THE INTELLIGENT ENTERPRISE FOR THE CONSUMER PRODUCTS INDUSTRY

Delivering superior consumer experiences in moments of opportunity
Today’s consumers no longer simply want to buy products.
They want to be inspired and educated by brands that share their values. They expect a convenient experience that makes their lives easier and helps them achieve personal outcomes. And they expect seamless engagements where the technology is invisible, trustworthy, and secure.

The days of growing by simply getting great products on a store’s shelves at a fair price are behind us. Now, consumer products companies must redefine their processes, revenue models, and the way people work. Powered by insight, brand leaders will build sustainable relationships with consumers by moving beyond transactions to delivering valuable experiences and outcomes.

It is a dramatic change driven by slowing growth among incumbents, fast growth from more agile and innovative challengers, and a growing realization that the current business model is at risk. In the past, consumer products companies with well-known brands could grow by taking advantage of their scale to increase market share. This is no longer the case.

Why? Because today’s consumers reward brands that help them navigate an unlimited number of choices to select the option that’s best “for me.” Because they no longer distinguish between physical and virtual and want to move seamlessly between the two. Because digital innovators are reinventing the consumer experience. And because consumers are identifying less and less with products and more and more with values – and shifting their spend to brands that align with those values.

To lead in this new era, consumer products companies must embrace the experience economy, prioritizing customer experiences over products. We have identified three strategic priorities that will keep consumer products companies on the path forward:

- **Enable new business models:** Achieve new levels of agility to exploit new business models while maintaining profitable growth in existing channels
- **Deliver personalized outcomes:** Help consumers live fuller lives based on a deep understanding of their wants, needs, attitudes, and behaviors
- **Compete as an ecosystem:** Leverage all assets in a company’s network – the supply chain, employees, service providers, and even innovative partnerships – to develop and deliver distinctive products and services

By 2025, we expect that consumer products companies that are able to deliver more with less through automation and efficiency – redefining asset utilization, speeding decision-making, and addressing evolving talent needs – will lead the way.

The winners will be the companies that can shift their core competency from selling to consumers to serving consumers. They will be the companies that are able to continuously engage with consumers to unearth insights that can improve consumer experiences and outcomes. They will be the companies that move from the traditional consumer products retail value chain to focus on consumer outcomes such as health and wellness, security and control, social awareness, and more.

In short, the successful consumer products companies of 2025 will fundamentally change the way products are sourced, manufactured, and delivered. This paper takes a deep dive into the trends shaping our industry over the next five years. In it, we propose a set of priorities that will drive transformation and the tools that will make it possible.

The pressures on our industry are undeniable, but so are the opportunities. There is a place in consumers’ lives beyond the transaction for trusted brands that can help them attain their ambitions. The companies that relentlessly put the consumer first will remake themselves and pioneer the next era of consumer products.

Sincerely,

E. J. Kenney
Senior Vice President
Consumer Products Industry
SAP SE
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The consumer products landscape is undergoing radical change. For many years, large consumer products companies with well-known brands could reliably grow revenue by increasing market share in their existing markets while expanding into new markets. But this long run of sustained growth has come to an end. So what is driving the change?

Today’s disrupters have identified an experience gap and filled it with a new, compelling, and differentiated experience. Companies that can address their own experience gaps in one or more of the following three areas will avoid being left behind.

- **Empowered consumers:** Today’s consumers are informed, empowered, and always on. They can shop and buy from anywhere and make choices about how they’d like to take delivery – choices that extend far beyond the confines of the store.

- **Expanding ecosystems:** Whether it’s delivering the supply chain transparency that today’s shoppers demand or reaching consumers across channels directly in moments of need, consumer products companies are only as strong as their ecosystems.

- **Extraordinary innovators:** New “born digital” companies are building innovative business models based on unique consumer insights and reimagined consumer experiences. They are gaining market share while redefining expectations for what a consumer products company should deliver.
An Industry Ripe for Disruption

Today’s consumers have so many options – from product to channel to delivery – that they expect to be provided with choices that are best for them. This changing dynamic puts increasing pressure on consumer products companies to understand and engage with consumers on an individual level. In addition to these changing consumer dynamics and other related trends (illustrated below), tremendous volatility persists in basic costs – from raw materials and labor to shipping and beyond.

