Analytics Applications for Procurement and Supply Chain - EPM beyond Finance

July 20th, 2011

Raj Alluri, SAP Solution Management
Henner Schliebs, SAP Global Marketing
Know the right things about your suppliers?

Your product looks good, but you can't be our supplier unless your company is ISO 9000 certified.

So... you don't care how bad our internal processes are, as long as they're well-documented and used consistently?

That's right. Our documented process says I must now laugh in your face and double our price.
Newsbites

Welcome
Wednesday, May 11, 2011
Latest Procurement News

Posted: Tuesday, April 26, 2011, 3:36 AM

Procurement provides $50m boost for Kimberly-Clark

Kimberly-Clark Corporation predicts that, for its financial year 2011, the benefits it will enjoy from recently implemented supply chain and procurement optimisation programmes will be $50m higher than previously estimated.

"Savings from the company's FORCE program totaling $250m to $300m, up from the prior target range of $200m to $250m. The company continues to aggressively identify and implement incremental savings opportunities, particularly in sourcing and supply chain activities," stated.

The company reported first quarter 2011 results, with net sales of $5.0bn - an increase of 4%. Organic sales, which exclude the impact of changes in foreign currency rates, rose more than 2%, driven by higher sales volumes.

Chairman and chief executive officer Thomas J. Falk (pictured) acknowledged that the company was operating in a "difficult environment" and highlighted the problem of higher commodity prices.

Finance managers expect growing pains

4 May 2011 | Lindsay Clark

Senior finance managers expect the vast majority of costs they worked hard to remove during the recession to return as businesses recover.

A survey of 525 senior finance managers in firms across Europe by consultancy firm KPMG found that the majority were concerned that more than 95 per cent of cost reductions and streamlining achieved during the downturn would come back as they strove for growth.

Finance managers were concerned about the return of supplier and raw materials costs. However, their influence on the cost base varies according to sector. For example, in consumer goods manufacturers, 61 per cent of supplier costs were expected to return, while the figure was just 13 per cent in financial services.

Porsche drives up importance of procurement

16 March 2011 | Angeline Albert

Car manufacturer Porsche has created a separate procurement department in response to purchasing's growing significance at the company.

The function previously sat within the finance and business department. From 1 April, Uwe-Karsten Stadler will be the company's new board member in charge of purchasing.

Matthias Müller, chairman of the board of management, said: "Our purchasing volume is growing not only because of the

Public buyers accused of provoking ‘suicide’ bids

4 May 2011 | Lindsay Clark

Public sector procurement encourages “suicidal bidding” for infrastructure and building projects, an industry group has claimed.

The Civil Engineering Contractors Association (CECA) said government purchasing processes still award work to the lowest bidder — rather than the supplier who will provide the cost value — which encourages firms to offer prices lower than they can afford.

Volkswagen halts production as supplies dry up

2 February 2011 | Angeline Albert

A shortage of car engine parts caused Volkswagen to shut down its main assembly lines in Wolfsburg in Germany on Monday.

The problem has arisen as suppliers struggled to keep pace with rising demand from the manufacturer.
Agenda

SAP Analytic Applications for Procurement
- Overview
- Maximize Savings and Reduce Supplier Risk with reliable data
- More Information

SAP Analytic Applications for Supply Chain
- Trends and Challenges
- SCPM Solution Overview
- Why SCPM? Top reasons
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Business analytics solutions from SAP

Our approach
Global Trends

Increasing Costs & Reaction to Risk

- 75% of CFOs under pressure to increase savings and decrease risk (Aberdeen Group)
- Less than 40% of finance professionals are currently enriching their spend data with risk information, making savings erosion an even more critical problem (Aberdeen Group)

Limited Spend Visibility

- 34% of enterprises still do not have an automated means to collect and aggregate spend data from various sources (G/L, AP, ERP, etc.) to achieve timely, accurate and complete information (Aberdeen Group)
- Inadequate or ‘too late’ spend insights

Shifting CPO Focus

- 70% of CPOs expressed a need to focus on Competitive Insight, Risk, Compliance, and Supplier Management vs. Transaction Management (CPO Research)
- 86% of purchasing and finance professionals rate Spend Analysis as a high value function (Aberdeen Group)
- Procurement is taking on a strategic role to deliver value and bottom line savings

