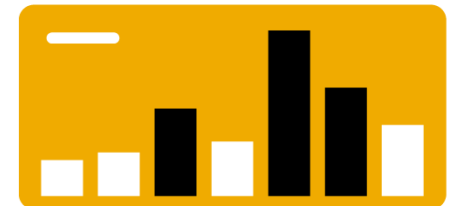
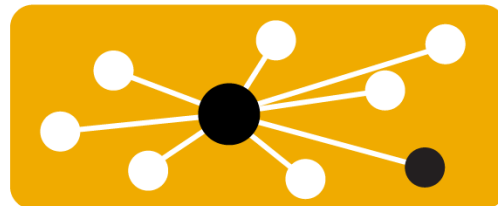


Sales and Operations Planning



Navigating the Perfect Storm

Navigating Change

Aligning the Organization

Aligning Processes

SAP Innovations

Economic uncertainty, volatility in customer demand, and variability in supply all pose risks to the supply chain. Companies must improve planning, analytics, and collaboration to protect long-term growth and profitability.

As global change accelerates, companies face new challenges to their supply networks: shorter product life cycles, growing supply lead times, and customer demand for more products at lower cost.

Companies are also experiencing amplified business cycles, with higher highs and lower lows. For a company not equipped to manage these challenges, the impact can be devastating: lost market share, eroding profits, and declining shareholder value.

Only by adapting planning processes to anticipate the potential impact of change well before it happens can a company avoid this perfect storm.

Significant changes in process and culture are often required, as well as the adoption of advanced tools to support such changes. These processes must cross department and enterprise boundaries, and the tools must address the needs of both expert and business users.

Companies that are using silo processes and outdated technologies find themselves at a major competitive disadvantage in today's volatile environment.

Sales and operations planning (S&OP) is a collaborative business process that aligns company operations with business strategy. Use of data from many sources helps companies navigate change.



Anticipating Change and Managing Risk

Navigating Change

Aligning the Organization

Aligning Processes

SAP Innovations

Best-run companies know how to see what is on the horizon, and not just to manage risk. They use change to their advantage, by introducing new products, entering new markets, capturing new customers, and outpacing their competition – all while maintaining a high level of customer service and profitability.

There are three major requirements for achieving integrated sales and operations planning:

First is the need to access relevant data from a multitude of sources. Some of this is structured data, such as demand, supply, finance, and product data; and some is unstructured data, such as market intelligence and econometric or other external information.

Second is the need for tools that provide the ability to analyze this data in any combination and level of granularity. These tools should provide flexible modeling and decision support capabilities.

Third is the need for a cross-functional collaborative process that defines how decisions are made by linking together all the stakeholders, both formally and informally.

SAP software supports these capabilities by integrating sales and operations planning with other solutions for financial, product, sales, and supply chain planning.

Best-Run Supply Chain



Aligning All Processes

Navigating Change

Aligning the Organization

Aligning Processes

SAP Innovations

By integrating people, processes, and systems in a cross-functional manner, best-run companies are able to optimize their sales and operations planning practice. The result is typically increased revenue, market share, and profitability. SAP software helps to support these benefits by integrating sales, finance, products, and operations for a complete and comprehensive process, enabling companies to:

- Find ways to reduce supply chain costs
- Improve the speed, agility, and accuracy of planning
- Find ways to increase revenue and market share
- Optimize product and customer profitability
- Manage inventory levels to reduce costs
- Avoid material and capacity shortages by more effective resource usage
- Balance demand and supply as markets change



SAP Innovations

Navigating Change

Aligning the Organization

Aligning Processes

SAP Innovations

All companies react to issues in sales and operations, and some have learned to anticipate issues, but only a few have learned to collaborate across company boundaries and orchestrate effective strategies to prosper. SAP can help companies capture and use the data needed for better, faster decisions.

The SAP Sales and Operations Planning application, powered by the SAP HANA platform, supports an end-to-end process that makes extensive use of innovative technologies in the following areas:

Big Data – The SAP HANA platform enables real-time planning and analysis at any level of granularity and dimension with a unified model of demand, supply chain, and financial data.

