The Business Value of SAP Business Network — for Buyer Organizations

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BUSINESS VALUE HIGHLIGHTS

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404%
three-year return on investment

30%
faster go-to-market speed

27%
faster product/order delivery

70%
faster new partner onboarding

51%
less staff time required to onboard new partners

46%
increased usage of electronic POs

60%
reduction in invoice approval cycle times

25%
more invoices processed without exception

29%
faster document delivery

Executive Summary

This white paper on SAP Business Network highlights the substantial business value and operational efficiencies buying organizations have achieved using SAP Business Network. Based on in-depth interviews with eight organizations, the research reveals significant improvements in staff efficiency, cost savings, and business development.

On average, buyer organizations participating in the IDC study experienced a 404% three-year return on investment (ROI), with a payback period of 14 months. Key benefits include enhanced risk management, improved ordering accuracy, and streamlined invoicing and payment processes. SAP Business Network's data and analytics capabilities enabled better collaboration and decision-making, leading to reduced inventory holdings and faster go-to-market speeds. Additionally, buyer organizations reported significant cost savings in IT maintenance, warehouse logistics, and inventory management. Perhaps most interestingly, organizations reported revenue gains attributable to optimized pricing and promotions, targeted campaigns, improved service and support, streamlined order management, and enhanced procurement processes.

Overall, SAP Business Network provides a scalable and flexible solution that supports strategic initiatives while driving substantial financial and operational improvements by:

- **Enabling real-time logistics data** for immediate action and near-real-time analytics for broader insights, allowing organizations to respond swiftly to market demands and opportunities.
- **Streamlining processes and incorporating automation** to reduce supplier onboarding time, thereby enhancing efficiency and accelerating partner integration.
- **Automating invoicing and payment processing** to minimize manual intervention, speed up approval times, and improve cash flow.

Situation Overview

In today's rapidly evolving technological landscape, procurement and supply chains have emerged as critical organizational strategic functions. Procurement and supply chain collaboration has evolved from being mere back-office activities to playing a pivotal role in driving business success. By leveraging technology investments that align with organizational goals, companies can enhance supplier relationships and deliver maximum value.

The strategic roles of procurement and supply chain go beyond cost management, emerging as critical functions in ensuring customer satisfaction and compliance with regulations and environmental, social, and governance goals. This evolution mandates a comprehensive re-evaluation of technology to support stronger trading partner collaboration through increased system integration, process automation, and enhanced collaboration capabilities, with the infusion of AI throughout. By recognizing the significant importance of technology in the buyer/supplier relationship and implementing best practices, organizations can ensure that their technology investments drive business growth and support innovation.

Traditional collaboration tools, designed to bring buyers and sellers together, are now too limited in scale and scope for today's complex environment, and are being replaced by modern business networks. Indeed, this concept has evolved dramatically through the rise of cloud computing and application-centric platforms to enable new and better ways of collaborating with partners. These modern networks offer unparalleled convenience, speed, and a broad selection of products and services, transforming how businesses procure products and manage their end-to-end supply chains.

The importance of these digital business networks cannot be overstated. They provide a frictionless experience that today's technology buyers demand. With the scalability and efficiency of cloud computing, these platforms enable greater supply chain visibility, improve operational efficiency, and help companies ensure compliance.

SAP Business Network Overview

SAP Business Network is a business-to-business (B2B) trading partner platform that connects procurement and supply chain processes across companies. The platform offers digital transaction exchange, information sharing, and trading partner discovery capabilities with the support of configurable business rules and AI. This helps organizations enhance supply chain visibility, improve compliance, and increase operational efficiency.

At a more granular level, SAP Business Network capabilities include support for the following:

- Order management
- Invoice status and payment visibility
- Invoice document exchange
- Supply chain finance and working capital management
- Forecasting, planning, inventory, and quality collaboration with suppliers — including co-manufacturers, co-packers, and subcontractors
- Multi-tier product genealogy and compliance
- Management of shipments with carriers
- Real-time global shipment tracking
- Work order execution management

SAP Business Network integrates with existing enterprise resource planning (ERP) and line of business systems and extends the traditional ERP data model to include transactional data exchange with trading partners in a standardized way. SAP Business Network is interoperable with third-party networks, and is compatible with multiple data standards. Together, these capabilities provide companies with an optimal way to achieve supply chain visibility and leverage data and AI.

By adopting SAP Business Network, organizations can enhance their procurement and supply chain processes, drive innovation, and achieve greater visibility and control over their supply chains.

For IT and business decision-makers, SAP Business Network offers robust security and compliance features, ensuring that all transactions are secure and meet regulatory standards. Its scalability and flexibility make it an ideal solution for organizations of all sizes, from small businesses to large enterprises. By adopting SAP Business Network, organizations can enhance their procurement and supply chain processes, drive innovation, and achieve greater visibility and control over their supply chains.

The Business Value of SAP Business Network

Study Firmographics

IDC conducted research that explored the value and benefits for organizations using SAP Business Network to achieve greater efficiency in onboarding new partners, invoice processing, supply chain management (including logistics and asset management), business growth, and go-to-market speed. To achieve this, IDC conducted eight in-depth interviews with existing SAP Business Network customers ranging in size and business verticals.

Table 1 (next page) provides a detailed overview of the firmographics of the buyer organizations that participated in the SAP Business Network business value study. The data shows a diverse range of companies in terms of size, industry, and geography to provide a broad outlook on a wide array of experiences with the platform. These organizations had an average of 141,600 employees, with a median of 44,000. They spanned from 3,000 to 430,000 employees. The number of business applications the organizations used also shows considerable variation, with an average of 6,000 and a median of 15. Annual revenues ranged from $2.1 billion to $180 billion, with an average of $61.9 billion and a median of $20.2 billion. The participating organizations from the United States, Germany, India, the United Kingdom, and the Netherlands represent various verticals, including retail, mining, utilities, engineering, pharmaceuticals, apparel, automotive, and IT services.

