Frequently Asked Questions
SAP Business Suite

SAP® SERVICE PARTS PLANNING OR SAP APO

MAKING THE BEST CHOICE FOR YOUR BUSINESS

THE BEST-RUN BUSINESSES RUN SAP™

1. What's the difference between the SAP® Advanced Planning & Optimization (SAP APO) component and the SAP Service Parts Planning application?

Each offering addresses entirely different business scenarios.

The SAP® Service Parts Planning application is designed for high-performance, comprehensive planning and is used in aftermarket service parts operations. Built to work with SAP software for service parts management, the application supports complex aftermarket supply chain processes, allowing users to plan across millions of service part/location combinations. Planning is constraint based, and you manage by exception for the overall parts planning process.

SAP Advanced Planning & Optimization (SAP APO), a component of the SAP Supply Chain Management application, is highly flexible software that supports manufacturing supply chain planning. SAP APO helps you coordinate partners and plan for materials required for presale finished goods.

SAP Service Parts Planning is designed to support aftermarket service parts planning (SPP) scenarios. SAP APO is designed to support manufacturing supply chain planning. You can use SAP APO for aftermarket scenarios, but that would require modifications to your software.

2. What are the unique business process characteristics of aftermarket SPP?

Aftermarket SPP involves a number of unique challenges that are distinct from manufacturing parts planning (see Figure 1). One of the primary differences is the sheer number of items that need to be managed. In SPP, organizations need to maintain a high number of parts across multiple warehouses to meet aftermarket demand – often for years after original production.

At the same time, different parts move at different speeds. While you may need to maintain safety stock to ensure availability, you also want to run as lean as possible to minimize carrying costs. To effectively manage the full range of fast, slow, and sporadic movers, you need to make complex warehouse-stocking decisions – combined in authorized stocking lists – across all warehouses.

Effective aftermarket SPP organizations seek to minimize cost for their consumers by making repair or replace decisions for any given service part. This requires knowledge of the service part's value and its potential longevity supported by historical data.

To meet these challenges, organizations require standardized processes supported by a high-performance offering such as SAP Service Parts Planning. Companies that can effectively manage these requirements stand to profit significantly.

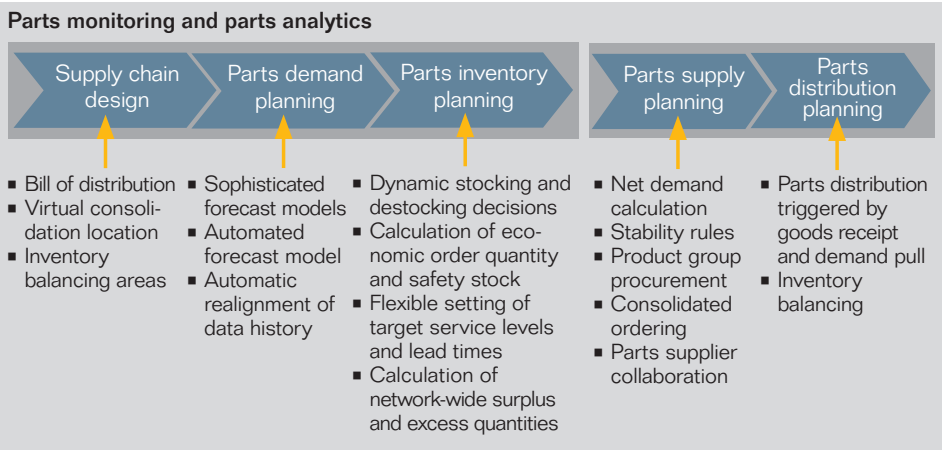

Figure 1: Overview of Service Parts Planning

3. What are the unique process characteristics of manufacturing supply chain planning?

In manufacturing supply chain, the lifecycle of parts is shorter that in the aftermarket scenario (see Figure 2 for the differences). Distribution is also less complex. A manufacturing run, for example, may require a set number of parts to be delivered by specific supply partners to a few facilities at a particular time to support whatever is being manufactured. Once production is complete, a new manufacturing run may be planned for a different kind of product built at different facilities using different suppliers. For this type of production, you need the kind of supply network flexibility supported by SAP APO.