Social networking – Embedded, context-aware social collaboration enables rapid planning and decision making across the organization.

Cloud computing – The SAP HANA application cloud provides ease of delivery, consumption, and interaction at a new order of simplicity.

Mobile – Users can access SAP Sales and Operations Planning software via mobile devices, such as smartphones and tablets.

Integration – Use of SAP Data Services software enables seamless integration between SAP Sales and Operations Planning and other SAP software.



Integrated Planning

Solution Overview

Demand Review

Supply Review

Demand and Supply Alignment

Management Review and Analysis

Real-Time Supply Chain

Why SAP?



Demand Review

Provide a unified view of demand from all sources – sales, marketing, and supply chain.



Supply Review

Provide a complete view of supply from all sources – manufacturing, supply chain, and procurement.



Demand and Supply Alignment

Balance demand and supply profitably in the mid long-term horizon

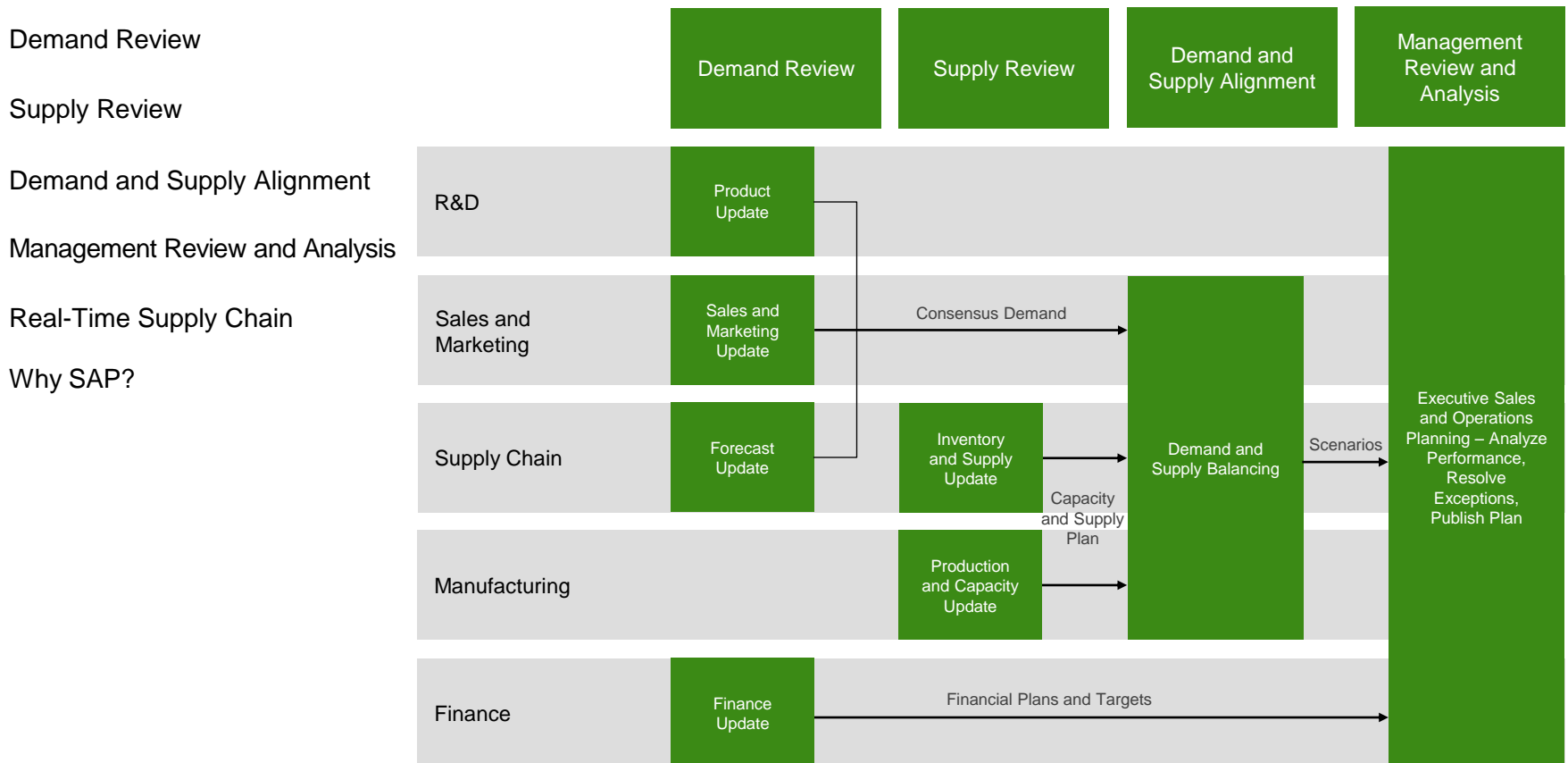


Management Review and Analysis

Ensure that operations are aligned with the business strategy.

Integrated Sales and Operations Planning

Solution Overview



Demand Review

Solution Overview

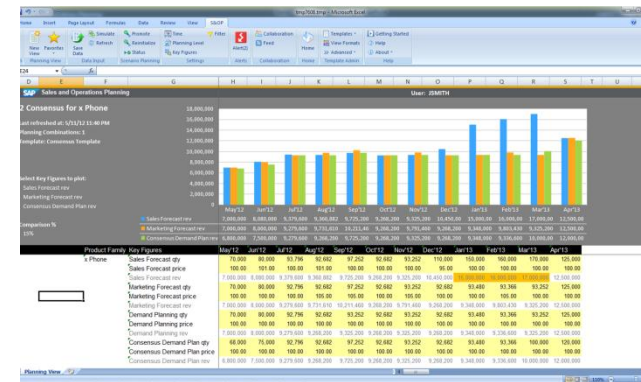
Demand Review

Capabilities

Benefits

SAP Innovations

Use multiple sources of data from sales, marketing, products, and supply chain to develop a unified demand statement that meets volume, revenue, and margin goals over the tactical planning horizon.



