



Kennametal: Transforming from a Tactical Sourcing to a Strategic Sourcing Organization

Kennametal Inc. customers build the things that touch our everyday lives – things that enable people to drive, fly, build, and power up. Transportation, aerospace, earthworks, general engineering, and energy companies make up Kennametal's daily customers, and they rely on the skills and innovation of Kennametal's people to solve their biggest engineering and performance challenges.

To continue delivering transformational tools and technologies to its customers, Kennametal's sourcing organization also required transformation. The company's sourcing operations, while effective and tactically focused, had a cost to serve that was too high to stay competitive in the industry. To deliver the lowest overall procurement cost, Kennametal needed a **touchless procurement process** that optimizes commodity management and fully integrates with its enterprise software landscape.



Achieving Touchless Procurement with SAP® Ariba® Solutions



Before: Opportunities

- Achieve an end-to-end intelligent enterprise with an integrated, collaborative supply chain
- Reduce procurement complexity to deliver the lowest overall cost of procurement operations
- Improve the speed and quality of procurement transactions with intelligent automation
- Optimize commodity management through electronic sourcing

Why SAP

- Solution and innovation partner since 1995
- SAP® Ariba® solutions offering intelligent sourcing best practices and full integration with Kennametal's existing SAP software landscape
- Ariba Network for a US\$3.2 trillion global supplier market that's collaborative and cost-effective
- Availability of real-time data and embedded analytics in every sourcing transaction

After: Value-Driven Results

- Only 15% of POs and invoices requiring manual processing, down from 85%
- Fewer staff required to process procurement transactions, redeploying them for more strategic functions
- Supplier collaboration across digital channels achieved for faster customer fulfillment
- Sourcing organization established as a strategic partner in enterprise-wide planning and savings

“SAP Ariba solutions help us leverage every opportunity to **take cost out of the business** and help drive value to the bottom line.”

Tom McKee, CIO, Kennametal Inc.

50%

Average year-over-year savings increase in sourcing

>80%

POs and invoices processed touchless, up from 15%



Kennametal Inc.
Pittsburgh, Pennsylvania
www.kennametal.com

Industry
Industrial machinery and components

Products and Services
Tools and wear-resistant solutions for a variety of industrial manufacturers

Employees
10,000

Revenue
US\$2.4 billion

Featured Solutions
SAP Ariba solutions





Leveraging Strategic Sourcing to Improve Service and **Increase Savings**

Connected factories and Industry 4.0 are transforming the traditional manufacturing relationships between Kennametal Inc. and its customers. Customers want to transact remotely with Kennametal across digital channels, using real-time data and embedded analytics to automate processes and improve efficiency. Sourcing transformation is a key part of Kennametal's customer transformation journey, and SAP® Ariba® solutions stood out among other solutions evaluated.

The sourcing intelligence functionality in SAP Ariba solutions, combined with full integration with Kennametal's existing SAP solution landscape, made them the best choice for Kennametal's transformation to touchless procurement. By deploying SAP Ariba solutions including SAP Ariba Contracts, SAP Ariba Sourcing, SAP Ariba Spend Analysis, and SAP Ariba Discovery, Kennametal is eliminating PO and invoice processing burdens on sourcing staff while steadily reducing the costs of sourcing operations.

Today, as Kennametal moves forward with its end-to-end intelligent enterprise journey, SAP Ariba solutions will help close the remaining gaps between suppliers, factories, and customers.

"The capabilities of SAP Ariba solutions were **far better than anything else** that was out there on the market."

Tom McKee, CIO, Kennametal Inc.

25%

Lower costs for sourcing organization

30%

Fewer resources required for sourcing operations





Featured Solutions and Services

With **smoother partner integration, faster fulfillment, and lower costs**, Kennametal Inc. has transformed its sourcing processes and its sourcing organization using the following SAP® Ariba® solutions:

- SAP Ariba Contracts
- SAP Ariba Sourcing
- SAP Ariba Spend Analysis
- SAP Ariba Discovery
- SAP Ariba Catalog
- Ariba Network



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