TABLE 1

Firmographics of Interviewed Organizations

Firmographics	Average	Median	Range
Number of employees	141,600	44,000	3,000–430,000
Number of IT staff	10,500	1,000	20–60,000
Number of business applications	6,000	15	6–30,000
Annual revenue	$61.9B	$20.2B	$2.1B–$180.0B
Verticals	Retail, Mills and Mining, Utilities, Engineering and Technology, Pharmaceutical, Apparel, Automotive, IT Services and Consulting		
Countries	United States (3), Germany (2), India, United Kingdom, Netherlands		

n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

Choice and Use of SAP Business Network

Organizations chose SAP Business Network for several key reasons. They needed a more efficient and functional system than their previous in-house solutions. Many aimed to unify their B2B customer handling processes for consistent data management. Additionally, they sought to address issues such as limited visibility, inefficiencies in manual processes, and difficulties in scaling and onboarding new partners.

Overall, buyer organizations valued SAP Business Network for its ability to enhance efficiency, improve data management, and provide better scalability and analytics capabilities:

Pharmaceutical respondent:
"We've been using SAP Business Network in some form for a long time. Previously, we had internal processes that were either developed in-house or used small-scale solutions. One such product was GP Smart, which had some features of SAP Business Network but was inconsistent with what other regions used and lacked the full functionality we needed. While our system was functional, it wasn't efficient."

Apparel respondent:
"We previously had separate methods for handling some B2B customers. While some of these methods were replaced, our main goal was to unify the approach across the

organization. We wanted consistent data management and verification processes for all B2B customers."

Automotive respondent:
"We adopted SAP Business Network to address several issues: limited visibility, inefficiencies in manual processes, and difficulties in scaling and onboarding new partners. Additionally, we've seen improvements in our analytics capabilities and overall scalability."

Business Value and Quantified Benefits of SAP Business Network

Organizations reported achieving significant advantages and business benefits with SAP Business Network. Participants highlighted their ability to automate processes, leading to substantial efficiencies and more informed decision-making. Better accuracy reduced errors, improved payment timelines, strengthened security, and optimized process performance. The touchless invoicing and payment automation process improved visibility and efficiency, streamlining the entire cycle through network collaboration. Enhanced supplier engagement made the onboarding process fully traceable, providing complete life-cycle visibility and ensuring consistency.

Organizations highlighted their ability to automate processes, leading to substantial efficiencies and more informed decision-making.

Additionally, having a single source of truth eliminated data discrepancies and synchronization issues, enabling real-time data, advanced analytics, and streamlined processes, which provided scalability and flexibility for future growth:

Retail respondent:
"Using SAP Business Network improved our ordering accuracy, reducing back-end errors and days payable outstanding. It enhanced security and tightened processes. The operational team adapted to new supplier onboarding and navigation, which increased their workload but eliminated mundane tasks. This led to greater visibility and efficiency, as errors were reduced and reporting improved."

Mining & Resources respondent:
"The biggest benefit is the touchless process. Once a purchase order [PO] is chosen, invoicing and payment are automated. Suppliers simply upload the invoice, and it goes directly to payment without follow-ups. This automation improves visibility and efficiency, making suppliers happy and streamlining the entire cycle through network collaboration."

Utilities respondent:
"With SAP, we've enhanced our supplier engagement, making the onboarding process fully traceable and providing full life-cycle visibility. We can manage our preferred supplier list, directing business users to the right suppliers. The improved collaboration process ensures consistent operations and efficient exchange of direct material information. This has significantly improved since we started using SAP."

Apparel respondent:
"The key benefit of SAP Business Network for this organization is having a single source of truth, which eliminates data discrepancies and synch issues across multiple applications. This integration enables real-time data, advanced analytics, and streamlined processes. It also provides scalability, flexibility for future growth, and supports strategic initiatives, giving the organization a competitive edge."

Operationally, insights provided by SAP Business Network helped interviewed organizations maintain optimal inventory levels and swiftly adjust stock based on demand, resulting in cost savings and reduced inventory holdings. Near-real-time visibility into inventory, production, and shipment statuses enhanced supplier collaboration, improving risk management and sustainability efforts. Better visibility into the end-to-end supply chain also allowed for significant reductions in on-hand inventory. Enhanced document-handling capabilities and communication channels increased visibility and coordination throughout various stages, such as ordering, invoicing, and approval.

The automation of invoicing and payment processes streamlined operations, reduced transaction times, and improved overall efficiency, making suppliers happier and the entire procurement cycle more efficient.

Apparel respondent:
"Predictive analytics helps us maintain optimal inventory levels and quickly redirect stock based on demand. This has led to 8–10% savings and nearly a double-digit reduction in inventory holdings, impacting associated manpower and business efforts positively."

Automotive respondent:
"Real-time visibility into inventory, production, and shipment status enhances collaboration with suppliers. We evaluate supplier performance using metrics such as on-time delivery and compliance. Improved risk management and sustainability efforts are additional benefits, ensuring better compliance and reduced supplier risks."

Better visibility into the end-to-end supply chain allowed us to significantly reduce on-hand inventory, achieving nearly a 50% reduction in safety stock."

Pharmaceutical Respondent

Pharmaceutical respondent:
"Better visibility into the end-to-end supply chain allowed us to significantly reduce on-hand inventory, achieving nearly a 50% reduction in safety stock."