Digital strategies are disrupting the rules of consumer products.

Adidas is using digital technologies to build a strong, direct relationship with consumers based on full supply chain transparency. Ensuring full visibility of merchandise anywhere in the world is a crucial tenet of the total consumer experience that Adidas strives to deliver.

Hershey is continually evaluating the individual performance of its more than 80 brands to ensure that they are delivering the expected profitability. By making better and faster decisions about specific brands in specific markets, Hershey is better able to sustain success.

Chobani is using social media and consumer feedback to understand the kind of yogurt its consumers want and when they want to eat it. This insight will help Chobani innovate new products, new packaging, and new categories to capture revenue during consumers’ on-the-go snacking and dessert moments.

The pressures are undeniable, but so are the opportunities. Small, innovative brands are claiming an overwhelming share of the industry’s growth, but many larger companies are taking innovative steps of their own. Some are selectively acquiring small brands to add to their broader portfolio; some are taking a “stealth” approach, rolling out new brands that operate with greater autonomy. The only thing that’s certain at this point is the uncertainty – and the realization that standing still is not an option.
For the last 50 years or more, consumer products companies have focused on “moments of truth” – the moment a consumer buys a product in the store and the moment they use the product at home.

Consumer products companies have organized themselves almost entirely around these moments. This focus presumed a linear path to purchase, with a set of defined touch points aimed at further influencing a transaction or purchase. It also favored economies of scale, creating competitive advantage and entry barriers that benefited large, established brands.

This is no longer the case. Today, you need to focus on consumers in “moments of opportunity” – moments that are more fluid and more experiential in nature. These may or may not take place in a store and may or may not result in a purchase. Innovative companies are taking a broader view of the consumer journey, working to deliver personalized experiences based on the outcomes the consumer is trying to achieve. Today’s consumers are often more invested in outcomes such as health, fitness, security, or happiness than they are in a one-off purchase. This means you have the potential to build sustained relationships with consumers, and doing so requires going beyond products to complementary content and services.

In short, consumers expect a new experience that makes their lives easier while being personal, relevant, and simple – where commerce is seamless; technology is invisible; and privacy, security, and trust are assumed and assured. They don’t want to be sold to or influenced. They want to be inspired, guided, educated, and helped; and they will reward those companies that differentiate based on personalized experiences and outcomes. But as shown in Figure 1, consumer products companies need to deliver on this vision within the context of “moments of opportunity.”

Figure 1: Delivering on the Consumer Products Industry Vision 2025

Delivery will require you to build new sets of competencies that go beyond traditional strengths. Such competencies include:

- Creating new, engaging consumer experiences
- Executing with speed and agility to exceed consumer expectations
- Fulfilling demand seamlessly and efficiently

Underpinning all these competencies is the crucial element of talent – because without the right people in the right roles enabled by the right tools, any effort to transform is bound to have only limited success.
THREE PRIORITIES FOR SUCCESS

In the new experience economy, human experiences are behind every consumer relationship. The winners will maximize the potential for positive and engaging experiences throughout their operations. We have identified three strategic priorities necessary for consumer products companies to transform their business.

- Enabling new business models
- Delivering personalized outcomes
- Competing as an ecosystem
ENABLING NEW BUSINESS MODELS

The traditional consumer products business model – building scale and share under the banner of well-known brands – no longer delivers reliable growth.

Instead, market leaders carve out share by looking at business models with a fresh eye, unburdened by established product categories, channels, or approaches.

The Vision
Find new ways to earn revenue and maximize profits, such as monetizing content or data, pursuing innovative partnerships, or selling excess capacity.

In 2025, business model innovation wins the day in the consumer products industry. The leading consumer products companies use deep consumer insight to deliver measurable outcomes, and they draw an increasing percentage of revenue from data-intensive services. Personalized offerings, such as direct-to-consumer subscriptions and flexible fulfillment options, deliver growth and differentiation.