Growing Need for Reliable Data

- 56% of ISM members rate data reliability as the number one challenge in strategic sourcing (Institute of Supply Management)
- 62% of all enterprises are still using manual means to classify and cleanse spend data (Aberdeen Group, 2010)
- US DoD reports that 40% of excess costs were the result of unreliable data
- Customers want an integrated, repeatable process to ensure reliable analyses
Spend Analysis – a High Value Process*

1% slight / no value
2% neutral
16% moderate value
81% high value

**VALUE**

**AUTOMATION**

- automated data classification and cleansing
  - all others: 32%, best in class: 44%
- configurable reporting tools for analysis of spend data
  - all others: 32%, best in class: 45%
- standardized reports for analysis of spend data
  - all others: 40%, best in class: 59%
- automated data collection from multiple sources
  - all others: 34%, best in class: 63%

**Recommended Actions**

- Communicate the Importance of Spend Analysis and develop a Formal Program
- Automate the Major Facets of the Spend Analysis Function
- Leverage Spend Analysis Intelligence in Major Enterprise Decisions

Source: Aberdeen Group – Unearthing the True Value of Spend Analysis
Together With SAP Procurement Solutions, Close The Loop From Strategy To Execution

Visibility to all Procurement Processes  Savings and Supplier Risk Insights  Compliance and Risk Monitoring

Procurement Transactions Tracking and Monitoring  Actionable Integration with SAP Procurement

Identify Savings And Supplier Risk  Negotiate Savings With Right Suppliers  Capture Savings  Compliance To Deliver Realized Savings

Spend Performance Management  SAP Sourcing  Contract Lifecycle Management  SRM / ERP  Spend Performance Management
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Integrated Data Management Enables Accurate Spend Visibility

**Phase 1: Supplier Data Standardization & Enrichment**

- Government/Public data
- 3rd Party Credit Rating
- 3rd Party Risk Rating
- 3rd Party Legal Rating
- Newsfeeds

**Phase 2: Spend Data Classification**

- Global Business Compendium
- Transactional Knowledge Base

**Spend and Supplier Risk Analysis**

- Over 130 pre-built spend analysis models
- Out of the box support for supplier risk analysis
- Set and Track Performance Targets with Spend Advisor
- Comprehensive set of Analytics functionality
- Briefing Book supports stakeholder collaboration

**Spend Data Validation, Enrichment and Classification**

- Global coverage
- 1.6T transactions in knowledge base
- 100+ external data sources
- Supplier Financial/Risk data
- Diversity/Government watch lists

**Data Integration**

- SAP extractors (ECC, SRM)
- Data Integrator ETL license for non-SAP systems
- Support to bring in 3rd party data feeds

*Note: The Data Standardization and Enrichment service is an add-on service separately priced.*
Analyze Spend & Identify Opportunities
Delivers Visibility & Maximizes Savings Opportunities

- Includes SAP packaged extractors and aggregation tools
- Data cleansing, classification and normalization with proprietary market-leading toolset
- Robust end-user spend reporting tools
- Integration with SAP Sourcing to launch sourcing events and save spend reports
- Faster time to value, lower TCO, easy to refresh
- Fully aggregated, cleansed and usable data for accurate sourcing opportunities
- Time savings with self-service tools and reusable content
- No wasted time re-keying information or finding spend reports

Customer examples

- Better negotiation of vendor pricing and holistic visibility for vendor consolidation
- Fast spend reporting by sub-category
- Leveraging tight integration across SAP systems
- Over $2B of analyzed spend
- Gained a single view of all global procurement activity
- Leveraging a phased approach across business units
Data Enrichment and Classification OnDemand*
Solution Overview

A cloud-based, network application that combines spend data with global content and services to improve data reliability for strategic sourcing and spend analytics.

Data Collection
- How can I aggregate all my spend data in one place and be sure it’s accurate?
  - Easily manage accuracy and completeness of company-wide spend data from multiple sources
  - Gather data from SAP and non-SAP sources

Enrichment
- My supplier identities are obscured due to poor data quality and lack of content!
  - Increase leverage opportunities with normalized suppliers
  - Improve decision-making with enriched content

Classification
- How do I know what I’m really buying?
  - Increase visibility to both direct and indirect spend
  - Improve understanding of spend activity with a consistent structure for goods and services

Revision
- How can I add my own knowledge into the process?
  - Incorporate subject matter expertise with the Revision tool
  - Changes apply to current cycle and future cycles for continuous improvement

