SAP Sales & Operations Planning
Powered by SAP HANA – In the Cloud

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## SAP Supply Chain Management Solutions

### End-to-End Business Process Coverage

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<th><strong>SALES &amp; OPERATIONS</strong></th>
<th><strong>DEMAND DRIVEN</strong></th>
<th><strong>LOGISTICS &amp; ORDER</strong></th>
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<td>Business Planning</td>
<td>Supply Chain</td>
<td>Fulfillment</td>
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<td>Sales and Operations Planning</td>
<td>Demand Management</td>
<td>Transportation Management</td>
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<td>Inventory &amp; Service Level Optimization</td>
<td>Collaborative Response Management</td>
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<td>Supply Chain Scenario Planning</td>
<td>Manufacturing and Supply Planning</td>
<td>Track and Trace</td>
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### SERVICE SUPPLY CHAIN

### SUPPLY CHAIN MONITORING
What is S&OP? Executive S&OP? IBP?

Tom Wallace Definition:

Sales & Operations Planning (S&OP) is a set of decision-making processes to:

- Balance demand and supply
- Integrate financial planning and operational planning
- Link high-level strategic plans with day-to-day operations

Integrated Business Planning (IBP) aka Executive S&OP:

- A process led by senior management that evaluates and revises time-phased projections for demand, supply, new product development, strategic projects and the resulting financial plans. This is done on a monthly basis, on a planned 24-month rolling horizon.
Today’s Agenda

- Why Now?
- Why SAP?
- Solution Demo
- Achieving Maturity
- Question and Answer
Why now? “Market Trends”

**Market Pressures**
- Uncertain economic conditions
- Need for greater agility
- Escalating demands from customers

**Volatile Demand/Complex Supply Chain**
- Supply chain complex and costly to manage
- Demand increasingly volatile
- Increased exposure to supply chain risk

**Increasing Importance of Technology to S&OP**
- Growing number of stakeholders in S&OP process
- Need to leverage massive amounts of data
- Need to analyze data and run simulations quickly
“Common Customer Challenges”

- Too many spreadsheets and systems involved in the S&OP process
- Cannot get users to provide input, especially sales, marketing and executives
- Spend more time assembling data than planning
- Outdated demand, supply and finance plans

- Working at aggregates only and can’t connect to detailed mix
- Cannot change demand and view impact on supply and financials right away
- Too hard to simulate and compare planning scenarios
- Planning decisions made without considering supply chain constraints and profitability

- Executive S&OP views lack latest information
- Executive S&OP meeting information is hard to share and is disconnected from planning tools
SAP Supply Chain Solution Areas
Complete Support for Integrated Business Planning

Financial Performance Management – BPC, COPA
Integrated Product Development - NPD
Sales Planning and Performance Management - CRM

Sales and Operations Planning – S&OP, SCPM
Demand Management – APO DP, DSM, EDS
Manufacturing & Supply Planning – APO SNP, EIO, SLO

Collaborative Response Management – SCRM, SNC, GATP
Supply Chain Execution – EWM, TM

Consistent Supply Chain Data Model
Locations  Business Partners  Products/Materials  Supply Network  Bill of Materials  Routings & Resources
Scalable Solution Architecture

SAP Sales and Operations Planning 2.0
Powered by SAP HANA™

S&OP Model & Engine
Dimensions
Attributes
Key Figures
Calculations
Scenarios
Simulation

Cloud-based

SAP HANA™

User Interface
Planning Views (Excel)
Analytics (Web/Mobile)
Social Collaboration (Web/Mobile)
Administration (Web)

Sales/Marketing
Demand Planning
Finance
Supply Chain
Executives

ERP
CRM
BPC
APO
BW
Any Other System
Excel

Data Services (OP/Cloud)
ECC & APO Predefined Content Templates
Web UI
sftp | https

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Benefits of a Cloud-Based Solution

- Ease and speed of implementation
- Lower capital expenditures
- Simplified access for S&OP users
- Dedicated hardware with scalable data volumes
- Automated fixes and free upgrades
- Increased service level and improved customer experience
Sample: Cloud Benefits - Key Features of Q4 2012 Release

1. Mobile Analytics
2. Multi-currency
3. Plan snapshots
4. Statistical forecasting
5. Multi-Level supply planning 2.0
6. “Out-of-the-box” financial planning (BPC) integration
7. Data Services On-Demand
8. Add new combination (Region, Product, etc.)
9. Analytics and dashboarding 2.0 (Beta)
10. Alerts enhancements
Sample: High-Level Process Flow between SAP SCM Applications

Legend: Green – In Scope; Yellow – Out of Scope
S&OP: Master and Transactional Data Integration

