

SAP Solution Brief
SAP for Consumer Products



SAP® ERP PACKAGED SOLUTION FOR THE FOOD INDUSTRY

The SAP® ERP packaged solution for the food industry is an affordable option for organizations seeking a world-class solution tailored for their industry – and a fast implementation at a defined price. This preconfigured solution, when implemented by food industry specialists, can reduce costs by more than 50%, compared to traditional approaches. A survey of leading manufacturers shows that SAP solutions achieve real results – improving labor efficiency by as much as 40%, reducing inventory by an average 30%, and cutting financial closing time in half.

A Solution Built for You

Food companies today face a host of challenges and opportunities. A weakened global economy and price-led competition between retailers in mature markets have reinforced competitive and margin pressures. Many midsize food companies find themselves involved in rapid industry consolidation as the leaders pursue a range of strategies aimed at value creation and growth.

Dominant retail players are driving toward better results from their supply chains. Consumer tastes are evolving due to changing lifestyles and rising concerns over health issues. Effective innovation is key to achieving profitable growth. Companies need to apply both technology and biotechnology to bring new products to market, while actively managing their brand and product portfolios.

Increased consumer awareness over food safety, stringent government regulations, and the threat of bioterrorism present more challenges for the food industry. The implications of product recalls are enormous – in costs as well as in brand image losses. Together, these pressures are forcing food manufacturers to introduce better food chain traceability and quality management.

Today companies must increase efficiencies, reduce costs, and ensure compliance with food regulations over the whole supply chain. Easier said than done, right? Hampered by a legacy of non-integrated systems that impede visibility and perpetuate inefficiencies, many companies recognize the need to standardize on a single platform. But who has the resources to engage in a long-term system implementation project with ill-defined business benefits?

SAP can help. The SAP® ERP packaged solution for the food industry, paired with the consulting services of a recommended implementer such as SAP Consulting, can give you a fully configured enterprise-class ERP solution within as little as 16 weeks, depending on your circumstances. Based on mySAP™ ERP and SAP Best Practices, this packaged solution is designed to allow a rapid implementation at a defined price. That means increased ability to meet market demands and compete effectively without straining your budget or risking your business.

A Single Platform for Greater Business Effectiveness and Flexibility

From managing your supply chain, logistics, and operation to financial controlling and corporate services, the SAP ERP packaged solution for the food industry provides a single integrated platform that solves the vexing problems posed by multivendor, heterogeneous IT environments. Built on open standards to facilitate future growth and flexible extensibility, the SAP solution provides streamlined functionality that improves visibility, increases productivity, and helps you regain control of business processes.

Manage Procurement Processes

The SAP solution supports price comparison of vendors' offers, incorporating flexible pricing processes for the actual value of the raw ingredients delivered. You're better able to manage quotation handling, contracts, batch handling, and quality inspection requirements.

Meet Customers' Expectations for Managing Their Orders

The SAP solution can effectively manage the entire customer order process – variable pricing, delivery, invoicing, and payment. Capabilities such as Electronic Data Interchange (EDI), handling consignment sales, foreign trade, and intercompany sales are provided as standard. The SAP solution allows you to focus on shortening order cycle times, make on-time and in-full deliveries, and provide optimal payment methods for your customers.

Optimize Planning and Manufacturing to Suit Your Business Requirements

Various manufacturing techniques according to Good Manufacturing Practices (GMP) are supported by the SAP solution, which has the flexibility to manage the production planning and subsequent multistep manufacturing processes. The solution incorporates in-process and post-process quality management. Automatic batch determination based on expiration date is performed during production order processing.

Manage Food Safety

As food safety compliance becomes more advanced, the SAP solution can support the required batch control and track-and-trace capability. The solution has the functionality to find and recall a defective batch already delivered to a customer and trigger batch-specific returns processing.

Provide Efficiencies in Integrated Inventory Management

The SAP solution supports warehouse management and full transportation management including transportation planning, execution monitoring, cost calculation, and settlement. Furthermore, it can optimize storage space based on inventory demand planning and turnover. Through batch tracking and quality management of both incoming and outgoing goods, logistical costs can be further reduced.

Plan Deliveries

The SAP solution features a powerful tool that can be used to efficiently load, dispatch, and track any number of deliveries. You can optimize your entire approach to deliveries, helping to eliminate redundant trips and match the appropriate vehicles and drivers to your customers for each delivery.

Customers today expect flawless delivery of goods. The SAP solution can simply extend your route management process into your order management system – with substantial logistics cost savings.

