Business Opportunities with Intelligent ERP

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THE BEST RUN SAP

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The world turns
at an unprecedented pace

From….

- mass production
- products
- buying items
- needs
- data creates chaos
- reactive processes & systems
- thinking industries

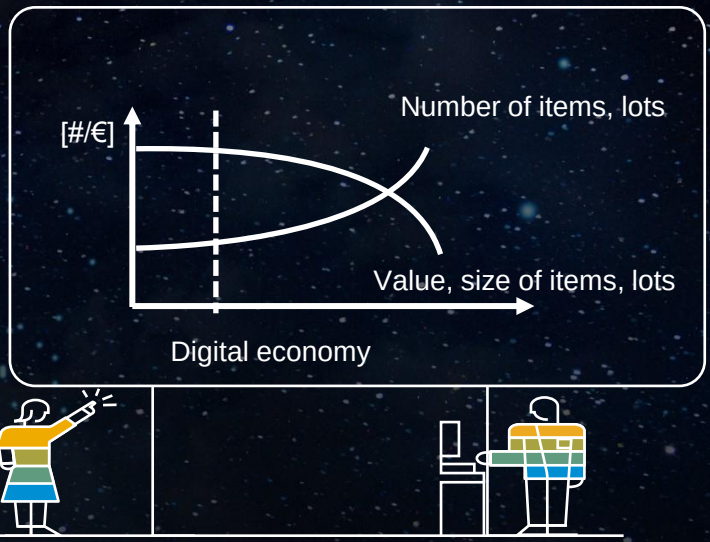
….to

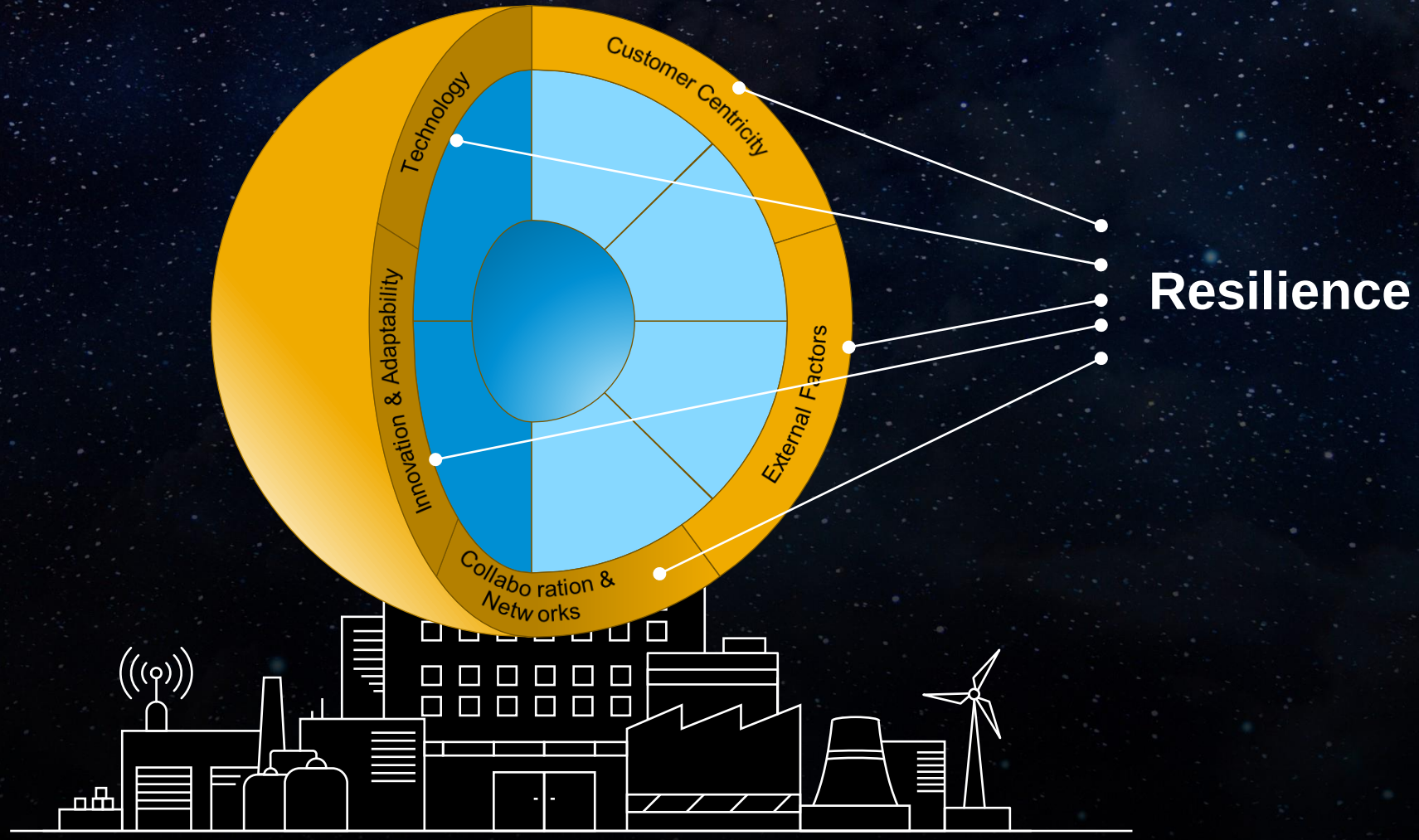
- mass customization,
- services
- using items
- experience
- data drives decisions
- thinking processes & systems
- leapfrogging industries

