



JAGGAER One Sourcing for Direct Materials

Streamline and automate complex direct material sourcing processes

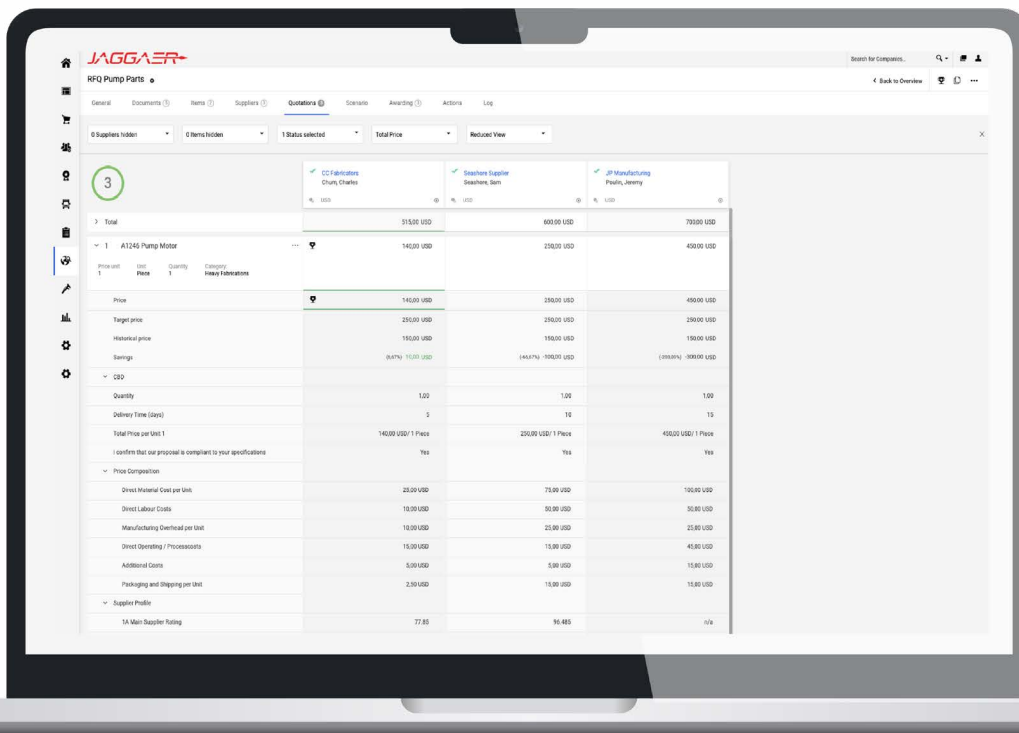


Manufacturers are grappling with an array of challenges in sourcing raw materials, semi-finished goods, and production materials in general. Obstacles range from inflationary pressures and heightened post-pandemic price volatility to supply chain disruptions triggered by natural disasters and geopolitical tensions. These price amplifying factors present significant hurdles for manufacturing companies in cost management and maintaining supply chain stability.

Furthermore, ensuring supplier reliability and quality control remains of paramount concern to manufacturers, particularly those who source from multiple suppliers across multiple regions. Environmental, sustainability, and compliance concerns add further complexity to these challenges. Overcoming these hurdles demands strategic planning, robust risk management, supplier diversification,

and innovative technologies to fortify supply chain resilience.

Direct material procurement is critical for manufacturers, as delays or disruptions can negatively impact production, finished goods output, ability to sell, and therefore: revenue. Buyers must order the right items from the right suppliers to avoid excess inventory and obsolete stock, which affect both top-line revenues and net profits. As a result of continued supply chain challenges, direct procurement has become a board-level concern. JAGGAER One enables customers to reduce risk, improve resiliency, increase operational efficiencies, and yield significant financial gains with comprehensive solutions tailored to the unique source-to-pay needs of each enterprise.