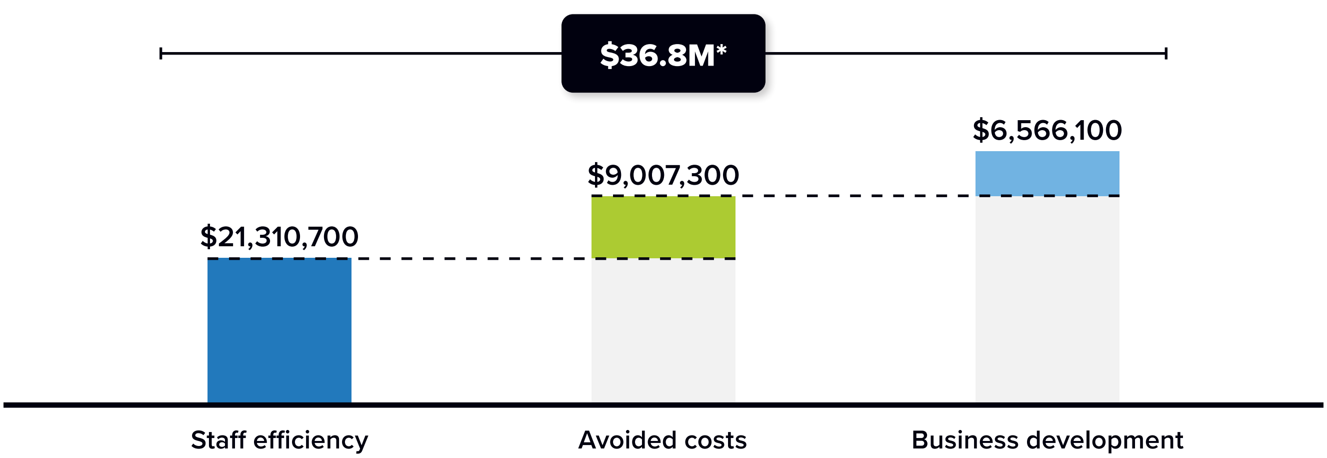
Retail respondent:
"Previously, we used EDI, which worked well but had limitations. SAP Business Network has increased our visibility and document-handling capabilities. It offers more communication channels, including a messaging feature, allowing us to track documents through various stages, such as approval, ordering, and invoicing. This enhanced visibility and communication have significantly improved our processes."

Mining & Resources respondent:
"With over 3,000 suppliers, SAP Business Network has replaced couriered invoices. Suppliers log in, upload invoices, and we approve and process payments. Integrated with SAP Ariba, we send inquiries, suppliers fill prices, and we close inquiries. The procurement cycle from PR [i.e., purchase request] to PO creation averages 30–32 days, with reduced transactions. Auctions automate the process, converting to purchase orders. This transformation through SAP Ariba and SAP Business Network has streamlined and automated our operations."

Figure 1 highlights the high-level summary of the benefits organizations have achieved with SAP Business Network. The figure shows the average annual benefits per organization, totaling $36.8 million. This includes significant contributions from staff efficiency ($21.3 million), avoided costs ($9 million), and business development ($6.6 million). These figures underscore the substantial financial impact and operational improvements organizations experienced by leveraging SAP Business Network.

FIGURE 1

Average Annual Benefits per Organization



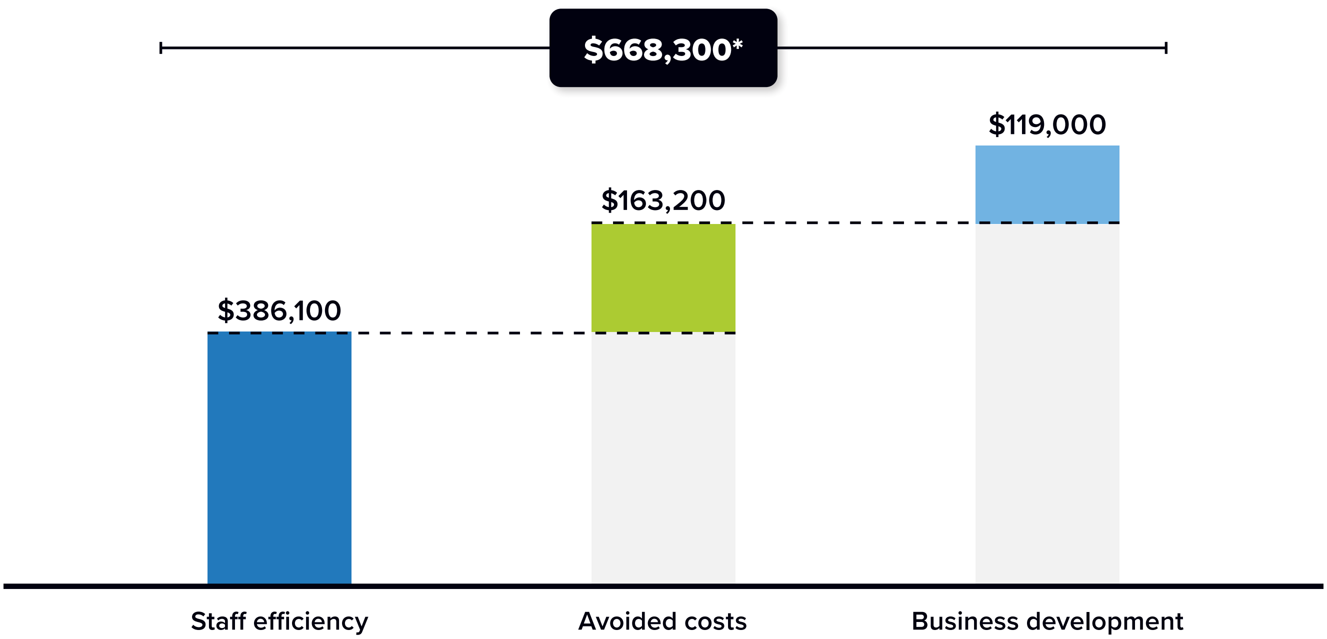
* Factoring in the deployment period in year 1
n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

For an accessible version of the data in this figure, see Figure 1 Supplemental Data in Appendix 2.

Figure 2 normalizes these findings based on every 100 trading partners onboarded within an organization's SAP Business Network environment, showing an average annual benefit of $668,000. This breakdown includes $386,100 in staff efficiency benefits (value of time gained), $163,200 in avoided costs, and $119,000 in business development. This normalized view provides a clearer understanding of the value SAP Business Network delivers on a per-trading-partner basis, emphasizing its scalability and effectiveness in enhancing collaboration and operational efficiency.

