SAP BusinessObjects™

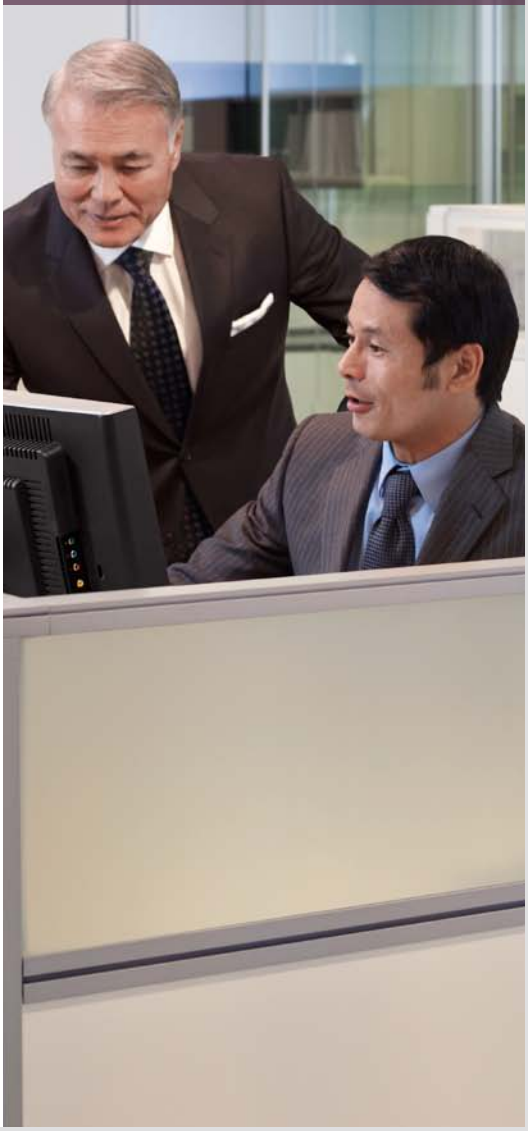
**SAP Solution Brief**
SAP BusinessObjects
Analytic Applications

SAP BusinessObjects Sales
and Operations Planning

# SALES AND OPERATIONS PLANNING

## TURN PLANNING INTO A STRATEGIC PROCESS THAT DRIVES SUCCESS

The SAP® BusinessObjects™ Sales and Operations Planning analytic application helps you establish a single plan to drive business operations. You can consolidate data, perform analyses, and turn sales and operations planning into a strategic process that helps improve business performance.



Many companies use sales and operations planning simply as a preproduction check to see if they can fulfill customer demand. While this tried-and-true approach certainly has value, the sales and operations planning process has much greater potential.

Used strategically, sales and operations planning can evolve beyond sales projections and production capabilities into a truly collaborative, forward-looking process that aligns your financial goals, marketing efforts, and inventory targets in a single consolidated plan. Companies pursuing such an objective have been able to plan activities around customer needs, improve customer service, control costs, and optimize resources to support financial and business strategy.

The goal of this more strategic approach to sales and operations planning is to synchronize demand and supply plans across multiple planning horizons and align them with your company's financial goals. If, for example, demand increases by 10%, sales and operations planning can help you determine how to best meet this increase to maximize profitability.

While many companies see the value of such an approach to sales and operations planning, obstacles often stand in the way. Operational silos, for example, often impede the constant communication and collaboration required to achieve a single system of record. Workers typically create sales and operations plans in piecemeal fashion, using spreadsheets and other manual methods. Multiple versions of these spreadsheets can quickly cause confusion, leading to poor data visibility.

Poor visibility, in turn, can lead to a disconnected view of operational metrics. An increase in back orders, for example, might lead planners to add production capacity without considering the impact such a decision might have on inventory and working capital. At the same time, another division might move forward with a new product introduction that inadvertently cannibalizes the market, causing a reduction in demand for existing products on back order. In the end, the company is left with excessive inventory that is difficult to unload – a scenario that might otherwise have been averted with a better understanding of the demand and supply situation.

With the SAP® BusinessObjects™ Sales and Operations Planning analytic application, you can overcome these challenges. By empowering your planners to establish a single, unified plan, this solution helps you successfully balance demand and supply so that you improve business performance despite constantly evolving market conditions.