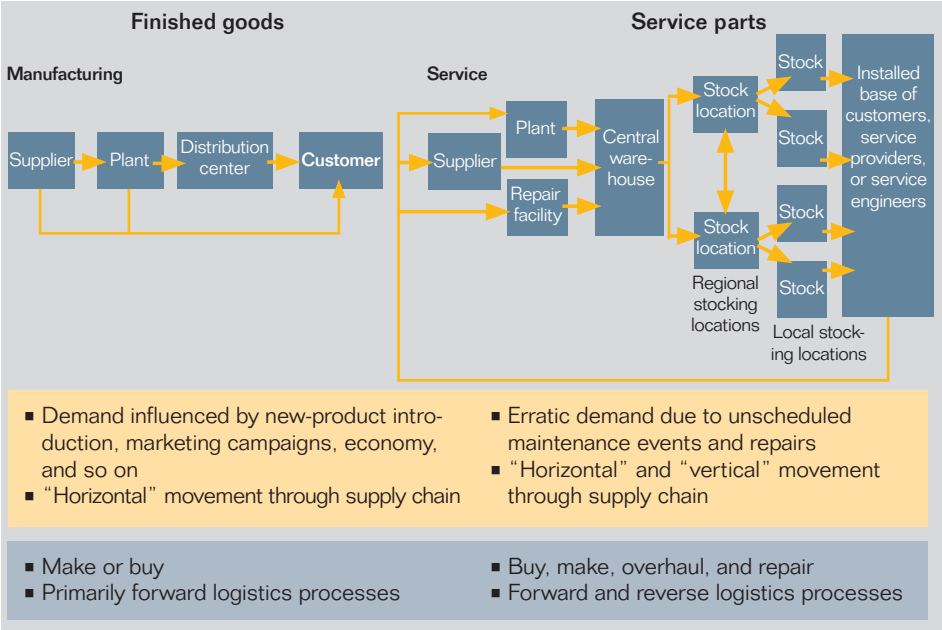

Figure 2: Differences Between Planning for Service Parts and Planning for Finished Goods

4. Should I use SAP Service Parts Planning for manufacturing supply chain scenarios?

No. The functional scope of the application focuses on addressing the needs of aftermarket service parts operations. Intended to manage large volumes of parts appropriate for aftermarket service, this offering is designed for high performance; it is not intended to be used for manufacturing supply chain scenarios.

5. Should I use SAP APO for aftermarket service parts planning?

No. SAP APO is not designed to support aftermarket scenarios. For example, SAP APO does not natively support reverse logistics, where items are returned for repair and shipped back to the customer when fixed. Nor does it support "repair or replace" analysis, which can help customers determine the best course of action for caring for aging machinery. SAP Service Parts Planning on the other hand, includes functionality that supports both of these requirements – as well as a long list of other requirements specific to aftermarket SPP.

Some organizations have had to customize SAP APO for aftermarket SPP scenarios because at the time there was no commercial software available to meet this need. Today, the cost and effort required to custom build and maintain this functionality with SAP APO makes the built-in functionality of SAP Service Parts Planning a more viable long-term option.

6. Can I use SAP Service Parts Planning for distribution supply chain planning?

Yes. Many of the process demands for distribution supply chain planning (in retail and wholesale distribution industries, for example) are similar to those of aftermarket SPP. These include a high number of items to track, multiple warehouse locations, and a concern for constant availability to meet customer demand. This makes much of the functionality built into SAP Service Parts Planning particularly suited for managing distribution supply chains. In certain circumstances, however, SAP APO can also be used for distribution supply chain planning.

Different Software for Different Scenarios

	SAP® Service Parts Planning application	SAP Advanced Planning & Optimization component
Aftermarket service parts planning	Yes	No
Manufacturing supply chain planning	No	Yes
Distribution supply chain planning	Yes	Yes, in certain circumstances

7. Are there plans to improve support for service parts operations in SAP APO?

No. SAP APO development continues in the direction of more flexible supply chain planning. SAP Service Parts Planning on the other hand, continues to be developed to meet the planning requirements of aftermarket service parts operations. Though both offerings run on a similar technological backbone, SAP Service Parts Planning supports the high performance required for service parts management, which remains a core focus area for SPP.

8. Is SAP APO a more mature product?

Yes. SAP APO has a long history of success supporting manufacturing supply chain planning in organizations all over the world. However, it was not designed to support aftermarket service parts planning. While SAP Service Parts Planning is a newer entrant into the market, it is based on proven SAP technology and supports a growing list of customers across numerous industries.

9. Can my company use both SAP Service Parts Planning and SAP APO?

Yes. In fact, the two business scenarios that each addresses are often managed simultaneously by the same company. Take, for example, an industrial machinery manufacturer that realizes the potential revenue to be gained by servicing the aftermarket for its machinery. Such a company can be said to be in two different businesses – manufacturing and aftermarket service. SAP APO can help manage the materials planning process required to produce the machinery. SAP Service Parts Planning can help manage replacement parts planning required to serve the aftermarket.

10. Is SAP Service Parts Planning sold for specific industries?

Yes. SAP currently offers the following packages:

- SAP Service Parts Planning for Aerospace & Defense
- SAP Service Parts Planning for Automotive
- SAP Service Parts Planning for Consumer Products
- SAP Service Parts Planning for High Tech
- SAP Service Parts Planning for Industrial Machinery & Components
- SAP Service Parts Planning for Logistics Service Providers
- SAP Service Parts Planning for Retail and Wholesale Distribution

11. What functionality is included and which business processes are supported by a license for the SAP Service Parts Planning application?

A license for SAP Service Parts Planning includes cross-application functionality that supports planning activities such as forecasting, inventory planning, distribution requirements planning, deployment, and inventory balancing. Much of this functionality is possible through interaction with functionality that supports customer inventory allocation. The application also supports global available to promise, release scheduling, purchase order processing, and supplier collaboration for faster resolution of problem situations.

Find Out More

To learn more about SAP software that can help your organization run its service parts planning more effectively, call your SAP representative today or visit us on the Web at www.sap.com/solutions/sam/index.epx.

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