



SAP Industry Value Stories

# **The Digital Supply Chain and ERP** **in the Experience Economy**



# Key Business Drivers in the Supply Chain

## 20%

of revenue will come from products less than 3 years old by next year

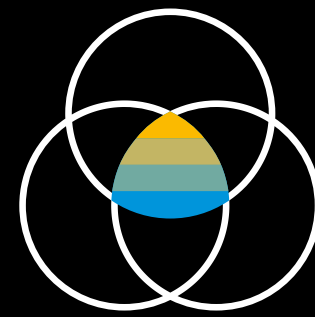
## 90%

of industry growth captured by companies that offer engaging experiences

## >50%

of organizations will rely on AI to drive supply chain transformation

### STRATEGIC PRIORITIES



#### Enabling New Business Models

- Monetization of data
- Innovative partnerships
- Efficient order fulfillment and delivery



#### Delivering Personalized Outcomes

- Create enduring customer and consumer relationships
- Deploy processes and systems that support mass personalization



#### Competing as an Ecosystem

- Enable effective buyer-supplier collaboration
- Team up with non-traditional ecosystem partners to deliver higher value



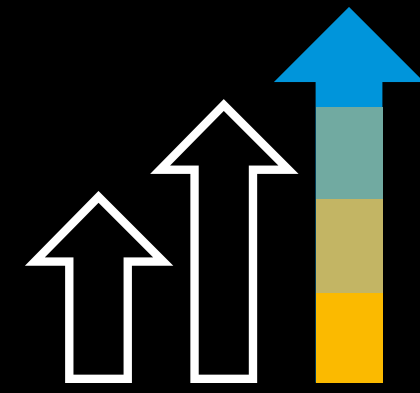
“Quickly adapting to change – foreseen and otherwise – is the critical, central capability for every organization.

**Systems and technology must be an enabler to this change, not an impediment.”**

Simon Ellis, Program Vice President, IDC

# Benefits of Digitally Transforming in Manufacturing

Industry Week survey shows that companies clearly see the benefits of digitally transforming their manufacturing processes



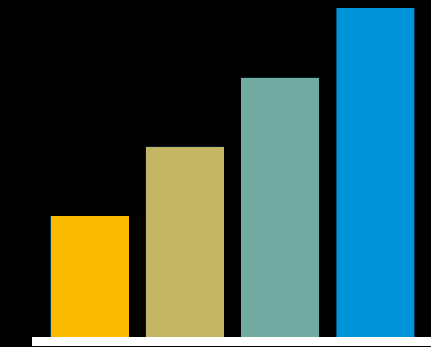
## 40%

**increase in  
operating  
efficiency**



## 10%

**reduction in  
operating  
costs**



## 160%

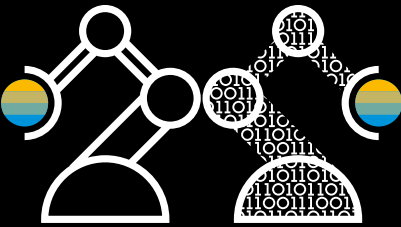
**increase in  
output**

# Global Trends in Manufacturing Industries



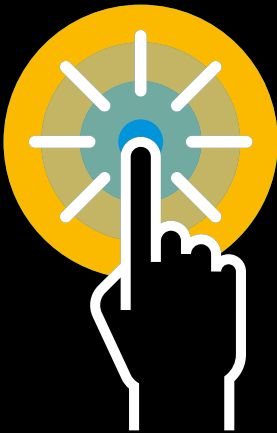
## Customer Centricity

From ...		To ...
Mass production	.....⚡	Mass individualization
Outsourced manufacturing	.....⚡	Distributed manufacturing networks



## Total Visibility

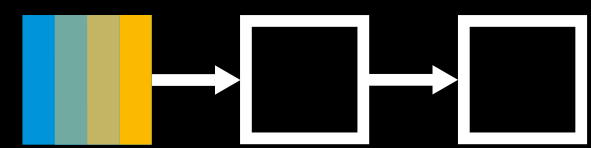
From ...		To ...
Deterministic models	.....⚡	Predictive models
Paper-based systems	.....⚡	3D work instructions
Information silos	.....⚡	Horizontal and vertical integration



## Business Innovation

From ...		To ...
Capital-intensive manufacturing	.....⚡	Service-based manufacturing
Fixed production lines	.....⚡	Cyberphysical systems
Manual processing	.....⚡	Highly automated processes





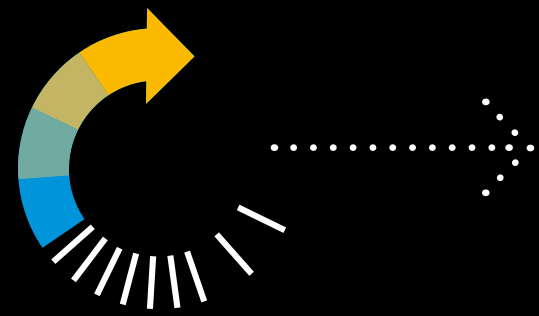
## **Traditional Processes Are No Longer Good Enough**

