Enhancing the Value of Your Risk and Supplier Management Process

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Enhance the Value of your Risk & Supplier Management Processes
Introductions

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Who Is Coupa?

Company Overview

Coupa is The Leading Cloud Platform for Business Spend Management

We Maximize The Value Of Every Dollar You Spend

Rated #1 By Top Analysts

Ensure Customer Success | Focus on Results | Strive for Excellence
Who is KPMG?

Longest standing relationship of any Coupa partner

Over 50 Coupa deployments spanning multiple regions and countries

275+ certified and experienced Coupa professionals

Library of design, pre-configuration, training and testing accelerators

Cloud Integration Framework containing pre-built integrators
### Goals and Challenges in Supplier Management Today

<table>
<thead>
<tr>
<th>Goals</th>
<th>Challenges</th>
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<tbody>
<tr>
<td>Increase Automation of Transacting with Suppliers</td>
<td>• Suppliers don’t want to change their process&lt;br&gt;• Constantly receive paper invoices</td>
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<tr>
<td>Increase Efficiency by Streamlining the Onboarding Suppliers</td>
<td>• Employees buy from unapproved suppliers&lt;br&gt;• Manual processes to request a new supplier&lt;br&gt;• Suppliers take too long to provide information</td>
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<tr>
<td>Reduce Risk by Identifying High Risk Suppliers in Advance</td>
<td>• No method to determine high risk suppliers&lt;br&gt;• Purchases occur before vetting out supplier</td>
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Agenda

Supplier Enablement

Supplier Risk
Managing suppliers is a growing problem for every organization

Complexity and cost keep growing…

- As supply chains and compliance become more global, info & certification needs remain local and get more complex
- Companies have had to increase by their supplier management employee and system resources.

...and current tools are ineffective

- Current tools are SILOED
  - Standalone tools undermine success by asking suppliers to take action with no context
- Current tools are COMPLICATED
  - Complex user interfaces and workflows lead to poor end user and supplier adoption

SILOED + COMPLICATED = INEFFECTIVE
Considerations for Supplier Enablement

Electronically connecting suppliers to the company supply chain

Segmentation
- Analyze and prioritize
- Plan in waves & tiers
- Accurate information

Content
- Punchout and Hosted Catalogs
- Curated 3rd Party Marketplaces

eInvoicing
- Supplier self-service
- Exceptions only handling
Top Tier Suppliers are Not Driving Costs

The majority of your operating costs come from the mass of small, non-preferred suppliers that you use infrequently.

- **Spend**: Only 20% of spend accounted for by them.
- **Cost**: But they account for 80% of invoice costs.
- **Suppliers**: The majority of suppliers are non-preferred.
A Supplier Enablement Strategy should utilize a phased approach, based on agreed prioritization criterion, with the highest priority suppliers included in the first 2 ‘waves’ of enablement.

Prioritization may be based on a variety of factors (e.g. quality, spend, criticality) or business mandates.

The pace of Supplier Enablement activities are impacted by:
- Resource availability
- Supplier resource availability
- Supplier willingness
- Degree of change

Transactions

Criticality

Wave 2
Wave 1
Wave 1
Wave 2
Wave 1
Wave 1
Wave 3
Wave 2
Wave 3
Wave 2
Wave 3
Wave 2
Not Enabled
Wave 3
Wave 2
Wave 3
Wave 2
Not Enabled

Highest Priority Suppliers
Majority of spend & transactions

Low Priority Suppliers
Significant effort to onboard with less impact

Not Targeted for the Transition

Wave 1
Wave 2
Wave 3

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Improve your user & supplier experience with content

CONTENT STRATEGIES TO ELEVATE YOUR SPEND UNDER MANAGEMENT

- Data driven strategy
- Relevant content is king
- Leverage the Marketplace
- Decrease tail spend
- Continuous improvement mindset
Give Your Suppliers Choice to Drive Rapid Electronic Adoption

83%+
Electronic Invoice Processing*

22.1 hrs
Invoice Approval Cycle Time*

*12 Ways to Measure Business Spend Management Success, Coupa Benchmark Report 2018
Onboard New Suppliers and Drive Clean Information

Supplier Information Management

Self Service that Works
- Stop Chasing Suppliers
- Right-Time Participation

Accurate Timely Information
- Streamline Buying
- Avoid Disruptions, Escalations, & Late Fees

Regulatory & Company Compliance
- Address Global / Regional Needs
- Gather Certifications as Needed

P2P Process
Supplier Enablement Path to Success

Key Trends

- Many suppliers are already “on the bandwagon” for supplier portals
- Proactively and aggressively communicate to suppliers via a variety of channels
- Organizations are requiring electronic transactions with suppliers, especially where there are multiple interaction methods
Agenda

Supplier Enablement

Supplier Risk
Not many organizations are satisfied

- 45% of organizations have a risk-based due diligence program for third parties
- 61% of organizations do a periodic assessment of program effectiveness
- 56% of organizations report a poor-to-average performance at managing third-party risks
Considerations for Supplier Risk Management

Identifying, assessing and controlling threats to an organization that are caused by the supply chain

Holistic View
- Leverage a variety of sources
- Risk visibility at time of transaction

Integration
- Supplier Risk is an ongoing effort
- Don’t be limited by traditional risk models

Score
- Expect company specific ratings
- Be prepared to act!
Remove Risk Information from its Silo

Supplier Risk should include:
1. Comprehensive risk info
2. “Spend at Risk” visibility
3. Transaction control
Evaluate Suppliers in Context of Transactions

Proactively act on risk in real time to avoid disruptions
Establish a Supplier Health Score

Supplier Health Scoring

- Rate suppliers into actionable risk categories
- Combine Financial, Judicial, News, Screening Lists, and Performance
- Compare Performance and Ratings Using Community Intelligence
Key Trends

- Combination of the risk profile, including financial, judicial, news, screening lists and performance
- Focus on reducing supplier due diligence cycle times
- Technology enablement for static and proactive management
- Community insights
- Don’t outsource your risk management responsibilities
Q & A

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