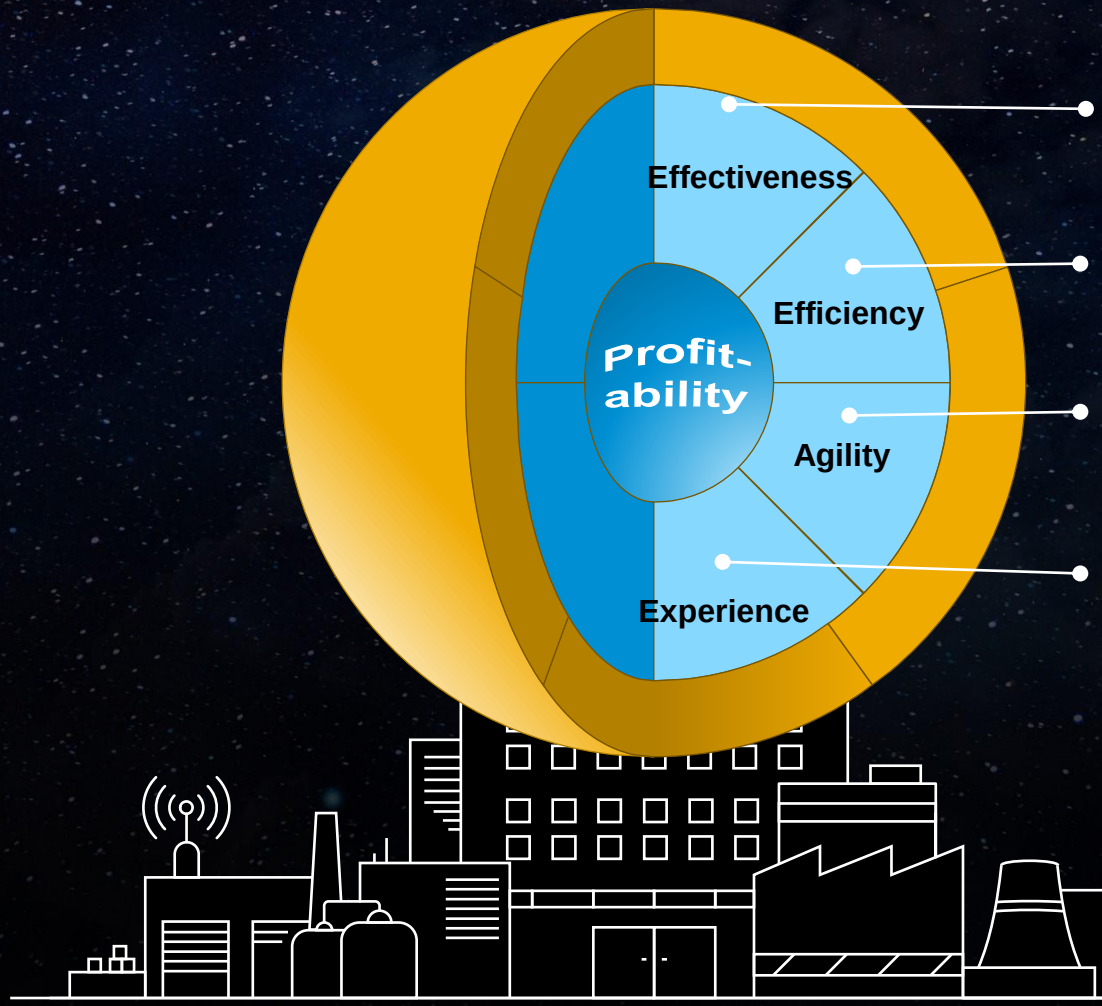
… amplified by COVID-19 crisis

Hyper-individualization and mass customization of services

Consequences for the Enterprise




Technology
Customer Centricity
Innovation & Adaptability
External Factors
Collabo ration &
Netw orks
Resilience



Increase effectiveness
"Doing the right thing"