Monitor Route Business

Your company must be able to account for every item delivered, and be able to take quick action to resolve item discrepancies. The SAP solution provides a powerful check-in and check-out function that records all deliveries and all returned goods. You'll have the tools to quickly and accurately monitor your entire transportation operation or that of your logistics partner, from loading and delivery to accounting and settlement for returned goods – ensuring complete loads, on-time deliveries, solid inventory control, and seamless invoicing.

Manage Rebates and Bonus Agreements

With the SAP ERP packaged solution for the food industry, you have the tools you need to easily and accurately manage large, complex partner constellations, and the accounting for any number of bonus arrangements for direct or indirect sales.

Effectively Handle Returns and Complaints

The SAP solution supports all the activities necessary for the reclamation and shipment process and subsequent processing of credit memos as required. Linked into this is the quality evaluation of returned goods.

SAP Best Practices for Your Business Success

Based on years of experience working with companies in the food industry, SAP has developed an understanding of the industry best practices you need to maintain competitive advantage. Our consulting and implementation services help you configure the SAP software to perform these best practices, speeding up the implementation and scoping it properly to meet your needs as a midsize company.

SAP has packaged software and services to help midsize food companies improve operational efficiency, and provides a solution designed to address certain regulatory compliance issues. SAP Consulting is also focusing on midsize food companies, and can provide consulting and implementation services in conjunction with this new packaged solution. The anticipated benefits of working with a recommended implementation partner such as

SAP Consulting include accelerated implementations, attention to certain integration risks, and easier adoption of new technologies.

The solution provides:

- Procure to stock and third-party procurement
- Production planning and control
- Food safety including batch management, handling-unit management, and quality management
- Inventory management
- Sales order processing including indirect sales and sales returns
- Direct store delivery
- Financials and controlling

Rapid Implementation at a Defined Price

SAP and a recommended implementer such as SAP Consulting each offers predefined pricing structures tied to a phased implementation approach. By clearly defining the SAP software configuration and settings needed to address your specific challenges, SAP is able to articulate the scope of each implementation phase in exact terms. As a result, the entire process is transparent to you and contingencies are greatly minimized. The streamlined implementation is designed to minimize disruptions to your business while maximizing enterprise-wide adoption. Furthermore, each phase of the implementation can help you realize a higher overall return on your investment and a lower total cost of ownership (TCO).

SAP Delivers the Richest Functionality

- Support for industry best practices based on 30 years of feedback from over 900 food customers
- Number-one rating by numerous analysts for functional completeness
- Recognized leadership in supply chain management, supplier relationship management, customer relationship management, and product life-cycle management

Real Value

- Business process improvements such as improving labor efficiency by as much as 40%, reducing inventory by an average 30%, and cutting financial closing time in half (according to Martin Selchert, *Enhanced Project Success Through SAP Best Practices, International Benchmarking Study*, SAP Press, 2004)
- 20% reduction in overall operating costs over a three-year period, resulting primarily from the redesign of business processes
- 22% reduction in overall project costs, mainly due to the decrease of time-dependent costs (M. Selchert, as above)

Speed and Flexibility

- Preconfigured and prepackaged to speed implementation, cut deployment, and minimize maintenance costs
- Flexibility to deploy capabilities all at once, individually, or for specific processes
- Open architecture to leverage existing applications and protect your investment

The Safe and Affordable Option for Food Companies

SAP's extensive knowledge of business processes results from serving thousands of customers in more than 25 industries. And SAP solutions are not just for major multinational corporations. Nearly 60% of all SAP installations are in organizations with annual revenues of less than US\$500 million. Integration of users, processes, and data within the organization and beyond has created unparalleled efficiencies and collaboration across the entire value chain. With a defined-price implementation and a predetermined scope measured in weeks, SAP and its recommended implementers can help your business benefit from security, innovation, and low TCO.

The solution provides:

- Flexible and powerful technology combined with robust scalability designed for investment protection
- Vendor stability that mitigates risk and offers a rich heritage of world-class customer support
- Rapid time to benefit with minimum disruption to business activities

Find Out More

To learn more about how SAP can help your company achieve higher levels of business success, please contact your SAP representative or visit us at www.sap.com/consumer

mySAP ERP is powered by the SAP NetWeaver™ platform – the open integration and application platform that provides the best way to integrate all systems running SAP or non-SAP software. SAP NetWeaver unifies integration technologies into a single platform and is preintegrated with business applications, enabling change and reducing the need for custom integration.