

# Transforming your Business with a Connected Supply Chain Powered by SAP Integrated Business Planning



# A new era of industry

A new era of industry is here. The current shift to automation, connectivity, and data analytics is having an impact on the supply chain industry that is as significant as the introduction of water and steam power, the assembly line, and the internet.

Characterized by end-to-end digitization of both processes and physical assets, the new digital supply chain has been enabled by reliable internet connectivity, big data, and emerging technologies like artificial intelligence and intelligent sensors. The result is the onset of a modern industrial revolution – and the business implications are profound.

## TMT struggles with the volatility

Even as Technology, Media, and Telecom (TMT) companies recognize the need, they have struggled to evolve their supply chains amidst a volatile reality. Rapid changes in technological capabilities have resulted in products with shorter life-spans, more sophisticated consumers with higher expectations, and the onslaught of non-traditional competitors.

Meanwhile, supply chain networks themselves have become increasingly complex, with global supply sources and longer lead times adding to volatility. These conditions have created a perfect storm through which TMT companies must learn to navigate skillfully. It will require efficient, intelligent supply chain planning, from top to bottom and across the globe.



## Key challenges facing TMT

Specifically, TMT companies are facing the following supply chain challenges:

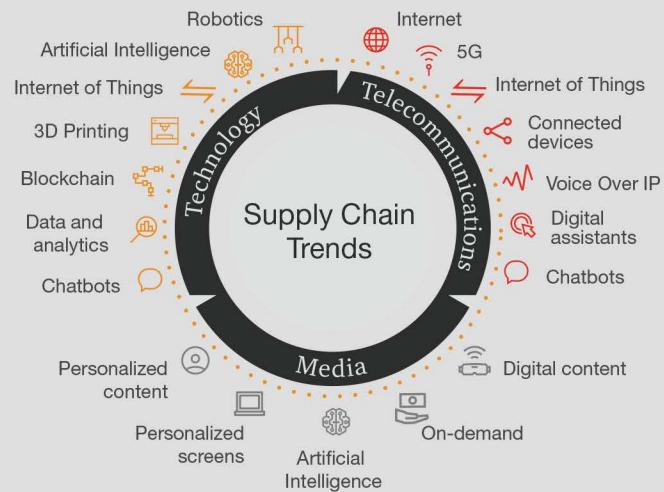
- **Unpredictable demand:** Increasing difficulty in forecasting demand across complex product portfolios and multiple supply chains.
- **Operational complexity:** Supply chains consisting of ever more variables to support multiple routes to market, product strategies, and business models.
- **Low visibility:** A lack of transparency across the supply chain, including transit and among suppliers, creates uncertainty and a lack of trust, as well as hinders strategic and tactical decision-making abilities.
- **Operational speed pressure:** Customer demands for shorter fulfillment cycles, aggravated by rapid product innovation resulting in shorter product lifecycles and coupled with competitive pressure to differentiate.
- **Cost pressure:** Pressure to drive structural cost reduction, do more with less, and reduce cost to fulfill/serve, exasperated by pressure from non-traditional competitors.

## Trends to watch – and prioritize

A digital supply chain cannot be achieved with little tweaks or efficiency wins. Rather, the TMT companies that will thrive in the new economy will be those who adopt – as early as possible – the tech trends that are driving its upheaval.

### Supply Chain Trends for TMT

The tech trends impacting supply chain vary somewhat by industry. While there is some cross-over, Technology, Media and Telecom companies each have different trends to be aware of and prepare for:



We see companies exploring new technologies like Machine Learning (ML), Internet of Things (IOT), and Artificial Intelligence (AI). However, companies are still struggling to fully adopt digital technologies and leverage their data assets to develop deeper insights into their supply chain. To help TMT companies prioritize, PwC is particularly focused on the following emerging trends in our work with customers:

### End to End Integration

- Horizontal integration: Integrated planning and execution across the end-to-end value chain (including suppliers, customers and other parties)
- Vertical integration: Internal cross-functional integration

### Proactive Demand Sensing

- Utilization of digital customer and configuration data, sales data, service needs and external data to sense demand fluctuations and take corrective actions

### AI and ML

- Use of artificial intelligence and machine learning for forecast development and optimization

### Control Tower

- Improve demand sensing and respond to take corrective actions
- Centralized view of supply and demand

### Dynamic, Real-Time Inventory Management

- Manage inventory across network
- Leverage lean principles to reduce stock outs, inventory carrying costs and increase efficiency