Good planning requires a holistic view of demand organization-wide, including the latest updates from sales, marketing promotions, statistical forecasts, and new product introductions.

Planners not only need a view at the aggregate level, such as product family, region, or market, but also need to drill down to a more detailed

view to understand root causes. Views should include both volume and financial key figures to identify potential missed targets quickly.

Another key requirement is the ability to perform what-if analysis to determine the level of demand that best meets operational and financial targets.



Enabling Consensus Demand Management

Solution Overview

Demand Review

Capabilities

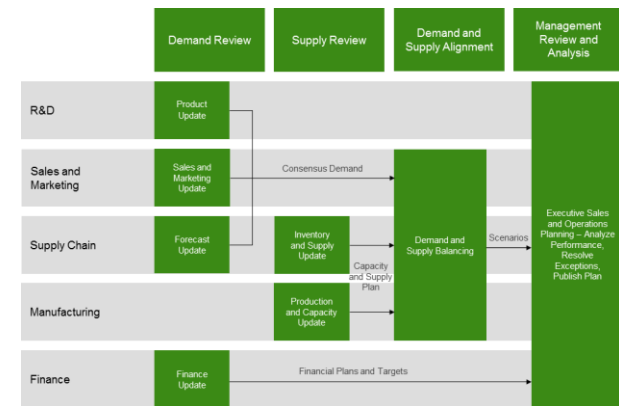
Benefits

SAP Innovations

A demand review normally begins with a baseline forecast of future demand relying on historical data. The typical time frame is 12 to 24 months.

This process also collects updates from sales regarding key account demand, planned promotions from marketing, and new product introductions. Each demand stream is analyzed for volume, revenue, and margin, normally at the aggregate level, such as product family or region.

The goal is to identify any gaps between the target and projected demand and to collaborate on ways to close those gaps. Multiple meetings and drill-downs into the data may be required to see if particular products or customers are root causes. Alternative approaches can be generated to close gaps, such as new promotions, accelerated product introductions, and demand realignment. These approaches are evaluated individually and collectively, and then ranked based on how well they meet the volume and revenue goals of the organization.



