SAP Supply Chain Response Management by icon-scm

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SAP Supply Chain Planning Solution Management

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Agenda

The demand/supply alignment challenge

What makes committing with confidence tougher today?

What is supply chain response management?

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Demo

How SAP SCRM fits into SAP Supply Chain Management

Proven customer value
The demand/supply alignment challenge

**Volatile demand**
- Key customer order exceeds forecast
- Customer wants to pull-in forecast

**Inflexible supply with visibility challenges**
- Excess supply
- Late deliveries

**Corporate strategies and priorities**
- How to prioritize
- How to protect existing commits for key customers
Rapid response is crucial, but few have attained it

**Agility Factor Required to Make Decisions**

- 36% Within the hour and below
- 42% Within the day
- 12% Within the week
- 10% Within the month

**Availability of Information within a day**

- More than 80% of the time
- 61-80% of the time
- 41-60% of the time
- 21-40% of the time
- Less than 20% of the time

78% of survey participants indicate that in order to make timely decisions, they need operational information available within 1 day or faster.

20% admitted to having it available within the day.

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Aberdeen Group, January 2011
How are most demand/supply challenges handled today?

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Classic Workarounds</th>
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<tbody>
<tr>
<td>• Fear of de-committing important orders</td>
<td>• Blocking sales orders, allocation spreadsheets</td>
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<td>• Avoiding holding stock and/or capacity</td>
<td>• Virtual stock locations, customer-specific stock, multiple part numbers</td>
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<td>• Poor supply/demand visibility</td>
<td>• Phone calls, lost time, SWAGs, lost opportunities</td>
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<tr>
<td>• Expediting decisions</td>
<td>• Block orders, phone calls, spreadsheets</td>
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<tr>
<td>• Balancing corporate policies and goals</td>
<td>• Blocking sales orders, allocation spreadsheets, ‘cherry picking’ orders</td>
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What is supply chain response management?

*Synchronizes demand commitment and supply planning in one solution*

- Across the extended supply network
- According to business rules and priorities
- Respecting supply chain constraints
- Enables more rapid response to changes or opportunities
  - Understand the business impact
  - Compare scenarios
  - Execute the best plan back into ERP
The response management planning cycle

Request

Customer demand
- Wants more, want less
- Wants the same
- Wants it sooner

Respond

Which plan do I commit to?
- Do I now have enough supply?
- If not, what are the priorities?
- How can I best use available materials and capacities?

Resolve

Can I resolve the problems?
- Can I get more materials?
- Can I get more capacity?
- Can I eliminate excess?

Review

Can I meet the demand?
- What is on-time vs. late?
- Where am I short materials?
- Where am I short capacity?
- Do I have excess?

Supply Chain Response Management
SAP Supply Chain Response Management by icon-scm

Quickly re-aligns supply and demand across the network

- Customer Driven
- Financially Beneficial
- Operationally Aligned
SAP Supply Chain Response Management
Bi-directional integration

SAP SCRM

ERP integration
- Full or delta
- Can be scheduled or triggered manually
- Used for initial or ad-hoc system synch
- Event driven based on change pointers (configured in ECC)
- Based on IDOCs and JCO

APO integration for demand plans
SNC integration for collaboration
Coming in 11.1…. Full HANA Support

One of 1st SCM applications supporting…

SCRM Planning supports HANA as persistence layer (DB)
SCRM DataHub supports HANA as persistence layer (DB)
What’s included – Service scope

Installation of SAP Supply Chain Response Management:

Short-term planning:

Visibility and what-if analysis

Reporting

Master data

Transaction data

Users

A special step-by-step guide describes each activity during the deployment
Demonstration
SAP Supply Chain Management Solutions
Traditional planning process

Recommended for CPG / process industries

Demand Planning
- Create Demand Plan

Supply Network Planning
- Create Supply Plan

Order Promising (gATP)
- Commit Orders Against Fixed Supply

gATP Backorder Processing
- Adjust Order Commitments

Production Planning / Scheduling
- Plant Schedule

APO

Supply Network Collaboration

ERP
- Order Management, Fulfillment, Production, Finance
Responsive planning scenario

