don't have time or resources to benchmark their performance or that of their customers
- Benchmarking is typically limited to a relatively small number of participants.
- Small suppliers may only have one customer making difficult to understand a customer's relative performance.
- A company may select a partner whose performance is actually worse than that of its own organization.
- Collected benchmarking data is difficult to compare "apples to apples" in terms of process requirements. The way a company calculates a KPI may be different.

Solution area

SAP Ariba Network
SAP Ariba Discount Management

Meet that challenge with
SAP Ariba

The On-time Payment benchmark allows suppliers to compare the performance of their customers to the aggregated performance of the network by supplier region, buyer industry, and buyer performance quartile.

Implementation information

This feature is ready for immediate use and no implementation is needed

Experience key benefits

- Allows companies to make a fair "apples to apples" in comparison since data is uniform captured and calculated in the Ariba Network
- Data collection activities required to share data with a benchmarking service provider are eliminated.
- Suppliers have access to benchmarking data spanning many more industries and regions than available in a typical benchmarking service.
- Suppliers may measure he results of their Ariba program relative to the aggregated performance of the community.

Prerequisites and Restrictions

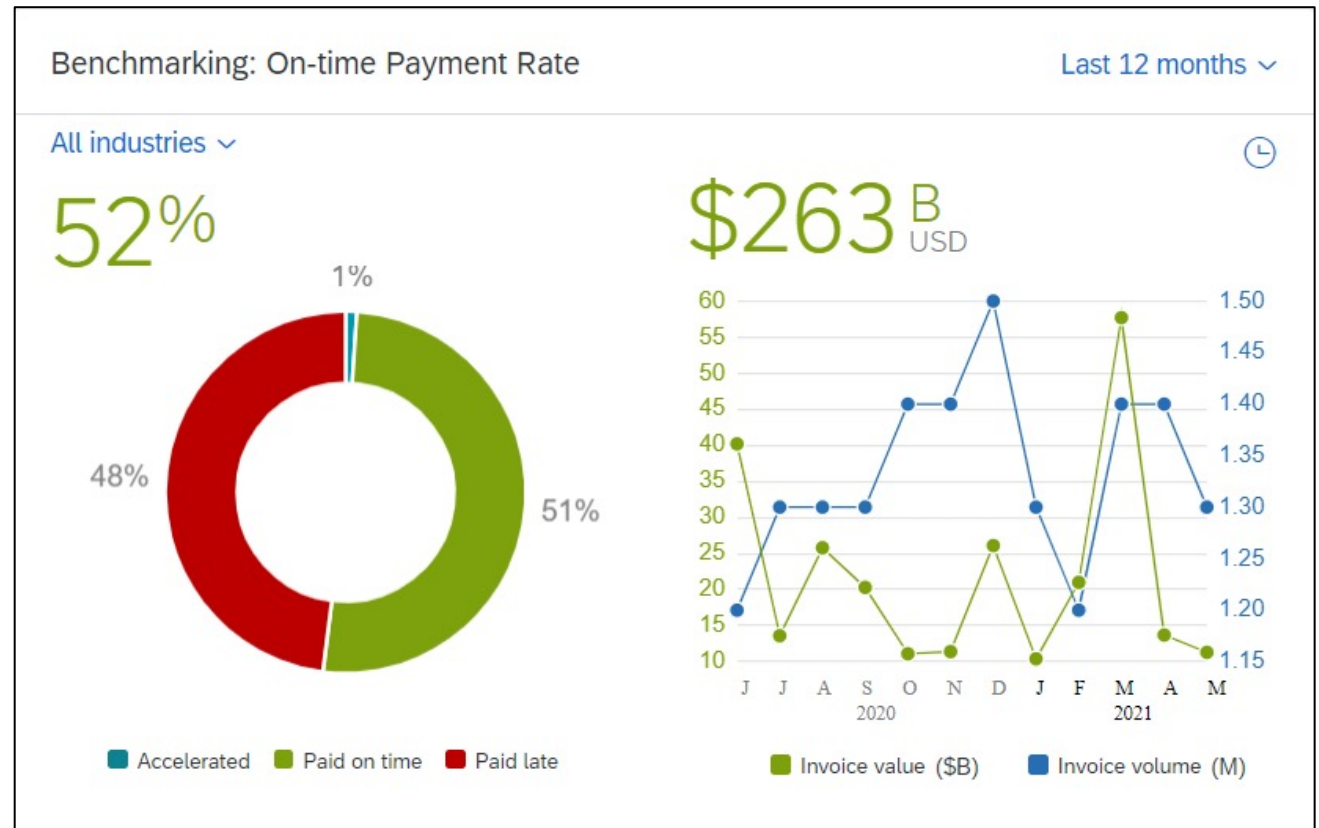See Prerequisites and Restrictions (slide 14) for details.