FIGURE 2

Average Annual Benefits per 100 Trading Partners



* Factoring in the deployment period in year 1
n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

For an accessible version of the data in this figure, see Figure 2 Supplemental Data in Appendix 2.

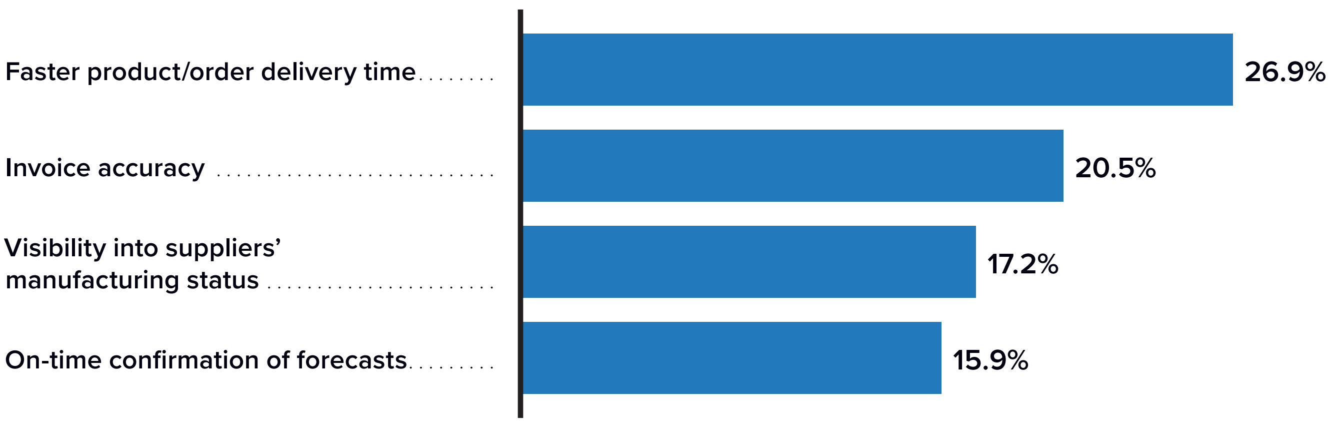
Supply Chain Benefits with SAP Business Network

The operational efficiencies that organizations achieved with SAP Business Network had a positive impact on various tracked key performance indicators (KPIs), which **Figure 3** displays. On-time confirmation of forecasts improved by 15.9%, visibility into suppliers' manufacturing status increased by 17.2%, invoice accuracy improved by 20.5%, and product/order delivery time was 26.9% faster. These enhancements demonstrate the effectiveness of SAP Business Network in improving supply chain visibility, accuracy, and responsiveness. By providing near real-time data and analytics, organizations were able to make more informed decisions, reduce errors, and enhance overall supply chain performance.

FIGURE 3

SAP Business Network Process KPIs

(% of respondents)



n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

SAP Business Network significantly improved the efficiency of staff responsible for supply chain planning and execution. The number of full-time equivalents (FTEs) necessary for these activities decreased by a significant 47% (**Table 2,** next page). This efficiency gain allowed staff to focus on more strategic tasks, enhancing demand forecasting, production scheduling, and inventory collaboration. By streamlining supply chain processes and reducing the need for manual intervention, SAP Business Network enabled better resource allocation and improved overall operational effectiveness. These improvements highlight how the network supports more efficient and effective supply chain collaboration, ultimately driving better business outcomes.

TABLE 2

Staff Responsible for Supply Chain Planning and Execution Processes

Staff Responsible for Supply Chain Planning and Execution Processes	Before SAP Business Network	With SAP Business Network	Difference	Benefit
FTEs necessary for equivalent B2B activities	273.5	**146.3**	127.2	47%
Value of staff time necessary for equivalent B2B activities	$19,148,400	**$10,244,400**	$8,904,000	47%

n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

Staff Efficiency Benefits

Organizations have realized significant staff efficiency benefits with SAP Business Network. While the size of procurement teams often remained unchanged, the enhanced supplier collaboration helped free up their capacity to focus on more impactful tasks. Sharing information upfront allowed for clear communication with suppliers, making processes seamless and adaptable to changes. Improved governance, traceability, and transparency in procurement and supply chains fostered better vendor collaboration and supply base optimization, ensuring only active, valuable vendors remained. Additionally, having a single platform accessible by all supply chain functions automated many tasks, allowing for quicker interactions and reducing redundancy.

Improved governance, traceability, and transparency in procurement and supply chains fostered better vendor collaboration and supply base optimization, ensuring only active, valuable vendors remained.

Overall, these efficiencies enabled procurement teams to generate higher savings and improve overall operational effectiveness:

Pharmaceutical respondent:
"The size of the procurement team has not changed. What has changed is the ability of the procurement team to concentrate on more impactful tasks: business partnering and managing of suppliers. We have 10 procurement people in the U.S., and we still have the same group, but now they generate a higher level of savings because they're closely engaged with business partnering, and they work closely with the suppliers executing contracts that are more beneficial for the company."

Apparel respondent:
"Sharing information upfront allows us to clearly communicate expectations to suppliers, making the process seamless. Despite geopolitical tensions affecting supply chains, our improved communication helps us adapt. For example, during global campaigns, we stagger shipments or use air freight to avoid disruptions such as Yemeni pirates. This adaptability, though costly, ensures alignment with our strategies and better handling of unpredictable changes."

Mining & Resources respondent:
"Governance, traceability, and transparency in procurement have greatly improved. We can track vendor quotes, purchase order prices, and discrepancies. We also monitor vendor participation in inquiries and auctions, identifying and deactivating non-contributing vendors. This enhanced vendor management ensures only active, valuable vendors remain in our system, improving overall procurement efficiency."

Pharmaceutical respondent:
"To commercialize the product requires interaction between various teams, and there are multiple tasks taking place. Having a single system accessible by all of the functions automates some of those tasks, allowing for much quicker interaction, and the response time allows for better accuracy. Some of the tasks become less redundant. All the back-end administrative stuff is being processed much quicker."

