

SAP® BUSINESSOBJECTS™ SUPPLY CHAIN PERFORMANCE MANAGEMENT

IMPROVING SUPPLY CHAIN
EFFECTIVENESS



The SAP® BusinessObjects™ Supply Chain Performance Management application helps companies make their supply chains more effective and responsive in the face of complex and fast-changing market conditions. By focusing on the right process metrics, companies can track performance, diagnose bottlenecks, and uncover opportunities. This way, companies can take informed action towards improved supply chain performance. Enhanced supply chain performance will in turn improve financial performance by reducing costs, increasing working capital, and strengthening customer loyalty.

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IMPROVING SUPPLY CHAIN EFFECTIVENESS

TO OPTIMIZE ITS IMPACT ON ENTERPRISE PERFORMANCE

Actively managing the performance of your supply chain has never been more important. Increased globalization, volatility in demand and commodity costs, regulatory requirements, and greater dependency on suppliers and other partners have significantly increased the risk of doing business. Knowing your inventory positions, delivery dates, and fill rates is not enough. You must also understand the impact of supply chain changes on total cost or cash flow and optimize supply chain effectiveness for better corporate results. This requires end-to-end visibility into factors that drive performance – such as cash-to-cash cycle time, overall supply chain cost, or the quality of your order fulfillment.

There is no shortage of data for this purpose. However, much of this critical information may be buried within your enterprise systems and dispersed across multiple documents, system records, and databases. You may not even know what data you need to make crucial decisions. Your supply chain metrics may also lack formal definitions and standards common in finance and other areas of your business. In addition, it's likely that neither your business managers nor your IT department has the time to create the modern and flexible information architecture your enterprise requires to address its evolving supply chain needs.

The SAP® BusinessObjects™ Supply Chain Performance Management application helps you measurably improve the effectiveness of supply chain oper-

ations and better deliver on corporate mandates such as lowering costs and improving return on working capital. In addition to providing a more accurate measure of whether you are meeting your supply chain goals, the application can warn you of potential bottlenecks and identify new opportunities. Functions for root-cause diagnostics let you take measured responses where needed.

As a packaged application, SAP BusinessObjects Supply Chain Performance Management can significantly reduce the complexities, cost, and risk associated with deploying this type of solution. Relying on best-in-class technology, embedded data-integration functionality, a calculation engine, and an intuitive user experience, the application has been purpose built, preconfigured, and preintegrated to work effectively. Built from a business perspective, the application contains data models and metadata based on leading industry standards. It can automate data collection wherever it is available and proactively diagnose a given situation. This means faster time to value at a significantly reduced price point and lower risk versus custom-built applications.

Standards-Based End-to-End Process Visibility

Today, you may design, manufacture, ship, or sell products almost anywhere in the world. At the same time, you may deal with a complex network of business partners including suppliers,

manufacturers, and logistics services providers. To succeed, you require actionable and timely insights into your entire supply chain performance across end-to-end business processes.

The SAP BusinessObjects Supply Chain Performance Management application helps you measurably improve the effectiveness of supply chain operations and better deliver on corporate mandates such as lowering costs and improving return on working capital. In addition to providing a more accurate measure of whether you are meeting your supply chain goals, the application can warn you of potential bottlenecks and identify new opportunities.

Know Your Supply Chain Performance, at Any Time

SAP BusinessObjects Supply Chain Performance Management provides you with much-needed visibility into supply chain processes such as order to cash. You stay clearly informed about performance metrics such as shipment reliability, perfect-order fulfill-