*planned for August 2011
# The SAP Global Business Compendium

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Location Information</td>
<td>Mail, Fax etc.</td>
</tr>
<tr>
<td>Contact Info</td>
<td>CEO, Officers, Phone numbers, email addresses etc.</td>
</tr>
<tr>
<td>Diversity</td>
<td>Women owned, SDB, minorities etc.</td>
</tr>
<tr>
<td>Business Info</td>
<td>Employees, sales, TIN, non-US Tax number etc.</td>
</tr>
<tr>
<td>Sanctions</td>
<td>OFAC</td>
</tr>
<tr>
<td>Linkage (Parent Company etc)</td>
<td></td>
</tr>
<tr>
<td>Financial &amp; Risk Indicators</td>
<td>Filings, suits, liens, bankruptcy etc.</td>
</tr>
<tr>
<td>Cortera Risk</td>
<td>Endorsed Business Solution: risk segment, payment score, trend etc.</td>
</tr>
<tr>
<td>Diversity (women owned, SDB, minorities etc)</td>
<td></td>
</tr>
<tr>
<td>Location (Address, ZIP, Country etc)</td>
<td></td>
</tr>
<tr>
<td>Sanctions (OFAC)</td>
<td></td>
</tr>
</tbody>
</table>
## Validation and Enrichment
Improves leverage and decision-making

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Validated</th>
<th>Legal Ownership</th>
<th>Industry</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grafix</td>
<td>GraphCorr LLC (Grafix) 433 2nd Ave, Sainte-Marie QC G6E 3C6 CA</td>
<td>RockTenn Company</td>
<td>Packaging</td>
<td>$75,000</td>
</tr>
<tr>
<td>Smurfit</td>
<td>Smurfit-Stone Container Corp 150 N Michigan Ave, Chicago, IL 60673 US</td>
<td>RockTenn Company</td>
<td>Packaging</td>
<td>$150,000</td>
</tr>
<tr>
<td>Stone Container</td>
<td>Smurfit-Stone Container Corp 150 N Michigan Ave, Chicago, IL 60673 US</td>
<td>RockTenn Company</td>
<td>Packaging</td>
<td>$200,000</td>
</tr>
<tr>
<td>Verizon</td>
<td>Verizon Business 1 Verizon Way, Basking Ridge NJ 07920 US</td>
<td>Verizon Communications</td>
<td>Telecom</td>
<td>$250,000</td>
</tr>
<tr>
<td>Verizon WRLS#12RK</td>
<td>Cellco Partnership (Verizon Wireless) 1 Verizon Way, Basking Ridge NJ 07920 US</td>
<td>Verizon Communications</td>
<td>Telecom</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

### Traditional
- Grafix $75,000
- Smurfit $150,000
- Stone Container $200,000
- Verizon $250,000

### SAP
- Employees: 194,400
- Sales (mil): $106,565
- Risk, etc.

- RockTenn $425,000
- Employees: 10,400
- Sales (mil): $3,000
- Risk, etc.

**Accelerate Savings**
The SAP Transaction Knowledge Base
Industry Wide Coverage

$350+ billion in spend
20,000+ lines of businesses
50+ industries
20+ years of history
20+ key variables
Spend Classification
Improves accuracy and understanding

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Industry</th>
<th>Item</th>
<th>Account</th>
<th>Business Unit</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grafix</td>
<td>Packaging</td>
<td>Not assigned</td>
<td>Promotions</td>
<td>Graphics</td>
<td>$130,000</td>
</tr>
<tr>
<td>RockTenn</td>
<td>Packaging</td>
<td>Displays</td>
<td>Accounts payable trade</td>
<td>Advertising</td>
<td>$475,000</td>
</tr>
<tr>
<td>RockTenn</td>
<td>Packaging</td>
<td>Displays</td>
<td>Freight-inbound</td>
<td>Advertising</td>
<td>$38,000</td>
</tr>
<tr>
<td>Verizon</td>
<td>Telecom</td>
<td>Not assigned</td>
<td>Utilities</td>
<td>Facilities</td>
<td>$285,000</td>
</tr>
<tr>
<td>Verizon</td>
<td>Telecom</td>
<td>Blackberry</td>
<td>Office supplies</td>
<td>Sales</td>
<td>$72,000</td>
</tr>
</tbody>
</table>

**Traditional**

- **Supplier Approach**
  - Packaging: $643,000
  - Telecom: $357,000

- **Item Approach**
  - Cell Phones: $72,000
  - Displays: $513,000
  - Unknown: $415,000