Table 3 (next page) illustrates that, after implementing SAP Business Network, the number of FTEs necessary for onboarding new trading partners decreased from 138.5 to 67.3, representing a 51% reduction. By streamlining the onboarding process, SAP Business Network enabled staff to allocate their time and resources more effectively, enhancing overall operational performance and improving partner relationships. These improvements highlight the significant impact of SAP Business Network in optimizing onboarding activities and driving greater efficiency.

SAP Business Network enabled staff to allocate their time and resources more effectively, enhancing overall operational performance and improving partner relationships.

TABLE 3

Staff Responsible for Onboarding New Partners Efficiency Benefits

Staff Responsible for Onboarding New Partners	Before SAP Business Network	With SAP Business Network	Difference	Benefit
FTEs necessary for equivalent B2B activities	138.5	**67.3**	71.2	51%
Value of staff time necessary for equivalent B2B activities	$9,697,000	**$4,710,000**	$4,987,000	51%

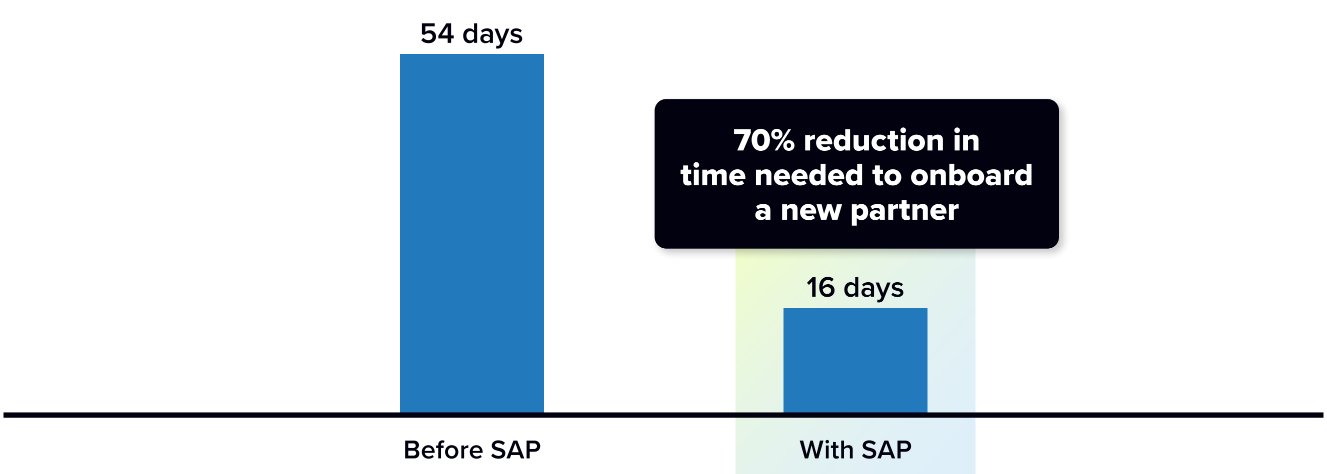
n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

The data in **Figure 4** highlights the efficiency gains in onboarding new trading partners with SAP Business Network. The average onboarding time was reduced significantly from 54 days to 16 days, representing a notable 70% reduction. This improvement aligns with the data in **Table 3** (previous page). Such combined efficiencies demonstrate how SAP Business Network streamlines the onboarding process, reducing both time and resource requirements, ultimately leading to the faster integration of new partners.

FIGURE 4

Average Annual Benefits per 100 Trading Partners

(Average time to onboard)



n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

The data in **Table 4** shows that SAP Business Network significantly benefited staff responsible for procurement processes and documentation. The number of FTEs necessary for these activities dropped by 19%. This efficiency improvement translated into a monetary gain, with the value of the required staff time decreasing from $45.3 million to $36.9 million, freeing up $8.38 million worth of procurement and documentation staff's time to better focus on their core competencies and proactively increase the quality and efficiency of their tasks.

TABLE 4

Staff Responsible for Procurement Processes and Documentation

Staff Responsible for Procurement Processes and Documentation	Before SAP Business Network	With SAP Business Network	Difference	Benefit
FTEs necessary for equivalent B2B activities	647.1	**527.4**	119.7	19%
Value of staff time necessary for equivalent B2B activities	$45,299,900	**$36,919,400**	$8,380,500	19%

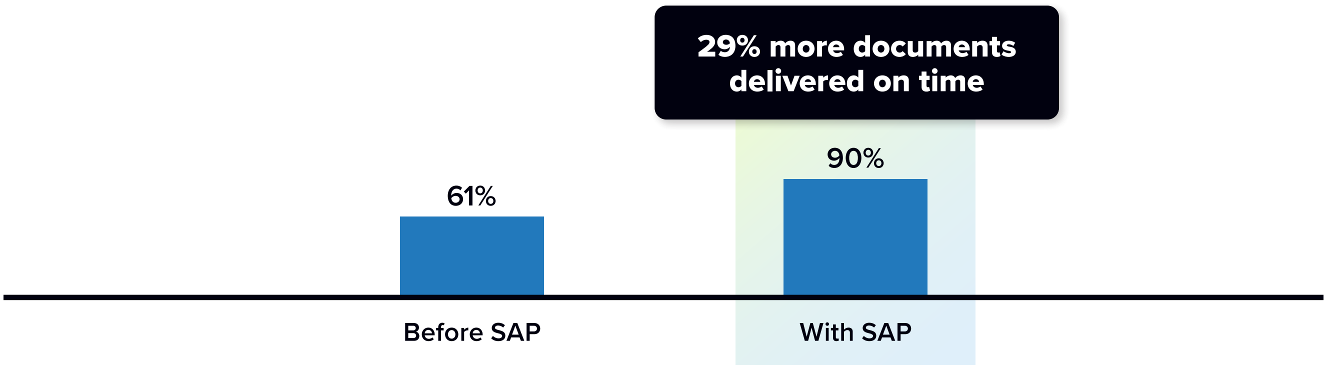
n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

The benefits highlighted in **Table 4** and **Figure 5** (next page) further demonstrate how SAP Business Network enhanced the efficiency of procurement processes. The number of on-time document deliveries increased from 61% to 90%, a 29% difference. This positive development in timely document delivery is a direct result of the streamlined and automated processes that SAP Business Network enabled, as organizations can track documents and see their progress, reducing delays and errors. This enhanced visibility and control over the procurement process not only elevated operational efficiency but also strengthened supplier relationships by ensuring more reliable and timely communications. Additionally, the usage of electronic purchase orders (POs) increased by 46%. Before adopting SAP Business Network, the average organization sent just 57% of their POs electronically. After adoption, this number increased to over 84%.

