SAP Sales and Operations Planning Software Product (xSOP)

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IBU Chemicals
March 20th, 2007
Why is Sales & Operations Planning needed?

Challenges require

Constrained Revenue Growth
Downward Margin Pressure
Reduced Operating Efficiency

Balance
Sales and Operations Planning is a process that enables the balancing of demand and supply within financial boundaries and a strategic plan.

Commitment
The results of that plan are measured, communicated and mandatory for all organisations like sales, marketing, financials, procurement, manufacturing and logistic operations.

Adaptiveness
In case of changing market conditions it identifies the impacts to all areas and interdependencies of resolution strategies.
Integrated Business Management—S&OP Process
1. Strategic Planning
- Strategic Enterprise Management (SEM)
- Business Intelligence - Business Warehouse – Business Planning & Simulation (BW – BPS)
- BW – (CRM Analytics)
- Pricing and Margin Management (Vendavo®)

2. Demand Planning
- APO Demand Planning (DP)
- Sales Planning (BW/CRM)

3. Supply Planning
- APO Supply Network Planning (SNP)
- Supply Network Collaboration (Inventory Collaboration Hub – ICH)

4. Supply/Demand Balancing
- APO Demand Planning (DP)
- APO Supply Network Planning (SNP)

5. Management Evaluation & Analysis
- Supply Chain Analytics and Visibility (Supply Chain Performance Management – SCPM)
- APO Demand Planning (DP)
- Event Management (SCEM)
S&OP Overview

Functions in xSOP

Demonstration

Wrap-up
Goal of SAP xSOP

To compliment current SAP planning tools and provide an easy to implement tool that consolidates data, provides pre-defined analytics and assists with managing the S&OP process.
S&OP gets all stakeholders on the same page

All departments can see the same data at the same time from their own perspective.
x-SOP: Innovate the Supply Chain

- ASUG S&OP Cross-industry Influence Council with Oliver Wight collaboration
- Manage S&OP Process with task/action item mgmt and e-mail notifications
- All departments see the same data at the same time in their resp. role
- Provide analysis, KPI’s and process tracking tools for demand, supply, inventory and financials
- Simple simulation and calculation of price, supply or demand changes
- Leverages current SCM 5.0 and BW implementations, but not necessary. Ramp-up customers needed for anticipated March 2007 release!!!
## Key Functionality S&OP

### Integration and Technology
- SAP system connectivity
  - SCM 5.0
  - ERP 2005
  - Netweaver BI 2004S
  - SCM 4.x (RFC)
- Characteristic Mapping
- Product Hierarchy Mapping
- Key Figure Mapping

### KPIs and Analytics
- Ability to add additional Key figures
- Change calculations for KPIs
- Organize graphs and group KPIs
- Separate views for each aspect of S&OP process
  - Demand
  - Supply
  - Inventory

### Process Management
- Create tasks and assign to users
- Create Action Items for follow-up in next S&OP process
- Update task completion
- Notify via email when tasks are assigned
- Group tasks into Process Steps to model process gates or meetings

### Document Management
- Store documents by Business Unit/Region/Version
- Document risks, assumptions, decisions
- Use of cFolders technology for storing and retrieving documents
Delivered Characteristics

- Business Unit
- Region
- Product Family
- Product Sub-Family
- Location
- Resource

Configuration options

- Characteristic texts can be configured
- Characteristics are analytic application dependent
- Mapping tables are provided to derive characteristic values
Data flow – Non-SAP Supply Chain and xSOP

BW

Financial Data
- Budget (projected)
- Price
- Cost

Planning Data
- Demand Plan
- Supply Plan

xSOP

Compare Scenarios
- Compare Supply to Demand
- Compare Supply to Budget
- Update Demand Plan
- Update Supply Plan

Supply Planning System

Planning Data
- Supply Plan

Demand Planning System

Planning Data
- Demand Plan

SCM 4.1

Planning Data
- Demand Plan
- Supply Plan

Proposed Solution: Subject to change by SAP

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Data flow – SAP SCM 5.0 and xSOP

Financial Data
- Budget (projected)
- Price
- Cost

Planning Data
- Demand Plan
- Supply Plan

Updates to Plans
- Demand Plan

Compare Scenarios
Compare Supply to Demand
Compare to Budget
Update Demand Plan
Update Supply Plan