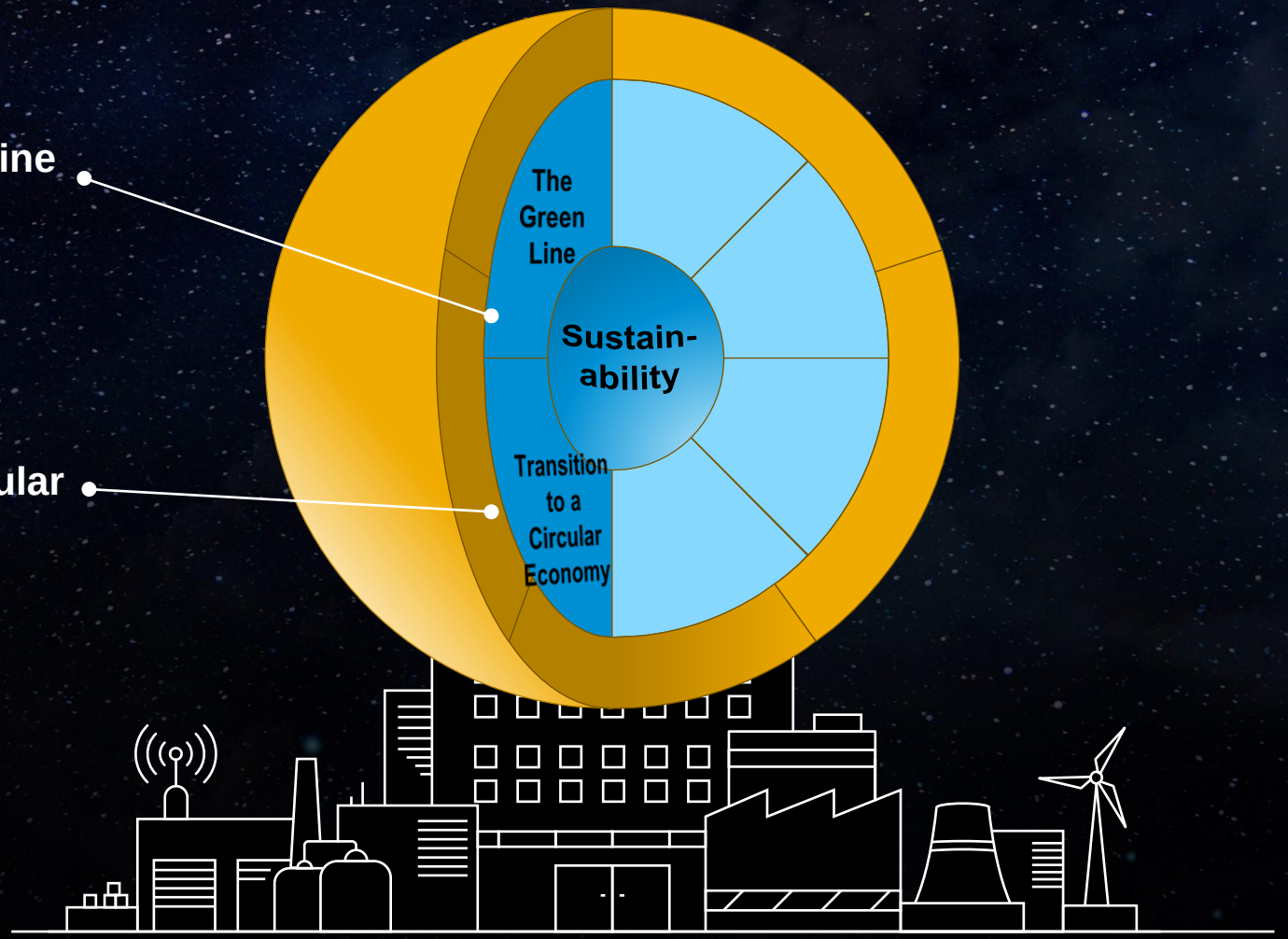
Increase efficiency
"Doing things right"

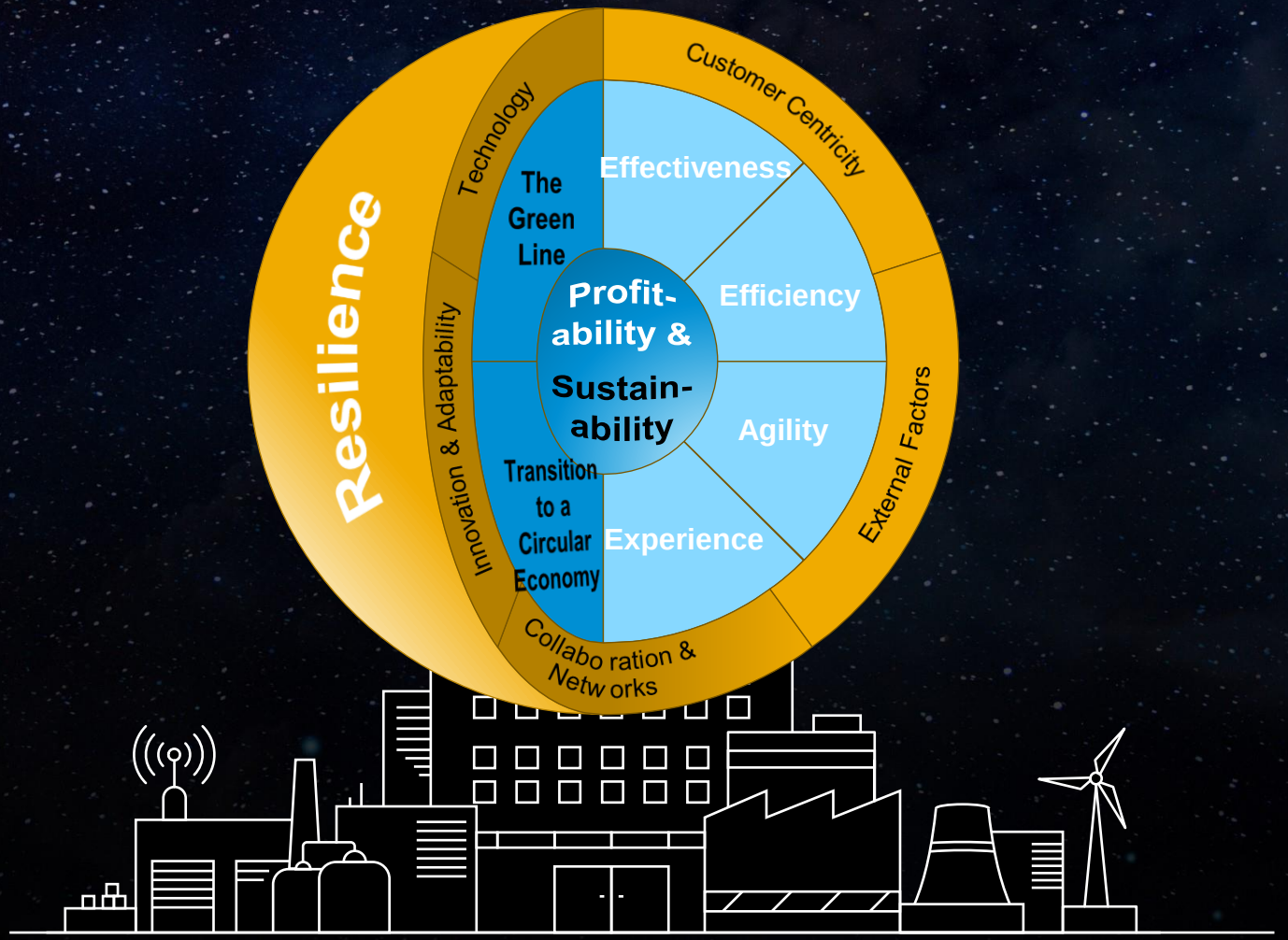
Increase agility
"Speed and flexibility"