### A Single, Balanced View of Demand and Supply

SAP BusinessObjects Sales and Operations Planning enables you to put a single plan in place that incorporates accurate data from multiple lines of business. This lets you better collaborate

across departments and make decisions that support overall business strategy. Reporting and simulation functionality, meanwhile, delivers the insight you need to perform variance analysis and understand the impact of your decisions across marketing, financial, and production initiatives.

### Process Enablement for More Effective Planning

While the sales and operations planning process is unique for each organization, certain fundamentals hold true regardless of organizational variation. From the broadest perspective, it is a process that empowers management to strategically direct the business to achieve a competitive advantage on a continuous basis. The process is performed at least once a month, bringing together all functional plans to reconcile supply, demand, and new product initiatives (see the figure). Typically, the process will include the following steps:

- **Consensus demand planning** – Sales, marketing, finance, and operations departments analyze their numbers, submit individual demand forecasts, and then meet to consolidate them into a single consensus demand plan.
- **Finished goods inventory–level planning** – Inventory experts use the consensus demand plan to balance inventory requirements in a way that avoids stockouts while also minimizing carrying costs.
- **Rough-cut capacity planning** – Planners generate a rough estimate of available production capacity at an aggregate level that does not delve into details such as changeovers, start-up, or breaks.
- **Critical-component requirements planning** – Planners model a simplified, single-level bill of materials representing only the critical components required for production.

This process is typically iterative in nature, requiring teams to meet as circumstances change and plans become solidified. Throughout each step of the process, SAP BusinessObjects Sales and Operations Planning supports your people with automated workflow and task management functionality. This helps keep all parties on track throughout the extended sales and operations planning process – from premeeting demand analysis to plan execution and follow-on action items.

In addition, the software features self-service setup and data administration functionality that empowers planners to act quickly and decisively across multiple functional areas, including marketing, sales, finance, and production. For example, for each new plan – which is typically generated on a monthly basis – an administrator can quickly import master data from actual or plan sources.

As the process moves along, flexible hierarchies in the software enable users to view plan status from the aggregate level and drill down to uncover the cause for imbalances. The software then automatically recalculates the pertinent figures for the overall plan. This helps planners fine-tune forecasts and maintain productivity even in the face of constantly changing market conditions and production plans.

### Powerful Reporting and Analytics

SAP BusinessObjects Sales and Operations Planning delivers actionable insights via dashboards and reports that enable you to track performance over time and react to any out-of-balance situations in real time. It also includes simulation functionality so that you can run what-if scenarios to test how potential decisions might play out before you make them. For example, you can test how longer production runs might impact your ability to meet demand or see how a drop in prices might affect your financial targets for the quarter. Ultimately, these tools play a critical decision-support role as your planners constantly seek to strike the right balance that helps to optimize performance.

### Support with the End User in Mind

SAP BusinessObjects Sales and Operations Planning combines powerful analytics and dashboards with commonly used Microsoft Excel software. This means that your planners – who are already accustomed to using Excel – do not have to take the time to master a new environment.

At the same time, the software avoids the pitfalls of using individual spreadsheets as your sole planning technology. Instead of passing endless spreadsheets around via e-mail, you're supported by the automated workflow, task management, and analytics you need to usher the process along and make informed decisions along the way. In the end, you get an enterprise solution with a familiar Excel interface that helps ensure higher, faster adoption rates so that you can minimize investment risk and drive productivity from day one.

### Rapid Deployment

Available as a rapid-deployment solution, your organization can have SAP BusinessObjects Sales and Operations Planning up and running quickly according to an affordable, fixed-scope agreement. You get preconfigured software complete with analytics for a rapid return on investment. The SAP Consulting organization performs the implementation according to a preapproved up-front deployment plan that clarifies cost and scope issues. This takes the risk and guesswork out of your project and helps to get your team working as quickly as possible with world-class sales and operations planning software.

## The Singular Advantage

By enabling a single negotiated plan that enables the sign-off of all parties, SAP BusinessObjects Sales and Operations Planning helps to align your entire organization so that it can work as a unified team pursuing a common objective. The visibility supported by the software also lets you extend the sales and operations planning process beyond the production-check function to drive financial strategy and overall competitiveness.

