

## SAP Customer Success Story Media – Premium Content Publishing



**“Our use of SAP Demand Planning helps ensure we have the right books for the right customers at the right time, while at the same time reducing stockholding.”**

Kate Harris, Managing Director, Education and Children's Division,  
Oxford University Press

### AT A GLANCE

#### Summary

Oxford University Press Education and Children's Division optimized demand planning and forecasting for its complete range of publications using the SAP® Demand Planning application, which is part of the mySAP™ Supply Chain Management solution.

#### Web Site

[www.oup.com](http://www.oup.com)

#### Key Challenges

- Streamline complex and time-consuming forecasting processes
- Provide real-time data to enable more accurate planning for ordering and reprinting materials
- Maximize sales opportunities, while improving customer service and lowering operating overhead

#### Project Objective

Implement a single, integrated demand-planning tool, accessible to all stock managers simultaneously

#### Solution and Services

SAP Demand Planning

#### Why SAP Solution

- Advanced best-of-breed, out-of-the-box functionality
- Seamless integration with existing SAP back-office and business intelligence software, lowering total cost of ownership
- User-friendly interfaces
- Support for future growth

#### Implementation Highlight

Implemented solution in 5 months using in-house team

#### Key Benefits

- Increased first fill rate by 2% within 1 year of implementation, thanks to improved forecasting accuracy
- Reduced stockholding from 6 months to 5 months after 1 year, freeing up operating capital tied up in inventory
- Reduced need for rush reprints in uneconomical quantities
- Improved customer satisfaction and reduced the amount of cancelled orders
- Increased sales revenues, thanks to greater ability to anticipate and meet demand

#### Implementation Partner

Diagonal Consulting, an SAP partner

#### Existing Environment

- SAP R/3® software, functionality now found in the mySAP ERP solution
- SAP Business Information Warehouse component, a part of the SAP NetWeaver® Business Intelligence component

#### Database

Oracle

#### Hardware

HP

#### Operating System

UNIX

## OXFORD UNIVERSITY PRESS

### Oxford University Press Education and Children's Division Improves First Fill Rate by 2% in 12 Months Using SAP® Demand Planning

“We wanted a single, integrated demand-planning tool, accessible to all stock managers simultaneously, that would support the demand planning process, and enable us to create an accurate forecast for all our products,” says Ann Sherry, commercial director at Oxford University Press (OUP) Education and Children's Division. “Having a more accurate view of the quantities we expected to sell for each book would help us improve customer service, reduce operating costs, and leverage our sales performance.”

OUP Education and Children's Division found exactly what it wanted in the SAP® Demand Planning application.

Needless to say, forecasting accuracy is extremely important at OUP. As the world's largest university press, it publishes more than 4,500 new books each year and employs 4,800 people worldwide. Its Education and Children's Division markets textbooks, dictionaries, children's fiction, and picture books to schools and booksellers, and ranks among the top three educational publishers in the United Kingdom.

#### Meeting Customer Demand with Less Stock

With SAP Demand Planning, which is part of the mySAP™ Supply Chain Management solution, OUP Education and Children's Division has been able to grow market share in a highly competitive industry by making sure that books are in stock when customers need them. Information used by stock managers to

make buying decisions and order reprints is now accurate and up-to-date – thanks to automated processes and tools. This means stock managers can spend more time evaluating customers' buying trends and improving the division's flexibility in response to unanticipated levels of demand. With SAP Demand Planning, OUP Education and Children's Division can also anticipate incoming orders better and meet customers' requests faster. In fact, first fill rate (the number of customer orders that can be met immediately using in-stock items) rose by 2%, less than one year after implementing SAP Demand Planning. During the same period, the division was also able to reduce its stockholding from six months to five months and still fulfill customer orders.

### **Improving Demand Transparency to Leverage Performance**

Prior to implementing SAP Demand Planning, OUP Education and Children's Division relied on manual or spreadsheet-based demand planning procedures, which made forecasting a complex and time-consuming task. Stock managers were unable to track historical patterns for each school or college textbook,

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dictionary, or novel, making it difficult to forecast future orders and plan accordingly. No single electronic record of each publication's sales or demand peaks existed to support decision making. The division also lacked the tools for performing what-if analyses and demand simulations for different titles or types of publications.

“The lack of demand transparency meant that we often had to order rush reprints to fulfill unexpected orders,” says Sherry. “As a result, we paid higher prices.”