Orchestrate Demand to Satisfy Customers and the Bottom Line

Solution Overview

Demand Review

Capabilities

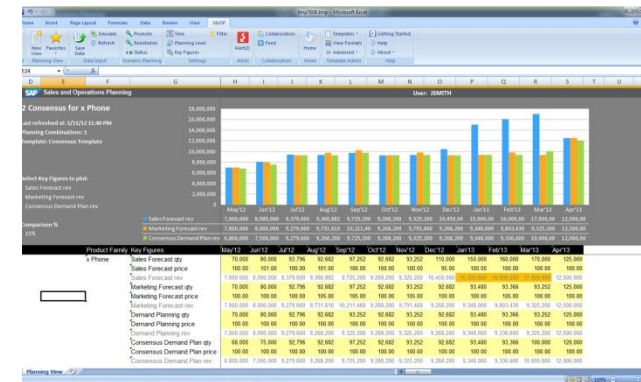
Benefits

SAP Innovations

To maximize customer service and profitability, companies require a full picture of demand and the factors that influence it, as well as the ability to align demand with financial objectives.

One of the major impediments to achieving the sometimes conflicting objectives of operational and financial performance is demand volatility. Evidence for this is the average company's low forecast accuracy, due to such factors as incomplete demand visibility, poor understanding of demand influencers, and lack of effective collaboration.

A consensus demand plan addresses these issues by providing full visibility across the organization, at multiple levels of granularity, and across several time horizons.



The ability to test the impact of different influencers, such as price or consumer sentiment, is critical to dampening the effect of volatility. The ability to translate these different demand scenarios easily into projected financial results is also critical.

Finally, by conducting this process in a highly collaborative manner, companies ensure that all stakeholders have input on a consistent basis in arriving at the final demand statement.



Supply Review

Solution Overview

Supply Review

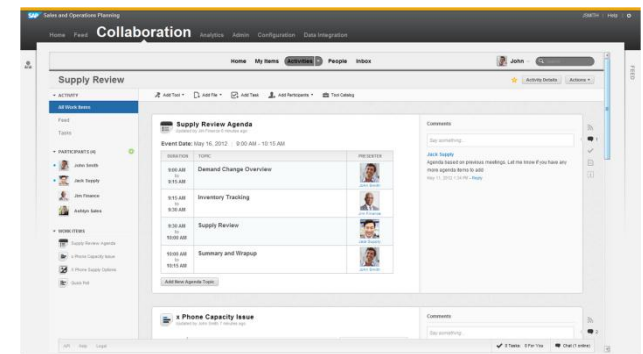
Capabilities

Benefits

SAP Innovations

Data from manufacturing, procurement, and supply chain provides a complete view of planned inventory production and procurement receipts that will be available to support the consensus demand plan.

A holistic view of both demand and supply is required for a complete sales and operations planning process, including information about available inventory, planned production, material sourcing, and available capacity. This view also includes suppliers, contract manufacturers, plants, and distribution centers, as well as the cost for procuring or producing each product.



This high-level supply-network model for sales and operations planning can be built at a detailed level and dynamically aggregated for functions like rough-cut capacity planning, supply-demand balancing, or optimal material and capacity utilization.



Enabling Complete Supply Visibility

Solution Overview

Supply Review

Capabilities

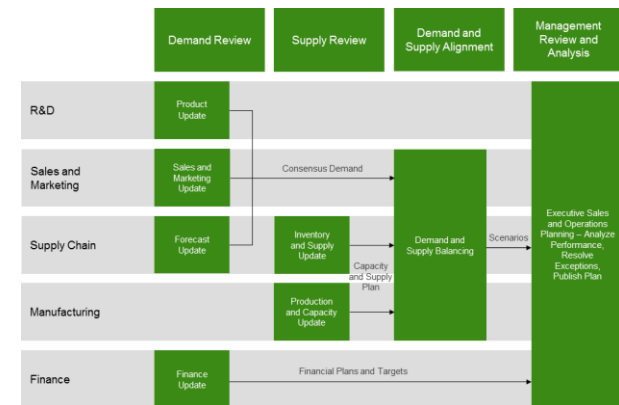
Benefits

SAP Innovations

Supply review begins with an update from manufacturing and the supply chain on projected inventory and planned production, and an update from procurement or outsourcing on planned receipts. This data is reviewed against capacity to highlight exceptions, such as excess or insufficient capacity or cost variances, and integrated with the consensus demand plan to identify any constraints or imbalances.