Proposed Solution: Subject to change by SAP
xSOP KPIs Delivered

➢ Demand Oriented
  ➢ Demand Plan Accuracy
  ➢ Demand Plan Bias

➢ Inventory oriented
  ➢ Total inventory value ($)
  ➢ Inventory Turns ($ and Units)
  ➢ Days’ Supply (DOI)

➢ Production/Receipts Oriented
  ➢ Production to Schedule
  ➢ Delivery to Schedule (procurement)
  ➢ Delivery to Schedule (customer)
  ➢ Capacity Utilization

Financial
  ➢ Overall Margin
  ➢ Comparison to Budget (financial plan)

➢ Comparisons to Targets
  ➢ Target Inventory
  ➢ Target Turns
  ➢ Target Margin
  ➢ Target Capacity Utilization
Create tasks and assign to users

Create Action Items for follow up in next month’s S&OP process

Update task completion

Notify via email when tasks are assigned

Grouping of tasks into Process Steps to model process gates or meetings
Key Functionality

- Integration and Technology
- KPIs and Analytics
- Process Management
- Document Management

Store documents by Business Unit/Region

Document risks, assumptions, decisions

Use of cFolders technology for storing and retrieving documents
<table>
<thead>
<tr>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;OP Overview</td>
</tr>
<tr>
<td>Functions in xSOP</td>
</tr>
<tr>
<td>Demonstration</td>
</tr>
<tr>
<td>Wrap-up</td>
</tr>
</tbody>
</table>
Version Detail Screen

SOP Version Detail Screen

Key figures per family

<table>
<thead>
<tr>
<th>Family/Category</th>
<th>Total Revenue $</th>
<th>Total Margins $</th>
<th>Avg Inventory $</th>
<th>Avg Turn $</th>
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<tbody>
<tr>
<td>All families</td>
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<td>2,260,020.09</td>
<td>28,465.07</td>
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Key figures for all families

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<tr>
<th>Key figure</th>
<th>Unit 2006</th>
<th>Unit 2007</th>
<th>Unit 2008</th>
<th>Unit 2009</th>
<th>Unit 2010</th>
<th>Unit 2011</th>
<th>Unit 2012</th>
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<tbody>
<tr>
<td>Actual Delivery Quantities</td>
<td>1,160.00</td>
<td>1,150.00</td>
<td>1,160.00</td>
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<td>1,160.00</td>
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<tr>
<td>Estimated Plan (Orders)</td>
<td>2,250.00</td>
<td>2,162.00</td>
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<tr>
<td>Actual Production (Units)</td>
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<td>1,160.00</td>
<td>1,160.00</td>
<td>1,160.00</td>
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<td>Procurement Plan (Units)</td>
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<tr>
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Production

- Actual Production (Units)
- Production Plan (Units)

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THE BEST-RUN BUSINESSES RUN SAP™
## S&OP Process Management Overview

### Task Management

<table>
<thead>
<tr>
<th>Task</th>
<th>Due Date</th>
<th>Status</th>
<th>Responsible</th>
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<tbody>
<tr>
<td>TASK 1</td>
<td>10.09.2006</td>
<td>50%</td>
<td>Peter Jones</td>
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<td>TASK 2</td>
<td>09.09.2006</td>
<td>70%</td>
<td>Jane Smith</td>
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<td>TASK 3</td>
<td>08.09.2006</td>
<td>0%</td>
<td>John Doe</td>
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### Process Steps

<table>
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<th>Process Step</th>
<th>Due Date</th>
<th>Task</th>
<th>Task Status</th>
<th>Action Item</th>
<th>Action Item Status</th>
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<th>Business Unit</th>
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<td>0%</td>
<td>2</td>
<td>0%</td>
<td>RE_1</td>
<td>BU_1</td>
</tr>
</tbody>
</table>
Key Points

1. S&OP is an integral part of SAP’s SCM vision and strategy

2. xSOP allows users to see data in a manner that is pertinent to their role in the company

3. xSOP supports not only the S&OP meetings, but the overall business process of S&OP

4. xSOP allows for configuration of screens and analytics

5. Multiple sources of data are used within the xSOP application