THE INTELLIGENT ENTERPRISE FOR THE WHOLESALE DISTRIBUTION INDUSTRY

Addressing market changes with customer-specific solutions that transform and differentiate
Dear Wholesale Distributors,

Are you an industry thought leader or a follower? Growing profitably or struggling to stay relevant? Leveraging new intelligent technologies or anxiously observing the rapid pace of innovation around you?

Today’s competitive markets demand that wholesale distributors optimize their nondifferentiating business processes, evolve existing services, and look for opportunities to go above and beyond what their peers have to offer. In the new millennium, simply breaking bulk and having personal customer relationships are not enough. Leading distributors are striving to provide their volume channel with a highly scalable e-commerce platform while at the same time offering superior customer-centric services and driving toward a superior customer and brand experience. If you’re not thinking about how to incorporate intelligent technologies and push for scalability in your business interactions – such as process mining to identify inefficiencies or chatbot-supported order management – you will hamper your ability to focus employees on high-value tasks that make a difference for your customers’ experience.

Disrupters are making headway in markets traditionally served by distributors, and customer and employee expectations are changing rapidly. Big change always comes with risk, but it also offers untold opportunity to innovators. To capitalize on the opportunity, wholesale distributors are investing in a set of strategic priorities:

- Becoming a value-added services distributor
- Becoming an “anything, anywhere, anytime” distributor
- Becoming a solution-oriented distributor
- Empowering the modern employee

To execute on their strategic priorities and achieve their 2025 vision, companies need to change the way they operate. By integrating transactional and experience insight, they can trigger improvements at the point of interaction and identify opportunities to change the game.

Reimagining business requires visionary leaders, a sense of urgency, access to the right talent, and an intelligent enterprise application platform. This paper will discuss examples of how you can begin to execute on this vision and lead the transformation in the industry.

Sincerely yours,

Magnus Meier
Global Vice President
Wholesale Distribution
SAP SE
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Global “megathemes” are affecting the wholesale distribution industry and are providing new opportunities for growth.

- The demands of global supply chains require wholesale distribution companies to provide transparency and trust and respond to changing customer needs.
- The need for trusted products requires wholesale distribution companies to track, trace, and monitor goods along the entire supply chain.
- The importance of a circular economy requires wholesale distribution companies to take a higher level of responsibility in the integrity and visibility of the reverse supply chain.
The wholesale distribution industry is being reshaped by four major trends.

- **Competition** is driving distributors to find new revenue sources, such as value-added services. Some examples are light manufacturing, kitting, and product consulting.

- Customers are demanding a **wider range of products** with a shorter delivery time and more delivery options.

- Customers are looking to distributors to **collaborate and provide complete** solutions for specific business needs, such as providing materials for every phase of a stadium renovation.

- **New talent** is looking for roles where they can add value to the business and leverage new technologies.

Being able to address these global megathemes and industry challenges will determine who will be among the winners in the next 10 years.

According to IDC, it is imperative that businesses focus on customer experience and engagement. Companies need to prepare themselves to capitalize on new business models and innovative approaches, which will drive business value and growth, and will build long-term customer relationships.

**Digital strategies are disruptive and changing the rules for wholesale distributors.**

Zuellig Pharma Holdings Pte. Ltd. is using a cloud-based solution to make healthcare more accessible in 13 Asian markets with consistent, real-time data across the business. It is combatting counterfeiting and quality incidents by using blockchain technology to coordinate across the supply chain. And it is transforming manual processes into digitalized, value-added business processes.

Jebsen & Jessen (SEA) is using a digital platform to streamline and optimize business processes while improving productivity. These include order to cash, procure to pay, sourcing, planning, and rebate management. Opportunities for human error have been reduced with a single view of data across the software landscape. This puts the company in the position to harness current and future business growth opportunities.

Productos Metalúrgicos S.A. (Promesa) has real-time visibility into its administration, finance, supplier, and distribution processes. With a 360-degree view of employee progression, it has increased productivity and employee engagement as well as customer satisfaction. Manual, paper-based tasks have been eliminated through software-supported management of employee objectives.