Minor exceptions, such as demand adjustment, load balancing, or inventory adjustment, can be resolved quickly, as they are typically governed by preset tolerances within which the supply team can operate independently.

The resolution of major exceptions – those having a greater financial or operational impact on the business – requires a more collaborative and comprehensive process, typically taking place on a monthly cycle at aggregate levels. Due to increasing supply-demand variability, however, detailed midcycle reviews are becoming commonplace.



Reducing Inventory Carrying Costs and Improving Service Levels

Solution Overview

Supply Review

Capabilities

Benefits

SAP Innovations

Technology enables a comprehensive supply planning process with larger data sets, multiple scenarios, and advanced analytics.

Effective supply planning requires quick analysis of supply conditions using extremely large amounts of data, at any level of detail. It also requires the ability to simulate the impact of proposed adjustments to the supply plan on a rapid, interactive basis.

The SAP Sales and Operations Planning application, powered by the SAP HANA platform, provides the horsepower to run multiple, real-time supply scenarios, and the SAP StreamWork application provides the analytical capabilities to determine the right level of inventory and production that will optimize customer service and profitability.



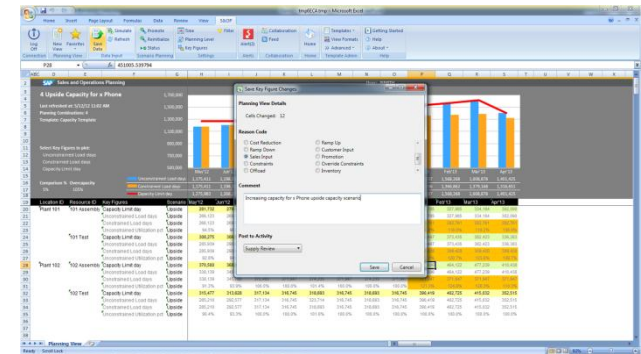
Demand and Supply Alignment

Solution Overview

Demand and Supply Alignment

- Capabilities
- Benefits
- SAP Innovations

The most critical part of the sales and operations planning process is bringing together the demand and supply plans to develop a single, unified, tactical plan to meet strategic objectives.



Demand and supply alignment starts with a baseline plan highlighting major gaps in demand and supply left unresolved in the previous steps – for example, a major uptick in projected demand that requires more available capacity over a mid- to long-term horizon.

The software enables creation of proposed scenarios to resolve the gap, such as increasing capacity or outsourcing manufacturing. These scenarios are usually developed as a collaborative exercise. The goal is to come up with the scenario that best meets the strategic, operational, and financial objectives of the company.



Optimal Demand and Supply Alignment

Solution Overview

Demand and Supply Alignment

Capabilities

Benefits

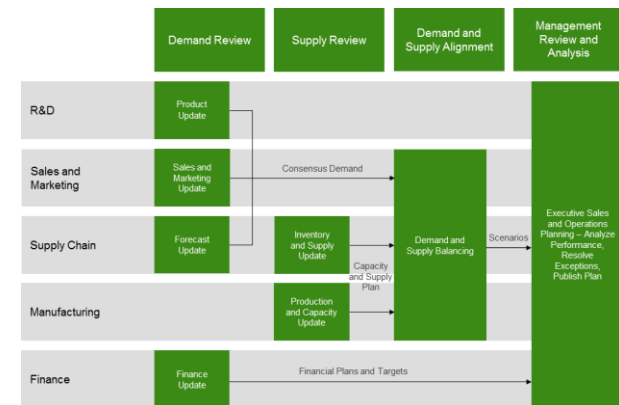
SAP Innovations

Early in the process, stakeholders review the baseline scenario and develop alternatives to resolve gaps in supply and demand, potential missed revenue targets, and other exceptions.

Consider, for example, the decision to discontinue an existing product, impacting capacity and inventory, as well as revenue and margin. Questions surface over what to do with the excess capacity, how to liquidate remaining inventory, and how to fill revenue gaps.