- **Account Approach**
  - Advertising: $130,000
  - Freight: $38,000
  - Unknown: $475,000
  - Office Sup.: $72,000
  - Utilities: $285,000

**SAP**

- Displays: $475,000
- Telecom PTP: $285,000
- Graphic Design: $130,000
- Cell Phones: $72,000
- Freight: $38,000

Accelerate Savings
Solution Summary: SAP BusinessObjects Spend Performance Management

Maximize Savings – Minimize Supplier Risk

Gain full spend visibility
• Automated data capture from SAP and non-SAP
• Data accuracy for faster insights

Increase spend under management
• Set up performance targets
• Collaborate effectively to act on insights

Rapidly identify savings opportunities
• Find and act on savings potential
• Pro-actively monitor contract compliance

Reduce supplier risk
• Pin-point supplier risks and supply concentration
• Find and act on qualified alternate suppliers

* Note: The Data Enrichment & Classification service is an add-on service separately priced.
Out Of The Box Analytics enables Actionable Insights

The Solution

- Automated Comprehensive spend and supply base data model
- Provides insights into savings and supplier risk
- Powerful ad-hoc analytics for the power user
- Enables collaboration and decision capture

Why SAP

Comprehensive Analysis:
- Spend, Supply Base, Contract, Supplier Risk and Procurement KPIs, including tracking to key KPIs, budgets and financial performance metrics

Surface Savings and Supplier Risk Insights:
- Quantify impact with detailed drill down analysis to effect confident decisions, instead of time consuming data mining

Integration with SAP Sourcing:
- Launch sourcing RFx, Auction or Project from insights directly, via out of the box integration

Dynamic Briefing Book:
- Supports snapshots in time, with refresh and offline capabilities to support stakeholder collaboration and decision capture
Actionable Metrics on Critical Success Factors Improves Spend Performance

The Solution

- Align procurement strategy to execution
- Gain full visibility into procurement “actuals”
- Better manage key procurement performance indicators
- Identify root causes of sub-standard performance

Why SAP

Performance Management:
- Evolve from Reporting and Analysis to Performance Management, incorporate ‘Management by Exception’ to focus valuable Procurement resources to top initiatives

Configure KPIs:
- Set KPIs to meet your competitive advantage goals, and align procurement goals with corporate strategy and vision

Know The Contributors to Lagging KPIs:
- Track key KPIs with full knowledge of key contributors to variance, and root cause for sub-standard performance for immediate decision and action
Analytics included – What-if Analysis

Solution

- Perform what-if simulations within SAP BusinessObjects Spend Performance Management
- Provides a framework based on variables (global, local) and formulas
- Provides ability to perform business simulations

Why SAP?

- Empower procurement end user to make improved decisions during the sourcing process
- Build and compare different sourcing scenarios
- Manipulate the results to identify the most beneficial scenario
- Some examples for what-if analysis are
  - Buy now vs. buy later
  - Ability to analyze savings potential based on different payments terms
  - Buy local vs. buy global
Return on Investment Calculation*

SAP proprietary ROI calculator (example figures of Oil & Gas company, based on industry standards, conservative approach and $1m project)
Supplier InfoNet
Minimizing Supplier Disruption in a Complex World

A cloud-based business social network to predict supplier risk and manage operational performance

Pooled KPI Benchmarks

Strong Predictions of Operational Risk

Views into your sub-tier supply base

Do They Perform Well for Others?

- Compare your experience with others in your industry, across a multitude of KPI’s
- Delivery, Quality, Financial
- Track a Supplier’s Global KPI performance over time

Will They Behave The Same in The Future?

- We track news alerts, government data & financial information to predict future behavior
- We leverage cutting-edge machine learning tools to improve on these predictions

Is There a Problem With One of The Suppliers Hidden Below Them?

- Leverage Social Networking Models to understand risk with your supplier’s connected suppliers
- React to problems that were unforeseen before
Catastrophic Events - Responding Instantly to Unexpected Events – a Real Example

Supplier InfoNet tracks critical sites for news alerts, government information, and other critical signals that indicate good or bad news about the supply base.

The information is incorporated into alerts, KPI predictions and provided to our customers.

As a result, Supplier InfoNet can quickly communicate which of our customer's suppliers were most impacted by the catastrophe in Japan, even when it was a sub-tier issue: Example - Is Nippon a supplier to your supplier?

