



**SAP** S/4HANA

**Transform  
Consumer Products**  
with SAP S/4HANA®



# AGENDA

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# CONSUMER PRODUCTS ON SAP S/4HANA® – OVERVIEW

## Transform Your Company's Digital Core with SAP S/4HANA®

In today's digital economy, consumer products (CP) companies face pressures from all sides. Consumers wield great power based on easy access to information about products, pricing, and availability. The barriers of entry for new players with the "next big product idea" are lower than ever. At the same time, channel partners, from big retailers to Amazon, are expanding their own private-label businesses. Added to all that, tremendous volatility persists in the basic costs of doing business, from raw materials, to labor, to shipping, and beyond.

So how can CP companies adapt to these new marketplace realities, using their legacy brand, innovation, and process strengths to expand their reach? It all starts with the journey "from carts to hearts," as consumers seek a deeper connection with brands and products – often by way of digitally delivered apps and services that enhance their experience. Many CP companies are reimagining business models, business processes, and work itself to create entirely new drivers for growth based on three types of opportunities:

**Consumer moments:** Reaching consumers directly and immediately at the point of need with personalized engagement through digital

**Customer moments:** Driving category growth, increasing sales velocity, and ensuring on-shelf availability through digitally enabled collaboration with retailers and channel partners to simplify commerce and act in real time on demand dynamics

**Market moments:** Responding in moments of market disruption to capitalize on new opportunities with agile, flexible operations and business processes

To succeed, CP companies will need to put in place a coherent digital vision that is inextricably linked with – and developed in conjunction with – a differentiating growth strategy. This vision will need to connect seamlessly from R&D and innovation through procurement and agile manufacturing, and a real-time supply chain that enables visibility from source to sale. Equally important are the sales, marketing, and commerce capabilities that pull in consumers and make sure they're satisfied once they engage.

To execute on such a vision, CP companies will not only need to reengineer their business processes, they will also have to evaluate if they have the right technology platform that can deliver on the vision. The winning platform will require an IT architecture that provides both stability and long-term reliability for core enterprise processes, while allowing for flexibility in areas of frequent change. The "digital core" is the foundation for the core processes that need to run consistently and flexibly. It provides uninterrupted, real-time transactions and analytics, the ability to work with Big Data, and connectivity to line-of-business (LoB) extensions that enable supporting processes, such as talent sourcing and networks.

SAP S/4HANA® software was specifically developed to represent the digital core in this "bimodal IT architecture." It provides CP companies with a proven framework to adopt industry best practices while attaining operational excellence – specifically (but not exclusively) across core industry capabilities, such as real-time supply chain and digitalized sales.

## Pierre Fabre,

based in Castres, France, is the world's 2nd-largest dermatology-cosmetics laboratory. Pierre Fabre selected SAP S/4HANA to support its two-pillar strategy of international growth and external acquisitions. SAP S/4HANA will be the backbone of its future IT landscape and will support the digitalization of the group.

## Shanxi Xinghuacun Fen Jiu Group Co. Ltd

### (Fen Jiu Group)

is a liquor supplier in China. It implemented SAP S/4HANA, SAP® BusinessObjects™ Business Intelligence platform, and the SAP NetWeaver® Master Data Management component to transform the company from traditional manufacturing to a customer-centric and innovation-driven business.

# CONSUMER PRODUCTS ON SAP S/4HANA – OVERVIEW

## SAP S/4HANA: Sources of Value

The value from SAP S/4HANA comes through simplification of the user experience, architecture, and process.

## Simplified User Experience: Across All Devices

SAP S/4HANA empowers various user roles with an end-user-centric, consumer-grade experience that increases their productivity by allowing them to manage by exception and focus. SAP is driving simplification and innovation in how business users work through a role-based, consistent user experience available on any device.

## Simplified Architecture: No Aggregates – No Redundancies

SAP S/4HANA has a simplified data model that provides an advanced digital data architecture, which in turn provides (in real time) a single source of the truth for both transactions and analytics. This enables extensive flexibility to adapt to changing business models, such as redefining business processes to delight the digital consumer throughout the path to purchase, and to deliver exceptional consumer experiences.