Example: Order-to-Delivery Process





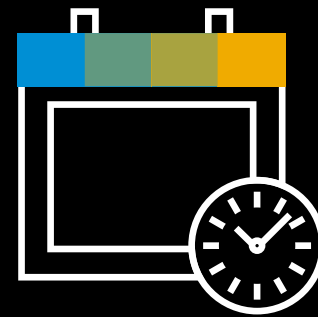
## Sales order capture



### Manual sales order confirmation



### Scheduled material requirements planning (MRP) on rigid timelines



### Purchase requisitioning and production



### Inventory management lacking visibility



### Outbound delivery, transport planning, and dispatch



### In-transit tracking



## Challenges

Delivery commitments based on outdated data, resulting in cancelled or delayed orders

No ability to rerun MRP during the day; material shortages not known until tomorrow, delaying production

No way of knowing if a reliable supplier could deliver a missing part/material in time

Increased safety buffers to make up for the lack of inventory visibility, locking up capital

Transportation process taking place in disparate systems with inefficient business partner collaboration

No real-time updates

## Outcomes

**False promises**

**Production delays**

**More production delays**

**Higher inventory costs**

**Unclear status for customer**

**Ex-customer**





# Enabling Better Customer Experiences in Consumer Products

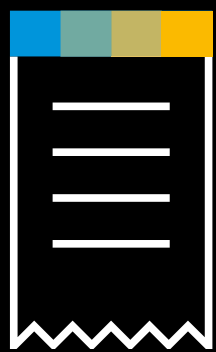
Example: Intelligent  
Order-to-Delivery Process





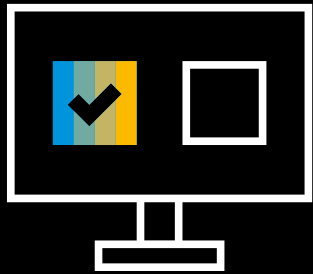
# Key capabilities delivered

## Sales order capture



- Image-based ordering
- Quotation conversion prediction
- Delivery performance prediction
- Easily manage and track sales quotations, contracts, and orders

## Online order confirmation



- Feed time series data on delivery issues such as traffic impact to machine learning model

## Live MRP



- Frequent MRP runs throughout the day quickly identify material shortages
- Demand-driven replenishment
- Intelligent material exception reporting
- Stock in transit arrival and delay prediction

## Real-time purchase requisitioning and production



- Demand-driven manufacturing
- Contract consumption prediction
- Smart procurement processes
- Cash discount at risk monitoring
- Goods and invoice receipt monitoring

## Inventory management



- Early detection of slow-moving stock items
- Intelligent KPI alerts and analysis
- Complete inventory transparency and accuracy

## Outbound delivery, transport planning, and dispatch



- Intelligently automated receivables matching
- Payables line items matching
- Delivery delay prediction
- Monitor payments and manage payment advice
- Easily manage and monitor freight agreements

## In-transit tracking in real time



- Delivery tracking and exception notifications
- Intelligent exception remediation proposals
- Real-time ingestion of IoT-based data streams

# Intelligent technology outcomes

Real-time product availability **improves customer confidence**

Real-time inventory & rule-based allocation for **optimized fulfillment**

Frequent MRP runs identify any shortages to **avoid product backlogs**

Identify the best supplier & minimize safety stock with **just-in-time material availability**

Single warehousing platform for all operations enabling **greater transparency & reduced working capital**

Integrated transportation management platform with intelligent insights to **achieve customer delivery promise**

Transparent tracking of goods in transit and analysis of vehicle & sensor data to achieve **real-time delivery status & delighted customers**

# SAP S/4HANA® customers achieve

**10%–15%** reduction in revenue loss due to stock-outs

**10%–15%** reduction in order lead times

**5x–25x** increase in material postings

**Up to 10%** reduction in manufacturing costs

**25%–30%** reduction in inventory levels

**10%–12%** reduction in total logistics cost

**>50%** lower days sales outstanding

**10%–30%** increase in on-time delivery

**10%–20%** increase in customer satisfaction





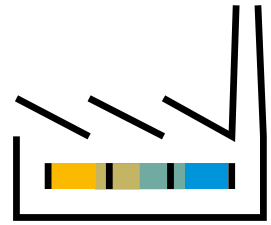
# What **Industry Leaders** Are Doing Today Examples





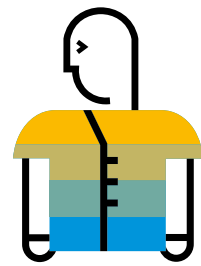
# What Industry Leaders Are Doing Today

## Hoerbiger Group



INDUSTRY

**Industrial  
Machinery &  
Components**



EMPLOYEES

**7,300**



REGION

**MEE,  
Austria**



### Challenges

Hoerbiger needed to continue planned growth and also transition into a public company. Its broad geographical presence in more than 100 locations required it to establish a reporting system for plants with globally defined KPIs. This was to improve plant performance through effective use of assets by preemptive actions on maintenance and repairs, lower inventory and processing of customer invoices. Its customers now need products faster and configured to their requirements.

