

BUILDING A COLLABORATIVE DEMAND AND SUPPLY PLANNING NETWORK

SUPPLY CHAIN PLANNING SAVES TIME AND MONEY AND SATISFIES CUSTOMERS

The SAP® Supply Chain Management application transforms your supply chain into a responsive network. It helps you forecast, optimize, and schedule your valuable resources, and offers powerful planning functionality that helps synchronize supply and demand to boost profitability.



Today's fast-paced business environment places increasing pressure on companies to balance the push and pull of supply and demand. Accomplishing this requires an adaptive supply network driven by real-time customer demand and 24x7 supply monitoring. Your supply chain must meet the highest levels of demand accuracy and customer satisfaction, fully supporting order, product, and execution tracking and logistics, with fulfillment and transportation operations smoothly synchronized. You can balance gracefully on that tight-rope between push and pull by ensuring the most profitable match possible between supply and demand.

The SAP® Supply Chain Management (SAP SCM) application brings you that balance through responsive supply networks to facilitate interaction among customers, suppliers, and partners. The solution links business partners and processes with real-time information, enabling dynamic synchronization of demand-driven planning, logistics, and supply network execution. Through integration, automation, and comprehensive functionality, SAP SCM transforms supply chains from sets of linear processes into responsive supply networks. Customer-centric, demand-driven companies share knowledge, adapt intelligently to market conditions, and respond proactively to shorter, less predictable product life cycles.

Greater Accuracy and Profitability Through Planning

The SAP Advanced Planning & Optimization (SAP APO) component of SAP SCM enhances your existing supply network by delivering full planning functionality – strategic, tactical, and operational. It can support demand-, forecast-, calendar-, event-, or order-driven supply chain process models to let you accurately match supply and demand; reduce inventory levels; and optimize in-stock positions, inventory turns, profitability, and productivity. You can model your existing supply network; set goals; and forecast, optimize, and schedule time, materials, and other resources. You can also synchronize logistics, transportation, and fulfillment operations with front-end demand gateways and back-end supply sources to facilitate demand-driven manufacturing and fulfillment processes. Demand-driven replenishment produces a lean, efficient supply network, reduces inventory-carrying costs, and lets you fulfill orders more quickly to enhance customer satisfaction.

Demand Planning and Forecasting
SAP APO uses state-of-the-art forecasting algorithms to anticipate demand for products or product characteristics, helping you plan product introductions and trade promotions. You can also plan a response to anticipated external events that affect demand and collaborate closely with your customers to manage, analyze, and integrate customer forecasts and point-of-sale data.



SAP APO is integrated at a core level with the SAP ERP application, receiving transaction and confirmation data on inventory, sales, receipts, and production smoothly and in real time, so that you always have the latest information for planning.

Safety-Stock Planning

You can determine the correct levels of safety stock to satisfy unexpected demand and set those levels across the entire supply network. This saves you the expense of maintaining excessive safety stock.

Supply Network Planning

With the integration of purchasing, manufacturing, distribution, and transportation plans into an overall supply picture, you can simulate various market conditions and implement comprehensive tactical planning and sourcing decisions based on a single, globally consistent model. The model can include heuristics-based material and capacity planning, cost-based optimization, and multilevel supply-and-demand matching.

Distribution Planning

You can also determine which demands can be fulfilled by existing supply elements. This lets you plan the best short-term strategy to allocate available supply and replenish stocking locations intelligently.

Production Planning and Scheduling

With thorough production planning, you can create feasible, optimized production schedules that take into account real-time material and capacity constraints. Optimized scheduling helps ensure a fast, flexible approach to engineering changes and evolving customer requirements.

Order Fulfillment

Advance-planning functions let you manage orders based on availability of goods under transport and at distribution centers, production sites, and storage locations. Tightly optimized fulfillment adds to your profitability and customer satisfaction.

Vendor-Managed Inventory

SAP APO takes full advantage of Web-based collaboration functionality that improves mutual visibility into consignment stock, inventory, and demand. You can work directly with partners to reduce inventory buffers, improve customer service, and increase revenues.

Alert Monitor

SAP APO uses a powerful exception-message protocol to support exception-based planning. You have a clear drill-down path from each alert to help you solve the underlying problem.

Real-Time and Standard Integration with SAP ERP

SAP APO is integrated at a core level with the SAP ERP application, receiving transaction and confirmation data on inventory, sales, receipts, and production smoothly and in real time, so that you always have the latest information for planning. You can update planning results from SAP APO to SAP ERP in real time or periodically.

Consolidated Demand Planning with Duet™ and SAP SCM

Complementing SAP SCM, Duet™ software lets you integrate Microsoft Office and SAP applications to improve productivity and enhance decision making. Duet links the advanced demand planning in SAP SCM with the popular user interface of Microsoft Excel. The resulting planning application is both familiar and powerful, enabling information workers across the supply network to contribute to planning and find relevant data more easily.

Business Advantages

Duet brings value to enterprise supply chain management by linking desktop computing and enterprise resource planning, reducing process complexity, improving transparency, and increasing

employee productivity. Because Duet eliminates redundant and inaccurate data and the need for multiple data repositories, compliance with internal policies is simpler. All stakeholders have access to the same consistent up-to-date information and can make more effective decisions.

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How It Works

Demand planning functionality in Duet delivers four preconfigured user roles with clearly assigned functions, helping ensure intuitive use and virtually no

training effort. A highly intuitive wizard supports creation of planning sheets based on Microsoft Excel worksheets.

Users load planning data into a planning sheet through selections from the SAP SCM application. They can switch between selections to load various sets of data, and they use familiar spreadsheet functions for analysis and modification. They can also review their work quickly with a feature that highlights changes, revising as needed and saving modified data directly to the SAP software when online. When working offline, users can save changes to the SAP application as soon as they next log on.

Find Out More

For more information on how SAP supply chain planning applications can help your enterprise synchronize supply and demand to boost profitability, contact your SAP sales representative or visit us on the Web at www.sap.com/scm.

QUICK FACTS

Summary

Synchronizing supply and demand is essential to successful competition in our volatile world markets, and SAP offers a number of applications to make that task easier. These include the SAP® Supply Chain Management application and the SAP Advanced Planning & Optimization component (SAP APO), as well as Duet™ software.

Business Challenges

- Respond effectively to real-time customer demand
- Monitor supply signals 24x7
- Maximize customer satisfaction through rapid fulfillment
- Manage short and unpredictable product life cycles
- Improve collaboration with vendors and partners
- Reduce inventory and safety stock levels
- Forecast, model, and optimize resource usage
- Support demand-driven manufacturing and logistics
- Plan product introductions and promotions intelligently
- Make sourcing decisions based on a single consistent model
- Measure sales plans against supply and against performance
- Integrate SAP and non-SAP applications in one view
- Eliminate redundant data and multiple data repositories
- Give users familiar functions for updates to planning data

Key Features

- Rough-cut capacity planning
- Source-location decision planning
- Supply network process modeling
- Demand planning and forecasting
- Safety stock management
- Vendor-managed inventory control
- Distribution and fulfillment planning
- Sales and operations planning
- Production planning and scheduling
- Multilevel and rule-based available-to-promise planning
- Characteristic-based cross-location planning

Business Benefits

- Increase productivity
- Enhance profitability
- Help ensure customer loyalty
- Maximize return on investment
- Gain visibility across the supply network
- Optimize capacity utilization
- Reduce cycle times
- Improve demand accuracy
- Decrease inventory levels

For More Information

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