High Tech and ERP in the Experience Economy
Key Business Drivers in High Tech

10

of the top 10 high tech OEMs are running SAP technology

90%

of industry growth is captured by companies that offer engaging experiences

>50%

of organizations will rely on AI to drive supply chain transformation

STRATEGIC PRIORITIES

Subscribe to Outcomes
- Shift from selling products to charging for measurable results
- Reimagine the quote-to-revenue process to charge for outcomes

Realize Intelligent Supply Networks
- Transform traditional, linear supply chain into a responsive supply network
- Ensure the integrity of the value chain
- Add comprehensive and effective negotiations in the supply base

Provide Digitally Smart Products
- Connect products and services digitally to deliver intelligent solutions & outcomes
- Reimagine design-to-manufacture processes to serve customers with individualized products

Achieve Customer Intimacy
- Anticipate demand changes before the customer
- Develop “customer for life” relationships with shared risk and long-term 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
High Tech Organizations Are Driving New Business Models

Routes to market for high tech companies have proliferated, leading to the emergence of new business models. They aim to take advantage of opportunities for sustained, value-added relationships with customers seeking “outcomes” instead of just “products.” It’s all about building long-term relationships with consumers based on a deep, frequently real-time understanding of their evolving wants and needs.

From...
- Selling products
- Static, one-size-fits-all experience
- Reactive, push-based marketing
- Limited analytical capabilities

To...
- Delivering outcomes
- Dynamic, highly personalized experience
- Value-added recommendations
- Real- and full-time analytics
Traditional Processes Are No Longer Good Enough

Example: Digital Smart Products – Serve Customers with Individualized Products
## Challenges

<table>
<thead>
<tr>
<th>Gather ideas and requirements</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create, design, and generate BOM</td>
<td>Management of ideas, requirements, designs, and bills of material in separate systems</td>
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<tr>
<td>Maintain manufacturing data</td>
<td>Maintain master data and variants in various ERP, production management, and shop floor systems</td>
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<tr>
<td>Handover to manufacturing</td>
<td>Pass specifications to manufacturing in decoupled process, manually maintain delivery dates or rely on batch systems</td>
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<tr>
<td>Move order through production</td>
<td>Update variety of systems from production to project execution and tracking, all with different UIs, and data structures</td>
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<tr>
<td>Outbound delivery, transport planning, and dispatch</td>
<td>Transportation process taking place in disparate systems with inefficient business partner collaboration</td>
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<tr>
<td>Analytics</td>
<td>No real-time updates</td>
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## Outcomes

<table>
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<tr>
<th>Gather ideas and requirements</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missed deadlines and uncoordinated change process</td>
<td>Inconsistent data and planning challenges</td>
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<tr>
<td>Production delays</td>
<td>Lack of visibility into production status</td>
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<tr>
<td>Unclear status for customer</td>
<td>Ex-customer or unprofitable customer</td>
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Serving the Segment of One with a Lot Size of One in Manufacturing

Example: Digital Smart Products – Serve Customers with Individualized Products
Key capabilities delivered

- Integrate customer- and partner-led designs
- Closed-loop change management
- Contain costs of custom products to levels of mass manufacturing equivalents
- Generate accurate, comprehensive bill of materials
- Automatically extract and classify unstructured data
- Smart procurement processes with supplier delivery prediction
- Frequent MRP runs throughout the day quickly identify material shortages
- Demand-driven replenishment
- Intelligent material exception reporting
- Automated material remediation proposals
- Intelligent buffer level adjustment
- Stock-in-transit arrival and delay prediction
- Profitability reporting based on actual data, in real time
- Goods and invoice receipt monitoring
- Streamlined handover to manufacturing improves customer confidence
- Increased transparency and intelligent analysis yields improved forecasting and confirmation
- Streamlined handover to manufacturing increases accuracy and efficiency
- Intelligent processes rapidly identify potential shortages to streamline production and reduce safety stock requirements
- End-to-end analytics support real-time analysis for increased transparency and financial performance

SAP S/4HANA® customer achieve

- 20%–30% reduction in R&D cost
- 10%–15% reduction in order lead times
- 10%–20% increase in on-time delivery
- Up to 10% reduction in manufacturing costs
- 10%–12% reduction in total logistics cost