### Predictive Analytics

- Incorporation of predictive analytics into planning engines to garner insight on demand and perform what-if simulations
- Develop and drive a dynamic forecasting strategy and tactics

### IoT & Cloud-Based Solutions

- Designing and deploying Internet of Things infrastructure to enable connected operations

## Planning is at the heart of the digital supply chain

For many TMT companies pursuing a connected supply chain and embracing the emerging trends, Integrated Business Planning is the missing piece of the puzzle. By enabling end-to-end integration and visibility, the right Integrated Business Planning solution will leverage the power of digital technologies to enable you to pursue your objectives while also providing the agility to adjust to unpredictable market opportunities and digital evolutions. Integrated Business Planning can further allow an enterprise to reorient from the customer's perspective, creating a demand-driven supply chain which integrates planning and execution to empower strategic decision-making.

## How we have helped others

- Client:** A Fortune 500 semiconductor and electric components company
- Challenge:** The company was having difficulty meeting on-time customer commitments and maintaining service level agreements due to unexpected situations within its supply chain. This ongoing inability to identify and prevent such situations was hindering business results and customer relationships. The company chose PwC to help implement a planning solution with exception-based Control Tower functionalities in order to proactively adjust to unexpected supply chain network situations.
- Solution:** PwC assessed the company's Sales and Operations tools and, based on the findings, the company implemented a set of SAP Integrated Business Planning (IBP) functionalities to improve on time shipment to commitment and to reduce inventory days on hand:
  - **IBP for Sales & Operations Planning** – allowed for the creation of an optimal demand plan (unconstrained) using multiple functional area forecast inputs and a supply plan (constrained) using real time routings and work center data to gather an overall consensus plan looking past the current planning horizon
  - **IBP for Inventory** – helped optimize inventory by creating recommended safety stock outputs to drive the supply plan with more accurate constraints
  - **IBP Control Tower** – enabled faster and more efficient decision making at the top down level by digging deeper into complex issues within the supply chain
  - **IBP JAM Collaboration** – with SAP's cloud-based collaboration platform, the company drove a more timely and effective cadence within its monthly planning process by automating notifications and reminders on Sales & Operations Planning process and next steps
- Results:** One year later, the client has achieved significant benefits, including:
  - Improved customer service levels
  - Better communication with customers about order and delivery expectations
  - Increased visibility and agility to grow with customer demands
  - Reduced excess and obsolete inventory with forward-looking predictive modeling vs. rearview analysis
  - Improved production and capacity planning enabled by a 18-month forecast to drive better decisions
  - Provided a view of dynamic global capacity to appropriately plan for resources
  - Developed a collaborative and proactive team-centric culture with fewer silos
  - Simplified / reduced manual work-around, rework, and order expedites

# The SAP Integrated Business Planning difference

Key features of the SAP Integrated Planning solution include:

- **Integration with SAP Supply Chain Control Tower:** Enabling better decision-making by monitoring, measuring and responding to data in real time.

- **Demand Management:** Full transparency with advanced demand sensing across short-, mid-, and long-term forecasting.

- **Inventory Optimization:** Inventory targets that reduce working capital while fulfilling customer service expectations.

- **Sales and Operations Planning:** Aligning planning with corporate strategy to grow revenue, increase market share, and pursue goals.

- **Response and Supply Planning:** Adapting quickly to changes by evaluating impact across production, distribution, and procurement.

## The PwC model to transformation

With our deep connected supply chain and benchmarking experience, PwC can assist TMT clients in solving their most complex supply chain business problems by leveraging the full capabilities of SAP's Integrated Business Planning and other

In a digital supply chain, data from things, ecosystems, and transactions are consolidated and analyzed in real-time to generate better and more automated decisions that continually balance dynamic demand with traditionally inflexible supply. In a truly leading planning environment, a model of the supply chain is fed with real-time data so that changes can be evaluated – and new plans implemented quickly.

solutions in SAP's intelligent suite of applications. With Integrated Business Planning at the center, we can further help TMT companies extend the solution by leveraging the emerging technologies relevant to TMT industries, such as IoT, ML, AI, Blockchain and others.

Our vision provides the framework to model and deploy supply chain excellence:

- **Decide:** We begin innovatively by focusing on the key decisions that drive profitability, a critical first step to decide strategically what the core focus areas are for the particular client.

- **Align:** We create alignment between supply chain operations, sales and financial planning to achieve the identified performance objectives.

- **Enable:** We integrate the appropriate data, analytics, and tools to support the short- and long-term strategies of the client.



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# Thank You

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