The Digital To-Do List MUST
Supply Chain Transformation with
SAP Ariba and Manutan
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Executive Summary

We live in a time of disruption, where brand names and legacy businesses cannot rest on their laurels due to increasingly affordable technologies Empowering those embracing them to quickly pose a threat. The supply chain demands faster more cost-effective processes leading to the panacea of frictionless engagement.

Transformation sounds exciting and positive, but often the barrier of change and threat of the unknown deter the necessary action, speed and commitment needed to achieve the promised land. We live in a time where technology enables what 10 years ago was either impossible or cost prohibitive for all bar the few. Cloud, IOT (Internet of Things), AI (Artificial Intelligence), Big Data, VR (Virtual Reality), Drones are all changing the living environment around us and with this changes the customer expectation and demand.

It is time to take stock of what is achievable, the importance of starting the journey now and to appraise the impact of doing nothing. The gain is far greater than the pain to get there; are you ready to value your future and make the 1st step? Ian Moyse, Cloud Industry Influencer and technologist with a wide experience of digital transformations in small and large firms has engaged with Manutan, a legacy firm who has transformed to stay relevant and brings us the realities from the story of their journey.
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Supply Chain Transformation with SAP Ariba and Manutan

THE TIME TO TRANSFORM IS NOW

Digitisation, business transformation, market disruption, digital transformation, all common terms we hear and read daily, and all appear easy at face value. However often human and process barriers delay the decision and outcomes desired. Having been in the cloud sector for over 13 years I have watched as it has gone from Infant to Child. (Initially crawling past those holding onto legacy approaches and fearing the cloud) through to walking and now starting to jog, the full sprint being ahead of us, as we witness acceleration of innovative and disruptive use cases being bought to market.

We are finally seeing more cloud advocates in the room than cloud doubters / resisters and seeing enough momentum to see cloud and its cohorts of Big Data, AI and IOT push past the human barriers. Technology used to divide the market, with solutions offering ‘Enterprise’ functions requiring associated costly infrastructure and complex deployment that priced them into the bracket of the haves in the Enterprise space alone. You would find an example application that required numerous high end servers or mini-computers to run it, database servers and complex installations which quickly raised the entry price bar to a level that distanced them from the average firm. The have nots who could not afford such elite offerings were relegated to using different products often lacking key functions or advantages or the backing of vendors large enough to deliver innovation and as many enhancement updates. This technology hindering went on for many years until the disruptive entrance of true cloud offerings. With cloud we started to witness application delivery, through multi-tenancy efficiencies, that flattened the market, making the commercials for a 5000 user license or 5 user license viable for both respective companies. The smaller firm for the 1st time were able to choose the same class offering as the large Enterprise brand name, without the high up front investment cost barriers. Cloud has enabled new innovative firms to revitalise many areas of the software markets, delivering innovation, more function and fresher user experiences that befit our mobile internet based world. Legacy software vendors have been forced to revitalise their offerings, re-platform and transform them to a more flexible technical and commercial model, all to the benefit of their employees, customers and business partners in the supply chain.

Supply chains have long relied on traditional manual processes, heavy lifting and inefficient data insights into where to tune and gain competitive advantage and financial gain. Proven Cloud technology is here today to transform this effectively and affordably and it may seem obvious to take the 1st steps to making this happen, but many embroiled in the old way are hampered by legacy thoughts and perceived barriers of the journey ahead and hence take no action. With the disruption happening across industries right now, even a successfully performing company can quickly turn sour should a competitor change the game on them. Today a breadth of companies are undertaking this transformational journey and are on their way to surprising competitors, as they come out of the gate refreshed and supercharged.

A DIGITAL TRANSFORMATION SUCCESS STORY

I recently had the pleasure to gain great real-world insight as to the challenges and market benefits the transformation brings through conversations with both SAP Ariba and Manutan’s Xavier Laurent who has lived the journey of transformation over the past 10 years. Digital Transformation is not as easy as the words and hype written about it may make it seem. It is a combination of change involving people, process and technology and needing the business gains to visibly outweigh the
losses and pain to drive people to make it happen.

Manutan has a 50-year legacy of B2B distance selling, from original paper catalogue through to being an innovator in the initial days of the web through to dynamic cloud based digitisation of the B2B supply chain. Originating in distance selling of lower priced transactional products, higher cost of sales through manual engagements were palatable in the early days where competition was less stringent, and margins were more supporting. Manutan was one of the 1st to identify the importance of the web going back 15 years, its first foray into digitisation. This undoubtedly made the driver to digitise the supply chain process further an easier one than for many firms.