Task management functionality helps you keep the process on track. Built-in analytics, meanwhile, support effective, real-time decision making. For any decision under consideration, you can conduct what-if scenario analysis to determine the impact on revenue targets and financial goals. And because the software supports an iterative planning process, you're empowered to modify your plan as many times as necessary to react effectively to changing market conditions. Your planning team, in other words, can become faster, more responsive, and far more effective.

And best of all, the software can be implemented quickly as a rapid-deployment solution. This helps get you up and running quickly with preconfigured functionality – and well on your way to an equally rapid return on investment.

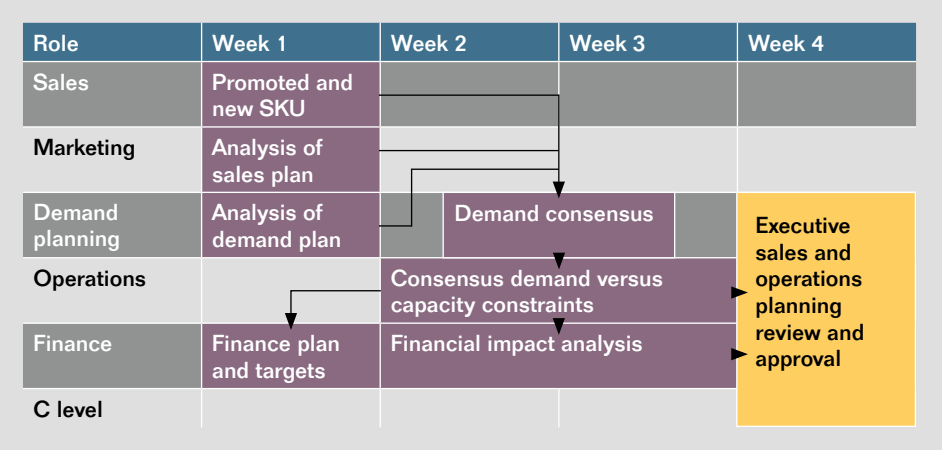



**Figure: The Sales and Operations Planning Process**

By empowering your planners to establish a single, unified plan, this solution helps you successfully balance demand and supply so that you improve business performance despite constantly evolving market conditions.

### Find Out More

To learn more about how SAP BusinessObjects Sales and Operations Planning can help you streamline your planning process and focus it more effectively on strategic business objectives, contact your SAP representative today or visit us online at www.sap.com/sales-operations-planning or www.sap.com/sales-and-operations-planning/rds.

# QUICK FACTS

www.sap.com/contactsap


**Summary**

With the SAP® BusinessObjects™ Sales and Operations Planning analytic application, you can establish a single sales and operations plan that drives business operations and helps you execute on business strategy. This solution consolidates data, supplies analytics, and helps you manage sales and operations planning.


**Business Challenges**

- Leverage sales and operations planning as a strategic business process
- Eliminate operational silos that impede communication and collaboration
- Improve visibility into planning processes to avoid a disconnected view of operational metrics

**Key Features**

- **Automated workflow and task management** – Keep all parties aligned as you manage each step of the sales and operations planning process, including planning for consensus demand, finished goods inventory level, rough-cut capacity, and critical-component requirements
- **Reporting and analytics** – Use actionable insights from dashboards and reports to improve performance, and run simulations to test the impact of decisions before you make them
- **Integration with Microsoft Excel** – Give your users a familiar interface backed by an enterprise solution to help ensure wide end-user adoption
- **Rapid deployment** – Have your solution implemented quickly, according to an up-front, fixed-scope agreement that minimizes your risks

**Business Benefits**

- **Single version of the truth** made possible by a consolidated plan that enables the buy-in of all parties
- **Faster, more accurate planning cycles** with process and decision support that helps optimize performance
- **Improved visibility into changing plan details** due to aligned teams that communicate and collaborate more effectively
- **More effective decision making** thanks to built-in reports, analytics, and simulation functionality
- **Fast time to value** due to rapid deployment and a familiar Excel interface that helps ensure end-user productivity from day one

**For More Information**

To learn more, contact your SAP representative today or visit us online at www.sap.com/sales-operations-planning or www.sap.com/sales-and-operations-planning/rds.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