

# Collaborative 'Demand Planning +' with Business Suite 7.0



## Applies to:

SAP Business Suite 7.0. Supply Chain Management. For more information, visit the [Supply Chain Management homepage](#).

## Summary

This paper focuses on the Demand Planning aspect of the 'Collaborative demand and supply planning' Value Scenario supported by Business Suite 7.0. It first traces the evolution of demand planning solutions and then describes how the various tools and technologies available within Business Suite 7.0 can enable a sophisticated, collaborative 'Demand Planning +' solution characterized by efficiency, flexibility and insight.

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## Author Biography

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## Introduction

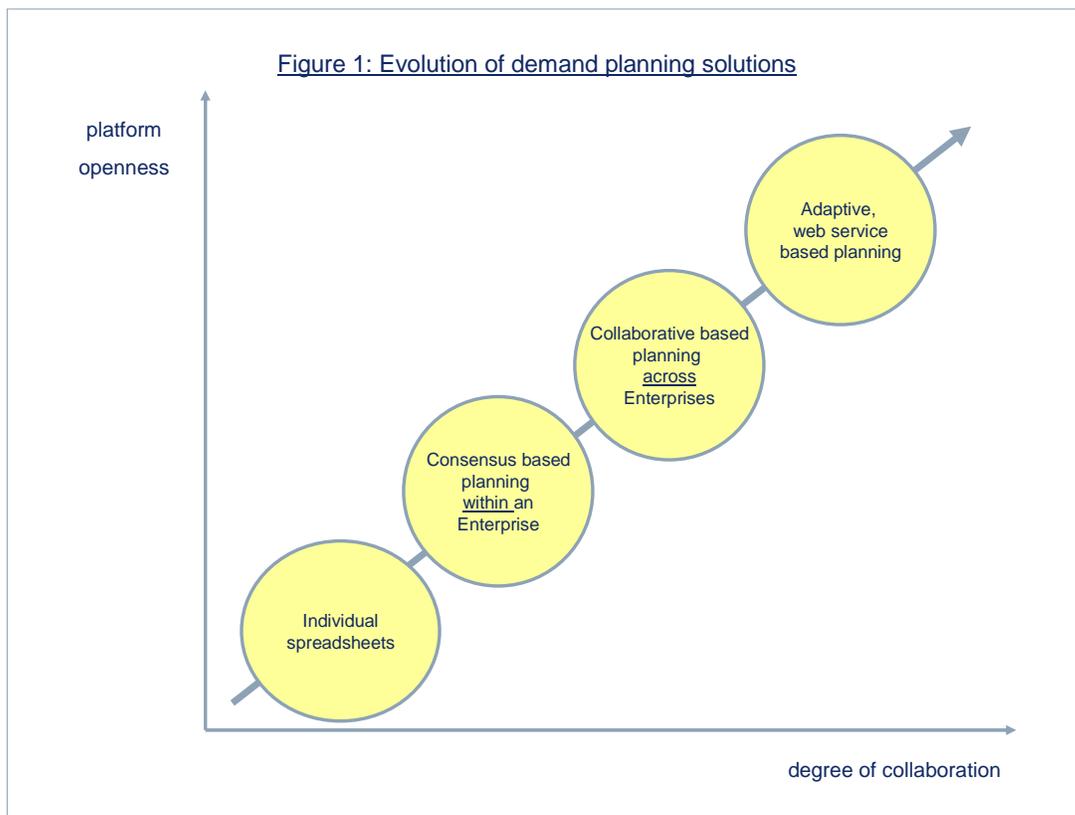
Demand planning as a business process is an interesting blend of science and 'black art'; as the atomic physicist Nils Bohr said 'prediction is very difficult, especially if it's about the future'.

Difficult though it may be, efficient and effective demand planning is fundamental to successful supply chain planning, especially in markets where products have limited lifecycles, and where demands are increasingly dynamic and event driven.

This article considers how the three aspects of people, process and technology have been integrated in the evolution of demand planning solutions, and then considers how the various tools and technologies available within Business Suite 7.0 can enable a sophisticated, collaborative 'Demand Planning +' solution characterized by efficiency, flexibility and insight.

## Evolution of demand planning solutions

The evolution of demand planning solutions can be described on the basis of 'platform openness' and 'degree of collaboration', as shown in Figure 1 below.



The four stages of evolution shown in the figure are characterised as follows.

### *Individual spreadsheets*

This stage is characterised by individual demand planners using their own spreadsheets. While these may often be complex and sophisticated, and making use of a variety of forecast models, there are inherent difficulties in ensuring consistency of definitions and logic, and in consolidating information across the organisation, as well as a reliance on the manual entry of information.

### *Consensus based planning within an Enterprise*

This stage is characterised by the implementation of a single system in the organisation, which can be used by all demand planners and related parts of the organisation. A rich variety of forecast models is available, covering both univariate (time series based) and multivariate (potentially based on multiple causal factors) approaches. There will typically be electronic integration with source systems for sales history, and with other demand related applications. The use of a single system ensures consistency and consolidation of

information and allows a consensus based forecast to be generated. SAP APO is a good example of such a system.

#### *Collaborative planning across Enterprises*

This stage builds on the consensus based approach by including collaborative planning with key customers, thus allowing a more responsive, 'customer demand driven' approach. SAP APO includes internet based collaborative planning functions to build on the aforementioned consensus based planning solution.