Noticing a pressure from customers looking for an easier more cost-effective relationship, it was the last 4-5 years which took the change further as Manutan invested in an E-procurement team focused on a portfolio of customers, looking to ensure everything was working correctly throughout the engagement process. Combining this with a digitisation of systems and procurement has driven a very positive increase of clients 10% ahead of industry averages, the sort of outcome any business will happily accept.

To achieve the level of supply chain digitisation and client positivity was not simply a case of technology, but a combination of smart decisions, investing and resourcing in the right places. For example, Manutan has 10 people (purchase consultants) in charge of building KPI’s around productivity speed and accuracy of customer projects. Whilst people and resources help, without the necessary new cloud systems to empower them the successful gains being recognised would not have been as great.

THE DRIVERS AND CHALLENGES

One of the initial challenges was that customers Class C spend typically only represented 5% of their acquisition process and hence it was not the focal point for gains. Purchase directors seeing low value transactions in Class C had not focused in this area. Despite there being a volume of orders with small value items across the business the true value gain that could be recognised here was hidden, a sort of could not see the wood for the trees. However, once Class A & B had been optimised fully and customers had reached this maturity in their lifecycle, they quickly realised that whilst with Class A and to a degree Class B purchases there were some easy wins in simple price savings, that with Class C price savings were not going to be as easy to achieve, as with lower item cost items there was less to play with. The gains here are to be made from process improvements; reducing supplier breadth, management/removal of rogue purchases, lowering supplier management costs and as much as possible automating and digitising the process. Through adoption of effective tools, in this case SAP Ariba, it is a clear benefit to improve productivity on Class C purchases and thus gain competitive advantage.

With C Class purchases typically having a wider spread and less attention, the challenge is even greater in procurement to collate, structure and analyse related data in order to ratify and streamline purchasing. Reports show that up to 80% of company data is unstructured and thus not delivering business insight in order to drive value. Unsurprising then that only 8% of companies currently believe that they have effective C class purchase process management. On Class C products seeking to make the gains from cost reduction on unit pricing may seem obvious, but this can also be counter-productive. The impact of a lower cost supplier can be a less reliable service, costly errors and longer lead times, with knock on effects on your supply chain and larger orders and relationships where the C class itself is not the key, but they contribute to the whole for the customers output. Focusing on Streamlining inventory, removing silos, and improving forecasting of demand can all enable a gain across the chain.

Xavier’s focus at Manutan of reducing supply chain costs for C class transactional products and helping customers gain is not an uncommon need. The drive was to deliver an application architecture that helped customers by digitising everything possible including product visibility,
workflows, new orders, delivery and invoicing. Through time spent understanding customer purchase processes and challenges with the manual approach to Class C, Manutan has achieved a 3 times reduction on overall cost for its customers, both raising the relationship bar whilst embellishing customer loyalty, competitive advantage and greater growth of revenues. Some of this has come from the attitude in the business to change and make it happen, with added empowerment from the flexibility of the Ariba platform which handles the most transactions in the Manutan group today.

In today’s demanding world customers are demanding and expecting more with a right 1st time, faster, easier engagement. The need to therefore build a solution to a customer’s specific need that includes monitoring, reporting, analytics and support (and to do it fast) is essential. The use of SAP Ariba as an enabling platform for these gains is now enabling Manutan to address new challenges from customers and deliver solutions in hours and not weeks, a ‘why would the customer go elsewhere’ advantage. Through the automation and efficiencies gained, customers are now able to see the logic and gain of reducing suppliers to one that can deliver reduced breadth of suppliers, better cost management across product lines and overall consolidation.

**MEETING CUSTOMER DEMANDS IN THE DIGITAL ECONOMY**

Manutan is driven to being known as an expert in its field, with a reputation for reliability, speed and maturity. To have maintained this and grown above industry averages is an accolade in itself. Xavier cites SAP Ariba combined with the embodied attitude of its team as the gateway to adding flexibility and agility to the Manutan Mantras. Transforming as market needs and trends demand is not easy and requires a ‘can do’ and ‘take action’ approach, this being the hindrance of many larger organisations. Manutan did have the advantage that it was an early adopter of the web and the basics of e-procurement, but it has had to maintain this willingness to ‘early adopt’ in order to be able to send a message to clients that ‘We can adapt to your needs fast’.