Increase experience
"User satisfaction & loyalty"

The Green Line

Transition to a Circular Economy




Resilience
Technology
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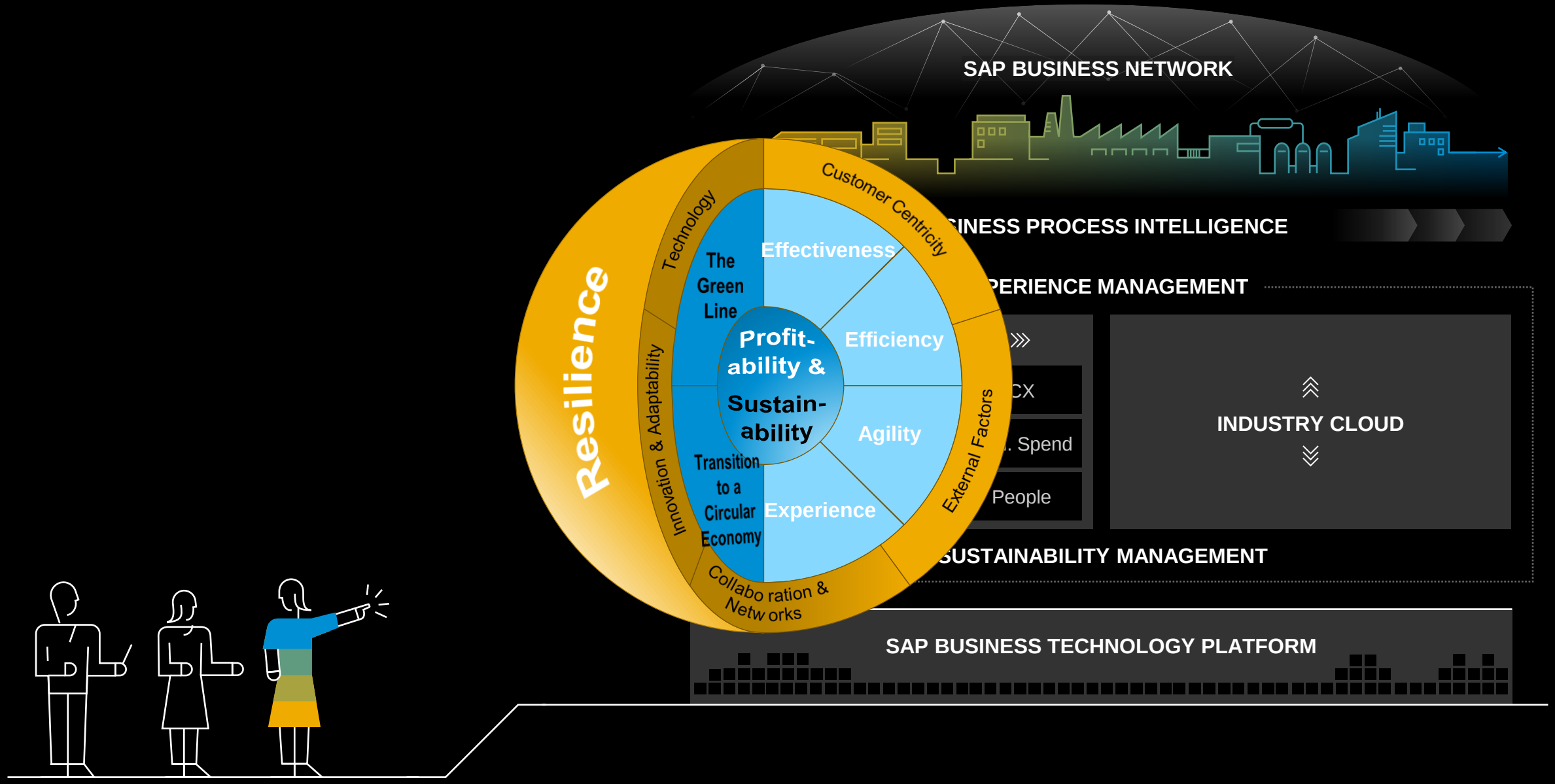
The Green Line
Transition to a Circular Economy
Effectiveness
Efficiency
Agility
Experience
Profit-ability &
Sustain-ability



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How does it relate to cloud?