Intelligent technology outcomes

- Design for digital capabilities like smart sensors and usage monitoring
- Manage modular product concepts
- Identify product variant configurations including hardware and software
- Accept and validate orders
- Advanced available-to-promise
- Quotation conversion prediction
- Delivery performance prediction
- Easily manage and track sales quotations, contracts, and orders
- Automate down payments
- Offer new sale and lease models based on usage
- Integrate customer- and partner-led designs
- Closed-loop change management
- Contain costs of custom products to levels of mass manufacturing equivalents
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What **Industry Leaders** Are Doing Today

Examples
Challenges
From scientific instruments to manufacturing equipment, Hitachi High-Tech offers a wide range of cutting-edge products and services around the world. In evaluating the implementation of global business processes, the company found that each of its overseas offices had been operating with its own structure and master data. Faced with a time limit, the company needed a quick and reliable way to consolidate its IT landscape.

SAP S/4HANA Innovations
Hitachi High-Tech implemented cloud-based core systems powered by SAP S/4HANA® Cloud for acquired companies in just months to meet the changing needs of global technology consumers. In a short amount of time, the company was able to merge disparate ERP systems from business divisions, including those in the United Kingdom, the United States, China, Finland, and Germany, with different roles and thereby streamline its core systems with overseas acquisitions.

Benefits
• Reduce the cost and burden of upgrading on-premise ERP systems
• Simplify the value chain through business-process visualization and transparent business flow
• Generate automatic quarterly updates using the latest cloud functionality to continuously benefit from the latest innovations
• Enable cloud solutions to connect to on-premise solutions for complete visibility across the business

What Industry Leaders Are Doing Today

Hitachi High Technologies

INDUSTRY
HIGH-TECH

EMPLOYEES
10,898

REGION
APJ, Japan

“Simplifying the value chain by implementing SAP S/4HANA® Cloud was essential to promote our overseas strategy and integrate business processes around the world.”

Takuya Sakai, Managing Director, General Manager of Digital Transformation Division, Hitachi High-Tech Corporation
What Industry Leaders Are Doing Today

Vivint Smart Homes

Challenges
Vivint Smart Home, the leading smart home services company in the United States, has amassed nearly 1.3 million customers and over $750 million in annual revenue, and has grown quickly. To support this growth, Vivint recognized it needed technology that could support its future business requirements. The company needed to be flexible in addressing changing business models, both in the form of new sales channels and new technologies which leverage artificial intelligence.

SAP S/4HANA Innovations
Vivint Smart Homes chose SAP S/4HANA as its digital core for the future. SAP S/4HANA offered the standardized process and control baseline that Vivint was looking for, not to mention the improved performance of the in-memory SAP HANA® database. Coming from fragmented systems and databases and homegrown solutions, the standardization and harmonization SAP S/4HANA offered boosted the company’s operational efficiency substantially.

Benefits
• Improved scalability and flexibility
• Improved visibility into the business
• Reduced operational cost
• Established a single source of truth for financial data
• Automated processing of daily orders
What Industry Leaders Are Doing Today

Varian Medical

Challenges
Varian has a history of pioneering developments focused squarely on fighting cancer. It is a leader in offering products and services to advance the entire treatment process of cancer. To better serve Varian’s mission, which is to innovate, support, and simplify cancer-fighting solutions everywhere, the company is investing in sustainable growth and expanding into cutting-edge fields. Doing so requires operational and financial discipline, which is why Varian is committed to staying current with the latest technologies that enable it to run as an intelligent enterprise built on a digital core.

SAP S/4HANA Innovations
Varian implemented SAP S/4HANA, simplifying processes, reducing costs, increasing insight, and improving user experiences.

Benefits
• Eliminated manual reconciliations
• Shortened period-end closing time
• Enhanced support for business decisions by integrating planning and consolidation within one system and enabling multilevel reporting
• 50% reduction in manual processes
• Lower total cost of ownership by cutting its IT footprint and data volume in half

“By providing SAP® Enterprise Support packages for SAP S/4HANA to address design issues and risks, SAP Digital Business Services was instrumental in helping us become a best-run business.”

Arnab Mukherjee, Manager, Enterprise Applications – Enterprise-Wide Engineering, Varian Medical
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