The Journey
To successfully reach this vision, consumer products companies must follow three key steps:

1. Agree on a prioritized set of innovations to pursue. Areas of innovation include services, channels, partners, manufacturing, and beyond – alone as well as in combination.
2. Build out plans for each of the prioritized innovations, including ownership, resources required, metrics, and accountability. A key element of this planning is to ensure that intelligent technologies are included where and when they add value and differentiation. In addition, your internal talent pool must be evaluated to determine training and hiring needs.
3. Execute on the plans. Each innovation must be evaluated against agreed-upon business metrics to determine whether the program should be maintained, expanded, or, in some cases, terminated.

It is important to recognize that the entire three-step process is iterative in nature, with potentially new business models being explored and tested continuously.

Of consumer products organizations are able to present offers aligned to consumer preferences at the moment of need

Increase in direct-to-consumer sales in 2017, representing 13% of all e-commerce sales

Markgräflich Badisches Weinhaus is redefining the wine-making game with rich data. The heritage label is capturing data on weather, fertilization, and harvest conditions and sharing it with viticulturists and consumers to trace grapes from the vine to the glass – all with the help of a next-generation ERP suite.

Edgewell listened to consumers and unlocked new online shopping experiences with its Schick razors division. Members are presented with personalized offers driven by a deep understanding of shopping history, preferences, and feedback. Consumer feedback has been integral to shaping more sustainable and cost-effective packaging in this new, high-growth, digital channel.
ENABLING NEW BUSINESS MODELS
The New Direct-to-Consumer Experience

Today’s consumers demand personalized outcomes that are valuable to them, regardless of the channel. This omnichannel experience presents an extraordinary challenge for today’s consumer products organizations. Inconsistent master data, fragmented pricing strategies, and a one-size-fits-all promotional and marketing strategy contribute to a high cost to serve coupled with inconsistent consumer service. But the advent of smaller, more nimble competitors and the rapid growth of e-commerce have signaled the end of the status quo.

SAP® Customer Experience solutions and the Intelligent Enterprise for the consumer products industry offer a single, unified technology stack to streamline key processes, enable a single view of the consumer, and deliver personalized shopping experiences every time.

TRADITIONAL CONSUMER EXPERIENCE
The consumer has a single, threaded journey with inconsistent experiences. Confusing offers and messaging that is not targeted to consumer needs ultimately diminish consumer loyalty. This traditional experience is based on:

▪ Siloed, expensive innovation strategy with sporadic new-item successes and huge investments in innovation for products where the majority of new items don’t last more than three years
▪ One-size-fits-all marketing strategy that wastes trade and marketing funds
▪ Limited visibility into in-store conditions and consumer preferences and a disconnect among channel partners that exacerbates out-of-stock conditions
▪ Disjointed e-commerce strategy that fails to capitalize on the growth potential

NEW-WORLD CONSUMER EXPERIENCE
Personalized offers delivered in micromoments mark the difference between a company making a sale or the consumer making a switch. The new experience is based on:

▪ Consistent master, customer (business-to-business [B2B]), and consumer (business-to-consumer [B2C]) data across all channels to enable a consistent and meaningful experience
▪ Full visibility of the entire value network, from sourcing and partner networks to in-store conditions and actual consumption
▪ Live access to, and use of, both structured and unstructured demand drivers to assess market dynamics in real time
▪ Scaled, qualitative analysis of consumer experience sentiment and feedback to deliver a unified, personalized user experience

TOP VALUE DRIVERS

50%

Of consumer products industry growth will occur through a direct business model

US$100 million

In trade spend savings
DELIVERING PERSONALIZED OUTCOMES

Throughout many years of sustained growth in the consumer products industry, the prevailing model has been “one product fits all.”

With a limited number of national and global brands dominating the various segments, consumers were beholden to the styles, flavors, types, and sizes that intelligent companies produced. However, as consumers gain power and the number of producers and channels proliferates, leading demand companies are now focusing on the personalized products and outcomes that consumers demand.

