Leveraging SAP to Achieve Operational Excellence
SAP Sales and Operations Planning on HANA

Ray Adams
May 2013
SAP Supply Chain Management

Agenda

1. Introduction of Industries Business Unit Chemicals at SAP and Supply Chain Line of Business
2. Sales and Operations Planning on HANA at SAP
3. Competitive Information
4. Demo/Solution Portfolio
   1. Key Contacts
5. Customer Case Studies
SAP Supply Chain Solution Areas
Complete Support for Integrated Business Planning

Financial Performance Management
Integrated Product Development
Sales Planning and Performance Management

Sales and Operations Planning
Demand Management
Manufacturing & Supply Planning

Collaborative Response Management

Supply Chain Execution

Consistent Supply Chain Data Model
Locations  Business Partners  Products/Materials  Supply Network  Bill of Materials  Routings & Resources

Strategic
Tactical
Operational
Execution
More Innovation with SAP Supply Chain Management

SAP Demand Signal Management powered by SAP HANA:
- SAP Demand Signal Management powered by SAP HANA:
- SAP Enterprise Inventory Optimization
- SAP Supply Network Collaboration

SAP Sales & Operations Planning powered by SAP HANA:
- Integrated Sales and Operations Planning
  - Demand Management
  - Response Management
  - Manufacturing & Supply Planning
- Supply Chain Execution

SAP Advanced Planning and Optimization with SAP HANA:
- SAP Sales & Operations Planning powered by SAP HANA
- SAP Transportation Management
- SAP Global Batch Traceability
- SAP Extended Warehouse Management
Where S&OP fits across enterprise planning

Value
- Make strategy actionable
- Integrate tactical planning & Execution
- Drive visibility and agility

S&OP

Strategic Planning

Sales Planning

Operational Planning

Financial Planning
SAP’s Alignment of Sales and Operations Planning

Tom Wallace Definition
Sales & Operations Planning (S&OP) is a set of decision-making processes to:

- Balance demand and supply
- Integrate financial planning and operational planning
- Link high-level strategic plans with day-to-day operations

Ray’s Definition from SCM Chem 2012:
Sales and Operations Planning is a collaborative, strategic, business-driven process that leverages simulations and scenario planning to minimize risk by aligning supply with demand and clearly understanding financial implications.
Trends Driving S&OP Adoption and Renewal

**Market Pressures**
- Uncertain economic conditions
- Need for greater agility
- Escalating demands from customers

**Volatile Demand/Complex Supply Chain**
- Supply chain complex and costly to manage
- Demand increasingly volatile
- Increased exposure to supply chain risk

**Increasing Importance of Technology to S&OP**
- Growing number of stakeholders in S&OP process
- Need to leverage massive amounts of data
- Need to analyze data and run simulations quickly
A Typical S&OP Process

- **Demand**
  - Consensus Demand Planning and New Products
  - Input from Sales, Marketing, Finance and Operations, including quantity, price, revenue and margin

- **Supply**
  - Based on updated demand plan, understand capacity and material impacts, including contract manufacturing
  - Understand long-term gaps in supply and demand

- **Balance**
  - Review and resolve outstanding supply issues
  - Compare constrained plan with finance plan
  - Define and compare scenarios

- **Executive Review**
  - Escalate resolution plans with scenarios, if applicable
  - Review key changes since last meeting

Repeats Monthly
Typical Business Consulting: S&OP Maturity

1. Reacting
   - Out Of the box integration with APO and R/3
   - Familiar Excel Interface
   - Real Time Alerts on entire model

2. Anticipating
   - Real Time Demand and Supply-Constrained Model
   - Unlimited Simulation
   - Maintain details to synch with tactical planning

3. Collaborating
   - Social Collaboration and Process Workflow
   - Real Time Cost & Inventory Projections
   - Advanced scalable scenario comparison

4. Orchestrating
   - Real Time gross and net profit per supply constraints
   - Financial Planning Integration
   - Intercompany Collaboration

Level of S&OP Maturity
Customer Pain Points with existing S&OP Process

- Too many spreadsheets and systems involved in the S&OP process
- Cannot get users to provide input, especially sales, marketing and executives
- Spend more time assembling data than planning
- Outdated demand, supply and finance plans

- Working at aggregates only and can’t connect to detailed mix
- Cannot change demand and view impact on supply and financials right away
- Too hard to simulate and compare planning scenarios
- Planning decisions made without considering supply chain constraints and profitability

- Executive S&OP views lack latest information
- Executive S&OP meeting information is hard to share and is disconnected from planning tools
High-Level Process Flow between SCM Products

**S&OP**
- Consensus Demand Planning
- Constrained Demand Planning
- Supply / Capacity Planning

**Higher Level Planning**

**Tactical Planning**

**Execution**

**APO-DP**
- Forecasting
- Demand Analysis

**APO-SNP**
- Supply Planning

**APO-PP/DS**
- Production Planning

**APO-GATP**
- Order Promising

**SNC**
- Collaboration

**Inventory Optimization**

**ECC**
Top Ten S&OP Value Drivers Enabled by SAP HANA

1. Unlimited Simulation
2. Scenario Comparison
3. Instant Financial Plan Impact
4. Real-time Alerts
5. Real-time Customizable Analytics
6. Real-time Constrained Planning
7. Source data from ANY data source
8. Calculate at the Detailed Levels
9. Drill Down, all the Way Down
10. Integrated to Drive Execution
Solution Architecture

SAP Sales and Operations Planning
Powered by SAP HANA™

S&OP Model & Engine
- Dimensions
- Attributes
- Key Figures
- Calculations
- Scenarios
- Simulation
- Process Workflow
- Alerts

Cloud-based

SAP HANA™

User Interface
- Planning Views (Excel)
- Analytics (Web/Mobile)
- Social Collaboration (Web/Mobile/Excel)
- Administration (Web)

Data Services
Out-of-the-box Integration

ERP
CRM
BPC
APO
BW
Any Other System
Excel

Sales/Marketing
Demand Planning
Finance
Supply Chain
Executives

© 2012 SAP AG. All rights reserved.
Product Overview: Data Integration

- This is a product differentiator: out of the box content and free DS on-demand

- Any data / any source:
  - Automated Data Loads from any source systems for any data
  - Use SAP Data Services on-premise (not free) or on-demand (free), or any other ETL tool
  - Configurable target data model (via the model configuration UI)
  - Automated detailed data load reporting to quickly correct data

- “Out-of-the-box” Source-to-target data integration via data services for faster implementation*
  - Currently for APO DP and SNP, ECC and BPC. See Data Integration Source to Target Mapping (xlsx)
  - More systems in future, including out of the box export

- Self-service Web UI for manual data loads
- Export plans out of S&OP to source systems

* Product differentiator
LIVE DEMONSTRATION of SAP S&OP ON HANA

Thank You!