Working collaboratively with SAP Sales and Operations Planning, the team can create multiple scenarios to address these issues. The demand team may want to accelerate the introduction of a new product, the supply team may want to lower inventory targets, and the manufacturing team may need to adjust capacity.

The team evaluates and assembles these scenarios at multiple levels of detail for operational and financial viability. The best option or options are used in the next step of the process – management review and analysis.



Accelerated Planning Cycles for More Timely Decision Making

Solution Overview

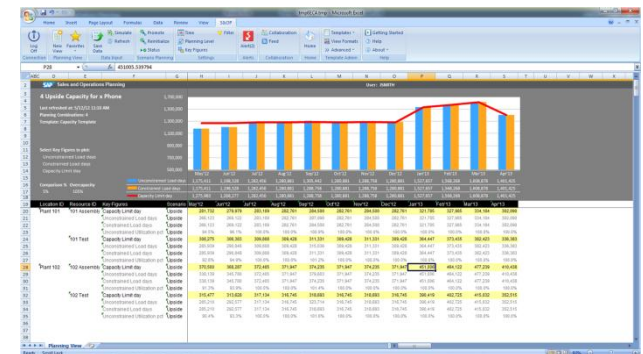
Demand and Supply Alignment

Capabilities

Benefits

SAP Innovations

Older sales and operations planning processes often spent more effort collecting data than analyzing it. SAP solutions provide a unified, comprehensive data model and support collaboration capabilities.



The SAP Sales and Operations Planning application has functionality to represent all the financial and operational data elements required to run a fully integrated process. This means the impact of any changes in demand or supply on service, revenue, or margin is immediately visible to all participants, to trigger an alert or to be made visible via analytical or planning views.

These analyses can be generated based on any level of granularity or on as large a data set as required. In addition, the analyses can

be shared with other participants for viewing or updating. This enables the demand and supply teams to work together on developing scenarios in near-real time. Once created, these analytical scenarios can be easily changed, based on new assumptions, with the results available instantaneously.

The primary benefit of this rapid, iterative scenario analysis is that more conditions can be modeled and evaluated, thus improving the ability to manage supply chain uncertainty and risk.



Enable Rapid Scenario Analysis for Collaborative Decision Making

Solution Overview

Demand and Supply Alignment

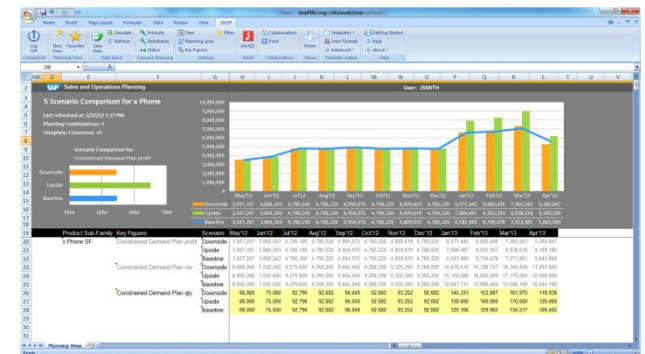
Capabilities

Benefits

SAP Innovations

Technology supporting a dynamic planning process means larger data sets, more stakeholders, and faster decision making.

Effective demand and supply alignment relies on developing multiple demand-supply scenarios quickly with very large amounts of data, at any level of detail. All stakeholders must collaborate interactively on these scenarios to make sound decisions.



The SAP Sales and Operations Planning application, powered by the SAP HANA platform, can support multiple, real-time supply scenarios, and the SAP StreamWork application provides the analytical functions to determine the right level of inventory and production to optimize customer service and profitability. SAP Data Services software provides the integration to multiple back-end systems for source data.