However, Manutan historically had taken a re-active best efforts approach to meeting customer needs as many will recognise in their own businesses. This progressed to building a team incorporating service account managers and purchase consultants in charge of partnering with customers in the same language and then conduiting the client’s needs internally to Manutan divisions such as IT, Supply Chain, finance, etc. Part of the process change identified meant that Manutan alongside the technology changes needed to become more agile in its people engagements. This meant being able to react quickly in an opportunistic mode, no blocking of custom requests from customers due to corporate lethargy or systems but embracing them with the knowledge that Manutan’s systems and culture would support this approach. This now allows long term projects to continue and be managed effectively but enables fast responses to short term customer needs ahead of these projects. The siloed communication approach of old was disbanded and to achieve this agility and customer efficaciy, Manutan empowers all at Manutan to speak directly with clients. No more mis-interpretations as account manager takes their interpretation of a customer’s needs to IT; IT directly speaks with and engages the client, delivering faster outcomes and a greater customer experience for the expertise they access. Xavier reports this has driven a greater acceptance in the business of the new technologies and systems, empowerment from top down to staff and a great level of customer partnership. All in all, it enables customers to move faster on anything it engages on with Manutan.

As Xavier talks you can feel the enthusiasm he has for what the business has achieved, and the excitement for what is yet to come. His words iterate what I have heard from many, that it is no easy task to bridge the gap between old and new, to utilise the amazing technologies available today to deliver what today’s customer gravitates towards. Deferment of digitisation is easy when realisation of the work involved comes to light; mapping out processes; engaging test customers, internal workshops, sometimes changes of people’s roles and responsivities, if not their approaches and
processes that have often been comfortable to them for years. A large action list of challenging activities appears at the outset and this is before technology selection and implementation even rears its head. No wonder many default to the status quo, delay projects and wade on painfully with existing systems and methods, seeing their customers churn and staff frustrations continue. However, as Manutan perfectly illustrates ‘from the other side’ viewpoint, once you step out over the chasm, momentum gains and you quickly find yourself progressing on the journey with people onboard and supporting the destination and embracing the steps to get there.

**FACING UP TO THE CHANGE PROCESS**

The change process should still not be underestimated. Xavier shared with me that there were still people barriers to overcome before they achieved today’s market changing delivery model. Both sides of the supply coin needed education and mentoring into the new world. Purchase Directors and decision makers were not aware of the technology approach Manutan wanted to deliver and salespeople did not initially appreciate the opportunity the technology presented. Sales was familiar with talking to procurement about price and process, but not with the capabilities of E-procurement to change the game and relationship. Throughout the process the organisation engaged its staff, right from the outset employees were involved and not isolated from what was going on, they felt they were part of the solution Manutan was moving towards and remained heavily involved start to finish. This was clearly a transformation journey of the business and not IT in isolation, nor was it a process only issue. This encompassed people, process, IT and the organisation’s culture all adjusting where and whenever required to shape to what was needed to win with existing and new customers.

I probed Xavier for what had been learnt from the change process, what had to be overcome and with hindsight what would have been done differently? Unsurprisingly to me, (as it’s a theme not unusual), was that it took longer than expected to move from a project-based organisation to an agile one. The historical culture was one of working in a slower moving, process barriered market, one where technology was the remit of IT and not something all in the business should embrace at an innovative pace. To achieve the change and success now being enjoyed involved changing the attitudes of people across the business and at all levels, as well as bringing in new staff not embroiled with the old Manutan ways. New staff entered and helped with a mindset of accepting the change journey was underway and was a positive thing. Xavier’s passion for the new culture as a long timer is clear, having held multiple roles himself he cites the difference has not only been the technology platform and its capabilities it has given, but also the validation from board down of the importance of digital and innovation to the business and its customers. The culture supporting a model that trying and failing is okay; this has bought about a bottom up change of attitude, one driving actions of ‘can do’ and ‘find new ways’.

From the journey other improvements were identified such as the already mentioned silo-ing of engagement with the customers relationship manager. Xavier identified that this had gone on for too many years due to ‘always being done that way’ and that the transformation process encouraged an across the business look at what could be improved. This example had limited the organisation on an information and effectiveness basis. An unforeseen benefit of going through a digital transforming project is that it often drives peripheral insights and discussions that indirect to the defined project, identify and drive additional positive changes to the business.

**THE JOURNEYS PATH**

Xavier was also clear to point out that along the journey there were wrong turns, bumps in the road, breakdowns and a few accidents. Importantly the team and business remained focused on the outcome and belief of the positive. They stayed resilient and determined throughout the process and drove the same downwards to their teams. Through this, he reports the incredible team passion, excitement and agility he witnesses each day that the digitisation has given to the Manutan people,
all of this through some underlying smart technology changing how we do things. Furthermore, he reports new people joining go through an interesting wave of complete surprise at what is possible and the responsibility and freedom they are given, through fear at what this means and the speed of capability they have to engage with, ending up once onboarded to being strong and passionate about what they are empowered to deliver.

