

SAP Solution Brief

SAP Supply Chain Management
SAP Supply Network Collaboration

ENABLE YOUR SUPPLY CHAIN TO MEET CHANGING SUPPLY AND DEMAND

Optimizing visibility, control, and efficiency in supplier and customer interactions, the SAP® Supply Network Collaboration application enables cooperation and knowledge sharing across your supply chain. It delivers a consistent view of supply and demand information to manufacturers, suppliers, and customers.



In a challenging economic environment, you must reduce cost and risk while increasing innovation, customer service, and responsiveness. To meet these challenges, you can do business where costs are lower, develop relationships with global suppliers, and outsource nonstrategic activities. All these actions require collaborative relationships with suppliers, contract manufacturers, and customers.

Developing collaborative relationships is not always easy. Connecting to a supplier with limited technical capabilities can be costly, complicated, and time-consuming. Telephone, fax, and e-mail remain the most common methods of communication. Although electronic data interchange (EDI) may be more reliable, it is cost-effective only in high-volume situations. How, then, can you extend the benefits of collaboration to your entire ecosystem? How can you get all your partners to connect automatically, efficiently, and cost-effectively to your internal processes?

The answer lies in the SAP® Supply Network Collaboration application, part of the SAP Supply Chain Management (SAP SCM) application. Built on the SAP NetWeaver® technology platform, SAP Supply Network Collaboration helps suppliers operating SAP or non-SAP software to collaborate through a range of supply, demand, and inventory replenishment processes.

Collaborating with Suppliers

SAP Supply Network Collaboration helps you collaborate with suppliers, facilitating your ability to synchronize supply with demand. With support for raw material, component, and contract manufacturing suppliers, it strengthens purchasing operations and supplier relationships.

With supplier collaboration processes, you can cooperate with suppliers to reduce cost by replacing fax and phone communication. Smaller suppliers without EDI infrastructures can integrate into the supply network. All they need are Internet access and Web browsers to perform tasks via the application's Web-based user interface, download data files containing requests, and upload their responses. Alternatively, suppliers can interact with SAP Supply Network Collaboration using e-mail with attached files to receive and respond to POs and forecasts without even logging on to the application.

Release Process

SAP Supply Network Collaboration communicates customer scheduling agreement releases to suppliers. Suppliers can access updates to these releases via Web interfaces to the application. Suppliers can also change the dates and quantities in release updates and communicate these changes to the SAP Advanced Planning & Optimization component of SAP SCM. To indicate that shipments have taken place, suppliers can also create advanced shipping notifications (ASNs).

Purchase Order Process

Customers can submit POs to suppliers via Web-based interfaces to SAP Supply Network Collaboration. Suppliers can view POs by their status, view and enter comments, then print and download the orders. They can also respond to orders, confirm shipment dates and quantities via a user-efficient work list, and submit shipment confirmations to customer back-end systems.

Kanban Process

Through Web-based interfaces to the application, customers can transmit kanban replenishment signals to suppliers. Suppliers can view a kanban process by status, control cycle or kanban identification, or product number – and then print kanban cards. A kanban-processing dashboard lets suppliers create ASN messages that update customers' enterprise software and notify them of pending shipments.

Dynamic Replenishment Process

SAP Supply Network Collaboration complements materials requirement planning with dynamic replenishment, a planning comparison process that supports sales forecasts and supplier production plans. Suppliers can compare customer forecasts with their own production plans to more effectively match supply with demand. You can view deviations with color-coded threshold limits and download planning data into popular spreadsheet applications.

Supplier-Managed Inventory Process

You can simplify stock replenishment by off-loading related tasks to suppliers. Customers can periodically trans-

mit current inventory data, gross demands, and goods receipt references from back-end systems. Suppliers can track this information on inventory monitors. Suppliers responsible for replenishment can calculate quantities based on inventories, demand, and minimum or maximum stock levels. They can also maintain ASNs to inform customers of planned deliveries.

Delivery Control Monitoring Process

Suppliers can view customer inventory levels, compare them to predefined reorder levels, and replenish stock based on agreed-upon minimum and maximum levels. They can respond to decreasing stock levels by creating ASNs, delivering customer shipments, or tracking current and planned shipments.

Packaging and Label Printing

Suppliers can use ASN packaging functionality to create and print labels containing multilevel packaging-hierarchy, handling-unit, and bar-code data. The application automatically communicates such data to customer back-end systems via ASN messages, letting customers know what their expected shipments contain.

Invoicing

You can automate and manage the supplier invoicing, debit, and credit processes. You can also see the status of payments and invoices via the Web or in printed form.

Additional Supply-Side Functions

SAP Supply Network Collaboration also provides the following functions:

- **Graphical views based on key performance indicators (KPIs)** – Suppli-

ers and customers can improve productivity by detecting and prioritizing KPI-driven work tasks, such as confirming urgent PO items or processing overdue shipments.

- **Automatic alerts for supply chain exceptions** – Suppliers and customers can use exceptions – such as new POs, out-of-stock situations, and past-due ASNs – to trigger e-mail or fax notifications.

With SAP Supply Network Collaboration, suppliers operating SAP or non-SAP software can collaborate through a range of supply, demand, and inventory replenishment processes.