Team Beverage AG offers a service platform for the German beverage sector. Using the SAP® Analytics Cloud solution and SAP Digital Boardroom, it set up an external reporting system for beverage wholesalers and manufacturers that is linked with its own internal reporting system. Sales data can now be harmonized, visualized, and made available as a cloud service.
In 2025, much of a wholesale distributor’s revenue will stem from customer-specific solutions that transform the business and differentiate it from its peers in the marketplace.

These solutions include value-added services, infinite inventory with secure logistics, project-based collaboration, and automation to refocus employees on higher-value tasks.

New services and business models will provide additional sources of revenue for distributors and will also contribute to customer loyalty and “stickiness.” Distributors can secure their place in the supply chain and position themselves for the future (see Figure 1).

Figure 1: Ways to Secure a Distributor’s Position in the Supply Chain

Emerging digital tools – particularly the Internet of Things, analytics, and mobile – could give wholesale distribution firms the opportunity to increase efficiencies in logistics and operations, offer tailored experiences for customers, and improve visibility into the supply chain.

87%

Of wholesale distributors report more-challenging and more-complex fulfillment requirements, impacted by e-commerce and multichannel or cross-channel demand.

80%

Of wholesale distributors say that they are concerned about the impact to costs and profitability with the increase of business-to-consumer orders.

81%

Of wholesale distribution customers believe simplification is important for their organization, and 88% admit IT investment is important to achieve simplification.
FOUR PRIORITIES FOR SUCCESS

We have identified four strategic priorities necessary for wholesale distribution companies to transform their business.

- THE VALUE-ADDED SERVICES DISTRIBUTOR
- THE “ANYTHING, ANYWHERE, ANYTIME” DISTRIBUTOR
- THE SOLUTION-ORIENTED DISTRIBUTOR
- EMPOWERMENT OF THE MODERN EMPLOYEE
The Value-Added Services Distributor

In the past, wholesale distributors served their customers by breaking bulk and carrying a standard catalog of products. But in today’s market, that is no longer enough. Customers have many new sources to buy the same products with compelling pricing and delivery options. To remain relevant, distributors need to provide something more: services around products that can’t be offered by online competitors (see Figure 2).

The Vision
In 2025, distributors will offer even more value-added services – including light manufacturing and kitting, financing, risk audits, ad hoc virtual training, automated tracking of sensors for maintenance, provisioning of third-party logistics services, and predicting and selling data on future demand patterns based on material consumption. All these services will provide their business partners with a more attractive customer and brand experience.

The Journey
Wholesale distributors will start toward this new business model by understanding their service-market fit, fine-tuning their current processes for higher efficiency, and tailoring existing value-added services to meet the needs of the right customer group for optimal impact and retention. For example, they might hold safety stock for key customers. Then, they will extend their business by identifying new services that add incremental value for particular customer groups, resulting in increased customer loyalty. For example, a spare parts distributor could assemble and customize hoses for the specific machines in which they are to be used. Or they might cut fresh vegetables and create packaged salads per the customer’s requirements. This will support customers efficiently by leveraging intelligent technologies. These value-added services will evolve into differentiating business models that drive customer stickiness and long-term profitability, such as providing maintenance for the equipment they sell.

Figure 2: Widening Range of Value-Added Services

The ability to quickly address and assess customer maintenance, repair, and operations requirements is both a service challenge and an inventory challenge. In the field, real-time awareness of asset condition – through dense deployment of wireless and wired sensors – will enable wholesalers to better understand where to deploy spare parts and repair services.6

Four Priorities for Success
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Putting the end customer’s business needs at the center of every decision is a key prerequisite for success in the digital age. Based on customer requests, wholesale distributors take tasks over from their customers and deliver individualized products. In the past, products were purchased and sold unchanged; today, some are specifically prepared or assembled. For example, a distributor of spare parts for hydraulic machines assembles hoses for an industrial company. The hose needs to be specifically customized for the respective machine in which it is to be used, and then cut and fitted with the appropriate connectors. The hose is then subjected to a formal quality inspection and delivered to the customer.