Japan's Steel Industry Assesses Damages From Tsunami

World's second-ranked steel producing nation reports outages at several plants.
By Jonathan Katz
March 14, 2011

Japan's top steel maker Nippon Steel Corp said some of its Kamaishi Steelworks facilities were "inundated by tsunami" and are not operating. Kamaishi's port facilities have been damaged and recovery efforts are underway, the company said.
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The offer:

For a limited time,

**Do:** Purchase *SAP Extended Sourcing & SAP BusinessObjects Spend Performance Management* solutions *together* on the same transaction

**Get:** An *additional 30% credit* towards the purchase price of the two product bundle

Basic Terms:

1. **Offer Ends:** *December 31st, 2011*
2. Offer only applies to on-premise solutions mentioned above
3. Overall customer discount may be restricted when using the incentive.
4. Installation of Business Warehouse 7.0 is required for deploying on-premise Spend Performance Management

Please **contact your SAP Account Executive** to discuss

Benefits:

1. Spend Visibility helps drive prioritized sourcing initiatives
2. Source the right suppliers and maximize sourcing resources
3. Align with procurement performance goals
4. Quick to deploy and use, with pre-built integration scenarios

* Additional terms and conditions may apply. Please contact your SAP Account Executive
SAP Operational Performance Management Elite Training
Sep 26 – 30 in Palo Alto, CA

BE THE FIRST TO HAVE LIVE SPM 3.0, SCPM 2.0 and DEC 1.0 EXPERIENCE

This Elite enablement workshop will cover a large variety of topics including:

- New Features for What-If-Analyses and Advanced Analytics in SAP BusinessObjects Spend Performance Management 3.0 (SPM)
- First time ever experience and deep dive into SAP BusinessObjects Data Enrichment and Classification OnDemand (DEC)
- Understand SPM and DEC integration options
- New Features for What-If-Analyses and Risk Management Integration in SAP BusinessObjects Supply Chain Performance Management 2.0
- Deep dive technical sessions and performance tuning for all three solutions (UI and Backend)
- Performance Tuning (BW 7.3, OPM solutions, Java and ABAP extensions)
- OPM and SAP HANA session

REGISTER
https://spreadsheets.google.com/spreadsheet/viewform?formkey=dEdrZVdLQxamVYNNHfTjVPUnZhU1E6MQ
http://twitter.com/#!/search?q=%23OPMElite
Key Links for More Information
For Customers & Partners

**Landing Pages at SAP.COM:**
- SAP Line Of Business Procurement
- SAP BusinessObjects Spend Performance Management Landing Page

**Demos:**
- SAP BusinessObjects Spend Performance Management Demos
- SAP BusinessObjects Data Enrichment and Classification OnDemand Demo*

**Brochures & White Papers:**
- SRM Brochures & White Papers
- SAP Sourcing Brochures & White Papers
- SAP BusinessObjects Spend Performance Management Brochures & White Papers

**Other Links:**
- SAP BusinessObjects Spend Performance Management BPX Community
- SAP BusinessObjects Spend Perfromance Management on SAP EcoHub
- SAP Business Analytics Webinars
- SAP Business Analytics Blog
- SAP Business Analytics on Twitter

*Until DEC is released  links forward to DSE – click on the WATCH THE DEMO link on the right*
Further Information

**SAP Community Network**

- Business Analytics community

- EPM page

- EPM discussion forum

**Social Media**

- The Decision Factor Blog

- Twitter
  [http://twitter.com/#!/SAPEPM](http://twitter.com/#!/SAPEPM)
  [http://twitter.com/sapcommnet](http://twitter.com/sapcommnet)

- Facebook
  [https://www.facebook.com/sapcommunitynetwork](https://www.facebook.com/sapcommunitynetwork)

**Upcoming Webinars**

- Business Analytics Webinar Series
Thank You!