FIGURE 5

Timely Document Delivery with SAP Business Network

(Documents delivered on time)



n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

Invoice-Handling Benefits with SAP Business Network

SAP Business Network significantly improved the efficiency of staff responsible for invoice-related processes. The number of FTEs necessary for equivalent activities was reduced by 60%, from 142.4 to 57.6. This efficiency gain resulted in a benefit of staff time efficiency worth $5.94 million (**Table 5**). These outcomes highlight how SAP Business Network reduced the need for manual intervention in invoice transactions, allowing staff to focus on more strategic tasks.

TABLE 5

Staff Responsible for Handling and Managing Invoices

Staff Responsible for Handling and Managing Invoices	Before SAP Business Network	With SAP Business Network	Difference	Benefit
FTEs necessary for equivalent B2B activities	142.4	**57.6**	84.8	60%
Value of staff time necessary for equivalent B2B activities	$9,969,400	**$4,029,300**	$5,940,100	60%

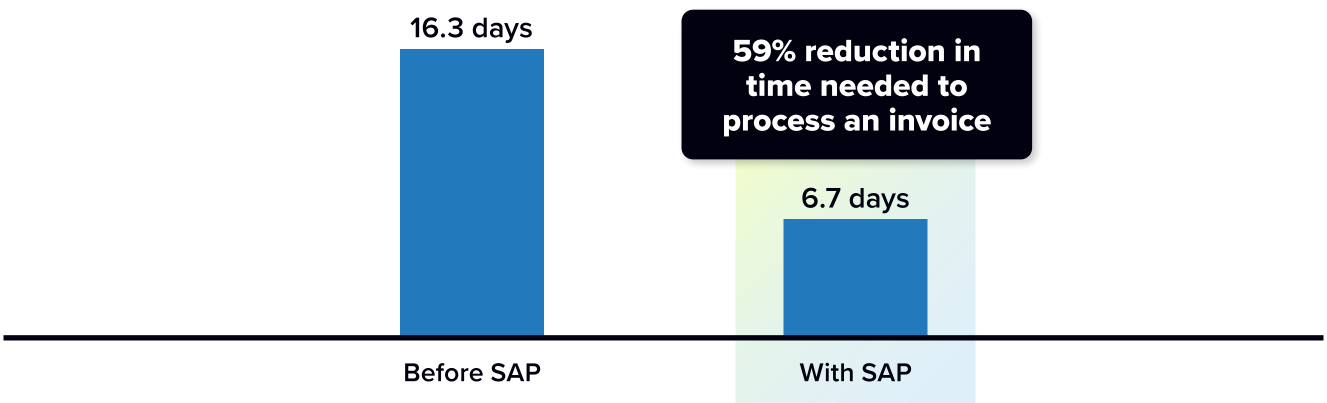
n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

Further, the implementation of SAP Business Network led to a 59% reduction in the time to process an invoice, shrinking from 16.3 days to 6.7 days, as **Figure 6** illustrates. This notable acceleration in processing speed is attributable to the automation of invoice transactions and the reduction of physical document requirements. By digitalizing and automating the invoicing process, organizations were able to accelerate their workflows, reduce errors, and improve overall efficiency, leading to faster payment cycles and enhanced supplier satisfaction.

FIGURE 6

Invoice Processing Speed Benefits

(Time to process an invoice)



n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

- SAP Business Network also improved KPIs related to invoice processing. The percentage of invoices processed without exception increased from 64% to 89%, a 25% difference. Additionally, the invoice approval cycle time decreased by 48%, from 38.8 hours to 20.2 hours. These enhancements demonstrate the effectiveness of SAP Business Network in streamlining invoice processing, reducing exceptions and approval times, and ensuring more accurate and timely payments. In addition, organizations were also able to strengthen supplier relationships by ensuring prompt and reliable payments.

With SAP Business Network, the percentage of invoices processed without exception increased from 64% to 89%.

Logistics Benefits with SAP Business Network

SAP Business Network significantly improved the efficiency of staff responsible for logistics processes. The number of FTEs necessary for these activities decreased from 306.1 to 250.0, an 18% reduction (**Table 6,** next page). This efficiency gain allowed staff to shift the center of gravity of their activities toward tasks with longer-term payoffs, enhancing communication and cooperation with trading partners. By enabling real-time visibility into logistics and transportation activities, SAP Business Network streamlined these processes, minimizing the need for manual intervention. Organizations were able to improve coordination and achieve more efficient and effective logistics operations, ultimately enhancing overall operational performance. These results highlight how the network supports better resource allocation and boosts operational effectiveness in logistics collaboration. Interviewed organizations also told IDC that the described supply chain benefits enabled sustainability gains (e.g., monitoring and reduction of energy consumption in terms of manufacturing and production, the optimization of freight routes and of the shipping process leading to reduction transportation costs and associated environmental impact).