Massive modifications have pushed many ERP customers past the point of no return

Sins of past ERP implementations

- Only 20% of existing modifications might be used
- How does one identify and eliminate the 80% of modifications not used anymore or never been used?
- Even if these modifications are identified, there are still probable risks of hidden dependencies
  - Upgrade projects
  - Falling behind on upgrades and enhancement package implementations

Massively modified systems have become unsustainable to the point where…

… IT spends a high percentage of their resources on keeping the lights on.

Examples of transformation journeys (link)

Trusco Nakayama Corporation,
a leading Japanese wholesaler

- 2.3 million products, inventory stocked with 390,000 items, at an achieved inventory hit rate of 90%
- Automating: automatic processing of 50,000 quote requests each day
- SAP S/4HANA Cloud extended with custom applications leveraging SAP Business Technology Platform

Mitsui and Co. Ltd.,
a global leader in manufacturing

- Customer with traditional, strong, and “state-of-the-art” IT environment
- Transforming in the wake of the intelligent era
- Stronger adoption of global standards, like IFRS, resulting in significant speed up of financial management reporting
- Improvement of operational and financial performance across the growing group

Source: SAP Customer Success Story LINK

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The potential of intelligent technologies is everywhere

Supply chain

At least 50%

of large global companies will be using **AI, advanced analytics and IoT in supply chain operations** by 2023.[1]

Procurement

Almost 60%

of individual tasks involved in the source-to-pay process have the potential to be **fully or largely automated** using currently available technologies.[2]

Manufacturing

76%

of manufacturers either have a **smart factory** initiative that is ongoing or are working on formulating it.[3]

Finance

Yet about 50%

of the overall time of the workforce in finance and insurance is devoted to collecting and processing data, where the **potential for automation is high.**[4]

Sales

30%

of all B2B companies will employ some kind of **AI to augment** at least one of their **primary sales processes.**[5]

Asset management

On average 70%

reduction of breakdowns though the application of **predictive maintenance**[6]

[1] *https://www.gartner.com/smarterwithgartner/gartner-predicts-2019-for-supply-chain-operations/*
[2] *https://www.mckinsey.com/business-functions/operations/our-insights/a-road-map-for-digitizing-source-to-pay*
[3] *https://www.capgemini.com/wp-content/uploads/2017/05/dti-smart-factories-full-report-rebranded-web-version_16032018.pdf*
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[5] *https://www.gartner.com/smarterwithgartner/deploy-ai-in-b2b-sales/*
[6] *https://www2.deloitte.com/content/dam/Deloitte/de/Documents/deloitte-analytics/Deloitte_Predictive-Maintenance_PositionPaper.pdf*

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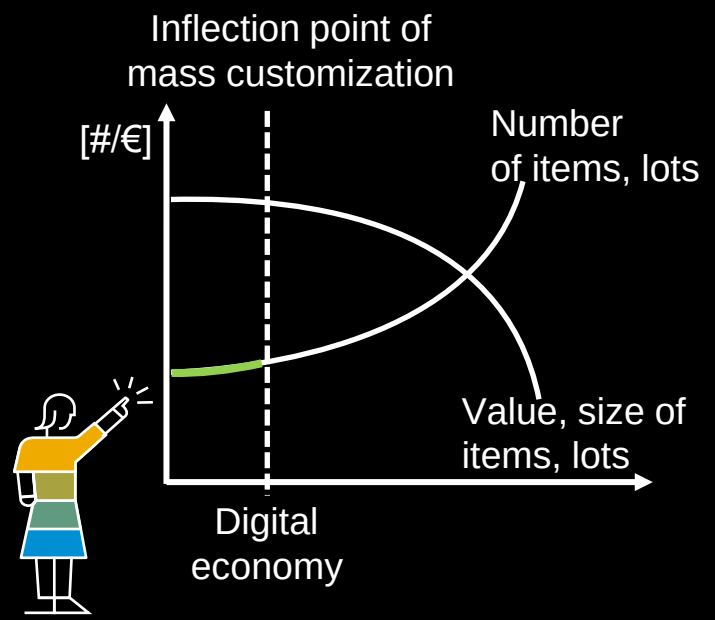
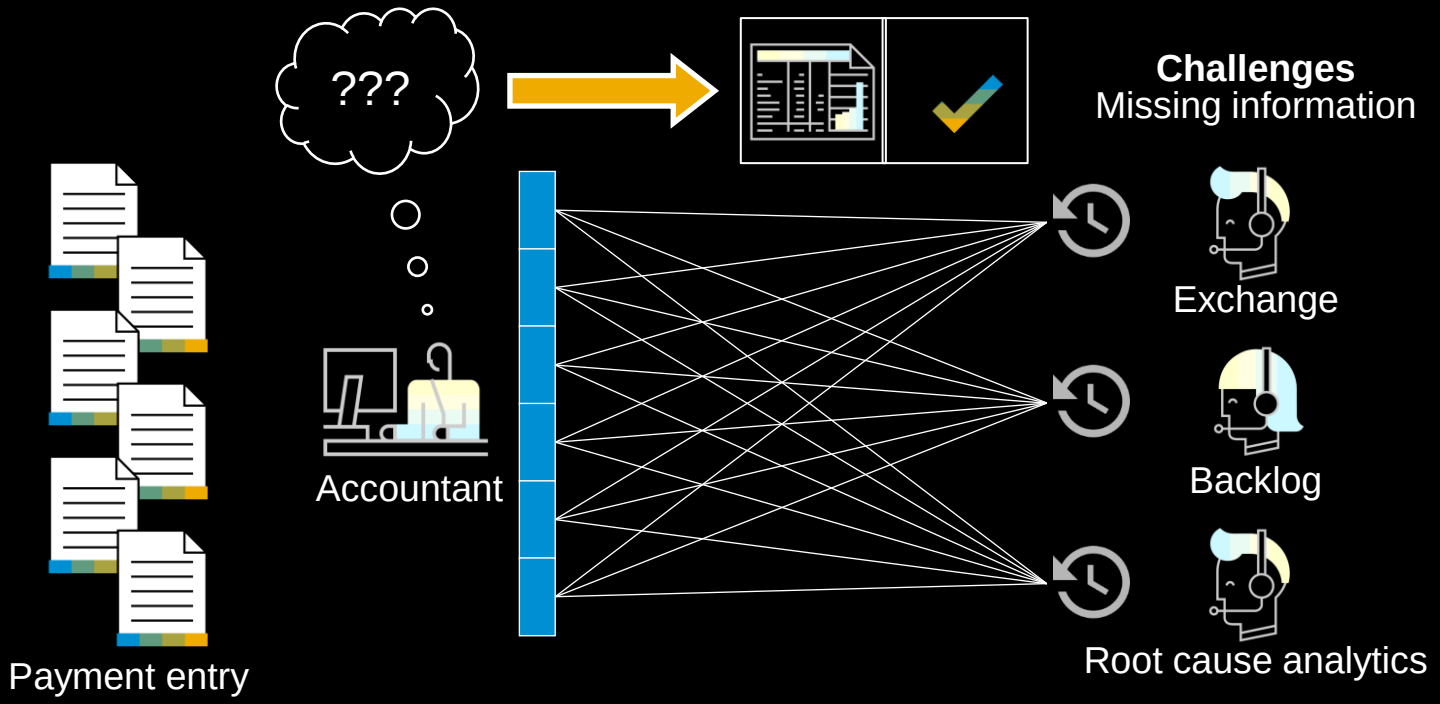
The Intelligent Enterprise: Efficiency and Effectiveness