Direct Procurement & Supply Chain Opportunities

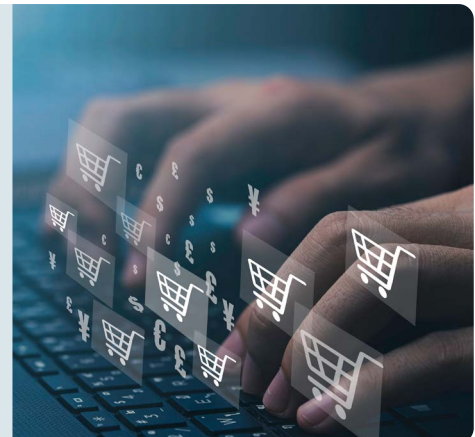


JAGGAER One Sourcing for Direct Materials revolutionizes procurement by empowering buyers to manage complex sourcing for direct materials and facilitates buyers to:

- Quickly create and run RfX events from updated and latest version of Bills of Materials
- Gain speed and transparency from real-time ERP integration
- Stay ahead of organization ESG goals and track supplier carbon emissions
- Ensure real-time collaboration and communication with suppliers
- Ensure adherence to project timelines and allocated budgets
- Enable cost reduction with optimal supplier selection through target-based comparisons and TCO analysis
- Manage risks and avoid fraud with third-party supplier intelligence

JAGGAER One Sourcing for Direct Materials guides customers from event creation to awarding with purchase requisition collectors and RFQ wizards. It allows buyers to design and manage their own cost breakdown structures, monitor supplier participation and progress during events, and communicate via a message area to resolve technical issues, publish clarifications, or respond to supplier questions. Additionally, it evaluates supplier responses and bids using auto scores, scenario comparisons, and cost breakdown analysis. The platform assists buyers in awarding the best suppliers through multi-supplier awarding or split awarding, and it allows the conversion of sourcing awards into contracts or purchase requisitions with real-time ERP integration.

JAGGAER One intelligent system provides customers with a comprehensive sourcing overview and analytical insights into their transactions, events, and sourcing awards, enabling them to make informed decisions using AI-based supplier selection, AI-based recommendations, and an auto-select lowest price feature, ensuring that data drives their success.



Key Challenges and JAGGAER One Solution

Bill of Material Sourcing

Challenges

- The inability to accurately run sourcing events reflecting the Bill of Materials (BOM) can significantly impact businesses. Buyers face challenges in finding the right sources for BOM items, crucial for maintaining profitability by ensuring the BOM cost is not higher than the cost of goods sold. Timely available materials from all sources are essential to avoid production delays and meet customer delivery schedules.
- Frequent BOM updates necessitate effective communication with all stakeholders to ensure actions and negotiations align with the latest BOM. Suppose buyers do not adhere to the latest items and quantities in the updated BOM. In that case, it increases the risk of receiving incorrect or non-spec items, leading to additional costs, production delays, and potential failure to meet delivery promises.

JAGGAER Solution

- JAGGAER One Sourcing for direct materials seamlessly handles multi-level Bill of Materials, allowing customers to import most updated BOM directly from ERP or PLM, or import via Excel file, and let buyers customize and scale sourcing events for optimal budgeting and timelines, with full insight into every needed component.
- Simplify and speed up your BOM costing with the JAGGAER „Auto-Select the Lowest Price“ feature, which lets buyers automatically apply the lowest valid prices or select price sources based on their preferences.
- Leverage the flexibility to compare up to four different BOM scenarios side by side, empowering your procurement team to make well-informed decisions.
- This ensures optimal cost per BOM item, timely availability of materials, and overall profitability.

Category Management

Challenges

- Companies lose huge amounts of time, value, and money if sourcing is not linked to category strategy.
- Businesses struggle to confidently build a single category strategy for direct material spending when each of their ERPs has a different category structure while some materials may not even be linked to a category.

JAGGAER Solution

- JAGGAER One Category Management is designed to oversee the execution of sourcing operations about a category strategy.
- Buyers can link sourcing activities with category strategy for direct materials and ensure making a well-informed decision that drives value and aligns with strategic goals.

Complex Cost Breakdowns

Challenges

- Sourcing transparency is needed to empower collaboration and cost models to optimize the 'best price' between buyer and supplier.
- Direct material sourcing events require not only individual bids on over one hundred items in a bill of materials but cost breakdown bids as well, the pricing model can get very complex very fast. There are several factors to be considered before sourcing an award which need deep analysis, comparison, and award suggestions.