For more information please contact me directly - Henner Schliebs (henner.schliebs@sap.com)
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Top Company Challenges in Supply Chain Management

New challenges lie ahead
% of respondents, \(^1\) n = 639

Companies’ challenges in supply chain management

- Increasing volatility of customer demand
  - Over the past 3 years: 21
  - Over the next 5 years: 37
- Increasing pressure from global competition
  - Over the past 3 years: 28
  - Over the next 5 years: 35
- Increasing cost pressure in logistics/transportation
  - Over the past 3 years: 25
  - Over the next 5 years: 30
- Increasing consumer expectations about customer service/product quality
  - Over the past 3 years: 28
  - Over the next 5 years: 32
- Increasing volatility of commodity price
  - Over the past 3 years: 24
  - Over the next 5 years: 25

\(^1\) Respondents who answered “other” or “don’t know” are not shown

McKinsey Global Survey, October 2010
## Top Company Goals for Supply Chain Management

### Companies’ top 2 goals for supply chain management

<table>
<thead>
<tr>
<th>Goal</th>
<th>Over the past 3 years</th>
<th>Over the next 5 years</th>
<th>Percentage-point change between responses on past and future goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing operating costs</td>
<td>61</td>
<td>41</td>
<td>-20</td>
</tr>
<tr>
<td>Reducing overall inventory levels</td>
<td>30</td>
<td>12</td>
<td>-18</td>
</tr>
<tr>
<td>Improving the quality of products or services</td>
<td>29</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>Improving customer service</td>
<td>36</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>Getting products or services to market faster</td>
<td>34</td>
<td>21</td>
<td>13</td>
</tr>
</tbody>
</table>

Businesses that do not scrupulously uncover the fundamental drivers of their units’ performance face several potential problems. They often end up measuring too many things, trying to fill every perceived gap in the measurement system.

*Harvard Business Review*

McKinsey Global Survey, October 2010
Need for Strong Performance Management Across Multiple Departments

**Procurement**
- Spend under management
- Off contract spend
- Savings delivery

**Supply Chain**
- Inventory levels and policy
- Supply chain risk/resilience
- Maintain or reduce costs
- Supplier quality

**Finance**
- Decrease spend
- Supply chain costs
- Reduce working capital
- Profitability and margin

**CIO**
- IT cost savings
- TCO
- IT investment

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Align Stakeholders With Strategy and Objectives to Take a Measurement Driven Approach

**Finance**
- Assure savings reached the bottom line
- Identify appropriate costs to run a competitive supply chain
- Improve cash flow and increase working capital

**CIO**
- Decide to build an in-house solution or buy a packaged application
- Identify cost to maintain an in-house solution
- Identify effectiveness of building a reporting tool to make use of key resources

**Supply Chain**
- Avoid supply interruptions
- Ensure on-time delivery to customers at the most reasonable costs
- Get quality suppliers

**Procurement**
- Prioritize savings opportunities
- Prioritize and manage supplier risk and performance
- Ensure all negotiated savings are realized
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Introducing Supply Chain Performance Management

Key areas where SCPM helps you get visibility:

✓ Reduce cost and maintain cash flow
✓ Improve order fulfillment
✓ Monitor forecast accuracy
✓ Adapt quickly to market changes
Improving Performance Using Standardized Metrics (SCOR) and Common Business Practices

Key features:

- Pre-built solution
- More than 350 Pre-defined KPI’s
- Out of the box connectivity
- Enhanced User Interface

Best-in-class companies using SCOR outperform their median competitors with more than a 50% cost advantage in supply chain costs.

Supply Chain Council
Supply Chain Performance Management
“Implement and optimize” for rapid time to value

Design and build: data model, universes, reports, dashboards, analytic workflow
Define metrics, business meta data and data staging area and loading

Configure and extend
Set up users
Personalize
Gather requirements
Define business questions

Survey results show that 65% IT Managers preferred to purchase packaged solutions vs. custom built solutions.

_IDC Vertical Research Survey, 2010_
Out-of-the-box Connectivity

Key Features

Pre-built connectivity to SAP ERP Source Systems

Out of the Box Mapping of SCOR Metrics to Standard Content

Limited Use License of SAP BusinessObjects EIM included for Non-SAP Source System Integration
Complete View of Operational and Financial Performance Metrics

Key Features

• Identify Supply Chain Trends and Patterns

• Align supply chain objectives with risks

• Analyze and mitigate supply chain risk

• Perform root cause analysis to correct supply chain disruptions
Rapid Response to Supply Chain Disruptions

Key Features

• Use external benchmarking data to gain competitive advantage

• Assigning ownership to improvement initiatives

• Initiate, track and monitor corrective actions

• Monitor and improve key ratios to maximize profitability and improve customer service
Achieve Superior Supply Chain Performance

Key Features

• Use Impact Analysis to analyze contributing factors for a given KPI performance.

• Perform what-if analysis to conduct business simulations and improve decision making.