TABLE 6

Staff Responsible for Logistics Processes

Staff Responsible for Logistics Processes	Before SAP Business Network	With SAP Business Network	Difference	Benefit
FTEs necessary for equivalent B2B activities	306.1	**250.0**	56.1	18%
Value of staff time necessary for equivalent B2B activities	$21,428,600	**$17,500,000**	$3,928,600	18%

n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

Cost Savings with SAP Business Network

Beyond staff efficiency, organizations have also achieved significant cost reduction and waste elimination with SAP Business Network. By optimizing supply chain management and streamlining procurement processes, they enhanced business and transportation management. Real-time data and analytics reduced logistics, transportation, and inventory costs. Additionally, improvements in manufacturing and production lowered labor and energy costs. Implementing new systems also led to IT cost savings and improved overall business efficiencies. Streamlined order tracking and shipment utilization processes reduced handling costs and ensured efficient order confirmations.

These efficiencies collectively resulted in substantial cost reductions and improved operational performance across various functions:

Automotive respondent:
"Optimizing supply chain management and streamlining procurement processes, including contract management, processing, and invoicing, has enhanced business and transportation management. Real-time data and analytics have reduced logistics, transportation, and inventory costs. Manufacturing and production improvements have lowered labor and energy costs, with SAP optimizing energy usage. Maintenance, IT, and marketing costs have also decreased, achieving an overall cost reduction of 5%–15% in procurement, inventory management, and logistics."

Apparel respondent:
"Implementing SAP S/4HANA rollouts has improved distribution efficiency by 3%–5%. We've shut down many end-of-life applications, gaining efficiencies. Despite our diverse and complex architecture, moving to a unified landscape is challenging but necessary. We expect 10%–12% IT cost savings upon completion. Business efficiencies vary, but overall, the benefits are significant."

Engineering & Technology respondent:
"Managing orders and collaborating across the supply chain with SAP Business Network has streamlined processes such as order tracking and shipment utilization. By avoiding extra 'special crates' and reducing handling costs, we ensure efficient order confirmations between suppliers and customers. This has significantly lowered our supply chain costs."

IDC's research identified several categories of cost savings achieved with SAP Business Network. On average, organizations realized annual savings of $6.59 million in IT maintenance costs. Warehouse and logistics efficiencies accounted for an additional $6.5 million in savings, reflecting more streamlined storage and transportation processes. Additionally, inventory collaboration efficiencies led to cost savings of $491,600, enabling better stock control and reduced holding costs. These combined savings, totaling $13.58 million annually, underscore the substantial financial impact of SAP Business Network (**Table 7,** next page). By streamlining IT operations, optimizing logistics, and enhancing inventory collaboration, organizations were able to reduce operational costs and improve overall efficiency.

TABLE 7

Cost Savings with SAP Business Network

Cost Savings with SAP Business Network	Annual Cost Reduction/Avoidance
IT maintenance costs	$6,592,000
Warehouse/logistics efficiencies — reduced/avoided costs	$6,500,000
Inventory management efficiencies — reduced/avoided costs	$491,600
Total	**$13,583,600**

n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

Business Development with SAP Business Network

SAP Business Network significantly enhances the overall business results by driving revenue growth, ensuring improved achievement of objectives and outcomes between trading partners, enhanced customer/supplier experiences, and improved performance metrics. Organizations reported an average annual revenue gain of $66 million per organization or $1.2 million per 100 trading partners, a quick time to value for trading partners overall. SAP Business Network has substantially improved business enablement for its users by providing end-to-end visibility, near-real-time tracking, and improved communication with suppliers. Users have optimized inventory levels and increased supply chain agility.

Organizations reported an average annual revenue gain of $66 million per organization or $1.2 million per 100 trading partners.

As part of this, the network's data and analytics capabilities enabled users to quickly adapt to market trends and demands, resulting in more efficient and responsive operations:

Automotive respondent:
"We've seen an uptick in revenue of around 2%. Optimizing pricing and promotions on the real-time marketing side, targeting campaigns, improving service support, streamlining order management and procurement, collaboration enablement, and improving customer insight are factors that SAP Business Network helped us with."

Apparel respondent:
"Increased data transparency and sharing across our organization and with partners allows us to closely monitor global trends. This agility enables us to redirect stock to high-demand areas. Our digital and analytics team analyzes each product line to maximize these opportunities."

- Additionally, on average, organizations reported a 30% faster go-to-market speed allowing them to respond swiftly to market demands and capitalize on new opportunities. Increased data transparency and sharing across the organization and with trading partners facilitated better monitoring of global trends and agile stock redirection to high-demand areas. These improvements not only boosted revenue, but also enhanced operational efficiency, giving organizations a competitive edge and supporting their strategic initiatives for sustained growth.

TABLE 8

Business Development with SAP Business Network

Revenue Gains	Per Organization	Per 100 Trading Partners
Total revenue gain per year	$66.0M	$1.2M
Assumed operating margin	15%	15%
Total net revenue gain per year	$9.9M	$180,000

n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

ROI Summary

IDC's research on the three-year ROI for SAP Business Network reveals impressive financial returns for organizations. The analysis shows a discounted benefit of $83.46 million per organization or $1.51 million per 100 trading partners. The discounted investment over the same period is $16.56 million per organization and $299,913 per 100 trading partners. This results in a net present value (NPV) of $66.91 million per organization and $1.21 million per 100 trading partners, yielding an ROI of 404% for both. The payback period is notably short at just 14 months (**Table 9**). These findings highlight the substantial financial benefits and quick ROI that organizations can achieve by implementing SAP Business Network, making it a highly valuable investment.

TABLE 9

Three-Year ROI Analysis

Three-Year ROI Analysis	Per Organization	Per 100 Trading Partners
Discounted benefits	$83,460,200	$1,511,960
Discounted investment	$16,555,200	$299,913
NPV	$66,905,000	$1,212,047
ROI	**404%**	**404%**
Payback	14 months	14 months
Discount factor	12%	12%

Source: Specific Calculations: Benefits from Use of SAP Business Network, October 2024

Challenges/Opportunities

Challenges for buyers when deploying SAP Business Network can include:

1. **Integration complexity:**
   One of the most pressing challenges for buyers using SAP Business Network is the complexity of integrating it with existing systems. According to IDC, many enterprises struggle with integrating SAP solutions with non-SAP systems, which can lead to inefficiencies and increased costs. The need for seamless integration is critical for ensuring data consistency and operational efficiency across various platforms.

