SAP Industry Value Stories

Consumer Products and ERP in the Experience Economy
Key Business Drivers in Consumer Products

20% of revenue will come from products <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
New Routes to Consumers Are Driving New Business Models

Routes to market for consumer products companies have proliferated, leading to the emergence of new business models. These aim to take advantage of opportunities for sustained, value-added relationships with consumers seeking “outcomes” vs. “products”. It’s all about building long-term relationships with consumers based on a deep, real-time understanding of their evolving wants and needs.
Traditional Processes Are Not Good Enough
Example: Order-to-Delivery Process
No way of knowing if a reliable supplier could deliver a missing part/material in time.

More production delays.

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

Outbound delivery, transport planning, and dispatch.

In-transit tracking.

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Delivery commitments based on outdated data, resulting in cancelled or delayed orders.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

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Enabling Better Customer Experiences in Consumer Products
Example: Intelligent Order-to-Delivery Process
Frequent MRP runs throughout the day quickly identify material shortages.

Demand-driven replenishment

Intelligent material exception reporting

Stock in transit arrival and delay prediction

5x–25x increase in material postings

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% increase in on-time delivery

>50% lower days sales outstanding

10%–20% increase in customer satisfaction

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

Online order confirmation

Live MRP

Real-time purchase requisitioning and production

Inventory management

Outbound delivery, transport planning, and dispatch

In-transit tracking in real time

Sales order capture

Key capabilities delivered

Sales order capture

Online order confirmation

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What Industry Leaders Are Doing Today
Examples
### Challenges
pladis has more than 300 years of brand heritage, "promising happiness in every bite" but, also, a keen eye to future opportunities stemming from the changing realities of today. pladis sought profitable growth through standardized processes, increased automation, and greater visibility into its business performance. The promise of increased innovation and collaboration across the entire value chain would enable the company to anticipate customer desires and fulfill them profitably.

### SAP S/4HANA Innovations
pladis turned to SAP S/4HANA Cloud to enable next-generation business processes that connect business functions, automate manual processes, and provide real-time insights. The company is able to quickly adopt the latest innovations with releases as often as four times a year, without requiring additional IT infrastructure. pladis now has a platform for extensive internal and external data gathering and predictive analytics that enables actionable insights, better decisions, and faster time to market.

### Benefits
In just 22 weeks, pladis went live and began to see initial benefits including greater insight into demand and profits according to brand and channel.

- 90% of finance processes automated with SAP S/4HANA Cloud
- Co-innovation with partners and customers for faster time to market
- Improved demand planning with centralized real-time data providing insight on brand, product, and customer profitability
- Deeper understanding of consumer trends and preferences across segments with the help of predictive analytics and machine learning

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### What Industry Leaders Are Doing Today

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<thead>
<tr>
<th>INDUSTRY</th>
<th>EMPLOYEES</th>
<th>REGION</th>
<th>pladis</th>
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<tbody>
<tr>
<td>Consumer Products</td>
<td>20,000</td>
<td>EMEA, United Kingdom</td>
<td>pladis</td>
</tr>
</tbody>
</table>

"Our future depends on our ability to meet consumers on their terms and engage with them across diverse channels. **We must understand their needs before they tell us**, use that knowledge to shape the products and services they seek, and deliver them in the way they choose."

Anthoula Madden, Chief Digital Officer, pladis
**Challenges**
Edgewell was presented with unique challenges as the consumer products industry is dominated by a few established giants and consumer demands are continually evolving. Edgewell needed to re-evaluate its IT landscape to maintain its entrepreneurial spirit and market share. Specifically, logistics needed to be streamlined to ensure on-time delivery and the company needed complete visibility into its operations and supply chain to better anticipate and deliver on consumer needs.

**SAP S/4HANA Innovations**
Edgewell chose SAP S/4HANA for its intelligent digital core because of the software’s market-leading position for in-memory computing and real-time business. With SAP S/4HANA, Edgewell benefits from unified manufacturing and inventory operations globally, allowing for complete visibility and the ability to react quickly and nimbly to sudden changes in consumer demand.

**Benefits**
Edgewell has been running its business on SAP S/4HANA for almost two years and its seeing an incredible return on investment:

- Unified manufacturing and inventory operations globally, boosting efficiency and slashing overhead
- Accelerated throughput for time-critical postings and key sales and distribution processes
- Captured demand and increased on-time delivery rates while reducing inventory-carrying costs
- Raised the return on investment by fine-tuning pricing structures based on simplified data models

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**What Industry Leaders Are Doing Today**

**Edgewell**

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<td>NA, United States</td>
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“Edgewell is a ‘challenger organization’ – a nimble youngster competing against established giants in the industry. With the ‘power of small,’ we can be more entrepreneurial and bring new products to market quickly to meet emerging consumer demand.”

Tony Bender, CIO, Edgewell
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
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