**THE VALUE-ADDED SERVICES DISTRIBUTOR**

**CUSTOMIZED PRODUCTS**

<table>
<thead>
<tr>
<th>TRADITIONAL SCENARIO</th>
<th>NEW-WORLD SCENARIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy replacement products of various types based on past consumption data, often high safety buffers to guarantee availability of critical parts</td>
<td>Customer site: Using predictive maintenance, the condition of hydraulic machines is monitored. Based on the information, maintenance activities are triggered. As a result, individual hydraulic hoses are ordered before the machine malfunctions.</td>
</tr>
<tr>
<td>Store products in warehouse until they are needed</td>
<td>Wholesale company: The hose is cut for the specific machine and fitted with appropriate connectors, enabled through real-time prioritization and capacity planning. Demand-driven replenishment allows safety stock to be minimized.</td>
</tr>
<tr>
<td>Customer orders replacement products, often when machine malfunctions</td>
<td>An integrated, holistic solution is used to perform quality planning and inspections for the assembled products. Results are collected to enable informed decisions and ensure product quality.</td>
</tr>
<tr>
<td>Carry out urgent delivery of original products to customer</td>
<td>Products are delivered to the customer using a single embedded platform for transportation management. Goods in transit are tracked in real time. Customer feedback is used to validate quality and identify future opportunities.</td>
</tr>
</tbody>
</table>

**TOP VALUE DRIVERs**

- **10%–20%** Increase in customer satisfaction
- **29%** Fewer days in inventory

Source: SAP Performance Benchmarking
Distributors have always focused on customer service, but today, customers are putting even more demands on the business. They rely on distributors for a wider range of products that are available through a variety of touch points. And they want shorter delivery times, with the ability to have products delivered directly to job sites. Wholesale distributors need to understand and respond to these challenges to stay competitive and retain customer loyalty.

The Vision
In 2025, distributors will become the go-to partner for all of a customer’s needs, independent of product, location, or time (see Figure 3). They will efficiently manage the right suppliers, ensure a complete assortment backed by an infinite inventory, and secure logistics execution capabilities that can meet expectations in the age of online marketplaces.

The Journey
To move toward this business model, distributors will identify efficiency issues and cut slack out of existing processes. They will push standardization and simplification, thus becoming more responsive along the supply chain from procurement to delivery. Then, they will extend the business model by leveraging smart tools for automated handling of material-related data, inventory optimization, and logistics capacity management. This will increase responsiveness in end-to-end processes, focusing manual work on high-value tasks and exception handling. With these efficiencies in place, they will transform their business by using intelligent technologies backed by robotic process automation and machine learning for customer price optimization, predictive inventory stocking, or chatbot-supported order management. This will drive custom-tailored, real-time responsiveness.

86% of best-in-class companies are better able to understand tradeoffs between service level and inventory investment.8

Figure 3: Configuring Products for a Single Customer
Providing products that precisely fit the needs of customers at the right time and right prices has been commonplace in traditional wholesale distribution environments. Today, there are even more challenges to doing this consistently and quickly due to alternative sources wholesale customers have today from online marketplaces.

It is critical to meet these challenges and still manage profitability, which means distributors need to balance service levels and inventory investment on a daily basis. Many wholesale distributors move between strategies of higher service levels and higher inventory investments and lower inventory investments at the sacrifice of lower service levels. Moving between these competing strategies is cyclical and sometimes unpredictable. With intelligent technologies and feedback on changing customer expectations, wholesale distributors can monitor and manage service levels and inventory more closely and ensure customers’ qualitative and quantitative needs are met.

**THE “ANYTHING, ANYWHERE, ANYTIME” DISTRIBUTOR**

**INTELLIGENT INVENTORY INVESTMENT**

TRADITIONAL SCENARIO
- Look up product availability and price
- Call vendors to manage items not stocked
- Replenish inventory with material resource planning runs in overnight batch jobs
- Manage stocking requests from branches for new items
- Check with vendors on status of shipments
- Check with branches on status of stock transfers
- Review inventory levels for “dead” stock and analyze when this stock might be transferred and where it can be sold