The outputs from the journey that Manutan as an organisation and the people, such as Xavier, has been on are clear. Customers are better off; accuracy, speed, flexibility, effectiveness and cost reduction have all become mantra’s familiar to Manutan’s base, as has a ‘Manutan can do’ attitude. The business has gained market share, lowered return rates and achieved customer infusion of the phrase ‘love buying through us’. KPI’s have become more measurable and meaningful and improved both internally and externalised to its customers. With the defined and tuned methodology underpinned by the application to support it, the business now closely monitors and analyses customers procurement transactions to deliver additional customer insights and value. Manutan sales people are gaining new clients through the ability to deliver valuable and contextual insights into the savings they can make, using customers real data, analysing the true cost of buying from Manutan and providing a digital procurement illustration.

The cultural change has been an important one to support the changes the technology has enabled. A clear empowerment of staff to be responsible and the freedom to say yes or no to clients was driven across the business, interestingly described as the ‘007 license’ by Xavier, the license to find a solution for your client. Xavier’s voice was energised when he spoke as a long timer of the ‘free’ feeling, supported by the organisation to be allowed to try and fail and to challenge the status quo; to be different, to go faster, taking risks with the aim to create opportunity and be inventive. Much of this empowered by the underlying platform that bridges Manutan more closely with their customers, SAP Ariba.

THE NEXT STAGE OF THE JOURNEY

With all the great upsides for Manutan and its thousands of clients, what is left? The focus has been on the downward supply chain, so utilising a similar process of appraisal and alignment to the power of SAP Ariba, Manutan see’s great opportunities to improve its upward supply chain, enabling greater efficiencies through even speedier delivery through approaches such as drop shipments. The delivery thus far has also focused on the B2C channels, so B2B is also wide open to be transformed using a similar proven approach. Manutan is now progressing on its continued journey and the maturity strength that SAP Ariba has enabled allows the growth into other geographic regions. Xavier openly explained to me the ideal is to build a ‘rinse and repeat model’, one that will enable them to go faster as they enter new markets and drive even greater growth and competitive differentiation.

Key though is that the ‘better customer experience’ that SAP Ariba has enabled Manutan to deliver is continued through anything it does. It is obvious that whilst SAP Ariba at its foundation is a technology, to Manutan it has gone far beyond this to a true business partnership for mutual gain; a transformational enabler, which without would have made achieving its current successes far more painful, if not impossible and would have left itself open to competitive threats and disruption.

There are still areas Xavier explained where much more can be done, but from the experience and outcome already gained you can feel that Manutan does not fear entering a new process of change or innovation. I often engage with businesses and find where they have already achieved a true fundamental transformation, that they are eager, not resistance to the next. From Xavier’s pragmatic and transparent sharing, it is easy to see the strength that the SAP Ariba platform has given to both Manutan, its team and its customers, making business happen in the way customers want it to happen.

Manutan has exciting aspirations to leverage AI (Artificial Intelligence) capabilities, for example
where a client or prospect issues a large multi-thousand catalogue tender, there is still a time consuming, manual and error-risk process to undertake. Being able to automate this for speedier response, with greater accuracy and reduced effort would again give competitive advantage. There is also aspiration and plans to increase the catalogue size exponentially from the today 160,000 SKU’s and this has impact on the marketplace, documentation needs, manuals, photography and support, which only becomes possible through utilisation and expansion of the smart technology and increased digitisation.

GETTING YOURSELF INVOLVED

Industry’s wheel keeps on turning and it is turning faster than ever before in history. We are seeing new goliaths seemingly born overnight and legacy brand names failing at every turn. Sitting on your laurels and avoiding what looks like a potholed road is a dangerous option to take in lieu of doing nothing and not embarking on the journey.

If you have a supply chain where you have not optimised the procurement process and done all you can to engage with suppliers and customer’s, the time is now! There is no simple panacea switch to jump to the other side, how much pain you must go through will vary, but not doing anything has a far more painful outcome and risk waiting for you along the path. However, an increasing number of firms, such as the proof points from Manutan illustrate, are showing that the only way to truly tap into effective supplier and spend management in today’s online world is to adopt a cloud-native approach and leverage it to transform not on your tech, but as a conduit for positive effect on your people and processes too. By making the change you will benefit both your own business, through a combination of efficiencies and consistencies helping to remove ‘rogue buying’ and gaining competitive advantages and that of your customer in reducing their operational buying costs and making engagement easier and a pleasure.

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