

SAP INFO

THE SAP MAGAZINE

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Sincerely,

Your SAP INFO Team

Modernizing IT landscapes for logistics service providers

Blazing the Trail

Dynamic market conditions have increased the complexity of IT systems for logistics service providers (LSPs). Partners SAP and Capgemini have designed an integrated, flexible, and highly adaptive answer to this challenge. This will reduce complexity and help LSPs manage their business processes more efficiently.

The SAP/Capgemini partnership is a reply to market demand. The 10th edition of the Third-Party Logistics Annual Study (2005), supported and published by Georgia Tech, Capgemini, DHL, and SAP, shows that the logistics sector has experienced tumultuous change since 1996. For example, the U.S. third-party logistics (3PL)/contract logistics market grew from an estimated U.S.\$31 billion in 1996 to U.S.\$85 billion in 2004.

The 3PL sector has become far more global in 2005, creating a growing market for comprehensive, global 3PL services. The outsourcing of logistics will continue to grow. A key driver is the high overall satisfaction expressed by manufacturers and retailers. These users of 3PL services report substantial cost reductions, along with supply-chain and service-level improvements.

In a major finding of the 2005 3PL study, approximately 90 percent of the respondents agreed that IT is a necessary element of 3PL provider expertise. However, far fewer 3PL users (38 per-

cent) are satisfied with their providers' IT capabilities. In general, 3PL users do not yet see their 3PL providers in a newer, more strategic light.

Among the priorities facing 3PL providers are expanding regionally, broadening services to meet the needs of current and future customers, integrating information technologies, and developing relationships with customers and other business firms that will facilitate growth and expansion. Of the new technologies, 3PL clients have the highest expectations for radio frequency identification (RFID). The complete 3PL study can be downloaded from www.3plstudy.com.

A road map for the 21st century

The 2005 3PL survey shows that the market is looking for ways to improve the business model in both the business-process and IT areas. The SAP/Capgemini partnership for the LSP industry aims to meet these needs. It addresses LSPs' needs to continuously improve services while remaining cost conscious.





Erik van Dort holds global responsibility for Capgemini's business with logistics service providers. A regular speaker on the trends and issues in this market, he is a sponsor and key author of the Annual Third-Party Logistics Study, which Capgemini conducts for the users of LSPs (in 2005, in cooperation with Georgia Tech, DHL, and SAP). Van Dort's focus is on go-to-market strategies for LSPs and the use of IT to improve market propositions and performance. He is a member of the leadership team for Capgemini's Global Sector for Manufacturing, Retail, and Distribution.

▶ Capgemini's in-depth understanding of LSPs' strategic challenges and its track record in realizing IT-based solutions for their industry extracts the maximum business result from the SAP for Logistics Service Providers solution. It features transport, warehouse, and event management and is powered by the SAP NetWeaver platform. This joint effort enables LSPs to consolidate fragmented IT landscapes and adapt to changing industry paradigms.

A network of Capgemini and SAP centers of excellence for LSPs will make the enhanced solution available. The centers will focus on the global rollout of new assets, such as:

LSP Discovery Workshops: LSP clients are invited to take advantage of a client-specific discovery day. During this workshop, SAP and Capgemini LSP experts will translate industry-specific issues noted in the 2005 3PL survey into customer-focused solutions. Depending on the clients' requests, the discovery day can also include a pre-

sentation and discussion of the packaged solution for contract logistics and the use of RFID.

Packaged Solution for Contract Logistics: Contract logistics experts at Capgemini have developed a preconfigured solution based on standard SAP software. The solution supports all aspects of a contract logistics operation, including warehouse functionality and supporting functions. The services can be offered as a complete package, including the design, build, and maintenance of the system, based on a price per user per month. Capgemini development centers around the world bring the best delivery model to each customer.

RFID Experience Center: Capgemini, SAP, and Vanderlande Industries have developed a logistical RFID solution that covers a complete cross-dock operation controlled by RFID. It is the first application of this technology in the Netherlands, and it is unique in scale and set-up complexity. Three customer demonstrations are given per

week on average at the center, to customers from around the world. Capgemini developed a business-case model that provides customers with realistic data on what an RFID implementation – including SAP integration and automation of their distribution center – can mean for them.

The RFID Experience Center received the SAP Innovation Award 2005. SAP Netherlands presents this award annually to a partner who demonstrates creativity and innovative thinking in the application of SAP technology. SAP customers – including those represented by the Dutch SAP users' society (VNSG) – and SAP specialists nominate and select the award winners.

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