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

80% of innovative industrial manufacturing companies have started or completed their digital transformation

90% of manufacturing organizations will leverage real-time equipment and asset performance data by 2021

>50% of organizations will rely on AI to drive supply chain transformation

Enabling New Business Models
- Monetization of data
- Innovative partnerships
- Efficient order fulfillment and delivery

Delivering Personalized Outcomes
- Create enduring customer 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
Mill product companies have proliferated, leading to the emergence of new business models. They aim to take advantage of opportunities for sustained, value-added relationships with consumers seeking “outcomes” rather than 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.
Traditional Processes Are No Longer Good Enough
Example: Offer Small Lot Sizes and Individualized Products
<table>
<thead>
<tr>
<th>Gather ideas and requirements</th>
<th>Challenges</th>
<th>Outcomes</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>
<td>Missed deadlines and uncoordinated change process</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>
<td>Inconsistent data and planning challenges</td>
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<td>Handover to manufacturing</td>
<td>Pass specifications to manufacturing in decoupled process, manually maintain delivery dates or rely on batch systems</td>
<td>Production delays</td>
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<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>
<td>Lack of visibility into production status</td>
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<td>Outbound delivery, transport planning, and dispatch</td>
<td>Transportation process taking place in disparate systems with inefficient business partner collaboration</td>
<td>Unclear status for customer</td>
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<tr>
<td>Analytics</td>
<td>No real-time updates</td>
<td>Ex-customer or unprofitable customer</td>
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</table>
Serving the Segment of One with a Lot Size of One **in Mill Products**

Example: Offer Small Lot Sizes and Individualized Products
Key capabilities delivered

Ideate products and services

- Design for digital capabilities like smart sensors and usage monitoring
- Manage modular product concepts
- Identify product variant configurations including hardware and software

Manage sales orders

- 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

Design products and services

- Integrate customer- and partner-led designs
- Closed-loop change management
- Delivery performance prediction
- Easily manage and track sales quotations, contracts, and orders
- Automate down payments
- Offer new sale and lease models based on usage

Manufacture products

- 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

Deliver products and services

- Stock-in-transit arrival and delay prediction
- Profitability reporting based on actual data, in real time
- Goods and invoice receipt monitoring

Intelligent technology outcomes

Coordinated design 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® customers 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

20%–30% 10%–15% 10%–20% Up to 10% 10%–12%
What Industry Leaders Are Doing Today
Examples
What Industry Leaders Are Doing Today

Jiangsu Leida

Challenges
Jiangsu Leida Co. Ltd. is a leading Chinese building materials provider. Producing cement used in buildings, bridges, and tunnels across the country, the company is committed to improving product and service quality. To adapt to the rapidly changing market and promote steady operations and sustainable growth, Jiangsu Leida needed to transform its business processes and create an intelligent enterprise.

SAP S/4HANA Innovations
Jiangsu Leida is building a foundation with a smart digital core powered by SAP S/4HANA Cloud thus helping to maintain China’s rapid economic growth rate through its high-quality cement. With simplified, standardized business processes running on SAP S/4HANA Cloud, integrated with SAP® Ariba® solutions, Jiangsu Leida has been able to take a significant step towards achieving that vision.

Benefits
• Establish a unified, efficient, and flexible digital core platform to gain real-time insights for better, faster decision-making and operational excellence across cement subsidiaries
• Optimize business processes, break up data silos, and enhance information flow
• Reduce costs and improve management efficiency
• Shorten the monthly time spent on administrative business from 10 days to less than 2 days
• Integrate financial and business operations, increasing business operation insights

“SAP S/4HANA Cloud has built a digital platform for Jiangsu Leida’s innovation and future development. This project has integrated all siloed data and processes, supporting real-time insights into business operations. We expect deep and broad cooperation with SAP.”

Xiaoshuai Tang, Vice President and CIO, Jiangsu Leida Co. Ltd.
What Industry Leaders Are Doing Today

Century Cement

Challenges
Quality, technology, and trust – the three reasons why Century Cement has been at the helm of the cement industry for the past 40 years. As the leading brand in a country that is the second-largest cement manufacturer worldwide after China, Century Cement is a pioneer in producing quality products with customer-centric services. With customer needs guiding its business plans, the company wanted to upgrade to a platform that offered enhanced operational capabilities, better business performance-tracking insight, and real-time information and analytics.

SAP S/4HANA Innovations
Century Cement worked with KPIT to migrate to the SAP S/4HANA® Enterprise Management solution and optimized business operations, streamlined data management processes, and reduced the time it takes to execute reports. This migration has given Century Cement access to real-time data, providing a seamless consumer experience and a competitive edge.

Benefits
- Streamlined data management processes and enabled real-time reporting across multiple devices
- Established a solid foundation to roll out the company’s digital strategy
- 50% reduction in time taken to sanitize code
- 80% reduction in database size
- 70% reduction in time needed to execute reports

“...”

Sarang Deshpande, Vice President IT, Century Textiles and Industries Limited (Cement Division)
What Industry Leaders Are Doing Today

Perlen Packaging

INDUSTRY

Mill Products

EMPLOYEES

750

REGION

MEE, Switzerland

Challenges
Specializing in meeting the needs of the global pharmaceutical sector, Switzerland-based Perlen Packaging AG manufactures packaging films and coatings for customers in 85 countries. Wanting to ready its business for Industry 4.0, the packaging company needed a technology infrastructure to support innovative digitalized business processes. As an essential first step, Perlen Packaging needed the right IT partner to convert its ERP system to a digital core so that it could begin making decisions faster, driving innovation, and uncovering unseen opportunities in its data.

SAP S/4HANA Innovations
Perlen Packaging AG implemented SAP S/4HANA with zero downtime in its production and logistics operations and is now achieving digital transformation goals with more process automation, customer alignment capabilities, and flexibility to adopt artificial intelligence technologies, such as machine learning.

Benefits
• Readiness to adopt digitalized business processes and support business growth with more automation and better customer alignment
• Enhanced transparency into the business
• Improved decision-making with faster access to reporting and analytics based on critical information that is available in real time
• Simplified system landscape

“The conversion to SAP S/4HANA is an important building block along our path to digital transformation and the realization of our smart factory initiative.”

René Kuhn, Head of IT, Perlen Packaging

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