Management Review and Analysis

Solution Overview

Management Review and Analysis

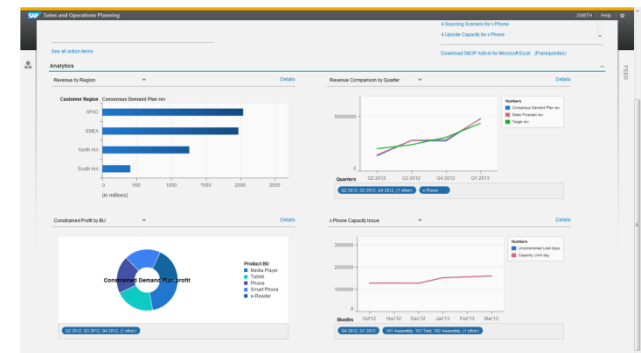
Capabilities

Benefits

SAP Innovations

Management review and analysis is the opportunity to present the plan for approval and release, so that the next sales and operations planning cycle can begin.

The goal of management review and analysis is to help ensure that operations are aligned with business objectives. With the data and analysis made available by the SAP Sales and Operations Planning application, executives can make those decisions with confidence. Management typically reviews performance



analytics at the aggregate level, such as business unit, product line, or market. They also review analytics illustrating exceptions that require an executive-level decision, such as the need for capital expenditures.



Analyzing Performance

Solution Overview

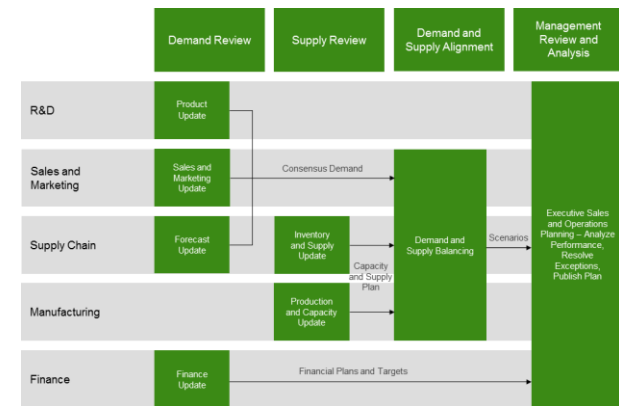
Management Review and Analysis

Capabilities

Benefits

SAP Innovations

Management review and analysis provides key decision makers the information necessary to help ensure that the business will meet its operational and financial objectives. With data available from the SAP Sales and Operations Planning application, powered by the SAP HANA platform, executives can begin by reviewing key performance indicators, such as brand revenue, supply chain costs, and customer service, to identify areas of improvement. They can then drill down in more granularity to other measures, such as forecast accuracy and order fill rates at the product or customer level. The goal is to zero in quickly on the root cause of underperformance. Finally, a thorough review of the new plan generated using the software takes place to ensure the resolution of issues in the upcoming cycle, before releasing the plan for execution.



Management Review to Meet Changing Business Conditions

Solution Overview

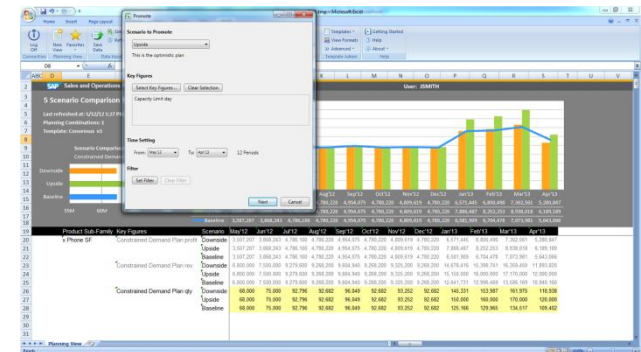
Management Review and Analysis

Capabilities

Benefits

SAP Innovations

Management review is one of the most important processes in sales and operations planning to drive growth and profitability, and it continues to evolve in response to today's market dynamics.



As supply chain risk and uncertainty increase, so does the need for more flexible and dynamic tools for sales and operations planning at the executive level. Executives require current data, fast analysis tools, and the ability to simulate the impact of change iteratively.

A stable plan is the objective, but it is often necessary to introduce instability into the mix. For example, executives may want to know if the supply chain can support a major uptick in demand.