• Role-based view with the ability to have Business Unit/Division/Plant level scorecards.
Customer Leverages SCPM to Improve its Supply Chain Performance

Why SCPM?

- Industry standard SCOR contents
- Ability to use data captured by ECC
- Rapid startup with predefined ODS and transformation and Metrics
- Leverage existing infrastructure and Integration with SAP BusinessObjects
- Scalability provided by robust architectural design
- Utilized in-house SAP BW expertise as well as technical staff supporting staff

Addressed Challenges and Objectives

- Standardization of Scorecard & Metrics across organization
- Empowerment to Business users (End-to-end Visibility, Bottleneck diagnostics, On-demand Analytics)
- Ability to Map, Monitor and Manage your Supply Chain Strategy
- Flexibility & Scalability to manage change in Business structure (Change in Strategy, People, Processes, Structure, M&A, Divestment or Addition of new category)
- Drive Continuous Improvement through internal / external benchmarking

What impressed me was that Coke insisted on adopting standard, out-of-the-box technology for implementing SCPM and managed to do so within the existing SAP BW environment. With 12 years of experience with SAP technologies, Coke was pleasantly surprised that this application worked right out-of-the-box.

Bob Ferrari, The Ferrari Group

SAP BusinessObjects Supply Chain Performance Management aligns very well with the guiding principles of our project: focusing on metrics that need little manual intervention, focusing on metrics that help drive process consistency, and focusing on metrics that are in line with industry standards.

Russ Rodal, Metrics Program Manager, Coca-Cola Company
Agenda

SAP Analytic Applications for Procurement
- Overview
- Maximize Savings and Reduce Supplier Risk with reliable data
- More Information

SAP Analytic Applications for Supply Chain
- Trends and Challenges
- SCPM Solution Overview
- Why SCPM? Top reasons
Supply Chain Performance Management – 2011 Winner of the SCC Technology Advancement Award

News Flash

May 26, 2011

SAP Wins Technology Advancement Award for Supply Chain Performance Management

Supply Chain Council Announces 2011 North American Supply Chain Excellence Award Winners. The Technology Advancement Award recognizes an organization that develops methodologies or products that enable superior supply chain performance. SAP applications currently support more than 109,000 customers globally. Based on the SCOR model, SAP’s BusinessObjects Supply Chain Performance Management (SCPM) solution improves end-to-end supply chain visibility, which supports departmental and organizational performance management.
## What’s New in SAP BusinessObjects Supply Chain Performance Management 2.0?

<table>
<thead>
<tr>
<th><strong>What is the feature?</strong></th>
<th><strong>What does it do?</strong></th>
<th><strong>What is the value?</strong></th>
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<tbody>
<tr>
<td><strong>What-if Analysis</strong></td>
<td>Allows users to perform scenario analysis to model, understand and evaluate the impact of supply chain variables / causal parameters on other dependent supply chain KPIs and objectives, comparing results and taking business decisions</td>
<td>Decision support for LOB supply chain to evaluate and execute supply chain strategies</td>
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<tr>
<td><strong>Integration with GRC Risk Management</strong></td>
<td>Enables companies to align Key Risk Indicators with KPI’s to understand risks in the supply chain due to poor supply chain performance</td>
<td>Allows supply chain LOB to monitor and manage supply chain performance metrics and risks</td>
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<td>Analyze and mitigate supply chain risk</td>
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<td><strong>Closed-loop Collaboration</strong></td>
<td>Initiate tasks, assign owners and monitor execution of tasks to address supply chain performance issues</td>
<td>Allows users to take action to address issues with poor supply chain performance</td>
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<td></td>
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<td>Enhanced accountability</td>
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<tr>
<td><strong>New and Enhanced Supply Chain Scenarios</strong></td>
<td>Enrich and extend existing business content to different supply chain functions</td>
<td>Enhanced visibility across the supply chain</td>
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<td>Perform root cause analysis</td>
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<td><strong>Enhanced UI Features</strong></td>
<td>Adoption of BUI framework</td>
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<td>Tighter integration with BI tools</td>
<td>Customers can leverage their investments in BI tools</td>
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<td>Ease of use for business users</td>
</tr>
</tbody>
</table>
# Solution Detail – Out-of-Box Scenarios

