Balance Service Levels with Business Objectives Using Analytics-Driven Insight

The Best-Run Businesses Run SAP™

Meet service promises while boosting profitability

How can you most effectively meet customer service needs while holding the line on inventory costs? You need analytics tools that give you insight into enterprise data, helping you balance inventory levels with customer satisfaction and increase supply chain profitability.

The SAP® Service Level Optimization application by SmartOps helps you gain insight into your multistage supply chain. You can use the software to better understand demand patterns and supply constraints. With this knowledge, you can determine the appropriate service levels by item, customer, and location and further optimize inventory levels.

You can use the software on a stand-alone basis, or you can use it with other SAP applications, including the SAP Enterprise Inventory Optimization application by SmartOps.

Achieve your global service level targets with minimum total inventory using SAP Service Level Optimization.

Connect service levels with inventory costs

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Model inventory drivers for optimal service levels

Use analytics to balance service levels with cost

In multistage supply chains, maintaining proper product inventories is a balancing act. To meet your service-level requirements, you need to stock goods at different levels of production in various locations to meet a wide range of manufacturing and assembly needs. But holding too much safety stock will drive up your carrying costs.

What if you could better understand the relationships between service levels and inventory costs – down to the item and location level?

SAP Service Level Optimization helps you make this connection. The SAP software offers powerful, intuitive analytics features that help you pinpoint the multiple drivers that affect both inventory costs and service levels.

This software helps you move beyond traditional oversimplified models, which typically sacrifice inventory efficiencies to support broad customer service targets. Analytics features help you gain insight into the impact of inventory decisions on customer service levels. That's the fastest way to make smarter inventory decisions that satisfy customers while reducing costs.

Please your customers and your CFO. SAP Service Level Optimization gives you insight necessary to increase service without driving up costs.

Model inventory drivers for optimal service levels

Connect service levels with inventory costs

Model inventory drivers for optimal service levels

Use analytics to balance service levels with cost

To establish the inventory levels that can support optimum service, you need insight into the factors that drive demand. You can use the SAP software to determine realistic service-level commitments based on your actual inventory drivers.

With SAP Service Level Optimization, you can model relevant inventory drivers such as sales volume or gross margin, demand volatility, and seasonality or sales frequency. The software can also calculate the impact of lost demand, lead times, order frequency and batch sizes, transportation variability, production variances, supplier and material uncertainty, capacity constraints, and planning time fences.

Modeling these factors helps you gain a more complete view of the inventory issues that affect your ability to meet service-level commitments. This knowledge helps you determine the optimal service level for each item in the supply chain.

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Excessive safety stock won't bring you peace of mind. Profitability will. Optimize service levels and minimize inventory costs with SAP software.

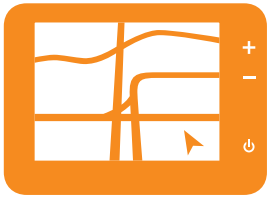
Connect service levels with inventory costs

Model inventory drivers for optimal service levels

Use analytics to balance service levels with cost

You can use the software to conduct what-if analyses and determine the best service levels for specific customers. For example, you can begin your analysis using a single service-level commitment for a particular item. Then use the software to model different commitments by customer, and explore how changes would impact inventory and profitability.

With this powerful modeling functionality, you can make incremental adjustments to inventory and service levels, considering different supply or demand factors. You can even model choices down to the item and location level.



Powerful analytics help you visualize the service impact of varying inventory levels. It's the next best thing to a crystal ball.

Use analytics to balance service levels with cost

Connect service levels with inventory costs

Model inventory drivers for optimal service levels

Use analytics to balance service levels with cost

High service levels may improve customer satisfaction, but how do they affect your bottom line?

With the SAP software, you can determine how an increase or decrease in a specific service-level commitment affects your company's profitability. Instead of setting one global service target for all customers and items, you can use the software to pinpoint customers, items, or locations where service levels can be shifted to improve profitability.

The software can help you identify customer demand that would be a good candidate for increased service levels, due to low forecast error or high margin. You can also identify products that cannot profitably meet current service targets. You can then rebalance your corporate service strategy to achieve an overall targeted service rate while reducing inventory for specific products.

By providing this analytics-driven insight, the software helps you to understand the true drivers of profitability. You can use that knowledge to make decisions that reduce inventory costs and increase supply chain profitability.

Ready for excellent service with low costs? SAP Service Level Optimization helps you strike the right balance.

Gaining value from a better balance

Gaining value from a better balance

SAP Service Level Optimization helps you gain a clearer picture of how you can balance service with inventory levels and costs. By providing detailed insight and the power to perform what-if analyses, the software helps you meet your corporate goals for customer service and profitability by adjusting inventory levels. With this insight, your organization can realize considerable business benefits, including these:

- **Increased sales** – by fine-tuning inventory and service levels so that goods are always available where and when customers demand them
- **Reduced inventory levels** – allowing you to incrementally cut costs and free up working capital
- **Enhanced customer satisfaction** – by consistently meeting your promised service-level agreements
- **Improved supply chain profitability** – by increasing revenue and reducing inventory costs

Summary

The SAP® Service Level Optimization application by SmartOps helps you understand demand patterns and supply constraints, giving you the insight to meet customer service needs while cutting inventory costs. You can determine appropriate service levels by item, customer, and location, and you can set inventory levels accordingly. With this insight, you can balance inventory costs with customer satisfaction, increasing supply chain profitability.

Objectives

- Achieve global service-level targets
- Minimize total inventory
- Increase supply chain profitability

Solution

- Inventory intelligence that provides insight into items and locations
- Powerful analytics features to understand inventory drivers
- What-if analyses to compare the outcomes of different strategies
- Modeling features to help balance service levels with cost

Benefits

- Increased sales by fine-tuning inventory and service levels
- Reduced inventory levels, lowering costs and freeing up working capital
- Improved customer satisfaction by consistently delivering as promised
- Enhanced supply chain profitability, through increased revenue and reduced inventory costs

Learn More

Call your SAP representative, or visit us online at www.sap.com/lines-of-business/scm/service-level-optimization.

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