Cash Management

Traditional world



Cash management the traditional way



The traditional way is typically efficient

The new enterprise reality demands increased effectiveness

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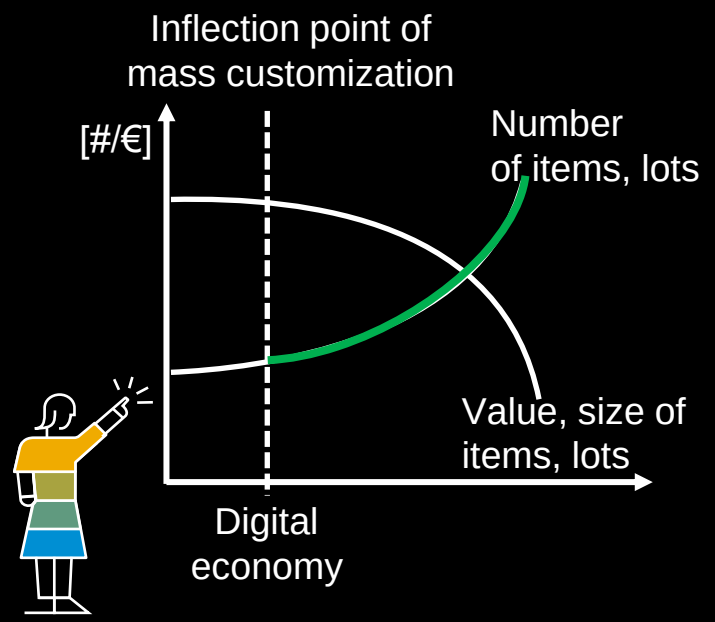
The Intelligent Enterprise: Efficiency and Effectiveness

Effectiveness: example cash application

Digital Economy



Cash management based on intelligent technologies

Train the system

Learning via historical data

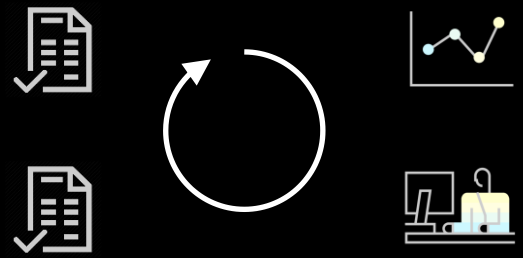
Define parameters

Payment allocation
Minimum ongoing maintenance

Run the system

Payment advice

Continuous process, no backlog



Open cash entries+ payment prediction (cash flow)

Exceptions triggered to accountant

Real-time monitoring and automation allows running the processes at scale with increased transparency and a reduced error rate.