The Vision
Build enduring customer and consumer relationships by delivering on a set of outcomes, often service driven, that go well beyond traditional product focus. Drive top-line growth by developing deeper consumer insights to deliver personalized engagements, products, promotions, and pricing.

In 2025, consumer products companies will deliver not just personalized products but personalized consumer experiences, such as health, security, and happiness. They continuously gather and mine real-time consumer data for relevant insight, which is then delivered back to consumers as high-value, service-based products. This approach yields higher revenues as well as more lucrative, long-term consumer relationships.

The Journey
Leading consumer products companies will now focus on managing experiences. They will see around corners to discern exactly what their consumers want and optimize the entire business to anticipate – and exceed – expectations.

They will listen to all the myriad ways that a consumer speaks: Web site traffic, mobile apps, call center interactions, chatbots, social sentiments, consumer journeys, competitive benchmarking, and beyond.

Further, consumer products companies will strive to understand the feedback, sentiment, and trends that truly matter and close the experience gap by prioritizing experiences that build consumer loyalty and provide measurable value.

Finally, they will deliver the experience by proactively predicting consumer wants and needs – automating experiences that engage consumers and drive value at every touch point.

Of consumer products companies say it’s important to engage with consumers through a seamless, fluid channel experience, but only are currently able to do so.

Three Priorities for Success

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63% are increasing inventory turnover and sales volume while staving off out-of-stock products. The leading sports brand in China integrated its order management system with a cloud-based commerce solution to ensure online orders are submitted instantly to physical stores and warehouses. The integrated system also gives retail customers the convenience of mobile ordering and SMS notification of order status.

Tommy Bahama is a brand that is constantly innovating, expanding from apparel to furniture to restaurants. However, the company is committed to letting consumers interact with the brand any way they want to, in whatever channel they desire. A commerce solution is what enables the company to deliver a personalized experience to each of its consumers.

16%
Three Priorities for Success

DELIVERING PERSONALIZED OUTCOMES

The “Speed Factory” for Apparel

For many years, shoppers’ individual tastes and needs in athletic shoes were essentially subsumed by the slow, unwieldy, one-to-many approach of large sportswear brands. In the traditional manufacturing scenario illustrated in Figure 2, each shoe’s component parts are manufactured and formed at one facility and then shipped elsewhere for assembly and final production. It can take as many as 60 days for the final shoe to be assembled, and from there it may take another 60 days for the shoe to arrive in stores. The inherent time lag built into this sequential process causes companies to fall behind consumer trends, which are rapidly evolving, and leaves few options for personalization.

By contrast, in a new-world scenario illustrated in Figure 3, a concurrent, collaborative “speed factory” consolidates processes and manages all of them from a single location. It uses fully automated manufacturing and assembly that can deliver a finished and individually personalized shoe to a consumer in as few as 24 hours. With this new process, consumers can participate in an online, interactive experience, providing direct input on the styles they like and what they are seeking in a shoe. Then, the company takes the consumer through a virtual design fit process. The custom-designed and tailored shoe is then automatically assembled in one place, usually in less than a day.

TRADITIONAL SCENARIO
Mass production through slow, sequential processes

NEW-WORLD SCENARIO
“Speed factory” with concurrent, collaborative processes
COMPETING AS AN ECO SYSTEM

In a traditional consumer products value chain, the ecosystem is largely static.

Consumer products companies deal with a given set of suppliers, manufacturers, retailers, and so on in well-defined ways. As the industry seeks to become more diversified, consumer products companies are now looking at their ecosystem as a more dynamic set of relationships – one capable of delivering new types and sources of value to consumers.

The Vision
Expand the boundaries of consumer products by teaming with nontraditional, innovative ecosystem partners to deliver higher value at no or low incremental cost.

In 2025, winning consumer products companies deliver higher value in more differentiated ways by partnering more effectively across the full ecosystem. They do this by moving beyond mere bundling of “like” products (for example, beer plus pretzels), expanding instead to related services (for example, beer plus pretzels plus a subscription to a football channel plus meal delivery) that deliver an outcome (for example, entertainment). These ecosystem dynamics deliver significantly higher revenue without requiring additional investment.

