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Every organization with a vested interest in a supply chain needs to assess just how well it's able to collaborate with its partners – and not just with a select few partners, but with *all* of them. The rules of supply chain engagement have changed.

It is no longer sufficient to be good at planning and execution, because all plans bump up against natural limits: human error, forces of nature, market shifts, and other extenuating circumstances. So it is critically important that you have the ability to plan well with your partners *and* collaboratively respond, in real time, to deviations from that plan.

Collaboration is the basis for cost-saving measures, as well as joint process efficiencies and innovation. And I maintain that it is the most important prerequisite for addressing the most difficult challenges that now confront supply chain participants: faster replenishment; global outsourcing, offshoring, and near-shoring; and transportation on a global scale coupled with soaring energy costs. These activities require close working relationships. They require real-time visibility into demand, supply, inventory, and logistics activities. And they require a higher degree of information sharing.

Companies have been turning to SAP and asking how they can more easily and more cost-effectively engage with partners. You'll find that mySAP SCM is engineered for precisely this purpose. It offers tools to enable both supplier and customer collaboration for rapid and accurate replenishment, as well as to manage forecasts, inventory, and outsourced manufacturing. Given that transportation is an area of such importance, we've delivered new capabilities for managing compartments, vehicles, and trailers, and for constraint-based planning.

I'd also like to take this opportunity to announce that, this year, SAP will unveil SAP xApp Sales and Operations Planning for mySAP SCM, a composite application that connects key processes between the supply chain, marketing, and financials. This will improve cost and operations visibility and introduce tracking and analytics so that everyone, from the CEO to the shop-floor manager, will be able to view sales and operations as a single, collaborative process.

As 2007 begins, keep in mind that supply chains have evolved, and your processes for engaging with partners need to keep pace. Collaboration is not just an abstract concept for thought leaders; it is now mandatory for all supply chain participants – big and small guys alike.

Hans Thalbauer

Vice President, Supply Chain, Application Solution Management

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