Recommended for certain discrete industries

- Demand Planning
  - Create Demand Plan
- Supply Chain Response Management
  - Create Supply Plan, Set/Adjust Order Commitments
- APO
  - Production Planning / Scheduling
    - Plant Schedule
- Supply Network Collaboration
- ERP
  - Order Management, Fulfillment, Production, Finance
Responsive planning scenario - Option 2

Recommended for certain discrete industries

- Demand Planning
  - Create Demand Plan

- Supply Chain Response Management
  - Create Supply Plan, Set/Adjust Order Commitments

- Order Promising (gATP)
  - Commit Orders Against Fixed Supply

- gATP BOP
  - Adjust Order Commitments

- Production Planning / Scheduling
  - Plant Schedule

- APO

- Supply Network Collaboration

- ERP
  - Order Management, Fulfillment, Production, Finance
With SAP Supply Chain Response Management
Radisys decreases forecast cycle time by 50%

SAP SCRM is enabling Radisys to reduce customer response times and capture more demand

**Business Challenges**
- Radisys lacked visibility to outsourcer supply details
- Outsourcer lacked visibility to Radisys demand details
- Long planning cycles

**Objectives**
- Automate supply chain planning
- Accelerate accurate commitments
- Improve overall inventory position
- Improve collaboration with supply network partners

**Why SAP SCRM?**
- Aligned with corporate strategy
- Business rules govern supply allocations
- Full integration with SAP ERP and SCM systems
- Easy to use prioritization and modeling tools

**Benefits**
- High visibility and collaboration between headquarters and regions
- Increased flexibility and responsiveness
- Reduced costs of excess materials
- 50% reduction in forecast cycle times

**Customer:** Radisys Corporation  
**Headquarters:** Hillsboro, Oregon  
**Industry:** Electronics  
**Products/Services:** Embedded wireless infrastructure solutions  
**Revenue:** $300 million (2011)  
**Solutions:** SAP SCRM
With SAP Supply Chain Response Management
Foxconn improves capacity utilization by 15%

SAP SCRM is Enabling Foxconn to release more orders to production

**Business Challenges**
- Underutilization of manufacturing facilities
- Extended planning cycles for supply/demand change management
- High carrying costs of WIP inventory

**Objectives**
- Transition from ‘Load and Chase’ to ‘Feasible Production’ model
- Accept and build more lower priority orders without jeopardizing higher priority orders
- Improve capacity utilization and decrease idle time

**Why SAP SCRM?**
- Aligned with corporate strategy
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- Full integration with SAP ERP and SCM systems
- Easy to use prioritization and modeling tools

**Benefits**
- Capacity utilization improved by 15%
- Accelerated customer response rate by 9X
- Reduced WIP inventory by 40-50%
- Can release 15% more orders to production

**Customer:** Foxconn Technology Group
**Headquarters:** Taipai, Taiwan
**Industry:** Electronics
**Products/Services:** Contract Manufacturing Services
**Revenue:** $6.4 billion (2011)
**Solutions:** SAP SCRM
Thank You!

Contact information:

F name Ml. L name
Title
Address
Phone number
Backup
User friendly specification of corporate rules and policies for demand fulfillment

Use a broad set of characteristics to define a demand category
- Previous commit, upside, pull-in
- Product characteristic
- Customer characteristic
- Demand characteristic

Rules maintained by business users, no programming required

Corporate fulfillment policies explicit, executed uniformly

Setting ‘previous commit’ as highest priority
- Provides plan stability and high delivery performance
Finite capacity/finite materials

- Toggle capacities between constraint or unconstrained
- Simulate additional/reduced capacity
- Align materials plan to available capacity
SAP Supply Chain Response Management
Supply planning

End-to-end, multistage demand-supply matching

All demands, all supplies
- Forecasts and sales orders
- Inventories
- Open orders/in-transits
- Capacities

Intelligent consideration of substitutes/alternates

Non-blocking allocation meets priorities but does not reserve supply unnecessarily
- Results in 10-30% improvement in inventory turns

Full transparent pegging of each customer demand to component supply

Flexible priorities and fulfillment rules