



Centralize and automate procurement with SAP S/4HANA: Become an Intelligent Enterprise

As businesses face increasing pressure to optimize procurement processes, many turn to centralized and automated solutions like SAP S/4HANA. According to a 2022 survey by The Economist, 40% of companies are moving towards more centralized procurement strategies. This shift is driven by the need to overcome budget constraints and outdated technology, which hinder efficiency and accuracy in procurement operations.

Disconnected systems and inconsistent data are significant barriers to centralization, leading to inefficiencies and complexities. Organizations often struggle with varying supplier IDs, pricing, and terms across different business units, making it difficult to apply policies and discounts consistently company-wide. This fragmented approach results in a lack of visibility into spending, orders, and demand.



SAP S/4HANA addresses these challenges by providing a unified platform that integrates all procurement activities, from requisitioning to invoice monitoring. This integration reduces the need for data harmonization and migration, offering full transparency across all spend processes without disrupting existing operations. Companies adopting SAP S/4HANA can transform procurement at their own pace, leveraging preconfigured solutions and industry-specific configurations to streamline processes and drive cost savings.

In 2024, the adoption of SAP S/4HANA services continued to rise, with many enterprises recognizing the benefits of a cloud-based ERP system. The SAP S/4HANA Services 2023-2024 RadarView™ report highlights that companies are increasingly investing in SAP S/4HANA to enhance procurement efficiency and achieve a centralized and automated procurement model. This trend underscores the growing recognition of SAP S/4HANA as a critical tool for modernizing procurement and achieving long-term business success.

SAP S/4HANA to Centralize and automate procurement

SAP S/4HANA for Central Procurement effectively addresses the challenges posed by traditional procurement systems, offering the benefits of centralization without the associated costs and complexities. Whether centralizing procurement through a unified or distributed model, SAP S/4HANA is designed to streamline processes for lead category buyers by providing a shared services model that consolidates procurement data across multiple ERPs. This enables visibility and control across all buying channels without reworking individual ERP solutions within the company.

The flexibility of SAP S/4HANA for Central Procurement is particularly advantageous for organizations dealing with mergers, acquisitions, and divestitures, allowing them to integrate and disengage new organizations and systems seamlessly. This central procurement layer accelerates digital innovation, delivering the benefits of centralization across both direct and indirect categories without the complexity and cost of traditional solutions.

Large enterprises often face the challenge of managing dozens to hundreds of disconnected ERP systems, leading to siloed data. By deploying SAP S/4HANA for Central Procurement as a cloud solution, organizations can connect these disparate systems, reducing the complexity of multiple back-end systems while moving towards digitalization within budget constraints. This approach allows companies to continue using familiar systems without the disruption of migrating to new technology.

With SAP S/4HANA for Central Procurement, businesses can bring disparate processes under centralized control. Each transaction is processed within individual back-end systems, but central control is maintained over everything from requisitioning to analytics. This ensures that business units retain the flexibility to make purchases as needed, without slowing down operations or losing local control. The central procurement team still receives process data and maintains visibility, allowing for centralized management of key procurement steps and information. Data remains in its original location, eliminating the need for extensive harmonization of supplier, material, or other procurement-related master data for requisitions and purchase orders.

SAP S/4HANA for Central Procurement is uniquely designed to address several critical challenges faced by organizations:

Native Integration:

- The solution is natively integrated with SAP ERP ECC and SAP S/4HANA, as well as other SAP solutions, providing a cohesive and unified procurement platform. This integration ensures seamless data flow and process consistency across the organization.
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Non-SAP Systems Integration:

- SAP S/4HANA for Central Procurement can leverage procurement data from non-SAP systems via standard APIs. This ensures compatibility and integration across various ERP landscapes, allowing for a unified procurement approach even in a heterogeneous system environment.
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Automated Sourcing and Procurement Management:

- With automated sourcing and procurement management in SAP S/4HANA Cloud, public edition, organizations can streamline the procurement of goods and services essential for their operations. The system offers a flexible, visible, and centralized purchasing system that enhances efficiency and reduces manual efforts.