**Input**
- Files
  - Any data (transactional and master)
- External Systems
  - Market Size, Commodity pricing
  - POS data, IMS data, Trade Promotions, Customer Forecast, Supplier Commit
- SAP ECC
  - MD: Material, Customer, Plant,
  - TD: Sales orders (delivered and open), Inventory, Prices, Costs
- SAP APO
  - MD: Resources
  - TD: Statistical Forecast, Demand Plan, Supply Plan, Capacity Limit and consumption
- SAP CRM
  - MD: Customer
  - Trade promotions, Opportunities, Targets
- Fin. Plan. (SAP BPC)
  - Annual Operating Plan, Monthly Finance Plan
- SAP DSiM
  - Market research data and POS Data

**S&OP**
- Processes:
  - Sales and Marketing Forecasting
  - Consensus Demand Planning
  - Revenue & Profit Impact
  - Inventory Target Setting & Projections
  - Material & Capacity-Constrained Planning
  - Executive Review & Real-Time Analytics

**Output**
- Files
- Consensus / Constrained Demand Plan
- Consensus / Constrained Demand Plan, Supply Plan
- Sales Forecast
- Financial Forecast

Integration:
- Existing Q1/2013:
- Planned / Via files:
S&OP Data Integration: Security and Convenience

1. Data is extracted from multiple sources system via Data Services on-premise or on-demand (with S&OP Integration Templates) or any other ETL solution
2. Data as csv files is automatically uploaded to dedicated storage and dedicated database (per customer) via secure ftp (sftp) or https
3. Data targets are configurable via S&OP Web UI
4. Self-Service Data Load from Web UI via secure http (https)
5. Automated data integrity checks and detailed reporting for all data loads
6. Automated Export from S&OP
Why SAP for Sales and Operations Planning?
Top 3 key Differentiators

Unified Data Model
Real-time Planning

Planning and real-time analysis with a unified model of demand, supply chain, and financial data at any level of granularity and dimension

Simulations and Scenarios – Instantly

Rapid, interactive simulation and scenario analysis, using the full S&OP data model to support demand-supply balancing decisions

Rich, Contextual Social Collaboration

Embedded, context-aware social collaboration enables rapid planning and decision-making across the organization
Excel Add-in: S&OP Planning Views, Scenarios, & Simulations
Web UI: S&OP Business Intelligence

What's wrong with this “quarterly revenue” picture?

Demo Time!
S&OP on HANA Drives & Supports Process Maturity

1. Reacting
   - Out Of the box integration with APO and ECC
   - Familiar Excel Interface
   - Real Time Alerts on entire model

2. Anticipating
   - Real Time Demand and Supply-Constrained Model
   - Unlimited Simulation
   - Maintain details to synch with tactical planning

3. Collaborating
   - Social Collaboration and Process Workflow
   - Real Time Cost & Inventory Projections
   - Advanced scalable scenario comparison

4. Orchestrating
   - Real Time gross and net profit per supply constraints
   - Financial Planning Integration
   - Intercompany Collaboration

Level of S&OP Maturity

Stage 4 is Integrated Business Planning
How to get to the next maturity stage – 3 Steps with SAP

1. Phased approach
   Achieve early wins by deploying in bite-sized chunks
   - Option 1: parts of your business
   - Option 2: parts of your process

2. Out-of-the-box S&OP model and data integration
   Reduce implementation time and costs by leveraging SAP certified integration
   - S&OP on HANA
   - CRM
   - APO
   - BPC
   - ECC

3. Quickly reconfigure the S&OP solution
   Reconfigure S&OP to meet your needs as requirements change
   - 6-8 weeks
   - Configuration based
### Tangible Benefits*

<table>
<thead>
<tr>
<th>Tangible Benefits</th>
<th>% impact</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
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<tr>
<td>Top line revenue growth</td>
<td>1-2%</td>
</tr>
<tr>
<td>In-stock % improvement</td>
<td>20-30%</td>
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<tr>
<td>Service level increase</td>
<td>5-10%</td>
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<tr>
<td><strong>Operating cost</strong></td>
<td></td>
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<tr>
<td>SKU rationalization</td>
<td>10-15%</td>
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<tr>
<td>Order fulfillment lead time reduction</td>
<td>10-20%</td>
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<tr>
<td>Inventory carrying cost reduction</td>
<td>5-10%</td>
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<tr>
<td><strong>Asset Utilization/Working capital</strong></td>
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<tr>
<td>Reduction in inventory levels</td>
<td>5-15%</td>
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<tr>
<td>Inventory turns increase</td>
<td>5-10%</td>
</tr>
<tr>
<td>Cash-to-Cash cycle time reduction</td>
<td>5-10%</td>
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* IBM Case Studies & Benchmarks from SAP Value Engineering
Question and Answer