Integrated Business Planning by SAP

Supply Chain Solutions
SAP
March 17, 2015

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Business Strategies
Translating Business Realities to Business Strategies

Personalized Solutions
Connect Products, Assets & Machines to Product Networks

Customer Centricity
Transform Supply Chain & Logistics into Demand Networks

Improve People’s Lives
Gain real-time network insight to action with Internet of Things
SAP Solution Strategy
Combines your Company Strategy with your Customer & Product Strategy

Personalized Solutions
Product Networks
DESIGN – PRODUCE – OPERATE

Design
Plan
Monitor
Respond
Deliver
Operate

Customer Centricity
Demand Networks
PLAN – RESPOND – DELIVER

Improve People’s Lives
Internet of Things
REAL-TIME NETWORK INSIGHTS

SAP HANA platform
Integrated Business Planning and Supply Chain Monitoring

Key Benefits

- One consistent data model
- End-to-end visibility
- Enable new business processes, leveraging advanced technology
- Integrated Planning, no silos
- Beautiful user interfaces
- Faster planning cycles
Supply Chain Control Tower overview

Enable users to navigate, analyze, and profitably manage the end-to-end supply chain in real-time

- Quickly identify, evaluate impact and resolve supply chain problems
- Collaborate, communicate and monitor performance of the supply chain
- Visibility across internal and external systems, planning and execution

Business Benefits:

- Increase on-time delivery performance
- Decrease overall inventory levels
- Increase supply chain agility
Supply Chain Control Tower integrates data from multiple systems

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Supply Chain Control Tower – Process View

- Understand supply chain status
- Identify the most critical issues
- Analyze the situation in more detail
- Do quick what-if analysis on how to resolve?
- Collaborate with key people to fix the issue
SAP Supply Chain Control Tower sample use cases

- KPI dashboard
- Global visibility
- Alerting to Action
- Task and Case Management
SAP Integrated Business Planning for sales and operations

Deliver a cross departmental sales and operations plan balancing the impact on inventory, service levels and profitability

- Create the optimal business plan to drive revenue growth and increase market share
- Effectively balance demand and supply and attain financial targets
- Increase speed and agility of planning and drive most profitable responses
- Improve forecast accuracy and on-time delivery

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What is the motivation for an S&OP Solution?

- No Solid S&OP Process
- Inadequate Communication
- Minimal Trust
- Key Processes Disconnected
- Many Disparate Systems
- Bad Forecast Quality
- Lost Sales Opportunities
- No Constraint Planning
Where does SAP Integrated Business Planning for sales and operations fit across enterprise planning?

SAP Sales and Operations Planning on HANA

Strategic Planning
- Strategic Plans
- Scenario Plans
- Constrained Revenue Margin Projections

Operational Planning
- Short Term Plans
- Constrained Qty Plan

Sales Force Automation
- Opportunities, Promotions
- Sales Forecast

Financial Planning
- AOP, Finance Plan
- Constrained Revenue Margin Projections

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SAP S&OP sample use cases

- S&OP process management
- Simulation / What-if Scenarios
- Collaboration
- Dashboard analytics

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Demonstrated Customer Value

- Standardized, optimized and automated S&OP process
- Unified picture of sales, marketing and finance
- Confidently meet commitments on sales, profit, and share targets
- Increased efficiency and accuracy of forecasting process
- Perform “what-if” analyses in real time and model alternative scenarios
- Improved productivity with intuitive interfaces and social collaboration
- Integrated analytics and contextual collaboration accelerate decision processes
- Cut planning cycle time in half
S&OP Customer Reference: Arauco in Chile

Increased acceptance, trust and compliance
Across all organizational units

Faster Forecasting process
From 6 to 3 hours

5 additional days for analysis
With faster data consolidation

“SAP’s S&OP solution helped us to improve our data quality and shorten our planning cycle considerably, leaving us more time for Analysis and Scenarios.”

Diego de la Maza, Supply Chain Director, Arauco
Optimize inventory targets to increase service levels, considering supply chain uncertainties

- Improve customer service levels
- Maximize the efficiency of inventory and working capital
- Standardize planning processes for inventory targets
- Improve planner productivity
- Reduce production and distribution costs

Achieving the right balance between inventory and service levels
Multi Stage Inventory Optimization considering Uncertainties

Consider Uncertainties on Supply Side
- How reliable is the supplier?
- How often can we order?
- Specific batch sizes?
- Is Supplier on time, early or late?
- Seasonal supply sources exist?

Consider Uncertainties on Demand Side
- How variable is the forecast?
- Forecast consistently over or under?
- Does seasonality exist?
- Outliers or anomalies of sales history?

Traditional Approach

Multi-Stage Inventory Optimization

Eliminates over-buffering of inventory

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Beneﬁts of Integrated Business Planning for Inventory

✓ Consider and compensate for uncertainity
(ﬁxed error, supply timing and quantity)

✓ Multi stage inventory planning across
complex supply chains

✓ Maximizes customer service level,
balanced with corporate proﬁt objectives

Fix the mix of inventory
for each item at each location

Increase
Decrease

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Simplified „Definition“: IBP for demand

Integrated Business Planning for demand

= 

“traditional” demand planning

+ 

short term forecasting and demand sensing

+ 

demand predictive/forecasting analytics techniques
Integrated Business Planning for Demand
Demand Planning vs. Demand Sensing

**Demand Planning** is a demand planning tool that helps to cope with the uncertainty of the future, relying mainly on data from the past and analysis of trends.