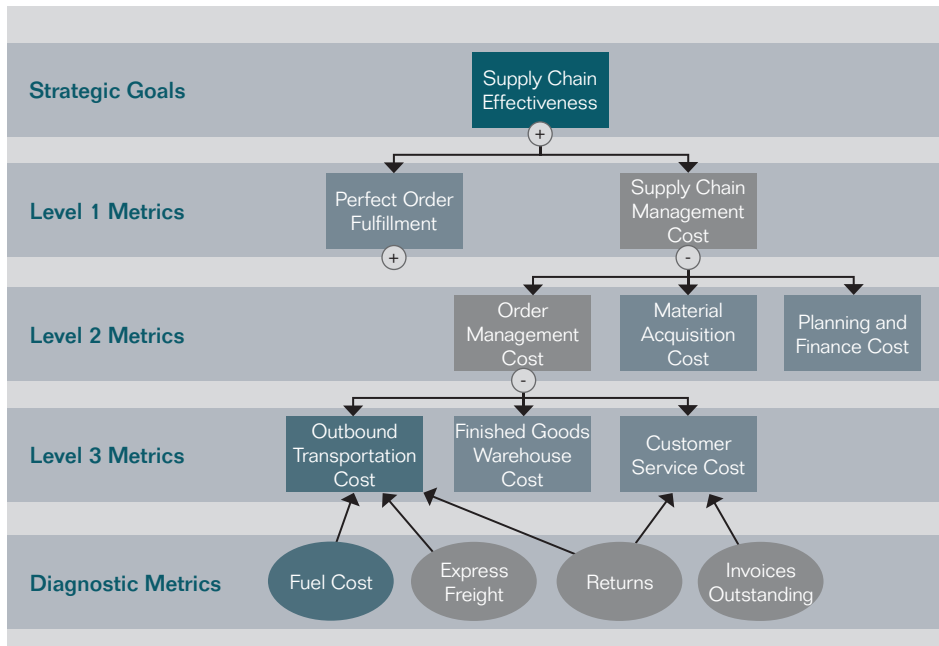


Figure 2: Example of a Metrics Hierarchy Within the SAP® BusinessObjects™ Application

With the right metrics architecture, an organization can break down functional silos and align stakeholders behind common goals – such as improving cash-to-cash cycle time, reducing total supply chain cost, or delivering on perfect-order goals. The SAP BusinessObjects Supply Chain Performance Management application helps you identify and monitor the metrics that really matter for your organization (see Figure 2). At the enterprise level, these might be perfect-order fulfillment rate, forecast accuracy, or supply chain cost. At the department level, such metrics might include on-time delivery by suppliers, plant utilization, or order-cycle time.

The prebuilt metrics architecture within the application is based on the supply chain operations reference (SCOR) model and other industry standards frameworks, yet is flexible enough to meet your particular requirements. Metrics are defined, documented, and associated with specific individuals within your supply chain network. This fosters accountability – a key premise for strategy-aligned supply chain execution. In the end, the right metrics drive individual behavior, and behavior drives enterprise performance. And when it comes time to upgrade, the metrics you’ve defined will still be intact.

Automated Data Collection from Operational Systems

Transactional IT systems are optimized for efficient document processing, not for easy information access. Vital data is captured in enterprise systems across multiple points along the order management process, from order capture over goods issue, shipment, invoicing, and accounting. Unlocking this information is key to accurately measure supply chain performance, to proactively identify opportunities and bottlenecks, and hence to improve supply chain effectiveness. However, the traditional way to capture this information is via extensive, custom-built business intelligence projects, involving business requirement analysis, data modeling, and custom development. This approach is risky and expensive, often prone to failure or budget overruns. As a result, despite significant advances in business intelligence technology, many business users still can access only basic supply chain information because development time is so long. And all too often, information is not presented in the proper context because of lack of time and business user expertise. For example, dashboards could highlight only primitive data – such as line-item details of a shipping notice or its aggregated number for a specific plant.