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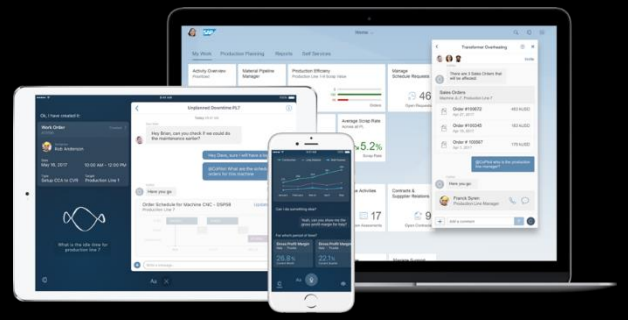
The future of work in a hyper automated world

Analysis, Planning, Exception Management

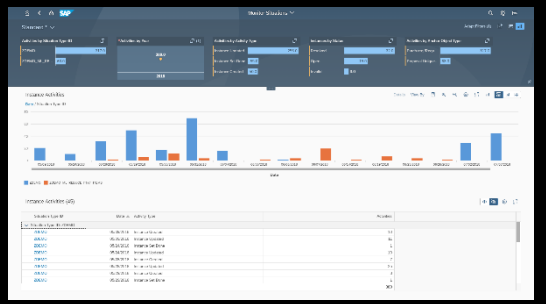
Conversational Digital Assistant

Context aware, Self-learning pro-active, Mobile

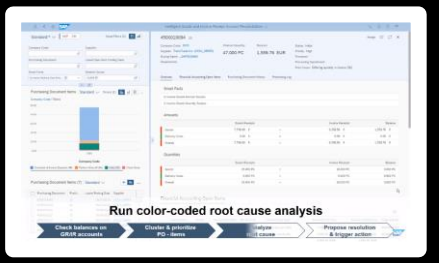


Insight to action through embedded analytics

Situations handling for business exceptions



Examples, experience yourself



SAP S/4HANA Sales Order Fulfillment

Intelligent ERP - SAP S/4HANA Predict Arrival of Stock in Transit

Intelligent ERP – SAP S/4HANA Invoice and Goods Receipt Reconciliation

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90+% Automation in every Process

Example: Invoice-to-Cash

BOT look for incoming remittance advices and load them into the SAP S/4HANA

iRPA **1**

Payment details are automatically extracted from pdf and payment advices in SAP S/4HANA created

2 Machine Learning

Automatically match payments with open receivables and clear payments

3 Machine Learning

4

System ALERTS Ted that one of the invoices due was excluded from the payment

After contacting the customer and a dispute case created, BOT automatically send out email confirmation with the dispute case #

5 iRPA

BOT will monitor the mailbox for any customer reply and attach the customer reply to the dispute case

6 iRPA

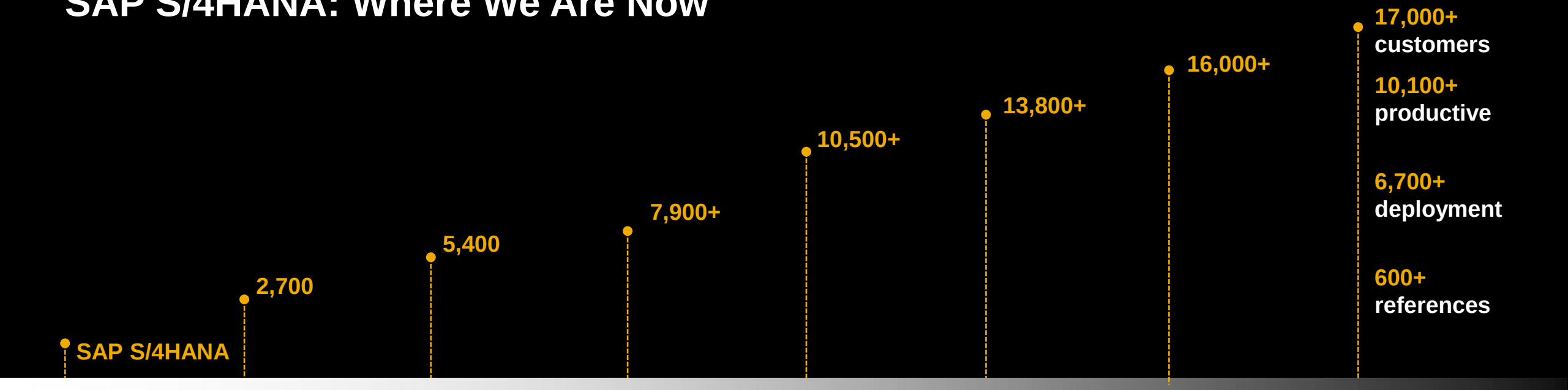
Ted uses CoPilot to find the collection of worklist items

CoPilot

SAP S/4HANA

Persona – Accounts Receivable Manager Demo

SAP S/4HANA: Where We Are Now



Please find SAP S/4HANA Value Stories here.

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We are making key functional investments into market differentiators

Chief Financial Officer

Self-Auditing Finance

Risk reduction & cost avoidance by “compliance by default”. Continuous automated monitoring of all financial transactions and outlier detection **replacing manual and sample-based testing**

All buying centers

Intelligent Processes

Increased automation & intelligence for **maximum efficiency in business processes & employee productivity**

Chief Financial Officer

Universal Parallel Accounting

Achieve **one single source** for steering your business and operate at a higher degree of **automation and accuracy** in Controlling and Closing

Head of Supply Chain

Predictive MRP

Simulate changing demand situations **to navigate your business: optimize inventory & grow sales**

Head of Supply Chain

Synchronized Planning

End-to-end visibility in your supply chain, ensuring that problems can be identified and responded to efficiently and thus create a **resilient supply chain**

Chief Sustainability Officer

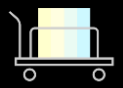
Footprint Management

Assess **the carbon and natural capital footprint** at each business level to **improve decision making** with holistic transparency on sustainability parameters & to enable action for decarbonization

Head of Procurement

ONE Procurement

Cover all spend channels with one platform to **increase efficiency** in teams**. Free up capacity in procurement teams & shared-service centers** by automation & intelligence



Head of Service

ONE Scheduling and Dispatching

Increase service revenue by improving **service experience** for customers.

