



As more companies look to end-to-end service and service parts management as competitive tools to grow their businesses, more companies are looking to SAP. SAP is the leading provider of supply chain and warehouse management solutions worldwide, offering highly mature, proven, best-of-breed functionality. By leveraging this industry experience and knowledge with best-in-class processes from leading companies in service and service parts management – and more than 27,000 customers – SAP has created a powerful, integrated solution for the service parts business.

SAP Solution Brief
SAP Service and Asset Management

SERVICE PARTS MANAGEMENT

Make an Immediate Impact on Your Bottom Line

When it comes to service parts, customers expect better performance than ever before. They don't want to wait for a part that must be ordered; they expect you to have it right here, right now.

SAP® software helps you meet that demand while simultaneously reducing your inventory costs for service parts (often called “spare parts”). The SAP Service and Asset Management solution integrates all parts planning, procurement, order administration, warehouse management, transportation, and analytic activities into one comprehensive service parts management system that's accessible to everyone in your extended service parts supply chain – employees, partners, suppliers, and customers alike.

SAP Service and Asset Management helps you take advantage of the tremendous revenue potential represented by the after-market service and service parts business. These capabilities also enable you to integrate your parts business processes across multiple people, departments, stocking locations, warehouses, and business partners.

Alliance Leverages Knowledge and Processes

In 2002 Caterpillar Logistics Services, Inc. (a wholly owned subsidiary of Caterpillar Inc.), Ford Motor Company, and SAP joined forces to develop SAP's vision for managing high-volume service parts operations in complex multitier networks. Along with Caterpillar and Ford, two of the world's leading manufacturing and service companies, SAP committed capital, intellectual property, and proven track records to add specific capabilities for service parts management and planning to SAP's already comprehensive supply chain and customer relationship management solutions.

Create a Strategic Line of Business: Process Integration Is Key

Analysts agree that service can and should be a strategic line of business. Service creates an attractive, reliable revenue stream that is valued by the equity markets for its positive impact on corporate earnings. However, effectively achieving that goal requires process and systems integration across multiple departments and diverse organizations. SAP enables that integration through the SAP NetWeaver™ platform. The service parts management capabilities of SAP Service and Asset Management are integrated by design with SAP NetWeaver – and SAP NetWeaver provides easy integration with legacy systems, third-party specialty applications, and partner systems to give everyone in the service network common, accurate, real-time visibility into all service and service parts activities.

Service Parts Management: Reduce Inventory, Increase Service Levels, Integrate Business Processes

These service parts management capabilities are complete and adaptive, integrating your service supply chain and coordinating all parts activities to meet your customers' demands. Our end-to-end coverage is a powerful competitive tool that you can use to increase and maintain market share while reducing inventory and increasing service levels. What's more, SAP software for service parts management is highly scalable and can support high-volume parts planning, shipping and receiving, and order management activities.

SAP Service and Asset Management covers all aspects of the service parts business. Integrated planning and forecasting reliably predict service parts demand and establish the right stock levels. Service parts procurement processes enable sourcing and purchase order and purchase contract management, and provide complete, real-time collaboration with suppliers. Parts order fulfillment capabilities provide complete order management and tracking, global available-to-promise, and the ability to create targeted marketing campaigns for parts sales. Warehouse management capabilities offer advanced functions and processes with highly efficient distribution and storage practices. Transportation management features allow you to effectively manage all parts transportation activities and minimize transportation costs. Finally, inherent collaboration and analytics capabilities allow you to continually improve your service spare parts management operations and consistently delight your service staff, partners, and customers – because the right part is in the right place at the right time, in the right quantity, in the right package, every time.

Service Parts Planning: Match Supply to Anticipated Demand

The SAP solution includes the latest forecasting and inventory planning models, which provide dramatic improvements in service levels and reductions in inventory costs. Functionality is designed for the unique and demanding needs of service parts versus other types of parts supply chains, as follows:

- Demand forecasting, including planning for sporadic parts demand and for slow- and fast-moving parts
- Demand surge smoothing
- Parts life-cycle planning and supersession logic
- Multiechelon inventory planning
- Authorized stocking lists
- Service-level modeling

Service Parts Procurement: Collaborate with All Parts Suppliers

You can effectively manage all parts purchasing activities and increase collaboration with all your suppliers. The SAP solution enables the following capabilities:

- Strategic sourcing and purchase contract management
- Automatic order creation based on planning results
- Purchase order management and tracking
- Bidding and auctions
- Invoice verification
- Parts warranty tracking

Extended Warehouse Management: Increase Efficiency of Parts Distribution Centers

Extended warehouse management capabilities improve parts workflow and processes in parts distribution centers. The warehouse management capabilities support collaborative processes between multiple warehouses, suppliers, customers, logistics service providers, and other business partners, as follows:

- Inbound and outbound processing
- Efficient distribution and storage
- Automatic pick, pack, and ship
- Cross-docking and yard management
- Use of radio frequency identification and mobile devices
- Physical inventory counts and reconciliations

Manage and Fulfill Orders

The ultimate goal of a parts organization is to fill service parts orders for customers, employees, dealers, and partners. SAP provides complete order processing and order fulfillment functionality, including the following:

- Sales contracts and order management
- Back-order processing and expediting
- Substitution and supersession logic
- Global available to promise
- Preferential allocation logic
- Credit checks, invoicing, and accounts receivable
- Claims and returns handling

Manage Transportation

Inbound and outbound shipments of parts are critical elements in your supply chain. The transportation management capabilities of SAP Service and Asset Management offer the following:

- Shipment planning and processing
- Transportation mode and route optimization
- Carrier selection
- Freight costing and invoicing
- Global shipping with import and export documentation
- Legal and hazmat documentation

Collaborate, Analyze, and Optimize

SAP Service and Asset Management enables communication and collaboration across the entire service parts supply network, with role-based Web portals and electronic document exchange for all constituents in your service parts operations. The solution's robust built-in analytics enable you to respond and quickly adapt to your dynamic, constantly changing environment.

Automatic alerts and escalations allow you to be proactive when commitments or critical key performance indicators are in danger of being missed. Real-time reporting and analytics help you spot both negative and positive trends, so you can take corrective action or exploit an emerging opportunity.

Specifically, these tools enable real-time reporting and monitoring of exceptions, service-level performance, transportation costs and operations, supplier performance, frequent failure and quality issues, and more. You can optimize inventory and service-level performance, providing increased fill rates, greater parts sales revenue, reduced inventory costs, ideal inventory levels, and optimized transportation costs.

Expect More – and Get It – from SAP

You expect a lot from software designed to help you plan and manage your service parts and warehouse operations – and you get it with SAP solutions. SAP Service and Asset Management lets you connect all your service parts processes into one fully integrated, easy-to-use system. These capabilities provide the lowest total cost of ownership and the greatest return on your IT investment.

SAP's extensive experience in supply chain management, combined with input from leading companies in service and service parts management, has yielded parts planning capabilities that allow you to optimize both your service parts availability and your service parts investments. These capabilities are based on proven mathematical planning models with the practical application of scientific algorithms in a real-world environment.

Best of all, the service parts management capabilities of SAP Service and Asset Management enable best practices. As a result, you'll reduce your service spare parts inventory costs, increase your revenues from parts sales, and boost your first-time and on-time parts fill rates.

Find Out More

Are you getting the most from your service parts network? Are you truly managing your service parts supply chain as an integrated network? Please visit our Web site (www.sap.com/solutions/sam) for more details.

Powered by SAP NetWeaver

SAP Service and Asset Management 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.