Insights Derived from Actual Business Processes

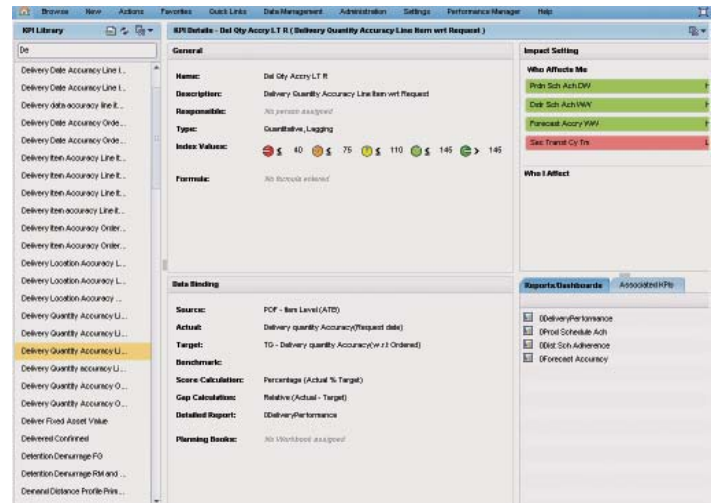
SAP BusinessObjects Supply Chain Performance Management uncovers hidden information from enterprise systems by retrieving and semantically linking relevant pieces of information across supply chain management and related financial processes. The application then automatically calculates the resulting metrics, providing you with a full picture of supply chain performance across end-to-end business processes. For detailed analysis, you can even drill down into operational detail in the underlying enterprise resource planning system to display, for example, a sales order that had to be delivered via express shipment.

This automated data collection and analysis is delivered at a fraction of the cost and with considerably less IT project risk than associated with traditional custom-built solutions. And because the data is based on reliable sources (through prepackaged integration with SAP transactional software, for instance), you can be confident in its accuracy and relevance. Various business scenarios are supported, such as collaborative demand and supply planning; manufacturing network planning and execution; and logistics and fulfillment management.

Business Agility, While Assuring Information Integrity

With change the only constant today, you must adjust enterprise strategies and tactics more frequently than in the past. If, for example, raw-material prices spike unexpectedly, you must review your cost management strategies. Sim-

Figure 3: Example of Metrics Management Functionality



ilarly, increased competition or new market opportunities may force a new product strategy. It pays to stay agile and responsive in such environments.

SAP BusinessObjects Supply Chain Performance Management helps IT stay in control and react swiftly to changing market requirements – without lengthy project-change requests. Business users can define new metrics (see Figure 3), adjust threshold values, and customize dashboard views – without draining scarce IT resources. If the impact of fuel costs on transportation costs declines with the introduction of hybrid vehicles, for example, the application can immediately reflect those changes. Business users can change relationships and definitions for KPIs and immediately see the results of those changes. It is also possible to change scorecard contexts as the supply chain strategy evolves – for example, moving from a geographical orientation to a category orientation. As business requirements and metrics

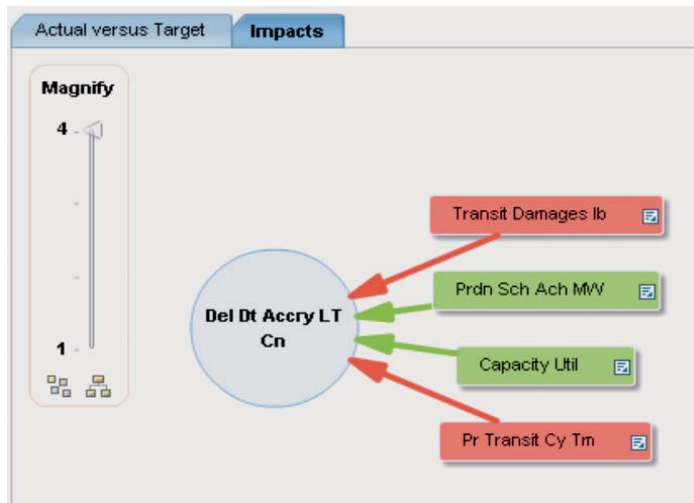
architectures evolve, the data structures built into the application assure information integrity, without expensive project rework.

Proactive Diagnostics

In a dynamic marketplace, changes in a single parameter (intentional or not) may significantly affect your entire supply chain – as well as your financial position and market capitalization. Changes in safety stock may simultaneously impact supply chain cost, on-time delivery, and carrier utilization.

How do you set the right target values for your supply chain strategy? How do you handle transportation costs that rise to unacceptable levels? Supply chain practitioners must often choose among competing requirements and understand why programs fail. They must know the right questions to ask and have the right diagnostics functionalities, as well as proper alerts and contextual guidance, to identify potential problems as quickly as possible.