Reduce operations cost by assigning the right person to the right job

Head of Sales Operations

Subscription Business

Create customers for life with pay-per-use/ outcome offerings.

Reduce revenue leakage and increase cash flow to improve KPIs like Days Sales Outstanding

All buying centers

Industry Cloud

Cloud native applications to support Retail, IM&C, Automotive and more industries with **vertical industry specific capabilities**

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Please find a detailed overview of all planned functional scope here.

The journey is equally important as function & feature

Supporting tools and repositories

Existing SAP ECC installation

Existing SAP S/4HANA On-Premise installation

New To SAP

Business Value Advisor

Technical Preparation Steps and Test Conversion

Technical Downtime Optimization App

Custom Code Migration App

DECISION POINT

System Conversion*

Discover

Migration Cockpit

Implementation Accelerators

New Implementation

Readiness Check

EXPERIENCE TRIAL

Fit2Standard Analysis with SAP Best Practices or EML

- SAP Roadmap Viewer
- SAP Transformation Navigator
- SAP Roadmap
- SAP Best Practice Explorer

SAP Readiness Check for SAP S/4HANA

Preparation phase

Realization phase

System requirements → Maintenance planner → Prechecks → Custom code preparation → Software Update Manager → Application-specific follow-up activities

Unicode conversion

Database migration

Software update

Data conversion

SAP Readiness Check

Relevant simplification items based on analysis of the existing SAP ERP system; with **effort ranking**

Currently installed **add-ons** checked for compatibility with SAP S/4HANA

Estimated memory and disk **sizing**, before and after cleanup, including archiving potential

Recommended **SAP Fiori apps** based on usage statistics in the existing SAP ERP system

Additional checks support:
- Financial data quality
- Customer/vendor integration
- Business process automation
- SAP Innovative Business Solutions

Action items resulting from the relevant simplification items

Compatibility analysis of **active business functions** with SAP S/4HANA

Analysis of **custom code** with respect to SAP S/4HANA compatibility

Insight into the compatibility of existing **BW extractors** and **IDocs**

- A holistic system analysis is the foundation for further planning steps toward a successful and smooth transition to SAP S/4HANA.
- SAP Readiness Check for SAP S/4HANA **summarizes the most important aspects of the conversion and upgrade in an easily consumable way**.

SAP Help Portal: SAP Readiness Check
SAP Note 2758146 (Conversions)
SAP Note 3059197 (Upgrades)

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Leveraging the opportunities is key
Various Capabilities to rethink processes

Understand the system usage

BTI with Signavio

User Research

Classical ABAP Tools

Performance

HANA

New Data Models

No locking in Logistics

Automation

iRPA

Machine Learning

Prediction

IoT

Consume Innovation

6+ years of S/4HANA development

When did you last consume innovation in ERP?

Back to standard

User Productivity

UX Technology
(Fiori, Mobile, Speech,…)

Embedded analytics

Insight to action

User-driven admin processes
(purchasing, travel and time management, …)

Specialties

Business Technology Platform

Responsibility determination for matrix organization

Situations for exception handling

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The digitally transformed economy offers various opportunities

Intelligent processing is not just another trend, it is part of the solution

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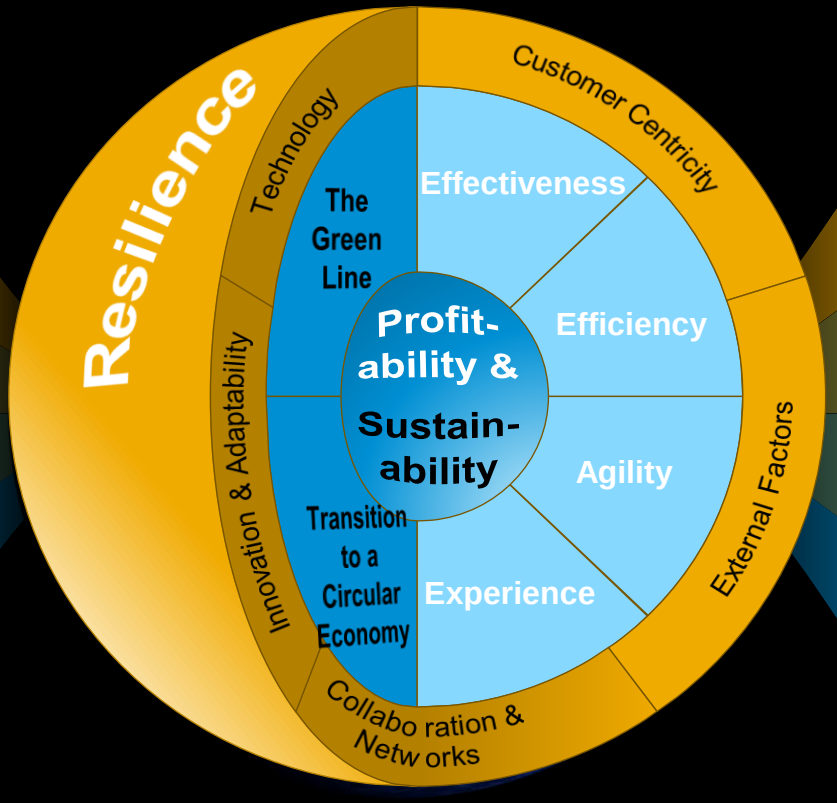

Q & A

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