The Journey
To successfully reach this vision, consumer products companies must follow three key steps:

1. Optimize collaboration processes with existing partners. This means putting in place the latest and smartest collaboration approaches, such as state-of-the-art procurement processes with materials suppliers and joint planning tools for sales and marketing.

2. Deepen the level of collaboration with existing strategic partners. This means teaming together to collectively identify and build plans to pursue additional sources of value.

3. Aggressively pursue new ecosystem partners who can provide additional differentiation. For example, engage new providers of raw materials because they are embracing sustainable practices, or embrace new transport partners because they have the ability to fulfill orders in a more agile, localized manner.

Coca-Cola FEMSA, the largest independent Coca-Cola bottling group in the world, has created a 360-degree view of its customers and can now market to 1.5 million business-to-business partners by using SAP Customer Experience solutions to achieve integrated sales.

Bumble Bee Foods continues innovating and improving seafood traceability by using the SAP Cloud Platform Blockchain service. Consumers will be able to access the complete history of Bumble Bee Foods’ Natural Blue by Anova yellowfin tuna simply by using their smartphones to scan a QR code on the product package. This technology allows Bumble Bee to further elevate their efforts in complete transparency by providing assurance that their fish is fresh and sustainably sourced.
COMPETING AS AN ECOSYSTEM

Food Provenance, Traceability, and Recalls with Blockchain

Given that millions of people around the world are the victims of foodborne illnesses each year, it’s no surprise that consumers increasingly seek the provenance of their food purchases, including certifications such as UTZ. Food providers must have visibility into the entire production and distribution transaction history – and the ability to act upon it if recalls become necessary.

Blockchain holds the potential for securely capturing and exposing transactions across the entire food supply chain, from sourcing and production through delivery. An open food supply chain network whose participants include smallholder farmers to big-box retailers can publish information to a standard, agreed-upon blockchain ledger, creating a single version of the truth in which all participants can be confident. Such an open food network results in many gains for food providers, including the ability to prove sustainability, support for complying with increasing regulatory requirements, and accountability through analytics.

TRADITIONAL FOOD SUPPLY CHAIN

Linear, sequential sharing of provenance information impedes the handling of food recalls.

Upstream traceability and provenance

Farmers struggle to position themselves as trusted, certified suppliers of quality harvested. Smallholders aren’t paid fairly. In case of recalls, information flow is slow. It is impossible to know if every affected business and consumer was informed.

Intermediaries such as originators, processors, and food ingredient suppliers struggle to provide the different provenance information required by food manufacturers. Recalls, which need to be managed in both directions, can go only one step upstream and one step downstream.

Food manufacturers have no view of the full supply chain to ensure the quality of the supply and certifications. Recalls are slow and expensive due to the number of products that need to be removed from warehouses or pulled from retailer shelves.

Retailers are fully dependent on the provenance information provided by food manufacturers. Recall information flow is slow, and execution is costly. The direct flow of information to the source is impossible.

Consumers are able to get provenance information only in rare cases. Information about recalls reaches consumers very slowly and typically only through the public media.

NEW-WORLD SCENARIO

With IoT-enabled interconnectivity, real-time order adjustments can be made and maintenance can be performed proactively.

Downstream tracking and recalls

Retailers have direct access to trusted food provenance information. Recalls can be executed quickly while limiting the amount of products to be pulled from shelves.

Manufacturers have a full view of the provenance for all ingredients at all times to ensure quality and provide transparency. Recalls can be executed with precision to limit the extent and cost.

Blockchain food ledger is secure, trusted, and transparent, enabling an instant flow of information upstream and downstream of the entire supply chain.

Intermediaries can easily provide trusted provenance information to a large number of food manufacturers. Recalls can be managed upstream and downstream with near-real-time information.

Consumers can get detailed provenance information on all food purchased. They are alerted instantly about recalls.