- **Supplier performance measurements reporting** – Integration with the SAP NetWeaver Business Warehouse component provides readily customized report content related to KPIs.
- **Document sharing and collaboration** – You can navigate from SAP Supply Network Collaboration to folders within the SAP Product Lifecycle Management application to share files and documents with suppliers.
- **Partner user management** – Suppliers and customers can manage their business users during the initial setup, ramp-up, and continuous maintenance of SAP Supply Network Collaboration.

Collaborating with Contract Manufacturers

You can connect to and collaborate with contract manufacturers, providing access to supply chain information and extending your visibility to their manufacturing processes.

Contract Manufacturing Procurement Process

Contract manufacturers can view, print, and download PO data to their systems. This data includes lists of components needed to build finished products. They can also change – and request changes to – finished goods quantities, dates, and components, as well as report on how much of each component has been used.

Work Order Collaboration

SAP Supply Network Collaboration provides insight into production demands and progress at the contract manufacturer's location. In addition to tracking high-level production milestones, it can project the finished goods date and quantity based on current production progress. It can also automatically update the customer's enterprise resource planning (ERP) system of component and raw material consumption at the contract manufacturer site, adjusting inventory levels and cost accounting. Contract manufacturers can report actual data for multiple work orders and phases simultaneously by using the user-efficient work list.

Supply Network Inventory Process

Suppliers can view their stock at customer and supplier locations. This enables cross-business partner views on supply and demand, along with the ability to aggregate information from multiple plants in the supply network.

SAP Supply Network Collaboration contains inventory overviews including batch numbers. It automatically calculates and displays projected stock levels based on incoming purchase and production orders reflecting minimum and maximum stock levels. Then it alerts customers and suppliers when projected stock levels exceed or fall short of their limits.

Collaborating with Customers

A clear menu approach to customer collaboration supports all levels of sophistication. You can collaborate on a customer-by-customer basis to manage the inventory at each customer location.

Responsive Replenishment

You can gain state-of-the-art, vendor-managed inventory capabilities. These include demand-driven replenishment based on forecasting, short-term forecasting through replenishment planning, and truck load building with or without promotion management. Frequent updates of product consumption at the customer's plant drive the replenishment process, enabling an upshift or downshift in orders and shipments within days or even hours.

Minimum and Maximum Monitor

You can manage inventory at customer sites based on inventory, demand, and minimum and maximum stock balance limits as a basis for the replenishment process. This vendor-managed inventory process includes forecasting, replenishment planning according to minimum and maximum inventory levels, and replenishment order processing that integrates with the supplier's and customer's ERP systems.

Demand Forecast Collaboration

With Web-based collaboration, you and your customers can compare forecasts. You calculate your forecast based on consumption data, customers transmit their forecasts, and SAP Supply Network Collaboration calculates the difference – triggering exceptions if limits are breached. Workflow mechanisms help ensure a final, consensus-based forecast. You can integrate this forecast into your overall forecasting process using the demand planning functionality in SAP SCM – or use the forecast within SAP Supply Network Collaboration to help ensure replenishment accuracy.

Business Benefits for Both Customers and Suppliers

By streamlining collaboration between you and your suppliers, contract manufacturers, and customers, SAP Supply Network Collaboration decreases the cost of procurement, sales, and inventory processes. It enhances supply chain visibility and increases the speed, accuracy, and adaptability of your supply network. And it lets you reduce inventory levels while managing variations in supply and demand. In addition, the application improves communications and efficiency, allowing your purchasing professionals to focus on strategic tasks. And by streamlining and automating collaboration processes, you and your suppliers improve customer service.

Find Out More

To learn more, call your SAP representative or visit us online at www.sap.com/scm.

Summary

Optimizing visibility, control, and efficiency in supplier and customer interactions, the SAP® Supply Network Collaboration application enables Web-based cooperation and knowledge sharing across your supply chain. It delivers a consistent view of supply and demand information to manufacturers, suppliers, and customers.

Business Challenges

- Poor cooperation, communication, and collaboration among your supply chain partners
- Unreliable supply and demand information, creating an out-of-sync supply chain
- Rising costs due to inefficient procurement, sales, and inventory processes

Key Features

- **Collaboration with suppliers** – Synchronize supply with demand by facilitating the release, purchase order, kanban, replenishment, inventory, delivery control, packaging, and invoicing processes
- **Collaboration with contract manufacturers** – Connect and communicate with contract manufacturers, providing access to supply chain information and extending your visibility to their manufacturing processes
- **Collaboration with customers** – Gain state-of-the-art, vendor-managed inventory capabilities, including demand-driven replenishment and the ability to control inventory at each customer location based on inventory, demand, and minimum or maximum stock balance limits

Business Benefits

- **Increase the speed, accuracy, and adaptability of your supply network** by streamlining and automating collaboration between you and your suppliers, contract manufacturers, and customers
- **Decrease the cost of your procurement, sales, and inventory processes** by improving communications and efficiency
- **Optimize supply chain visibility** by providing a clear, accurate view of supply and demand information to all supply chain participants

For More Information

Call your SAP representative, or visit us online at www.sap.com/scm.

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