2. **Data migration issues:**
   Data migration remains a significant pain point. IDC's research highlights that managing data migrations is a critical challenge when attempting to complete digital projects. The transition from legacy systems to SAP Business Network often involves complex data migration processes, which can be time-consuming and prone to errors. The need to maintain data integrity and security during the migration process exacerbates this challenge.

3. **User adoption and training:**
   Another major challenge is user adoption and training. Many users find it difficult to adapt to the new system, which can lead to resistance and reduced productivity. IDC notes that comprehensive training resources and user-friendly documentation are often lacking, making it harder for users to become proficient with the new tools. This challenge is particularly acute in organizations with limited IT resources and expertise.

Opportunities for SAP to address these challenges are:

1. **Enhanced integration tools:**
   To address integration complexity, SAP can invest in developing more robust integration tools and frameworks. By enhancing its SAP Business Technology Platform and offering pre-built connectors for popular non-SAP systems, SAP can simplify the integration process for buyers. This would not only reduce the time and cost associated with integration, but also improve data consistency and operational efficiency. Currently, SAP is addressing this challenge through the SAP Integration Suite.

2. **Streamlined data migration services:**
   SAP can offer more specialized data migration services to help buyers transition smoothly from legacy systems. By providing automated data migration tools and expert consulting services, SAP can ensure that data migration is accurate and secure. SAP is addressing this by offering a clear road map and building SAP Business Network capabilities on

SAP Business Technology Platform. Customers can leverage the platform's application extensibility and wider SAP capabilities, such as SAP Business Data Cloud with SAP Databricks.

3. **Comprehensive training programs:**
   To improve user adoption, SAP can continue to develop and enhance comprehensive training programs and user-friendly documentation. Offering interactive training modules, webinars, and hands-on workshops can help users become proficient with the new system more quickly. Additionally, SAP can create a community platform where users can share tips, ask questions, and access support from SAP experts and peers. According to SAP, it is addressing onboarding through a self-service onboarding initiative.

By addressing these challenges, SAP can enhance the overall user experience and drive greater adoption of SAP Business Network among buyers.

Conclusion

Based on interviews with eight buyer organizations using SAP Business Network, the study reveals an average three-year ROI of 404%, with a payback period of 14 months (**Table 9**, page 22). Key benefits include enhanced risk management, improved ordering accuracy, and streamlined invoicing and payment processes. Improved data and analytics capabilities facilitated better collaboration and decision-making, leading to reduced inventory holdings and faster go-to-market speeds. Organizations also reported substantial cost savings in IT maintenance, warehouse logistics, and inventory collaboration, along with revenue gains from optimized pricing, targeted campaigns, and improved service support.

Overall, SAP Business Network delivers substantial financial and operational benefits, making it a highly valuable investment for organizations seeking to optimize their procurement and supply chain processes and to drive business growth.

Appendix 1: Methodology

This project utilized IDC's standard business value/ROI methodology, gathering data from organizations currently using SAP Business Network.

Based on interviews with organizations using SAP Business Network, IDC performed a three-step process to calculate the ROI and payback period:

1. Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of using SAP Business Network.

2. Created a complete investment (three-year total cost analysis) profile based on the interviews.

3. Calculated the ROI and payback period: IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of SAP Business Network over a three-year period. ROI is the ratio of the net present value to the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on several assumptions, which are summarized as follows:

- The study multiplies the time values by the burdened salary (salary + 28% for benefits and overheads) to quantify efficiency and manager productivity savings. For the purposes of this analysis, based on the geographic locations of the interviewed organizations, IDC used assumptions of an average fully loaded salary of $100,000 per year for IT staff members and an average fully loaded salary of $70,000 per year for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).

- The research calculates the net present value of the three-year savings by subtracting the amount that investing the original sum in an instrument yielding a 12% return would have realized to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.

- Because IT solutions require a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All figures in this document may not be exact due to rounding.

Related Research
What Is Strategy for IT Sourcing and Procurement? (IDC #US50518223, March 2023). eBook: US50854723-IB.pdf. IDC MarketScape MESCCN 2023

Appendix 2: Supplemental Data

This appendix provides an accessible version of the data for the complex figures in this document. Click "Return to original figure" below each table to get back to the original data figure.

FIGURE 1 SUPPLEMENTAL DATA

Average Annual Benefits per Organization

	Per Organization
Staff efficiency	$21,310,700
Avoided costs	$9,007,300
Business development	$6,566,100
Total	**$36.8M***

* Factoring in the deployment period in year 1
n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

Return to original figure

FIGURE 2 SUPPLEMENTAL DATA

Average Annual Benefits per 100 Trading Partners

	Per Organization
Staff efficiency	$386,100
Avoided costs	$163,200
Business development	$119,000
Total	**$668,300***

* Factoring in the deployment period in year 1
n = 8; Source: IDC Business Value In-Depth Interviews, October 2024

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About the IDC Analysts

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Ladislav is a consultant in the IDC Business Value Strategy practice team. Ladislav conducts customized business value research and consulting projects for clients across various technology domains. His primary focus is assessing the return on investment (ROI) from their adoption of enterprise technologies. Ladislav's research delves into how organizations leverage digital technology solutions and initiatives to enhance efficiency and drive business growth.

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Mickey leads the Enterprise Applications and Strategies research service along with a team of analysts responsible for IDC's coverage of next generation of enterprise applications, including digital commerce, employee experience, enterprise asset management and smart facilities, ERP, financial applications, HCM and payroll applications, procurement, professional services automation and related project-based solutions software, supply chain automation, and talent acquisition and strategies. In her role, Mickey and the team advise clients on these intelligent, modern, and modular enterprise applications for businesses of all sizes emphasizing on the key trends, opportunities, innovation and IT and business buyer concerns, requirements, and buyer behaviors.

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