Farmers can easily provide quality information to customers and certification bodies. There is instant, full traceability and alerting downstream; smallholder farmers are paid fairly for their certified produce.
Intelligent technologies enable great benefits, such as gains in productivity and efficiency, innovative new business models, and personalization based on deep analytics. The following key technologies are instrumental in helping consumer products companies realize these benefits.

**Artificial Intelligence and Machine Learning**
Artificial intelligence and machine learning are changing virtually every aspect of our lives. Today, machine learning algorithms accomplish tasks that, until recently, only expert humans could perform. Advances are enabling machine learning to become highly accurate in natural-language understanding and in image and speech recognition. Digital assistants and conversational user interfaces are already emerging as the next generation of support for customer interaction with business, ranging from simple customer service to more complex processes. In the consumer products industry, leading examples include invoice matching, claims matching, and virtual self-service.

**Data Platform to Manage Experiences**
In the digital economy, reducing the cycle time to sense, analyze, and respond is a big competitive differentiator. Leaders are interlocking operational data, or “O-data,” from their business systems (“what is happening”) with the multiple streams of rich experience data, or “X-data,” coming from consumers and employees (“why it is happening”). The objective is to improve consumer interactions, retention, products, and brands by capturing qualitative X-data at scale wherever consumers engage. But to do this effectively means automating deep statistical analysis and AI-powered language processing to identify trends, insights, and experience-improvement hot spots.

**Blockchain**
Blockchain is revolutionizing the movement and retention of value by creating a secure chain of unalterable transactional data. The blockchain model of trust, which is based on massively distributed digital consensus, is reshaping some of the fundamental aspects of the consumer products industry, such as food traceability, ethical sourcing, and end-to-end supply chain transparency. As the consumer products value chain becomes increasingly complex, ensuring that each party at every step of the chain is acting in a demonstrably trustworthy manner is critical.
The Next Generation of Robotic Process Automation (RPA) – Intelligent RPA
RPA tools are already beginning to play an important role in various stages of the consumer products supply chain – from manufacturing and warehousing to packing and shipping and beyond. Intelligent RPA is the next step in the evolution, where bots will be acting more intelligently and autonomously rather than simply mimicking manual transactions. Imagine a future where a digital assistant automatically reads that a given order needs to be fulfilled and then takes all the necessary steps to make that happen.

Advanced Analytics
The integration of advanced analytics capabilities into applications enables business users to analyze transaction data on the fly and drive better decision-making. Through proactive, embedded predictive analytics, empowered users can simulate the impact of business decisions and achieve better customer outcomes. Analytics can also drive innovative new business models. For example, based on very detailed segmentation analysis, a business can quickly determine where a consumer need or want is emerging for a given variety of items. With the help of AI and machine learning, analytics can now be made available through voice chat and chatbots that provide instant access anywhere through a conversational user interface.

Conversational AI
Conversational AI represents a huge advancement in how we interact with business systems and the world in general. Because conversation requires no learning, voice and chat interaction is the most natural way for humans to interact with computers. This new method of human-computer interaction makes powerful business solutions simpler to use. Instead of requiring several swipes and multiple clicks to complete a task, the task can be completed with a simple request such as, “Copilot, please record my vacation time.”

What Analysts Are Saying About Intelligent Technologies
Over the past decade, the consumer products industry has undergone a huge transformation due to the adoption of technologies such as the Internet of Things, advanced robotics, analytics, and Big Data. In the era of “fast products” and digital disruption, delivering growth requires putting in place new, predictive consumer-growth capabilities, including innovation based on speed, agility, and scale.

Key Technologies
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60%
Of human tasks will be automated by 2025

99%
Accuracy in voice and video recognition by 2020

97%
Image recognition accuracy today (better than human accuracy, which is 95%)
Companies will become intelligent enterprises on three distinct tracks as they evolve their strategic priorities to match their company’s vision. They will:

- **Optimize** what they already do by implementing a stable and scalable digital core to make processes more transparent and integrated
- **Extend** their current processes by connecting them to the real world using IoT technologies
- **Transform** their business using a constant stream of data enabling new service-driven business models (see Figure 2)

For SAP, this translates into several strategic priorities that not only help our customers continue improving their current business but also enable them to capitalize on these new and emerging consumer opportunities.