Feature at a Glance

Introducing: **Benchmarking widgets**

Overview

- Benchmarking allows suppliers to discover what is the best performance being achieved – whether by a customer, by a competitor or by an entirely different industry.

- Suppliers can use this information to identify gaps in their processes to achieve a competitive advantage.

- When making use of benchmarking, a supplier should not limit the scope to its own industry, nor should benchmarking be a one-time event.

Average performance of all buyers on Ariba Network

Benchmarking: On-time Payment Rate — Last 12 months

All industries

52%

1%
48%   51%

$263 B USD

Accelerated   Paid on time   Paid late

Invoice value ($B)   Invoice volume (M)

Feature at a Glance

Introducing: **Benchmarking widgets**

Solution

- Allow any supplier to use benchmarking as a tool to understand their customer's performance relative to the aggregate behavior of the Ariba

- Allow suppliers to analyze performance
  - by supplier region
  - by buyer industry
  - by customer performance quartile

- Allow suppliers to analyze performance
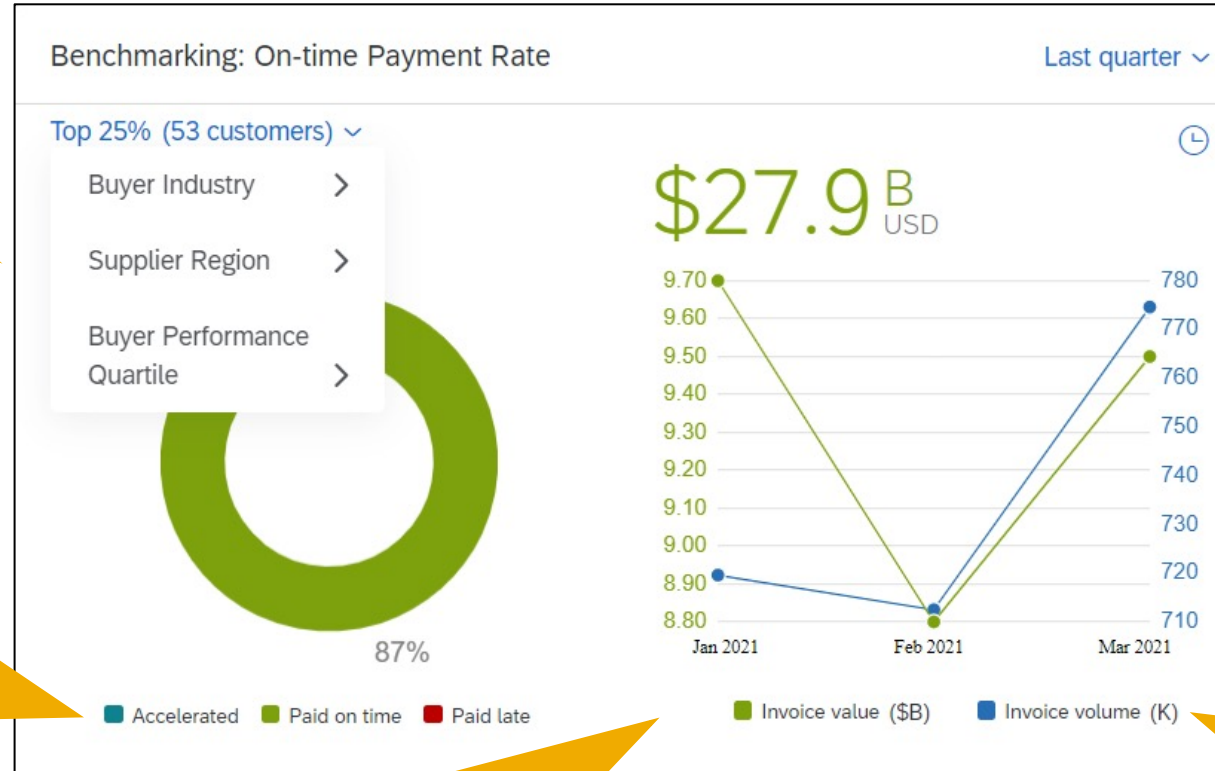 - For last month
  - For last quarter
  - For last 12 months