JAGGAER Solution

- JAGGAER One Sourcing for direct materials allows customers to capture and compare comprehensive cost breakdowns (CBD) side-by-side, simulate cost drivers in RFQ award scenarios, and flexibly add pricing factors like CO₂ costs, enabling systematic identification of savings opportunities across commodities, suppliers, and materials.
- This enables customers to understand the overall cost model, not just the total cost of ownership, but also allows buyers to find value in pricing through detailed cost breakdown elements beyond just the price.

Project Based Procurement

Challenges

- Project management is key in direct sourcing where multiple sourcing events are initiated to support direct procurement projects and it is important for manufacturers to keep track of all the project spending and activities ensuring they are heading towards project goals well within the budget allocated and all stakeholders are informed through the integrated system if there are any mismatches, delays, action items or extra fund required to complete the project on time.

JAGGAER Solution

- JAGGAER One Sourcing for direct materials allows the buying team to create a comprehensive procurement hub with the Program Manager for projects, centralizing all sourcing events linked to specific projects. All associated tasks, documents, and deliverables can be tracked in one window ensuring full project visibility and accessibility for all stakeholders.

ESG Compliance

Challenges

- ESG (Environmental, Social, and Governance) compliance has become increasingly important in the context of direct material procurement. This importance is driven by several factors that affect both the operational and strategic aspects of a business.
- There are growing regulations from governments and authorities to accurately calculate and report GHG emissions, and track progress towards decarbonization goals.

JAGGAER Solution

- JAGGAER One Sourcing for direct materials enhances sustainable value chain analytics by supporting compliance with Supply Chain Due Diligence and Transparency Laws, leveraging advanced capabilities and third-party partnerships to integrate risk and sustainability into business processes.
- JAGGAER enables customers to set science-based targets for scope 3 climate neutrality and manage carbon emissions holistically with precise CO₂ data for strategic sourcing.

Risk Management

Challenges

- Supply Chain Risk Management has gained importance more in the recent past. Supply chains can and have been disrupted by natural disasters, pandemics, and changes to regulations. It is becoming more and more important to achieve transparency in the supply chain, monitor risks from suppliers and sub-suppliers, and identify insecure locations. In some cases, it is mandatory by law.
- Manufacturers need to be aware of unanticipated supply chain risks from downstream supplier network failures to ensure business continuity and to avoid production disruptions which can have a negative impact on brand reputation and consumer trust.

JAGGAER Solution

- Detailed risk profiles are an essential criterion for decision-making in global sourcing processes and supplier management activities. Risk information about the market and suppliers' viability, delivery, compliance, quality, and performance from third-party solution seamless integrations of risk data feed directly into the procurement processes in JAGGAER.
- With intelligent rules, automated workflows, and detailed supplier profiles, JAGGAER provides thorough risk management and live news updates.
- Buyers can make direct material sourcing award decisions based on comprehensive risk profiles, including supplier risks (e.g. legal requirements, financial stability, quality), location risks (e.g. political risks, sanctions), and category risks (e.g. import regulations).

Multi ERP Support with Seamless Integration

Challenges

- Global manufacturers work with multiple ERP systems in multiple plants across different locations, countries, and regions depending on business requirements.
- it is very important for companies to work with clean master data that allows the direct procurement team to plan strategically and implement global strategies to generate maximum savings and utilize sourcing solutions that can easily integrate and build a 2-way connection with all the available ERP systems to ensure real-time and uninterrupted data integration to make effective decisions.

JAGGAER Solution

- JAGGAER One Sourcing for direct materials enables seamless connection to multiple ERP environments, creating a single, integrated system with a 'Golden Record' for suppliers. It consolidates master data from various systems into an intelligent procurement platform, ensuring complete data transparency and central updates. With seamless SAP integration using the iDoc framework, JAGGAER One automates business processes, boosts productivity, and offers a plug-and-play SAP experience for rapid implementation and better decision-making.

Price Info Record

Challenges

- Customers often face savings erosion due to outdated prices in the ERP system's price info records. This occurs because of a lack of real-time integration, preventing the distribution of the most recently negotiated prices with suppliers.
- Additionally, manually updating price information records in the ERP is time-consuming and error-prone. In the worst-case scenario, limited ERP permissions create bottlenecks for buyers, hindering their ability to update prices.

