



PUBLIC

# Danfoss: Simplifying Procurement and Expense Management

After implementing SAP S/4HANA® in a major digital transformation, Danfoss A/S wanted to monitor employee indirect spend and improve related services with applications that would integrate smoothly into the new landscape. SAP® Ariba® and SAP Concur® solutions were obvious choices – and in fact exceeded initial expectations. Now, end-to-end processes for procurement and travel and expense management are **automating repetitive chores** and leaving employees plenty of time for more strategic tasks.



## Managing Both Indirect and Direct Employee Spend

### Before: Challenges and Opportunities

- Grow into a highly efficient intelligent enterprise
- Keep employees productive during rapid expansion and change
- Increase visibility into indirect spend processes

### Why SAP

- Deep understanding of the industrial machinery and components industry
- SAP HANA® platform for real-time transactional and analytical processing
- Integration of procurement and expense management with core enterprise functions

### After: Value-Driven Results

- Accelerate enterprise processes across all functions to better serve stakeholders
- Foster infrastructure agility and stakeholder collaboration to support innovation
- Keep the supply chain healthy and encourage environmentally friendly choices
- Institute a catalog to streamline employee ordering of items for daily tasks
- Simplify travel booking and expense reporting
- Empower managers with mobile apps to approve requisitions and reimbursements
- Pave the way toward managing direct and indirect spend



“Danfoss needed to **standardize disparate ERP systems** across 72 factories and implement services for indirect spend control across 100 countries.”

Michal Szlezak, Indirect Procurement Manager, Eastern European Region, Danfoss A/S

19

Separate ERP systems  
Danfoss integrated with  
SAP S/4HANA

45%

Of procurement-related  
processes automated with  
SAP Ariba solutions

SAP Ariba 

SAP Concur 

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[www.danfoss.com](http://www.danfoss.com)

Industry  
Industrial machinery  
and components

Products and Services  
Heating, cooling, drives  
and power solutions

Employees  
28,000

Revenue  
€6.1 billion

Featured Solutions  
SAP S/4HANA®, SAP® Ariba®  
solutions, and SAP Concur® solutions

THE BEST RUN 



# Choosing Leading ERP to Build a **World-Class Business**

With its tagline, “Engineering tomorrow,” Danfoss A/S is known for its top strategic priorities of efficiency and innovation. People recognize the company name primarily for the thermostatic valves on radiators and other home heating appliances. But Danfoss also manufactures and markets cooling solutions, power mechanisms for hydraulic systems, and drives for variable-speed motors.

## **Replace siloed ERP environments**

As a consequence of the company’s highly diversified business, Danfoss headquarters inherited several disparate systems in the back offices of various factories and sales centers across the globe. Today, Danfoss is determined to become

a world-class intelligent enterprise, with its first objective to integrate all ERP systems to increase efficiency and scalability and reduce upkeep costs. And after careful evaluation, leaders chose to implement SAP S/4HANA® to kick-start a full digital transformation.

## **Narrow the focus to the employee base**

The next challenges Danfoss wanted to address concerned suboptimal procurement and expense management processes that were slow and cumbersome for employees to use. SAP® Ariba® and SAP Concur® solutions were ideal choices because of their convenient fit as complementary elements into the new SAP S/4HANA–based environment.

“SAP is our software provider of choice because of its **unparalleled ability to integrate all core processes** to produce a single version of the truth across the business.”

Michal Szlezak, Indirect Procurement Manager, Eastern European Region, Danfoss A/S





# Streamline Procurement and Expense Processes for Employees

Danfoss implemented the SAP Ariba Sourcing and SAP Ariba Contracts solutions, as well as the SAP Ariba Buying solution with the guided buying capability from the SAP Ariba Procurement portfolio. The company also chose to implement the Concur Travel & Expense solution to track and manage employee expenses.

## Tighten procurement processes

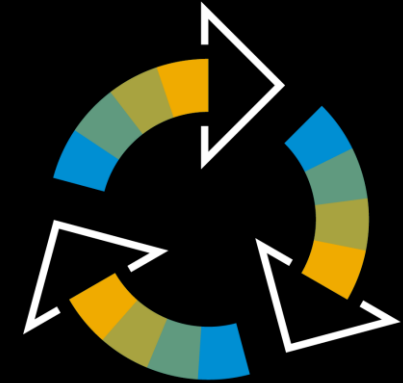
Using SAP Ariba Sourcing, SAP Ariba Buying, and SAP Ariba Contracts, Danfoss streamlined procurement, gained greater visibility over costs, and reduced risk. Automated approval flows, collaboration with suppliers, and targeted spend analysis work to improve vendor and contract management, shrinking costs through intelligent sourcing and procurement.

## Simplify travel and expense management

After struggling with ordinary booking systems for corporate travel, Danfoss embraced the intelligent tool for online booking in Concur Travel & Expense. Employees can choose the precise travel arrangements they need – even from their mobile devices – and the solution integrates all reservations into a central repository. Managers have an overview that captures what’s booked and what’s actually spent on travel. Expense management processes pre-populate charges from credit cards, authorized suppliers, and receipt photos. While streamlining expense management for employees, the solution categorizes and maps expenses for finance staff, enforces compliance with company policies, and reimburses employees faster.