### SAP S/4HANA Innovations

Hoerbiger decided to redesign its business processes for standardization and simplification. It utilized the capabilities of SAP S/4HANA and intelligent asset management solutions to automate equipment usage measurements and automated customer invoicing based on usage. SAP S/4HANA also enabled Hoerbiger to capture unique product specifications using Machine Learning, orchestrated complex networks of internal/external partners, and thus improved business planning, billing accuracy, and customer satisfaction.

### Benefits

- 14% revenue increase
- 30% reduction in inventory
- 84% more standardization in processes to bring scalability and agility for business models
- 42% faster service delivery while lowering DSO by 5-10%

“We want intuitive. We want future-oriented. We want fast. **We want the modern system, the modern IT landscape.** So, we very quickly came to the SAP S/4HANA solution.”

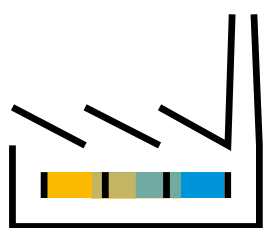
Thomas Kriechbaum, Chief Process Officer,  
HOERBIGER Holding AG





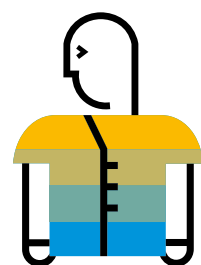
# What Industry Leaders Are Doing Today

## Hershey



INDUSTRY

**Consumer  
Products**



EMPLOYEES

**21,000**



REGION

**NA,  
United States**



### Challenges

The Hershey Company has a company-wide mandate to deliver unique, delightful experiences to their devoted customers. In order to deliver on this promise, business operations need to be efficient and streamlined. However, Hershey was suffering from outdated, disconnected finance processes, manual, spreadsheet-driven activities, and error-prone reporting.

### SAP S/4HANA Innovations

Hershey implemented SAP S/4HANA for standardized enterprise reporting and master data management structure. With a unique central finance approach that replicates and centralizes data in the moment, Hershey now has real-time comparative analytics and monitoring. With built-in machine learning and predictive insights, previous time-consuming manual tasks are now automated, freeing up employees to focus on strategic initiatives.

### Benefits

Hershey now has integrated and streamlined financial processes and increased visibility and transparency, allowing for:

- Enhanced reconciliation and profitability analysis
- Unified view of data and processes for a single version of the truth
- Real-time insights into customer and vendor activity and cost centers
- Standardized processes to support onboarding of mergers and acquisitions



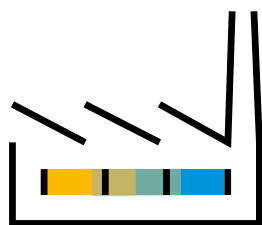
**“Faster, more transparent, and unified finance operations** help us serve our customers better by keeping up with the pace of changing tastes and purchasing behaviors.”

John Zimmerman, Director, Financial Data Systems, The Hershey Company



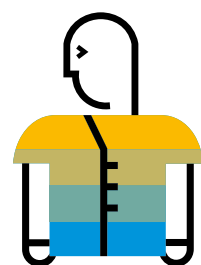
# What Industry Leaders Are Doing Today

## CJ Logistics



INDUSTRY

Wholesale  
Distribution



EMPLOYEES

5,300



REGION

APJ



### Challenges

To better support its customers through a mission of innovation in global supply chain management, CJ Logistics had to:

- increase process consistency and improve reporting capabilities
- mitigate operational risk and facilitate mergers and acquisitions
- integrate overseas subsidiaries and address the needs from outdated IT with disconnected processes and error-prone reporting.

### SAP S/4HANA Innovations

CJ Logistics implemented SAP S/4HANA to standardize enterprise reporting. They now have a unified software for finance and controlling, sales, materials management, process orchestration, and master data and landscape management, providing real-time comparative analytics and monitoring.

### Benefits

- Established connected and aligned processes and improved governance across the distributed enterprise
- Created an organization-wide framework for simplified and accelerated reporting with flexible, agile functionality
- Enabled mergers, acquisitions, and incorporation of new companies with SAP S/4HANA
- 100% customer satisfaction on reported surveys
- 77% faster average reporting performance
- Increased visibility into overseas subsidiaries

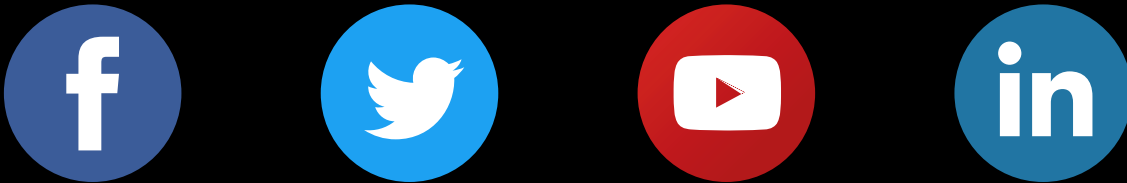


“SAP solutions help us reduce costs, improve market efficiency, and **realize our vision to connect the world by sea, land, and air.**”

Eung Joon Lee, Operations Officer, CJ Logistics



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