JAGGAER Solution

- JAGGAER One extensible system ensures that the customer ERP system is always updated with the latest negotiated prices from the procurement platform. Real-time integration between both systems ensures accurate price distribution, preventing savings erosion from outdated prices.
- JAGGAER solution can update ERP with many price records in one simple step.
- JAGGAER One Sourcing for direct materials enables customers to effortlessly update ERP with numerous price records in one step, ensuring clean, real-time data, and streamlining procurement by sending multiple info records from various suppliers with a single form, enhancing business processes and operational efficiency across different ERPs.

Key Facts

60-85%
Automated RFX Process

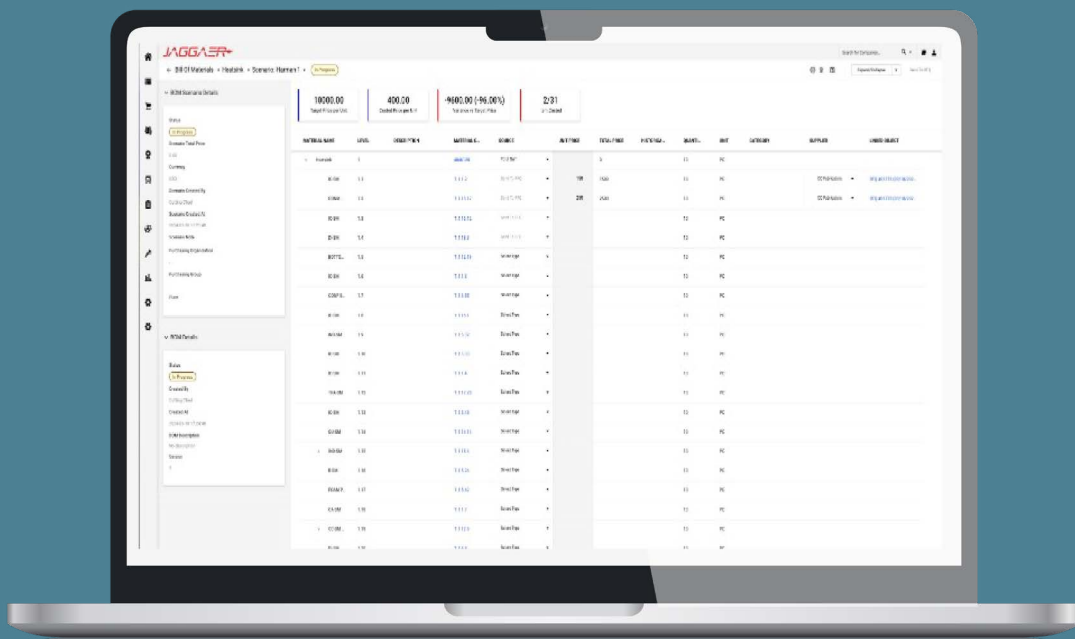
Automated and guided RFX events enable sourcing team to focus on strategic initiatives by achieving process savings in time to prepare, issue, tabulate, and award RFX events

3-7%
Cost Savings with Competitive RFX

On average our customers realize Direct material cost savings of 3% – 7% from RFX and contract negotiation.

Key Features and Benefits of JAGGAER One Sourcing for Direct Materials

- Competitive RFX processes
- Flexible cost breakdown per category
- Extensive what-if scenarios for award analysis
- Bill of material (BOM) sourcing
- Unlimited updates to price info records
- Project-based procurement
- Supports new product/tool development
- Technical drawing synchronization
- Uninterrupted 2-way integration with SAP/ERP
- Seamless integration with the PLM system
- Real-time integration with 3rd party systems
- ESG Compliance with CO₂ cost



Customer Success Story

MANN+HUMMEL Makes Global Award Decisions with a Clear Category Strategy

[Read The Success Story ▶](#)

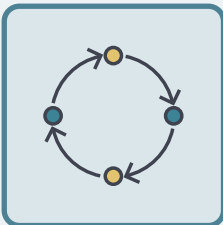


Benefits Obtained with JAGGAER



1.7 Billion Euros Spend with One

Manage global purchase volume of nearly 1.7 billion Euros per year via JAGGAER.



Standardization of RFx Process

The standardization of the entire RFQ process within the corporation increases process quality significantly.



One Portal, One Face Towards the Supplier

JAGGAER system enable central purchasing to successively integrate into the new supply base portal so that the suppliers only need to use one system.



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