Figure 4: Example of Impact Analysis Functionality



Uncover Interdependencies Across the Supply Chain Network

Functions for impact analysis within SAP BusinessObjects Supply Chain Performance Management help you qualify relationships between supply chain metrics (see Figure 4). You can tie back performance issues (such as increase in overall transportation cost) to functional issues (such as an increase in fuel cost by a certain carrier or an increase in express freights for a certain region). That helps identify possible root causes for breakdowns or potential bottlenecks, and then improve the success rate of decisions by understanding broader decision impact.

Deliver Alerts About Deviations from Performance Targets

Today's supply chain managers and executives are busy people. They don't want to spend time surveying dashboards, no matter how well-designed. Instead, they need to manage by exception – driving immediate attention to the real issues requiring informed action.

With SAP BusinessObjects Supply Chain Performance Management, deviations are indicated via alerts, and interdependencies across metrics are clearly marked. In addition to knowing that there is an issue, you can gain

insights into the underlying operational drivers – and their possible resolution – by analyzing interdependencies across the supply chain network. Besides up-to-date information on current supply chain metrics, the application can provide alerts based on historical trend analysis, plan-versus-actual comparisons, and internal or external benchmarking comparisons.

SAP BusinessObjects Supply Chain Performance Management helps you identify and monitor the metrics that really matter for your organization. At the enterprise level, these might be perfect-order fulfillment rate, forecast accuracy, or supply chain cost. At the department level, such metrics might include on-time delivery by suppliers, plant utilization, or order-cycle time.

SAP BUSINESSOBJECTS ENTERPRISE PERFORMANCE MANAGEMENT SOLUTIONS

IMPROVED EFFECTIVENESS AND PERFORMANCE CONTROL

SAP BusinessObjects Supply Chain Performance Management is part of SAP BusinessObjects enterprise performance management solutions – a comprehensive set of solutions that help your company capitalize on the value of your existing data assets. The solutions can make your enterprise more agile – with the greater organizational alignment, visibility, and confidence you need for optimal control and competitive advantage. The solutions are built on a proven intelligence platform, and are designed to integrate smoothly with SAP Business Suite software; SAP BusinessObjects governance, risk, and compliance solutions; and SAP BusinessObjects information management solutions. This lets you maximize business profitability, manage risk and compliance, and optimize your corporate systems, people, and processes.

Find Out More

For more information on SAP BusinessObjects Supply Chain Performance Management, please call your SAP representative or visit us online at www.sap.com/sapbusinessobjects/epm.

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Summary

The SAP® BusinessObjects™ Supply Chain Performance Management application helps companies measurably improve supply chain effectiveness, for more responsive supply chain networks and improved cost control. By focusing on the right process metrics, companies can identify and diagnose bottlenecks and uncover opportunities to take informed action towards improved supply chain performance.

Business Challenges

- Misaligned targets due to lack of understanding of the impact of supply chain activities on enterprise performance
- Lack of timely visibility into end-to-end operational processes such as order to cash
- Daily surprises and firefighting due to lack of proactive insights

Key Features

- **Business content** – Comply with leading frameworks such as the supply chain operations reference (SCOR) model
- **Data extraction and transformation** – Access data and gain insight more quickly thanks to preintegration with transactional systems and precalculation of metrics
- **Analysis and reporting** – Produce more useful reports with semantically consistent navigation across information
- **Impact analysis** – Qualify relationships between supply chain metrics
- **Metrics management** – React quickly to changing market conditions by readily defining or refining metrics and threshold values

Business Benefits

- **Insight into operational and related financial performance** while complying with performance management standards, thanks to standards-based support for end-to-end processes
- **Relevant and timely information** with automated data collection derived from actual business processes
- **Full understanding of operational drivers**, opportunity discovery, and timely awareness of deviations from performance targets thanks to proactive diagnostics

For More Information

Call your SAP representative or visit us online at www.sap.com/sapbusinessobjects/epm.

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