First, SAP’s extensive intelligent suite based on the digital platform and enriched with intelligent technologies is not only helping SAP customers to optimize and extend existing business processes to further competitive differentiation, efficiency, and margin improvement. It is also helping its customers build the foundation to help enable the deployment of new business models to drive future growth opportunities. For example, SAP is helping enable collaborative product design with consumers, collaborative planning with customers and suppliers, and new revenue models through direct-to-consumer business, subscriptions, and services.

Next, SAP is helping enable companies to orchestrate and deliver personalized outcomes for consumers, directly in moments of opportunity and need. For example, SAP is partnering with apparel and footwear customers to enable the delivery of personalized products based on individual consumer measurements and preferences while dramatically reducing time to market.

And finally, SAP is enabling platforms for integration and collaboration that allow consumer products companies to compete as ecosystems. This not only means inter- and intracompany collaboration across functional units and among customers and suppliers. It also enables companies to leverage new distribution channels, new capabilities for supply network visibility such as connected assets, and new avenues for consumer engagement and trust through traceability and provenance.

**Figure 2: Next-Generation Business Processes in an Intelligent Enterprise**

- **Enabling new business models**
  - **Product innovation**
    - Collaborative design
    - Today: Insourcing approach
    - Future: Process with customers and consumers
  - **Procurement excellence**
    - Operational procurement
    - Today: Many iterations
    - Future: Streamlined business processes
  - **Manufacturing**
    - Disconnected, collaborative planning and profitable decisions
    - Today: Separate spreadsheets
    - Future: Integrated business planning
  - **Supply chain**
    - Demand-driven business planning
    - Today: Forecasting
    - Future: Predictive planning
  - **Marketing**
    - Personalized consumer marketing
    - Today: B2B
    - Future: B2B2C
  - **Sales and services**
    - New sales models
    - Future: Direct to consumer

- **Delivering personalized experiences**
  - **Collaborative product development**
    - Collaborative insights used to create offers with partners
    - Today: Various steps for delivery
    - Future: Direct shipment from supplier to consumer
  - **Supplier collaboration**
    - Direct communication of recall information to all stakeholders
    - Future: Network of assets connected through the IoT, providing vast, centralized visibility to minimize out-of-stocks and enable predictable maintenance

- **Competing as an ecosystem**
  - **Food provenance, traceability, and recalls with blockchain**
    - Food provenance, traceability, and recalls with blockchain
    - Future: Network of assets connected through the IoT, providing vast, centralized visibility to minimize out-of-stocks and enable predictable maintenance

- **Today**
  - Limited visibility across the supply chain; slow information flow in recall situations, leading to higher losses and loss of consumer trust

- **Future**
  - Limited visibility of assets (for example, food and beverage coolers) that leads to out-of-stocks, downtime for unforeseen repair needs, and costly theft

- **Future**
  - Immediate availability of detailed food provenance information to consumers; rapid, blockchain-enabled identification of the problem source in recall situations; and immediate communication of recall information to all stakeholders
Most organizations understand what is happening in their business, but they may not always know why.

They know what’s happening because they have systems that capture operational data — about their customer transactions, supply chain, manufacturing, spending, and the activities of their workforce. They can see that data through reports and dashboards. They can see trends and predict what will happen next.

But to influence what happens next, companies need data about the interactions that people have with their products and their business. Experience data captures beliefs, emotions, opinions, and perceptions — the “why” something is happening. And when companies know why something is happening, they can make an informed decision about the best way to respond.

To win in this experience economy, intelligent enterprises connect experiences with operations. They use both O-data and X-data to guide their business decisions. Intelligent enterprises collect insights from customers, employees, products, and brands at every touch point. They use powerful technologies to automate and integrate their data, processes, and applications, enabling them to sense risks, trends, and opportunities. And they act on this intelligence across every part of their business (see Figure 3).