“Together, SAP Ariba and SAP Concur solutions provide superior management of all indirect spend and employee travel and expenses, **helping us achieve better visibility into total company expenditures.**”

Michal Szlezak, Indirect Procurement Manager, Eastern European Region, Danfoss A/S



**30%**

Amount of all spend at Danfoss that is indirect



## Tallying the **Benefits**

By integrating SAP Ariba and SAP Concur solutions into SAP S/4HANA, Danfoss has instituted intelligent spend management through best-in-class control for each of the many types of indirect spend. Comprehensive supplier and policy management gives the company a strong push toward achieving its goal of worldwide leadership in the industrial machinery and components industry. SAP S/4HANA unified nearly two dozen systems across eastern and southern Europe – from Portugal to the Ukraine –

into a single, strong backbone for growth and innovation. SAP Ariba solutions help ensure smart procurement of all the equipment and supplies employees need to complete their daily tasks. And SAP Concur solutions help control travel and expense spend while automating reporting and accelerating reimbursement. Mobile apps in both solutions helped accelerate all processes and increase efficiency across functions.

“If an employee needs a mobile phone, ordering one from a preferred supplier with the guided buying capability is a **matter of a few clicks**. Managers can approve the request just as quickly using a mobile app.”

Michal Szlezak, Indirect Procurement Manager, Eastern European Region, Danfoss A/S



# 2 minutes

To order standard items from authorized suppliers



## Establishing a Long-Term Partnership

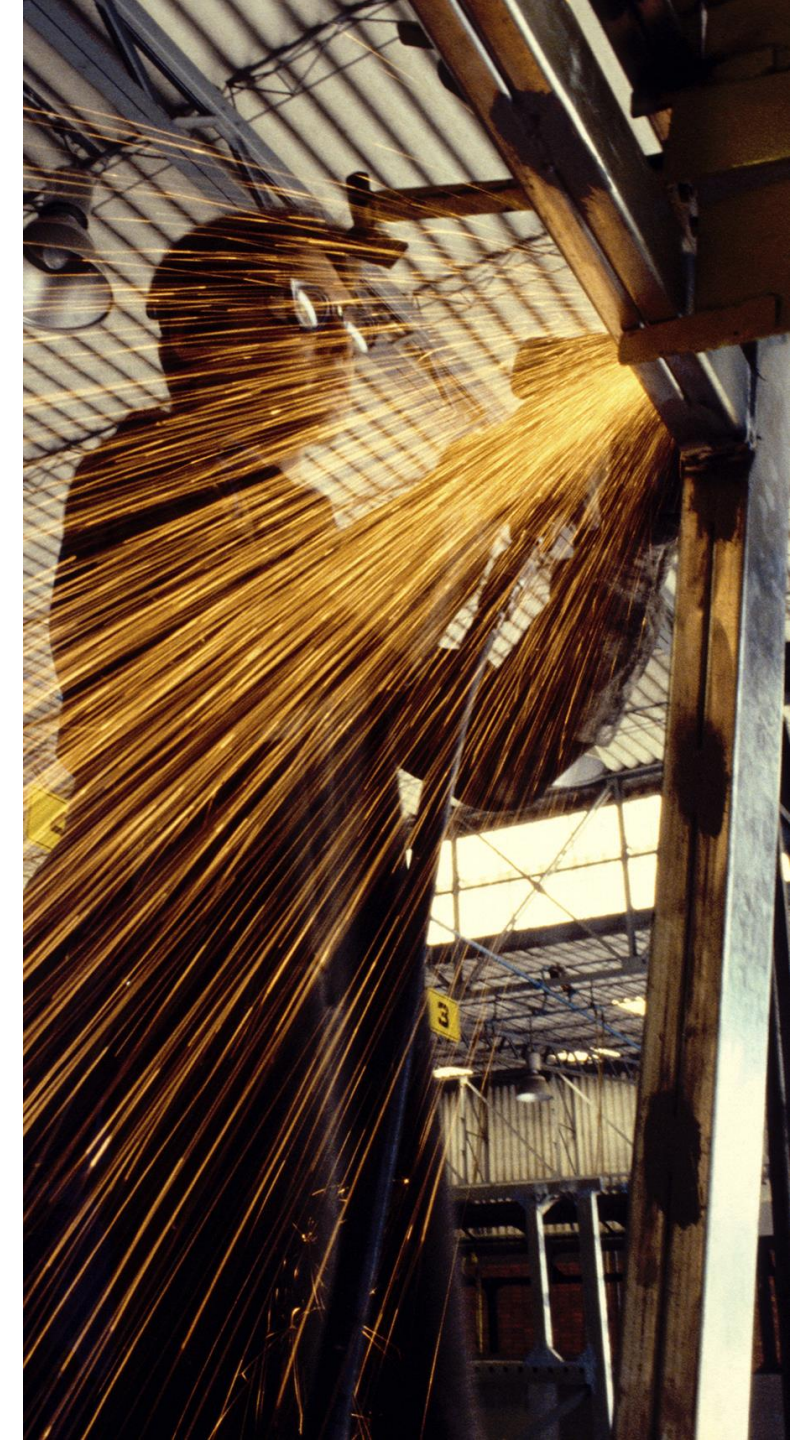
Danfoss will continue to focus on two important groups of business and social imperatives in the future:

- Megatrends toward digitalization, electrification, urbanization, and food supply management
- Respect for the environment, sustainability in the choice of materials and processes, and climate change amelioration

Refinements to intelligent spend management will be among top strategic priorities at Danfoss. By managing all spend in a single overview, leaders will be able to make smarter, faster decisions and improve discipline and accountability across the company.

“Getting rid of maverick spending was just the beginning of this new phase of our **30-year partnership with SAP**. We will continue to address social and technological challenges together.”

Michal Szlezak, Indirect Procurement Manager, Eastern European Region, Danfoss A/S



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