**Demand Sensing** is the science of making these forecasts more accurate, more profitable in the short-term horizon relying mainly on data from the present and recent past and analysis of patterns.

Forecast

**Demand Planning:** E.g. executed monthly in weekly buckets

**Demand Sensing:** In general done daily in daily buckets

Difference between short term forecast and consensus mid-long term forecast
SAP Integrated Business Planning for supply

Create advanced supply planning simulations for S&OP based on forecasts, orders, and inventory or safety stock targets

- Simulate either constrained or unconstrained production and distribution plans, using heuristics or optimization based algorithms
- Multi level sourcing determination for both distribution and Bills of Material
- Development of rough cut capacity plan in a times series bucketed supply plan
- Simulation capabilities for scenario planning
Fast, rules-based, priority-driven supply planning, allocations planning, and order rescheduling

- Focused on supporting what-if analysis of actual or hypothetical changes to demand and/or supply
- Full pegging and gating-factor analysis
- Generate and provide allocations to ATP for online confirmations of sales orders
- Order-based / demand-based
- Infinite or Finite (priority rules-driven) planning

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Incorporate SAP Integrated Business Planning in phases by adding incremental value to existing planning solutions

Potential roadmap:

1) Continue pursuing APO Roadmap as necessary
2) Extend existing footprint with value-add elements of IBP such as SAP Integrated Business Planning for sales and operations, inventory, supply, and supply chain control tower to be used in conjunction with existing planning solutions (e.g. SAP APO or SAP EIS)
3) Consider other SAP Integrated Business Planning elements such as IBP for demand and IBP for response when available

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Integrated Business Planning – Demo
Demand Review

4 Members
+ Invite

Upload File
Create
More

Demand Review

Blog Post
Decision Making Tools
Link
Planning Tools
Video
Wiki Page
New Folder
New Private Folder

Showing: All
Search Content

Last Modified
Type

about 8 months ago
Image
13
0

about 8 months ago
Decision
13
0

about 8 months ago
Agenda
2
0

Overview
Feed Updates
Recommendations

Content
Subgroups
Events
Forums
Links
Presets
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<th>Topic</th>
<th>Pro</th>
<th>Con</th>
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<td>Increase capacity in-house</td>
<td>+ Long Term. Increases ability to meet demand</td>
<td>- Increased expenditure</td>
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<tr>
<td></td>
<td>+ Based on the current trend, demand will only go higher.</td>
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<td></td>
<td>Jack Supply, about 10 months ago</td>
<td>Jack Supply, about 10 months ago</td>
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<tr>
<td>Short new demand</td>
<td>+ Need not change existing supply plan</td>
<td>- Customer is unhappy</td>
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<tr>
<td></td>
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<tr>
<td></td>
<td>+ Cannot address long term demand</td>
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<tr>
<td>Use Contract Manufacturer</td>
<td>+ Meet demand in time</td>
<td>- Decreased profitability</td>
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<td>Jack Supply, about 10 months ago</td>
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</table>
### 1 Consensus X Phones

**Planning Combinations:** 1

**Currency:** USD

#### Plot for Product Family:
- All

#### Select Key Figures to Plot:
- Sales Fct Rev
- Marketing Fct Rev
- Consensus Demand Plan Rev

#### Comparison %
- 15%

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<th>Jul/14</th>
<th>Aug/14</th>
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**Last refreshed at:** 7/21/14 3:55 PM
Control Tower
## EMEA stock out in 10 days

### Alert Details

**EMEA stock out in 10 days**
Critical, short-term shortages affecting customers. 
**Location ID:** DK2, **Product ID:** EP0000000000239530, Daily: 2014-09-30

**Projected Inventory Valuation (EUR):**
- **1,101.05** (2014-10-01)

**Projected Inventory Shortage:**
- 3,252 (2014-09-30)

**Total Demand:**
- 3,252 (2014-10-02)

---

### Graph

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<th>Valuation</th>
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Cases

Investigate reoccurring supply problem with EP...245397
🔥🔥🔥
NEW

Rework and ship SKU LB...55A to solve overage
🔥🔥🔥
In Process

Reduce production plan for LBRRJ56638112-A due
🔥🔥🔥
In Process

Create deviation 2014-0715-A112112 for release of material due to drawing variance - Partone 35543 Black not flat enough on packaging
🔥🔥🔥
In Process

Tasks (2)

- Setup short-term rework line in bulk warehouse to salvage inventory
  🔥🔥🔥  Due: in 4 days

- Schedule shipment from location PL; document import duty impact
  🔥🔥🔥  Due: in 3 days
Key Takeaways

- Market continues to be volatile with high customer expectations.
- There are many challenges in today’s business environment to support the market climate and customer expectations.
- SAP Solutions are available to accelerate comprehensive Integrated Business Planning processes, sense short term demand, understand the demand network, and orchestrating response and supply.
- Many customers are currently leveraging these capabilities and achieving benefits to process efficiencies and top line and bottom line growth.
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