## Roles
- VP supply chain
- Plant manager
- Commodity manager
- Buying manager

## Roles (8)
- Warehouse manager
- Sales manager
- Head of transportation
- …

## Objectives
- Reduce cost
- Reduce working capital
- Improve deliver reliability
- Improve quality

## Objectives
- Scorecards
- Improve resource utilization
- Manage receivables
- …

## Scenarios (KPI hierarchies + diagnostics)
- Perfect order fulfillment
- Cash to cash cycle times
- Return on working capital
- Supply chain management cost

## Scenarios
- Order fulfillment cycle time
- Return on supply chain fixed assets
- Cost of goods sold

## Dashboards
- Inventory
- Receivables
- Payables
- Order fulfillment

## Dashboards
- Forecast analysis
- Production performance
- Quality performance
- …

## Reports
- Plant shipment proc. time
- Make process cycle time
- Inventory days analysis
- Purchase cat. Payables

## Reports
- Forecast accuracy
- Stock out & coverage
- Carrier utilization
- …
Technical Architecture SCPM 2.0
Application Based on Best-in-Class Technology

Stack requirements:
- SAP NetWeaver JAVA 7.3 SP02 (Usage Types: BPM or CE or BI Java)
- SAP NetWeaver Dispatcher 7.3 SP02 is installed as part of the NetWeaver Java server
- SAP NetWeaver ABAP 7.02 SP05 with BI Content Add-On 4 SP03 OR SAP NetWeaver ABAP 7.3 SP02 with BI Content Add-On 735 SP01
- Adobe Flash Player 10.1

Included with package:
- SAP NetWeaver
- Application functionality (ABAP and Flex)
- SCPM Business Content
- Data Integrator

Installation options:
- On-premises, stand-alone
- On-premises, with existing NW installation
- Hosted (w/ partner)
How Coca-Cola Is Leveraging SCPM to Improve Performance of Its Supply Chain

QUICK FACTS
- Largest beverage company in the world
- Founded in 1886
- World Wide Employees: 92,800
- 125 year Anniversary this year.
- $31 Billion in annual revenues
- 1.6 Billion servings per day
- 3,300 Beverages offerings
- Served in over 200 Countries

Why SCPM?
- Industry standard SCOR contents
- Ability to use data that is currently being captured by ECC
- Rapid startup with predefined ODS and transformation and Metrics
- Leverage existing infrastructure
- Scalability provided by robust architectural design
- Utilized in-house SAP BW expertise as well as technical staff supporting staff
- Integration with SAP BusinessObjects

Challenges and Objectives
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“Russ Rodal, Metrics Program Manager, Coca-Cola Company

Business Benefits
Consistent KPIs and measures
Leverage vast transactional data that is currently being captured
Further Information

SAP Community Network

Business Analytics community
http://www.sdn.sap.com/irj/boc

EPM page
http://www.sdn.sap.com/irj/boc/epm

EPM discussion forum

Social Media

The Decision Factor Blog
http://www.the-decisionfactor.com/

Twitter
http://twitter.com/#!/SAPEPM
http://twitter.com/sapcommnet

Facebook
https://www.facebook.com/sapcommunitynetwork

Upcoming Webinars

Business Analytics Webinar Series
http://www.sdn.sap.com/irj/scn/businessobjects-webinars
SAP Operational Performance Management Elite Training
Sep 26 – 30 in Palo Alto, CA

BE THE FIRST TO HAVE LIVE SPM 3.0, SCPM 2.0 and DEC 1.0 EXPERIENCE

This Elite enablement workshop will cover a large variety of topics including:

- New Features for What-If-Analyses and Advanced Analytics in SAP BusinessObjects Spend Performance Management 3.0 (SPM)
- First time ever experience and deep dive into SAP BusinessObjects Data Enrichment and Classification OnDemand (DEC)
- Understand SPM and DEC integration options
- New Features for What-If-Analyses and Risk Management Integration in SAP BusinessObjects Supply Chain Performance Management 2.0
- Deep dive technical sessions and performance tuning for all three solutions (UI and Backend)
- Performance Tuning (BW 7.3, OPM solutions, Java and ABAP extensions)
- OPM and SAP HANA session

https://spreadsheets.google.com/spreadsheet/viewform?formkey=dEdrZVdLQxXamVYNHFtjVPUnZhU1E6MQ
http://twitter.com/#!/search?q=%23OPMElite
Thank you!

Raj Alluri
Director, Solution Management
Spend Performance Management
Supply Chain Performance Management

raj.alluri@sap.com