



Strategic Decision Guidance

Procurement Services: Maximize your negotiation results with the power of combinatorial optimization and game theory

The current economic situation has forced enterprises to rethink their business models and identify new opportunities to handle increasing global competition while improving the bottom line. The cost-efficient procurement of goods and services is an important value creation factor. The challenge is not only to secure the best quality at the lowest cost but also to guarantee supplies, drive innovation in the supply chain and build strategic partnerships with key suppliers. Reflecting this complexity in an RfX and generating an optimal award allocation scenario exceeds the capabilities of traditional e-sourcing tools. However, the best result can only be achieved when all possible options are considered, rather than by reducing complexity upfront. For instance, reducing the number of suppliers prior to an RfX will limit the supplier competition and eventually result in higher pricing.

Siemens' Strategic Decision Guidance (SDG) offers a proven methodology for successfully conducting complex sourcing events. Our experienced consultants assist buyers in the event design - from a

single RfX to complex, multistage events that include different formats, such as RfI, RfQ or auctions.

And when it comes to analyzing the bids, a web-based optimization tool enables the integration of all relevant constraints. The best scenario is automatically calculated and available within minutes.

Complex cost models for various types of goods or services, hundreds of different specifications, many potential bidders, capacity constraints or bundle bids are captured and easily analyzed with the power of SDG. Thus, complexity becomes an advantage rather than a roadblock.

With SDG, buyers can create real win-win situations by allowing suppliers to express their own strengths and preferences through bundle bids, complex volume discount structures and alternative offers based on many different criteria. Furthermore, through an optimal negotiation design based on game theory considerations, including bidding rules and flexible feedback mechanisms, buyers can significantly increase competition among bidders.



Your requirements

Rather than just focusing on price and savings, you need to integrate and balance the needs of different stakeholders. You act in a complex market situation and need to build a secure and innovative supply chain for strategic materials or services. You are often confronted with the following prerequisites:

- Design different award allocation scenarios with hundreds of business constraints
- Derive the monetary impact of individual constraints by comparing different allocation scenarios
- Ensure business is awarded in line with existing contracts
- Analyze bundle bids, bulk discounts, volume constraints or alternative offers from suppliers without additional effort
- Identify the optimal allocation scenario via powerful reporting and graphic analysis
- Drive competition by using flexible feedback mechanisms during the RfX that utilize game theory based considerations
- Define penalties or bonuses based on qualitative supplier evaluations and evaluate their impact on award decisions

Our offering

Strategic Decision Guidance is an innovative approach from Siemens for strategic decision making in procurement that combines consulting and software services. Our experienced consultants and proven methodology will help you find the right sourcing setup for your procurement situation. SDG utilizes the power of world-class combinatorial optimization technology to help you find the optimal solution for complex scenarios.

SDG is flexible enough to support different event designs - from RfI or RfX to auctions. By utilizing the appropriate event design and feedback options you can leverage the principles of game theory in your sourcing events.

Our experienced consultants have run successfully many sourcing events for international clients in areas such as transportation (air, land and sea), packaging, raw materials, food, services and manufacturing.

Your benefits

- Accelerate your procurement cycle with SDG and deliver reliable and transparent sourcing results in a complex and time-critical procurement situation
- Create 'what-if' scenarios for different allocation strategies and rely on SDG to calculate the optimal solution
- Integrate different stakeholder requirements in the award allocation scenario to ensure acceptance
- Analyze and understand your cost drivers and the monetary impact of your business constraints, such as the number of suppliers (e.g. in a specific region, for a certain product or product group), the location of warehouses or the interaction between your contract manufacturers
- Increase your flexibility to run events in different formats, from complex RfXs to auctions
- Analyze entire supply chains and include complex requirements such as warehousing, setup costs, changes in raw material prices, payment terms, qualitative supplier evaluation or qualification costs
- Create a win-win situation by enabling suppliers to express their bids in a creative way
- Increase competition during bidding using flexible feedback mechanisms based on game theory
- Provide web-based access for collaboration across distributed teams, avoiding the effort of installing any software
- Generate savings even after several procurement cycles
- Achieve substantial ROI

Siemens Strategic Decision Guidance helps you address the increasing complexity of the current global environment, where intelligent strategic procurement decisions are the key to economic success.

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