### **Advanced Forecasting Functionality**

OUP Education and Children's Division considered using a customized demand-planning tool that was already being used by another part of the company and also evaluated a specialist third-party demand-planning application. It rejected both solutions due to their lack of integration and inability to effectively support an expanding, dynamic business. SAP Demand Planning, however, met the division's needs and was a good technical fit with OUP's existing SAP back-office and business-intelligence systems.

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### **Consistent, Standardized Planning**

SAP Demand Planning is a best-of-breed, ready-to-use demand planning and forecasting solution. A graphical user interface minimizes training requirements and speeds user adoption. Its analysis engine uses multidimensional data structures to assist planning at many different levels, supported by a library of statistical forecasting and advanced macro techniques. SAP Demand Planning allows companies like OUP to combine historical demand data, causal factors, market intelligence, and sales objectives to build timely, accurate forecasts.

OUP implemented and rolled out SAP Demand Planning to all product groups in the Education and Children's Division over a five-month period. Full details of each title – including its international standard book number (ISBN), the most economical order numbers, reprinting lead times, and three years of historical data on demand peaks – were entered into SAP Demand Planning.

Stock planners for primary and secondary school books and the trade division, which handles OUP's dictionaries and children's fiction books, quickly adapted to SAP Demand Planning. “Our users welcomed the consistent, standardized processes and the easy way of entering information,” says Sherry. “Only minimal training was needed, as users were already familiar with the SAP Business Information Warehouse component that we were using as our main management information system.”

SAP Business Information Warehouse is a part of the SAP NetWeaver® Business Intelligence component.

### **Using Past Sales to Improve Demand Planning**

Data from OUP Education and Children's Division's SAP back-office systems is downloaded each night into SAP Demand Planning. Stock planners analyze current inventory levels for each item and match them against orders in the pipeline, returned items, and order cancellations to ensure that sufficient

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numbers of each book are available to meet anticipated demand levels. Historical data is used to monitor trends for previous years, compare them with current buying patterns, and give stock planners an indication of whether customer demand for a particular book is increasing or decreasing. Seasonal peaks can be forecast more accurately, based on data from previous years.

Alerts are triggered by e-mail or via cellular phone text messaging if there is a wide discrepancy between historical data and the forecast. This prompts stock managers to determine if there is any new sales intelligence or other factors affecting the forecast. SAP Demand Planning helps OUP maximize first fill rates without having to hold extra stock that may remain unsold and become obsolete.

### **Best-Practice Forecasting for Each Publication**

Most textbooks have a life of around five years, unless they are removed from the national curriculum in the meantime. Demand can also fluctuate during June and July, in preparation for the next school year. Dictionaries have a longer shelf life, and demand is generally fairly constant. Fiction books rely on a “single swim” to achieve best-seller status. Demand tops out in the weeks following launch, during which publishers need to sell as many copies as possible before a new title arrives and competes for market share. OUP Education and Children's Division uses the statistical forecasting methods in SAP Demand Planning to produce forecasts for each type of publication, based on each one's particular life cycle and demand pattern.

Reprint cycle times for different types of publications range from 2 days to 12 weeks. Information about each book's reprinting times, together with the optimum number of reprints needed to generate the lowest per-item cost, is entered into SAP Demand Planning. This data is automatically built into demand planning forecasts, helping to ensure on-time deliveries to customers, while reducing overstocking and wastage.

“SAP Demand Planning allows us to track the widely varying demand patterns for the range of books we sell and give each publication its best forecast profile,” says Sherry. “It combines human and market intelligence with accurate, near real-time information to help us make better planning decisions faster.”

### **Continuously Accessible Sales and Stock Data**

Data from SAP Demand Planning is exported into the SAP data warehouse and used by decision makers across OUP Education and Children's Division to create queries and reports. Results from the planning process are also fed automatically into the company's SAP back-office system, making it possible to combine sales and stock information. Managers use this information to analyze the most profitable titles, identify reasons for sales forecasts falling short of target, and track the division's performance against plan. “SAP Demand Planning complements and augments the business intelligence we were already generating, and optimizes the value of our technology investment,” said Sherry.

### **Optimization Across the Supply Chain**

OUP Education and Children's Division may consider implementing additional mySAP Supply Chain Management components to enhance supply network planning and optimize purchasing, production, and distribution. "Using SAP Demand Planning, we have met the quantitative objectives of our project to improve

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forecasting accuracy," says Kate Harris, managing director, Education and Children's Division, OUP. "We will definitely evaluate other SAP products when we review our supply network planning strategies."

Caldwell concludes, "SAP Demand Planning gives us a single, consistent set of advanced optimization techniques that help us maximize sales and improve customer service, while reducing costs."