Automated Accounts Payable Process:

- The solution also includes an automated accounts payable process, which helps organizations adjust spending, manage suppliers, and navigate market operations more effectively. This automation removes inefficiencies and increases profitability by ensuring timely and accurate payments.

By integrating these features, SAP S/4HANA for Central Procurement not only centralizes procurement but also automates key processes, leading to significant improvements in efficiency, visibility, and control. This approach helps organizations overcome the complexities and costs associated with traditional procurement systems while leveraging modern digital innovations to enhance overall procurement performance.

When to Centralize and Automate Procurement with SAP S/4HANA

Centralizing and automating procurement with SAP S/4HANA is particularly valuable in the following scenarios:



Multiple ERP Instances:

- If your organization operates multiple instances of SAP ERP and/or non-SAP ERP systems, centralization can streamline procurement processes across these varied systems.

Lack of Procurement Visibility:

- When there is no procurement visibility across multiple ERP instances, centralizing procurement helps achieve a unified view of procurement activities, leading to better decision-making.

Diverse ERP Environment:

- If your ERP landscape includes different brands, versions, customizations, workflows, and processes, centralization simplifies management and integration across these diverse systems.

Off-Contract Spend:

- Contracts tied to individual ERP instances can lead to off-contract spending. Central procurement ensures all contracts are utilized effectively across the organization.

Lost Savings:

- Missing out on economies of scale and leveraging procurement across all ERP instances can result in lost savings. Centralizing procurement helps maximize savings and efficiencies.

Limited Spend Analytics:

- If your organization struggles with limited spend analytics, central procurement provides comprehensive data and insights to enhance spend management and control.

Integration Challenges:

- Integrating new and acquired business units and their back-end systems can be difficult. Central procurement facilitates seamless integration and management of these units.

Business Values / Advantages:

Unified and Distributed Model Support:

- Whether centralizing procurement through a unified or distributed model, SAP S/4HANA streamlines processes for lead category buyers by providing a shared services model that consolidates procurement data across multiple ERPs.
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Flexibility for Mergers and Acquisitions:

- The solution's flexibility is particularly advantageous for organizations dealing with mergers, acquisitions, and divestitures, allowing them to integrate and disengage new organizations and systems seamlessly.
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Cloud Deployment:

- By deploying SAP S/4HANA for Central Procurement as a cloud solution, organizations can connect disparate systems, reducing the complexity of multiple back-end systems while moving towards digitalization within budget constraints.

Centralized Control:

- Businesses can bring disparate processes under centralized control. Each transaction is processed within individual back-end systems, but central control is maintained over everything from requisitioning to analytics. This ensures that business units retain the flexibility to make purchases as needed without slowing down operations or losing local control.

Data Integration and Visibility:

- The central procurement team receives process data and maintains visibility, allowing for centralized management of key procurement steps and information. Data remains in its original location, eliminating the need for extensive harmonization of supplier, material, or other procurement-related master data for requisitions and purchase orders.

By leveraging SAP S/4HANA for Central Procurement, organizations can streamline procurement processes, gain better visibility, and achieve significant cost savings while maintaining flexibility and control across all ERP systems.

Centralize and automate procurement: Smart Move to Intelligent Enterprise



Centralizing and automating procurement with SAP S/4HANA addresses significant business challenges, offering a streamlined, efficient solution. You can achieve consistency, efficiency, visibility, and control in procurement across your organization. This solution allows you to integrate the functionalities of numerous disconnected ERP systems without the associated costs, time, and risks. By avoiding integration complexity, SAP S/4HANA for Central Procurement enables you to focus on the benefits of a unified procurement system. This solution is also a crucial step towards tighter orchestration and integration, aligning with a broader transformation to the Intelligent Enterprise with SAP S/4HANA.

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