#### *Adaptive, web service based planning*

This stage brings into play the increased adaptiveness and flexibility provided by a web service based solution. Such flexibility ranges from the use of varied sources of history and external forecast data to the choice of graphical user interfaces. SAP's Service Oriented Architecture (SOA) approach enables the implementation of a demand planning solution based on open, web services.

The next section of this article describes how an adaptive 'Demand Planning +' solution, including web service based planning, can be realised using SAP Business Suite 7.0.

## **Collaborative demand planning with Business Suite 7.0**

Collaborative demand planning resides with the 'Collaborative demand and supply planning' Value Scenario enabled by SAP Business Suite 7.0.

Collaborative demand planning powered by SAP Business Suite 7.0 enables:

- Efficiency – based on 'best practice' processes
- Flexibility – thus providing alignment with changing market conditions, changing demand channels etc
- Insight – thus providing visibility of the total demand situation, and resulting improved decision making.

The tools and technologies available within SAP Business Suite 7.0 contribute to a collaborative 'Demand Planning +' in a number of ways, as described below.

#### *Foundation for solution*

The foundation for the solution is the APO Demand Planning module within SAP SCM 7.0, which provides for example:

- a variety of statistical forecasting models
- lifecycle planning functionality
- the ability to build up a forecast from component elements using sophisticated rule driven logic
- internet based collaboration with key customers on forecast information
- integration with APO supply planning modules (SNP and PP/DS)

#### *Integration of data from multiple data sources*

SAP provides an integration environment whereby data from various sources can be included in the solution, via, for example:

- BW extractors, to extract sales history from transaction systems
- XI, to interface with, for example, promotion management systems
- Demand Signal Capture systems, to integrate customer POS data

#### *Service enablement via SOA*

SOA allows for the provision of data from web service enabled sources, for example:

- Customer data from a connected SAP ECC system, via the 'Customer Fact Sheet' Enterprise Service Bundle

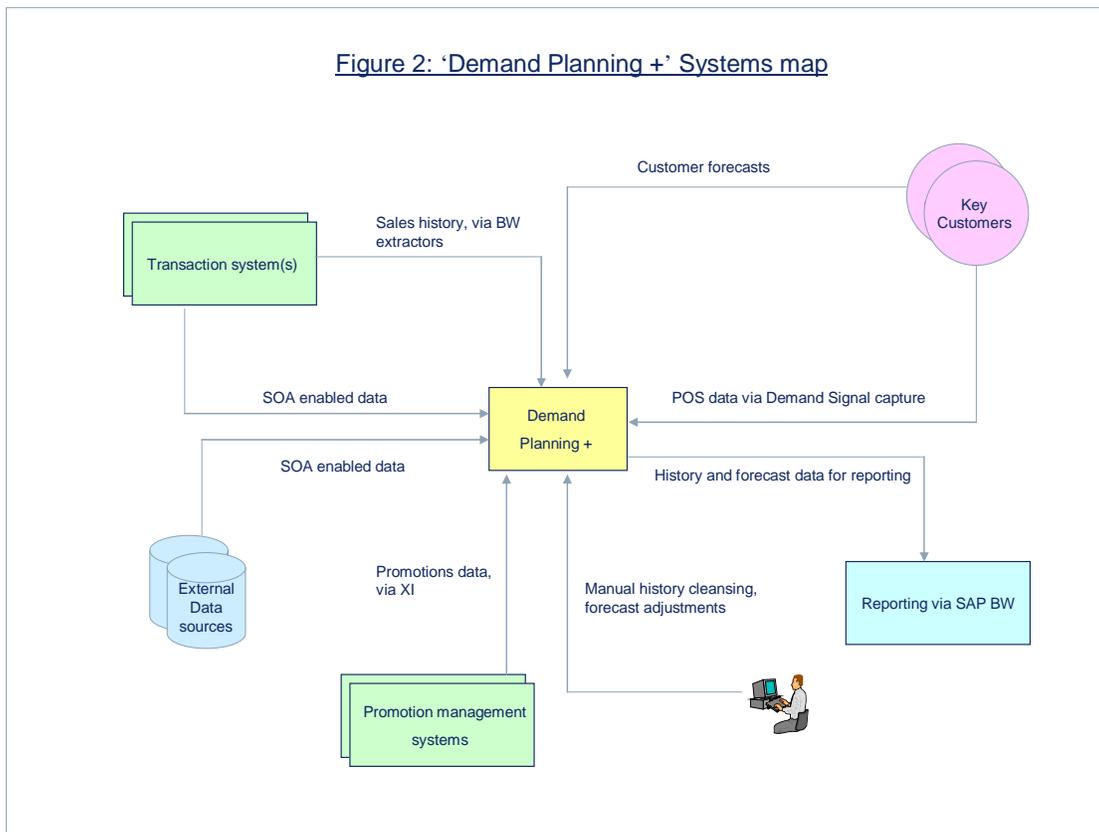
- Wiki based competitor information
- External market information

Furthermore, via the Duet SOA approach, information can be managed in the familiar MS Excel environment.

*Reporting*

SAP BW provides a comprehensive reporting solution for the monitoring of forecast patterns, forecast accuracy etc.

An overview diagram of the conceptual systems map for the 'Demand Planning +' solution is shown in Figure 2 below.



## Related Content

This paper is relevant to the general discussion around Supply Chain Management in the Business Process Expert web pages at <https://www.sdn.sap.com/irj/bpx/scm>.

For more information, visit the [Supply Chain Management homepage](#).

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