Time to Rethink Your Supply Chain

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Hans Thalbauer, Senior Vice President, Supply Chain, SAP
SAPPHIRE NOW
Supply Chain and Procurement Forum, Tuesday May 14

**Agenda**

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<th>Time</th>
<th>Event Details</th>
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<td>11:00 a.m. – 11:45 a.m.</td>
<td><strong>FORUM KEYNOTE</strong>&lt;br&gt;8 Theater Sessions&lt;br&gt;20-minute presentations&lt;br&gt;30-minute panel discussions</td>
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<td>1:00 p.m. – 5:00 p.m.</td>
<td>8 Demo Theater Sessions&lt;br&gt;Scheduled demonstrations of SAP innovations&lt;br&gt;8 Microforums&lt;br&gt;Small group discussions on target topics</td>
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SAP and Ariba
Powering the networked business

An SAP Company

#1 Business networks and spend management
>15 years of cloud spend management innovation and global leader in business networks

#1 Enterprise applications
40 years of business software leadership and solutions expertise
We are combining the best of both companies for unsurpassed business collaboration and performance

- Cloud | speed and agility
- Mobile | usability and convenience
- Analytics | insight and analysis
- Applications | core process orchestration
- Database and technology

Powered by SAP HANA

An SAP Company
Interenterprise collaboration: The corporate epidemic

- Wasted time and resources
- Higher operating and supply chain costs
- Missed sales opportunities
- Manual paper-based collaboration
- Delayed payments, overpayments, missed discounts, and slow cash flow
- Limited visibility and elevated risk
What is a network?

A network is two or more nodes linked together.

A node can be computers, humans, companies, and so on.
Networks throughout recent history

Graphs created by: Infrastructure

- Railway network (1800s)
- Telegraph lines (1851)
- Radio network (1876)
- Telephone patent (1928)
- ARPANet (1969)
- Ethernet (1971)
- E-Mail (1976)
- BBS (1978)
- Cellular network (1979)
- LAN (1983)

Graphs created by: Digital communication

- B2B Markets
- EBay
- Geocities
- LinkedIn
- World Wide Web
- Friendster
- Facebook

Graphs created by: Social Interest Profession Commerce

Next wave >>

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The commerce graph

1. **A commerce graph** maps the business relationships between companies
2. **Ariba Network** is fundamentally based on **understanding, mapping, and utilizing** the commerce graph

We believe:

1) Commerce graph–aware business applications (like Ariba Network) are inherently more intelligent

2) Commerce graph and Business Network will effect the next wave of business productivity
A true business network

1. **Open**
   - Any back-end system
   - Any connection technology, vendor, and protocol
   - No constraint by a single standard

2. **Intelligent**
   - Open the envelope – catch errors before they happen
   - Aggregate data and opportunities
   - Remember it’s not just an integration gateway

3. **Comprehensive**
   - All trading partners
   - All collaborative business processes
   - Not point to point
Interenterprise collaboration is improving productivity and profits

41% Improved collaboration across silos
55% Better information sharing
77% Increased access to knowledge
63% Increased marketing effectiveness
43% Greater market share
8% Higher margins

“Networked enterprises were 50% more likely than their peers to have increased sales, higher profit margins, gain market share, and be a market leader.”

Delivering strategic value to customers . . .
Application choice + interenterprise collaboration

Source-to-Pay Applications

Business Network Solutions

Trading partners
and open collaboration for all
Open network, enabling all processes, spend, and systems

Business
Process Applications

- >1 million trading partners
- >40 million purchase orders
- >60 million invoices
- >US$450 billion in spend

Business Network Solutions

- 190 countries
- 72 currencies
- 38 VAT-compliant countries

Trading partners

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The impact of networked business

<table>
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<th>Cost Savings</th>
<th>Seller Benefits</th>
<th>Productivity</th>
<th>Business Results</th>
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<tr>
<td>Only .2% contract leakage</td>
<td>Average DSO reduction of 5.6 days</td>
<td>66% decrease in approval times</td>
<td>5%-7% Net income impact</td>
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<td>60%-80% operational cost takeout</td>
<td>Increase of annual sales by 15%</td>
<td>98% touchless processing</td>
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<td>$2 million savings for every $1 billion in spend from discount execution</td>
<td>98% customer retention rate</td>
<td>8x more invoices managed per FTE</td>
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<td>$3-$20 savings per document</td>
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Source: Billentis, The Hackett Group 2011 P2P Benchmark Report, Aberdeen, and Ariba Results
Applying the power of the network across SAP

SAP HANA

Analytics

Mobility

SAP Supplier InfoNet

External data

Community insight

SAP ERP (FI and MM)