NEW-WORLD SCENARIO
- Product availability check with alternative source confirmation options in real time
- Full integration to vendors for items not stocked
- Live material resource planning, enabling insight to action in real time with one consistent UI
- Role-specific screens to speed up management and execution of orders from order management
- Monitoring of order and shipment status with vendors through business networks in real time
- Monitoring of overdue stock with intelligent applications that more accurately predict stock movements
- Predict slow stock movements and analyze redeployment of inventory with intelligent technologies that efficiently complete these complex tasks in a timely manner

**TOP VALUE DRIVERS**

<table>
<thead>
<tr>
<th>Reduction in total inventory investment</th>
<th>Increase in on-time delivery</th>
<th>Reduction in total logistics costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%–12%</td>
<td>10%–20%</td>
<td>Up to 10%</td>
</tr>
</tbody>
</table>

Source: SAP Performance Benchmarking

Four Priorities for Success
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THE SOLUTION-ORIENTED DISTRIBUTOR

With so many options in the marketplace, distributors need to establish themselves as trusted partners. One way to do this is by working with customers not only to understand their needs but also to closely collaborate on larger projects. Through this relationship, distributors can plan for and deliver the products and services needed throughout the lifecycle of the project. In this way, they become more than just a supplier; they become a valuable part of the customer’s success.

The Vision
In 2025, wholesale distributors will engage proactively with business partners to evolve from a reactive business model to an influencer of business relationships. They will collaborate closely around customers’ projects and product lifecycles to secure critical materials, resources, and services contributing to their long-term success – whether it is provisioning of electrical equipment for the renovation of a stadium, the turnkey handover of a complete surgery wing of a hospital, or guaranteeing the supply for the whole lifecycle of the next generation of graphics cards (see Figure 4).

The Journey
Distribution companies will move away from today’s reactive business model and instead bid for customer projects, optimizing the overall margin of the bid and driving proactive customer engagement. They will extend this model by managing turnkey projects to successful completion. They will take responsibility for handling required bill-of-materials items, including potential third-party service providers, based on a fixed bid. To further extend their offering, distributors will provide an end-to-end offering for customers with the ability to plan and manage the entire lifecycle of a customer project. This might include manufacturing integration, subcontracting, subscription billing, or postproject maintenance handling. They will use insights from employees and customers to improve ongoing maintenance and service.

Figure 4: Becoming a Close Collaboration Partner for Customer Projects

The Solution-Oriented Distributor

Four Priorities for Success

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90%

Of growth in the consumer industry will be captured by companies that engage directly with consumers.8
TO REMAIN COMPETITIVE IN TODAY'S MARKET, WHOLESALE DISTRIBUTORS MUST TRANSFORM INTO SOLUTION PROVIDERS THAT ENGAGE WITH THEIR CUSTOMERS TO COLLABORATE AND WORK TOWARD COMPREHENSIVE AND ATTRACTION OUTCOMES. BY MOVING FROM SIMPLY SELLING PRODUCTS TO PROVIDING SERVICES AND ADDING VALUE, NEW BUSINESS MODELS EVOLVE. THESE INCLUDE A WIDE VARIETY OF THINGS, FOR EXAMPLE, INSTALLATION, MAINTENANCE, CONSULTING, FINANCING, AND TRAINING SERVICES. USING NEW TECHNOLOGIES ALLOWS NEW MONETIZATION MODELS BASED ON SUBSCRIPTION OR USAGE.

FOR EXAMPLE, INSTEAD OF SIMPLY SELLING PRINTERS AND PRINTING PAPER, A DISTRIBUTOR OF OFFICE SUPPLIES CAN BUILD OFFERINGS AROUND PRINTING SERVICES AND CLOSE A USAGE-BASED CONTRACT WITH ITS CUSTOMER. THIS CONTRACT INCLUDES INSTALLATION, PRINTER MAINTENANCE, AND RIGHT-TIME PAPER DELIVERY.