In the past, these analyses required a massive effort in data collection and formatting that could take hours or even days. This is not enough in today's environment, where the window of opportunity to outmaneuver the competition can close quickly. Quick decisions must be made in minutes or hours, not days or weeks. Thus, the focus of management review and analysis shifts from monthly incremental performance improvement to a major strategic weapon in driving mid- and long-term growth and profitability.



Management Review and Analysis: Bringing a Competitive Advantage

Solution Overview

Management Review and Analysis

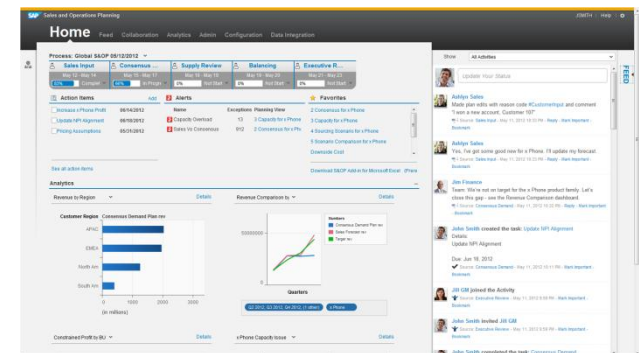
Capabilities

Benefits

SAP Innovations

SAP applications feature analytics and simulations delivered by a role-based user interface.

Management review and analysis typically requires a combination of desktop tools for analysis and presentation. This approach can lead to a proliferation of disconnected spreadsheets and reports that do not adequately support the dynamic sales and operations planning process.



The SAP Sales and Operations Planning application leverages these same desktop tools, but, since it's powered by the SAP HANA platform, it provides the power and consistency required for a more flexible and integrated process. The result is a significant competitive advantage for the organization.



Real-Time Supply Chain Value Map

Solution Overview

Demand Review

Supply Chain
Monitoring

Supply Chain GPS

Supply Review

Demand and Supply Alignment

Management Review and Analysis

Sales and
Operations
Business
PlanningSales and Operations
PlanningInventory and Service-
Level OptimizationSupply Chain Scenario
Planning

Real-Time Supply Chain

Why SAP?

Demand-Driven
Supply Chain

Demand Management

Collaborative Response
ManagementManufacturing and
Supply PlanningLogistics and
Order FulfillmentTransportation
Management

Warehouse Management

Track and Trace

The integrated supply chain combines planning, logistics, and order fulfillment in real time.

Service Supply
ChainService Parts
Management

Why SAP?

Solution Overview

Demand Review

Supply Review

Demand and Supply Alignment

Management Review and Analysis

Real-Time Supply Chain

Why SAP?

The SAP Sales and Operations Planning application combines the power of the SAP HANA platform with embedded collaboration and streamlined integration to sales, finance, and operations to deliver the next-generation S&OP solution to customers.

SAP Sales and Operations Planning supports an end-to-end process that drives profitable alignment of demand and supply. This is achieved with a robust, unified data model that supports dynamic simulation and scenario analysis. The result is a simultaneous increase in revenue growth, a reduction in supply chain costs, and higher levels of customer service. This solution is deployed on the cloud for low-cost implementation and accelerated time to value.



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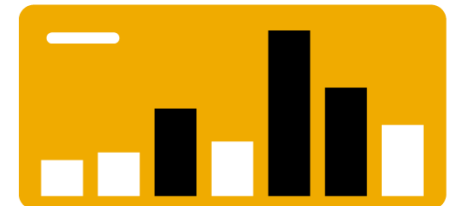
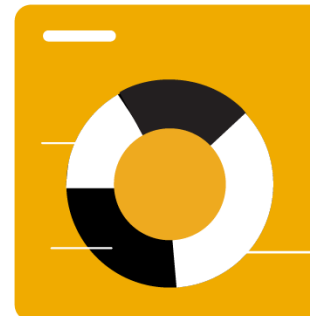
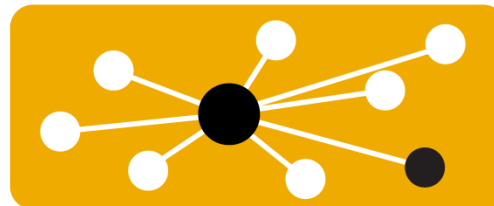
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