SAP SRM

SAP Business One and SAP Business ByDesign

Supply chain
Volatile markets and growing complexity of logistics
Constant challenges for supply chain professionals

**Sustainable growth**

- Highest customer service levels vs. Lowest inventory levels
- Minimize transportation cost vs. Maximize on-time delivery
- Highest quality of products vs. Lowest cost of production
Rethink your supply chain
Treat exceptions as standard

Know the demand for all products in all markets at any time
Rethink responsiveness

Introduce fast and lean demand and supply planning processes
Rethink operations

Frequently build and adjust profitable business plans across departments and companies
Rethink collaboration

Transition to on-demand shipment combined with local, small distribution centers
Rethink distribution
SAP is rethinking the supply chain
Solution Strategy for SAP Supply Chain Management

Provide the best possible user experience
Usability

Provide mobile applications for highly automated processes
Mobile

Provide highly collaborative processes in the Cloud
Cloud

Provide high-value capabilities for supply chain planning and execution
Insight

Real time
Our supply chain management solutions
End-to-end business process coverage

Supply chain value map

Sales and operations business planning
Sales and operations planning, inventory and service-level optimization, and scenario planning

Demand-driven supply chain
Demand management, collaborative response management, and manufacturing and supply planning

Logistics and order fulfillment
Transportation management, warehouse management, and track and trace

Service supply chain
Sales and operations business planning
Real-time collaboration

• Leverage the SAP HANA platform to deliver a single, aligned, and cross-departmental plan balancing the impact on inventory, service levels, and profitability

• Perform consensus planning, match demand with supply, and align with financial targets

• Determine optimal inventory amounts at each tier within the supply chain

• Perform supply-chain simulation and what-if analysis and compare the best results for both tactical and strategic decisions
SAP has acquired SmartOps
To help customers optimize inventory and service levels in supply chain

Inventory optimization suite will complement and expand sales and operations business planning solutions

Enterprise demand sensing is a cloud-based analytics solution that will enhance SAP Demand Signal Management

Sales and operations business planning
Sales and operations planning, inventory and service-level optimization, and supply chain scenario planning

Demand-driven supply chain
Demand management, collaborative response management, and manufacturing and supply planning

Logistics and order fulfillment
Transportation management, warehouse management, and track and trace
Demand-driven supply chain
Real-time responsiveness

- Capture and sense demand in real time
- Incorporate structured and unstructured demand sources, to provide a holistic picture of actual demand
- Incorporate demand directly into mechanisms that shape supply-chain response
- Realign supply and demand as changes occur
- Synchronize supply and manufacturing planning across internal and external manufacturing sites
Announcement: SAP liveCache on SAP HANA now available
SAP APO on SAP HANA

SAP APO powered by HANA

- Make supply chain planning faster and more responsive
- Increase speed of information analysis and simulations in areas of forecasting and supply network planning
- Accelerate reporting and processing on large volumes of supply chain planning data
- Use predefined dashboards for different use cases (analytical workflows) for planning scenarios based on SAP APO
- Faster and more responsive interactive and batch planning

Up to 3 times faster
Interactive alert monitoring and alert batch processing

Up to 40% faster
Supply network planning – heuristic run

Up to 40% faster
Back-order processing in global available to promise

Up to 4 times faster
Interactive planning in demand planning, supply network planning, and PP/DS

Disclaimer: All measurements are done based on customer and SAP test data. Runtime can differ on other data and configuration.
Logistics and order fulfillment
Real-time distribution

• Make informed decisions to balance customer service (the perfect order) and the cost of delivering that level of customer service

• Align integrated distribution and fulfillment processes around speed, efficiency, and sustainability

• Improve efficiency, readiness, and agility by operating, orchestrating, monitoring, and collaborating across your supply network

• Monitor, measure, and analyze in real time to adjust shipments and sourcing decisions based on business dynamics
SAP TM 9.0 and SAP EWM 9.0 are generally available
Fast adoption of SAP Transportation Management (SAP TM) and SAP Extended Warehouse Management (SAP EWM) 9.0

Facts and figures

• 250% growth in 2012
• 25 live customers
• Over 40 ongoing implementation projects
• Productive use of SAP TM in 15 countries and 14 industries

Sample customers

Active and live customers

Customer geographical coverage
Only SAP delivers a real-time supply chain, anytime and anywhere

Real-time collaboration

Real-time responsiveness

Real-time distribution

Real-time operations

Real-time monitoring

Powered by SAP HANA
Enjoy the day

Reduce Cycle Time with Better Sales and Operations Planning

PANEL: Take the Road to a Real-Time Supply Chain

Modernize Procurement with Innovative Solutions

Plan and Consolidate Inbound and Outbound Logistics Globally

Transform Procure-to-Pay Processes Through User Adoption