THE SOLUTION-ORIENTED DISTRIBUTOR

USAGE-BASED PRINTING

27%
Fewer days sales outstanding

Up to 25%
Reduction in customer support calls

Source: SAP Performance Benchmarking

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EMPOWERMENT OF
THE MODERN EMPLOYEE

All companies focus on employee productivity. But over time, processes can become outdated or broken, and employees spend much of their time on work-arounds and manual tasks. When distributors introduce intelligent technologies and automation into their organization, manual tasks are reduced and employees can spend their time on higher-value activities. And when employees are adding value, they are happier in their role. A positive employee experience will be key when hiring and retaining younger workers.

The Vision
In 2025, wholesale distributors will empower their employees to focus on high-value tasks based on insights embedded in their operational activities. Backed by intelligent technologies, repetitive tasks will be automated and will need to be handled only on an exception basis. A modern user experience across a variety of interaction points such as desktop, mobile, and voice will allow for educated decision-making. This will improve the attractiveness of the role in a wholesale distributor’s organization and increase motivation throughout the organization (see Figure 5). Managing the external brand experience will allow distributors to take on the challenges of an aging workforce and build bench strength by more easily attracting new talent.

The Journey
Wholesale distribution companies can optimize their current processes and improve employee experiences by providing their teams with easy access to real-time insights. Armed with knowledge, they will identify and realize automation opportunities to eliminate repetitive tasks and reallocate employees to higher-value tasks. Then, companies can be transformed by empowering employees with intelligent technologies that support their daily work.

Figure 5: Experience Management to Drive Digital Transformation

Digital transformation requires a continuously improving experience

1. Try out
2. Measure
3. Optimize

STAYING COMPETITIVE in highly disruptive industry ecosystems

Try out
new processes, products, services, and business models

Measure
experience response

Optimize
for value and experience

50%
Of all companies, on average, seek to improve labor efficiency and workforce productivity by reassessing management software, and 63% of these leaders are improving throughput capacity.  

20%
More revenue per worker is realized by firms that can analyze workforce data to optimize strategies.  

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Processes in large organizations are complex by nature, and companies often take the opportunity to standardize them with an ERP deployment. Even the most disciplined organization coming out of a project notices that its control over processes tends to deteriorate over time. Evolution in the industry, the addition of new technologies, or deploying temporary solutions leads to a complex patchwork of processes and systems that more often than not result in inefficiencies and manual interaction. This causes employees to focus on repetitive and low-value tasks, and it takes them away from their desired responsibilities.

Process mining allows a wholesale distributor to analyze chains of transactions from origin to closure to identify process breaks and highlight manual interactions or undocumented deviations from assumed best practices. Validation and elimination of root causes can significantly cut costs and remove time-intensive bottlenecks tied to employees’ manual interaction with the system. Overlaying experience-based insight along the customer journey provides additional feedback for continuous improvement.

**EMPOWERMENT OF THE MODERN EMPLOYEE**

**EFFICIENCY THROUGH PROCESS MINING**

TRADITIONAL SCENARIO

- Isolated creation of orders through multiple interaction points
- Manual postprocessing of orders for delivery date changes, price adjustments, or out-of-stock handling
- Shipping of goods on time or too late without prior notification to the customer
- Processing of customer service tickets to manage requests, complaints, or claims
- Handling and mitigation of incidents with visibility on social media or Web shop
- Postsales activities to alleviate market perception through promotions or discounts

NEW-WORLD SCENARIO

- Integrated interaction channels providing a 360-degree view of and for the customer
- Chatbot-supported postprocessing of orders for delivery date changes, price adjustments, or out-of-stock handling
- Shipping of goods with real-time customer notifications
- Proactive handling of incidents with predefined mitigation options to manage customer expectations
- Active social media presence that captures the customer experience for continuous improvement

**TOP VALUE DRIVERS**

- **Increased** process transparency and visualization
- **Improved** process compliance with audit standards
- **Reduced** manual interventions in process execution
- **Optimized** throughput times by identifying bottlenecks
KEY TECHNOLOGIES

The current pace of technological advancements is having a profound impact on how wholesale distributors transform and respond to customer needs and market trends.

Intelligent technologies promise to bring great benefits, such as productivity and efficiency gains, enabling innovative new business models and new revenue streams. The following intelligent technologies are instrumental in helping wholesale distributors respond to market trends.