Only SAP has the strategy, expertise, and solutions to deliver on this vision, enabling intelligent enterprises to turn insight into action.

Figure 3: SAP’s Intelligent Enterprise Framework
HOW TO PLAN YOUR PATH TO THE INTELLIGENT ENTERPRISE

In the digital economy, intelligent technologies and integrated business processes are now driving digital transformation.

Making an effective digital transformation requires an end-to-end plan for becoming an intelligent enterprise. This includes creating an intelligent enterprise road map and implementation plan by using proven best practices and deployment options that optimize for continuous innovation and are focused on intelligent outcomes.

The End-to-End Journey to Becoming an Intelligent Enterprise

Plan well to manage expectations
Simplify and innovate
- Reimagined business models, business processes, and work
- SAP Intelligent Enterprise Framework methodology as a guide for digital transformation
- Value-based innovation road maps
Build and launch with proven best practices
Standardize and innovate
- Standardization through ready-to-run industry best practices
- Design thinking and rapid tangible prototypes
- Coengineered industry innovations delivered with agility
Run all deployment models
Run with one global support
Optimize for continuous innovation
Optimize to realize value
Continuously captured and realized benefits of digital transformation

To move forward with speed and agility, it helps to focus on live digital data and combine solution know-how and industry-specific process expertise with data analytics so that the right digital reference architecture is defined and delivered. SAP Model Company services offer the ideal form of standardization for a specific line of business or industry. They are built on existing SAP solutions using best-practice content, rapid-prototyping solution packages, and additional content from customer projects. They provide a comprehensive baseline for the rapid building of customer-specific prototypes, cloud demos, and quick-start implementations.
Our comprehensive ecosystem for the consumer products industry offers:

- The Intelligent Enterprise as the overarching strategy to meet future requirements, providing:
  - SAP S/4HANA co-development programs for customers and partners
  - Industry co-innovation programs for industry-specific use cases
  - Delivery of enterprise-to-enterprise industry clouds
  - Thought leadership, evangelism, and enablement by industry through events, councils, and regular customer exchange

- Integration into a wide range of business services (OEMs, suppliers, key vendors, and more)

- Open architecture, with a choice of hardware and software specifically designed to meet requirements

- Complementary and innovative third-party solutions to provide leading-edge and state-of-the-art technology

Our partner ecosystem includes, among others:
SAP IS COMMITTED TO INNOVATION

10-Year Innovation Vision
SAP delivers intelligent business solutions and networks that span company boundaries and promote purpose-driven business. These solutions enable empathic symbiosis between machine intelligence and human ingenuity.

- Sustainable product innovation
- Sourcing and procurement
- Agile manufacturing
- Real-time supply chain
- Sales and marketing

Comprehensive Industry Coverage
SAP enables comprehensive coverage of the consumer products value chain across the enterprise. With our clear industry road map, SAP is a partner of choice for the consumer products industry.

- More than 14,100 consumer products companies in 134 countries are innovating with SAP solutions.
- 88% of the consumer products companies in the Forbes Global 2000 are SAP customers.
- All lines of business are supported on a single platform.

Proven Services Offering
By bringing together world-class innovators, industry and emerging technology expertise, proven use cases, and design thinking methods, we help consumer products companies develop innovations that deliver impact at scale.

- Proven methodologies to drive innovation, from reimagining customer experiences to enhancing operations
- Innovation that is fueled through a managed innovation ecosystem from SAP
- Ability to build your own innovation capability and culture

SAP supports consumer products companies in becoming intelligent enterprises – providing integrated business applications that use intelligent technologies and can be extended on SAP Cloud Platform to deliver breakthrough business value.

Learn more
- SAP for Consumer Products
- SAP Services and Support
Outlined below is external research that was used as supporting material for this paper.

3. SAP analysis based on public information.
4. SAP estimates based on implementation of the SAP Trade Management solution in food manufacturing.

Note: All sources cited as “SAP” or “SAP Performance Benchmarking” are based on our research with customers through our benchmarking program and other direct interactions with customers.
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