Best in class performance on Ariba Network
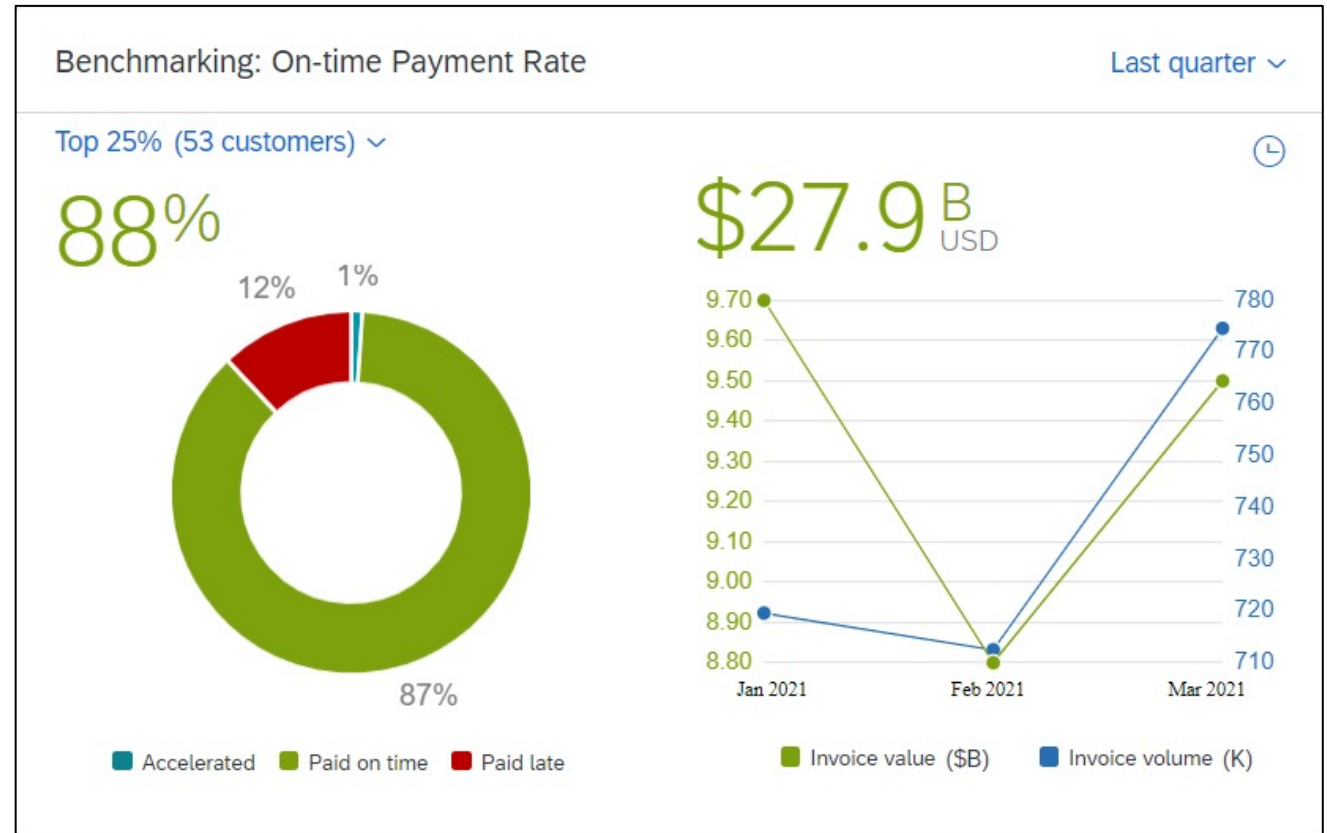
Feature at a Glance
Introducing: **Benchmarking widgets**

Industry, Region, Performance Quartile Chooser

Data Range Chooser: Last 12 months, Last quarter, Last month

Accelerated: Are on-time scheduled payments resulting from a discount offer.

Timestamp with date of last refresh

Invoice volume is count of scheduled payments with status of paid

Invoice value is sum of scheduled payments with status of paid

Benchmarking: On-time Payment Rate
Last quarter ˅

Top 25% (53 customers) ˅

Buyer Industry >

Supplier Region >

Buyer Performance Quartile >

$27.9 B USD

87%

■ Accelerated ■ Paid on time ■ Paid late

9.70 — 780
9.60 — 770
9.50 — 760
9.40 — 750
9.30 — 740
9.20 — 730
9.10 — 720
9.00 — 710
8.90
8.80

Jan 2021   Feb 2021   Mar 2021

■ Invoice value ($B)   ■ Invoice volume (K)

Feature at a Glance
Introducing: **Benchmarking widgets**

Benefits

- Allows **any supplier** to use benchmarking as tool to improve performance.

- Allows suppliers to identify customer behaviors for discussion in contractual negotiations and in quarterly business reviews.