**Machine Learning**
Machine learning enables algorithms to “learn” from existing data and achieve the best possible outcomes without being explicitly programmed. Once the algorithm is trained, it can then predict future outcomes based on new data. Businesses can use these capabilities to eliminate repetitive manual tasks or to apply historical data to complex business problems. Wholesale distributors are seeing great success with deploying chatbots that leverage machine learning to cover key steps in the order management process. This provides the ability to understand and act on additional insights to improve performance and drive better outcomes.

**The Internet of Things**
Advances in ubiquitous connectivity and edge computing are driving a step change in business productivity. This connectivity, coupled with artificial intelligence and machine learning, can analyze petabytes of data and affect real business outcomes. Although Internet of Things capabilities have been available for some time, now the entire value chain can be connected. Some examples include automated replenishment, asset tracking, supply chain integrity (cold chain), connected fleet, and warehouse robotics.

**Advanced Analytics**
The integration of advanced analytics capabilities, including situational awareness, into applications enables business users to analyze data on the fly and drives better decision-making. Empowered users, benefiting from embedded analytics in business processes, can get real-time visibility into their changing environment, simulate the impact of business decisions, mitigate risk, and achieve better customer outcomes.
Blockchain
A relatively recent breakthrough technology, blockchain is revolutionizing the way business partners along a value chain engage by creating a chain of unaltered transactional data. The blockchain model of trust, through massively distributed digital consensus, could reshape supply chains and commerce across the entire digital economy by, for example, complying with regulatory mandates around the traceability of pharmaceuticals.

Augmented Reality
Virtual reality, the use of digital technology to create immersive simulations, was once the stuff of science fiction. So was augmented reality, which lets users interact with digital content that’s overlaid on the real world. Already in use to help workers pick items in the warehouse, this will become more relevant in other areas and contribute to the industry’s brand experience, helping to attract and retain millennials.

Conversational AI
Advances in machine learning are enabling algorithms to become highly accurate in natural-language understanding and in image and speech recognition, especially useful in call center activities. Voice interface will be the go-to for the next generation of applications, allowing for greater simplicity, mobility, and efficiency while increasing worker productivity and reducing the need for training.

Robotic Process Automation
Robotic process automation streamlines repetitive, rule-based processes and tasks in an enterprise and reduces costs through the use of software robots that replicate specific tasks or keystrokes.

83%
Of innovative organizations that rated themselves highly across the board for innovation in strategy, technology, people, process, and culture have started digital transformation, compared to 66% of other organizations.1

93%
Of cloud decision-makers believe it’s important that the software for their business processes integrates across an end-to-end value chain in an industry cloud.2

US$1.3 trillion
Represented by the IoT worldwide market in 2020, supporting 30 billion connected endpoints.3

Key Technologies
Companies will become intelligent enterprises on three distinct tracks as they evolve their strategic priorities to match their company’s vision.

1. **Optimize** what they already do by implementing a stable and scalable digital core to make processes more transparent and integrated.

2. **Extend** their current processes by connecting them to the real world using IoT technologies.

3. **Transform** their business using a constant stream of data enabling new service-driven business models (see Figure 6).

**Figure 6: The Intelligent Enterprise for Wholesale Distribution**

- **Optimize**
  - Fine-tune processes and existing services for the right customer group
  - Identify efficiency issues and cut slack from existing processes to be more responsive
  - Optimize bids for customer projects, driving a proactive engagement
  - Improve front-end look and feel and provide real-time insights

- **Extend**
  - Identify new services for specific customer groups and support them with intelligent technologies
  - Use smart tools for automated handling of data, inventory optimization, and logistics
  - Manage from turnkey-ready projects to handling all required BOM items based on a fixed bid
  - Realize automation opportunities to eliminate repetitive tasks

- **Transform**
  - Evolve services into business differentiators for customer stickiness and long-term profitability
  - Use intelligent technology with RPA and machine learning to drive custom, real-time responsiveness
  - Plan and manage an entire project lifecycle including subcontracts, subscription billing, postproject tasks
  - Empower employees with intelligent technologies

- **Vision**
  - Value-added services as a differentiator
  - Data as a revenue source
  - Custom services for customer loyalty
  - Be a go-to partner regardless of product, location, or time
  - Manage suppliers for infinite inventory
  - Influence customer projects
  - Collaborate throughout the project lifecycle
  - Be a key partner in customer success
  - Help employees focus on high-value tasks
  - Enjoy insights embedded in all interactions
  - Gain the ability to attract and motivate talent
EARLY DIGITAL ADOPTERS
LEAD THE WAY

How do you achieve these strategic priorities?

