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Procurement Optimization

Fuel procurement optimization through a simplified, unified view of part, supplier and transaction data

Synopsis

+ Manufacturing organizations perform supplier analysis to lower procurement costs while maintaining flexibility and lowering risk.

+ Disparate, siloed systems - as a result of organic and M&A growth, as well as needs of different business units - cause variety and scale of data to grow. The challenge is unifying the disparate data so that all of it can be consumed for analysis.

+ Traditional methods of integrating data quickly fall short, necessitating new approaches to unifying and enriching data.

+ Unfortunately, the systems used to capture customer information are often dedicated to single functions or geographies. This creates silos of data that are difficult to integrate cleanly with other sources, causing a large bottleneck for downstream analytics. Traditional 'top-down' approaches of standardizing data quickly become insufficient when dealing with the scale of data variety found in today's enterprise.

Turning disparate supplier data into actionable insight

Procurement managers need complete, accurate, and actionable information to identify cost saving opportunities across the supplier base, while minimizing risk and maximizing supply chain flexibility. Yet, as companies continue to make large investments in enterprise, financial and supply chain information systems, very few organizations have been able to leverage all of the resulting data for analysis.

This whitepaper discusses the reasons behind this, why unification of supplier data is now mission-critical for analysis, and how these views can improve efficiencies in supplier pricing or managing risk.

Many questions, few answers

The modern supply chain relies on a variety of ERP, PLM and Supply Chain systems that generate enormous amounts of heterogeneous data. Unfortunately, few enterprises can unify the information generated from these systems to answer important P&L questions:

+ How can find the highest quality part, at the cheapest price, from all of my suppliers?

+ How do I optimize supplier payment terms across different business units and territories?

+ How do I ensure that I minimize supplier risk that I am exposed to?

Customer Use Case

Problem
A Fortune 10 manufacturer, in an effort to optimize cash-flow, seeks to speed up payment term analysis of its supplier base, which spans different lines of businesses and countries. Current approach to unifying data is labor intensive and too costly to scale.

Challenges
Hundreds of thousands of suppliers across several million transactions Each supplier may have separate contracts with multiple business units 250+ ERP systems collecting data in heterogeneous formats.

The manufacturer adopted Tamr to create a unified view of suppliers and their various payment terms.

Benefits
+ Customer was able to significantly improve cash-flow by selecting the best possible payment terms for a given supplier.

+ Automated, scalable process for adding new data-sources to a unified supplier view.

+ Ability to easily add third party data, such as DNB information, to better assess supplier risk.

Features of Value
Fast, automated process for building a referential map of data stored in 250+ ERP systems.

Bottom-up, probabilistic approach to clustering and deduplicating suppliers Expert sourcing incorporates guidance from data-managers at the business until level.

While enterprises have evolved into data-rich environments due to continual investment in information systems, the subsequent datasets they produce are often difficult to connect with other relevant internal and external data sources.

This occurs due to a variety of reasons:

Globalization
Today's enterprise is global, operating through multiple business units in territories around the world. As a result, data is often dispersed across the organization and stored in varying formats and standards.

Disparate Systems
While instrumentation has occurred across much of the supply chain, the systems involved are expensive to consolidate and not easily synchronized. This becomes even a bigger issue when companies grow through M & A, and when systems are not consolidated after acquisitions.

Old Approaches
Analysts spend as much as 80% of their time preparing data, leaving only 20% for actual analysis. This is due to the fact that traditional 'top-down' and 'rule-based' approaches to integration are not alone sufficient when dealing with the extreme variety of data typically found in large enterprise ERP, PLM and supply chain systems.

In summary, while the supply chain can be considered a 'data-rich' environment, the disparate nature of the underlying data makes unified analysis exceedingly difficult, obscuring long-tail opportunities to improve efficiency and save money. Further, traditional approaches to solving this problem quickly become impractical as the scale and variety of data increases.
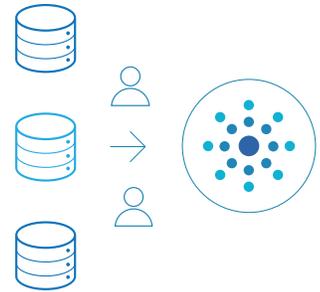
The Tamr Match API can be used to check new or dynamic sources against a current master list or within/ against the sources themselves.

Why Unification Matters

Unified datasets are critical to understanding how suppliers interact with different parts of the enterprise. Unified data-sets enables analysts to:

+ Optimize Supplier Payment Terms - Using a unified view, one can identify opportunities to improve payment and discount terms by analyzing suppliers across multiple business units and territories.

+ Optimize costs -By leveraging unified part data, one can quickly and easily find the most affordable supplier for a given part, while considering other important factors such as quality and historical supplier performance.