- Provides access to benchmarking data spanning many more industries and regions.

- Eliminates costly data collection activities required to share data with a benchmarking service provider.

- Allows **all suppliers** to make a fair "apples to apples" comparison.

Top performing industry on Ariba Network

Benchmarking: On-time Payment Rate — Last quarter

Utilities (8 customers)

84%

5%
16%
79%

$1.92 B USD

Accelerated | Paid on time | Paid late

Invoice value ($M) | Invoice volume (K)
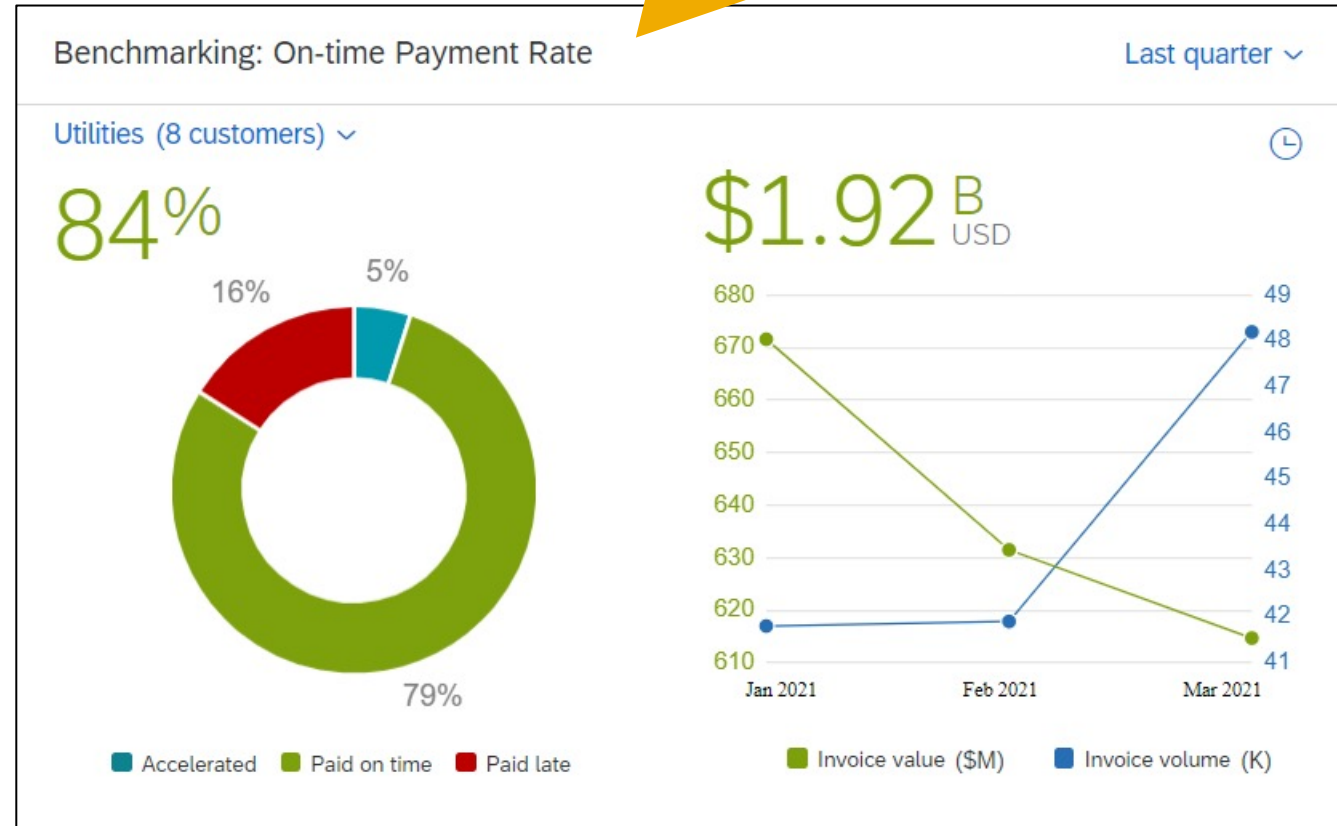
Feature at a Glance
Introducing: **Benchmarking widgets**

Prerequisites and Restrictions

- You must have an Enterprise bronze level account or above for the benchmarking widget to display data.

- To mask the identity of customers, there must be at least 7 companies in a grouping such as buyer industry for it to appear in the chooser. If there are less than 7 companies, the company is added to "Other".

- The Paid Invoice widget displays the value of paid transactions in USD only.

SAP Ariba and SAP Fieldglass

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