Start with reimagining your business together with your customers. Then, build a path for even more optimization and intelligent automation to simplify your business and free up resources to invest in even more digital transformation programs and find new business models and revenue streams.

According to a July 2018 study by Forrester Consulting that was commissioned by SAP, innovative organizations recognize the importance of technologies to achieve their digital goals and automate processes more than other organizations (see Figure 7).

**Figure 7: Innovators Value Digital Technologies More Than Others**

<table>
<thead>
<tr>
<th>Category</th>
<th>Innovative Organization</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Data and real-time analytics</td>
<td>95%</td>
<td>78%</td>
</tr>
<tr>
<td>Internet of Things</td>
<td>91%</td>
<td>71%</td>
</tr>
<tr>
<td>Blockchain</td>
<td>91%</td>
<td>68%</td>
</tr>
<tr>
<td>Machine learning or deep learning</td>
<td>90%</td>
<td>71%</td>
</tr>
<tr>
<td>Voice recognition and interfaces</td>
<td>85%</td>
<td>69%</td>
</tr>
<tr>
<td>Augmented reality or virtual reality</td>
<td>85%</td>
<td>68%</td>
</tr>
<tr>
<td>Customer experience</td>
<td>92%</td>
<td>70%</td>
</tr>
</tbody>
</table>
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 (O-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 people have with their products and their business. Experience data (X-data) captures beliefs, emotions, opinions, and perceptions – “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 X-data and O-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 8).

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

*Note: This representation is a general visualization of the Intelligent Enterprise and may include functions not covered in every industry.*
HOW TO PLAN YOUR PATH TO THE INTELLIGENT ENTERPRISE

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

To do this effectively requires an end-to-end plan for becoming an intelligent enterprise. This includes creating an intelligent enterprise road map and implementation plan with proven best practices and deployment options that optimize for continuous innovation with a focus 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**
- Model-company approach to accelerate adoption with model industry solutions
- Design thinking and rapid, tangible prototypes
- Coengineered industry innovations delivered with agility

**Run**
- all deployment models

**Run with one global support**
- One global, consistent experience
- End-to-end support – on premise, in the cloud, or with a hybrid approach

**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. In that context, a model-company approach is aimed at simplifying and increasing the speed of the digital transformation journey. Model companies represent the ideal form of standardization for a specific line of business or industry. They are built on preconfigured SAP solutions based on best practices supported by SAP, along with the business content that encompasses our experience and expertise relevant for the industry. They provide a comprehensive baseline and come with the accelerators to jump-start digital transformation projects.
COMPREHENSIVE SAP ECOSYSTEM: ORCHESTRATING THE PARTNER ECOSYSTEM TO DELIVER VALUE FASTER

Our comprehensive ecosystem for the wholesale distribution 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 fully intelligent business solutions and networks that span across company boundaries and promote purpose-driven businesses. These solutions will be the most empathic symbiosis between machine intelligence and human ingenuity.

- Self-running enterprise systems
- Self-organizing business ecosystems
- New markets and business models

Comprehensive Industry Coverage
SAP enables comprehensive coverage of the complete wholesale distribution value chain across the enterprise. With its clear industry road map, SAP is the partner of choice for the wholesale distribution industry.

- More than 27,400 wholesale distributors in 133 countries are innovating with SAP solutions
- 93% of wholesale distributors 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 wholesale distribution companies develop innovations that deliver impact at scale.

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

SAP supports wholesale distribution 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 Wholesale Distribution
- SAP Services and Support
Outlined below is external research that was used as supporting material for this paper.


5. Customer benchmarking study from SAP.


10. Customer benchmarking study from SAP.


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.