+ Reduce risk - Unified data enables analysts to easily create and update a 'golden record' of suppliers across different countries and business groups, providing a more comprehensive view of the organization's dependence on suppliers, and identify key points of risk
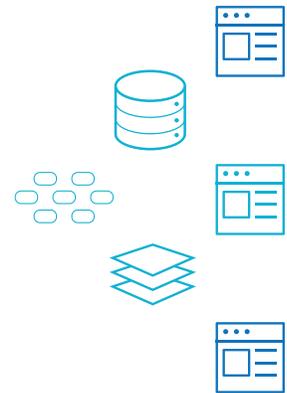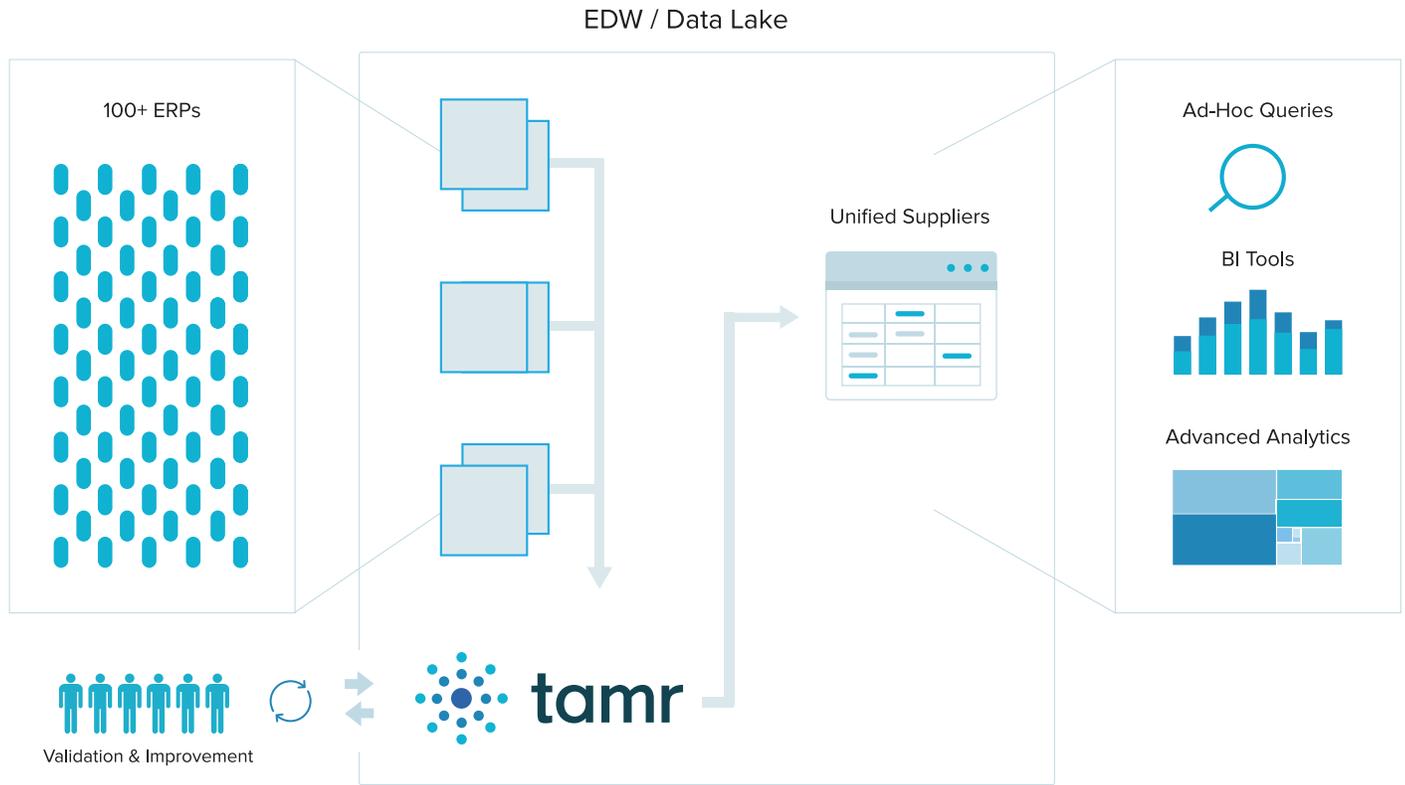
Making Enterprise Wide Spend Analysis a Reality

Tamr embraces the reality of extreme data variety within the supply chain, enabling analysts to analyze spend opportunities using data generated across all supply chain systems. Patent-pending technology using machine learning algorithms performs most of the work, unifying up to 90% of supplier, part and site entities by:

+ Referencing each transaction and record across many data sources

+ Building correct supplier names, addresses, ID's, etc for a variety of analytics

+ Cataloging into organized inventory of sources, entities, and attributes

When human intervention is necessary, Tamr generates questions for data experts, aggregates responses, and feeds them back into the system. This feedback enables Tamr to continuously improve its accuracy and speed. As a result, Tamr dramatically reduces the time and cost to build the unification metadata required to analyze the long-tail of transactions and events, because it learns and applies institutional knowledge automatically.

Tamr customers consume Tamr's connections in various ways along this spectrum.

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EDW / Data Lake

100+ ERPs

Unified Suppliers

Ad-Hoc Queries

BI Tools

Advanced Analytics

Validation & Improvement

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Benefits

Use a complete, unified view of internal and external customer data

Discover hidden opportunities to improve upsell and cross-sell, reduce churn and identify key opinion leaders (KOL) via enhanced segmentation and targeting

Automate 90% of data matching tasks through machine learning

Leverage expertise in your company to guide data matching

Conclusion

As organizations continue to heavily invest in information systems for the supply chain, unified datasets will prove critical to answering some of the most impactful P&L questions. In fact, the long-tail opportunities made available by unified data can amount to savings larger than what's typically made available by looking at top sources alone. However, due to the sheer volume and variety of the resulting data, procurement managers must move beyond traditional approaches to create this unified environment for analysis.

About Tamr

Tamr, Inc., provides a data unification platform that dramatically reduces the time and effort of connecting and enriching multiple data sources to achieve a unified view of siloed enterprise data. Using Tamr, organizations are able to complete data unification projects in days or weeks versus months or quarters. For your own personalized Tamr demo, visit www.tamr.com.