## Simplified Processes: Key SAP S/4HANA Industry Capabilities\*

### Real-time supply chain



- Optimized material requirement planning
- Real-time inventory management
- Embedded production planning and scheduling
- Embedded extended warehouse management

### Digitalized sales



- Advanced available-to-promise (ATP)
- Sales order fulfillment cockpit
- Order-to-cash (O2C) performance monitor and analytics
- Settlement management for flexible rebate processing



\*This is a subset of the complete industry portfolio shown later in the “SAP S/4HANA Software Portfolio for Consumer Products” section.

# CONSUMER PRODUCTS ON SAP S/4HANA – OVERVIEW

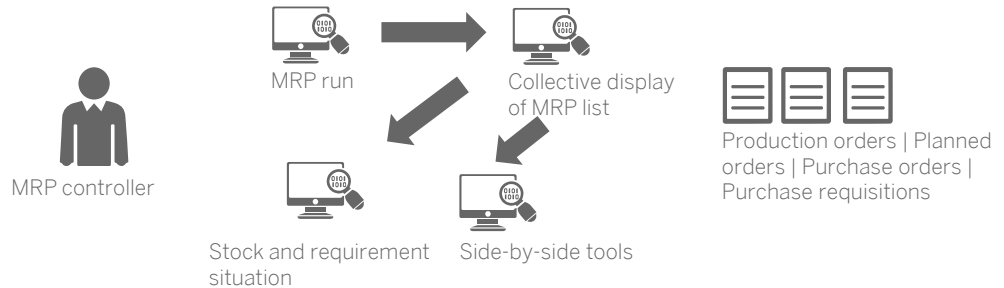
## EXAMPLE: User Experience and Process Simplification

SAP S/4HANA enables an anywhere, any-device, mobile-first, role-based user experience that simplifies and enhances employee engagement and productivity, transforming the way work gets done. The streamlined material requirement planning allows a new working model, transforming the execution into real-time processes with superior benefits.

## SAP S/4HANA for Use in Supply Chain for Material Requirement Planning (MRP)

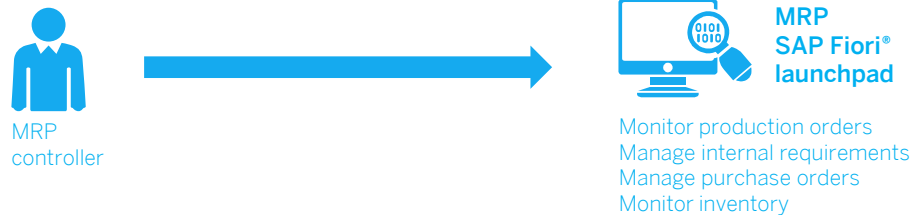
### Traditional Enterprise Resource Planning (ERP)

MRP runs in batch multiple hours overnight. MRP controller reviews in the morning upcoming bottleneck situations. With every change, planning results become immediately outdated. Upcoming shortages of materials need to be resolved individually in a time-consuming process on outdated information with heavy use of nonintegrated, side-by-side tools to calculate and simulate.



### SAP S/4HANA

A real-time MRP run triggered anytime during the day delivers the MRP controller timely, up-to-date planning results enhanced with superior insights. Graphical simulations of inventory situations help to identify supply at risk. From here, the MRP controller can immediately start to resolve issues.



## More than smarter and faster – reimagining work

**Improve**  
manufacturing FTE efficiency

**Reduce**  
stock-outs

# CONSUMER PRODUCTS ON SAP S/4HANA – OVERVIEW

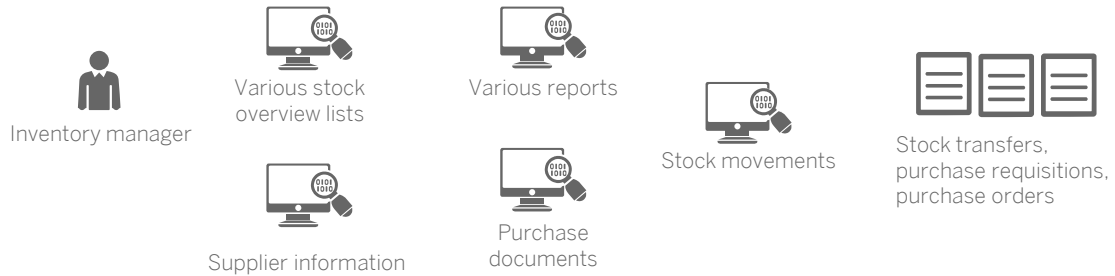
## EXAMPLE: User Experience and Process Simplification

SAP S/4HANA provides a reengineered and simplified real-time inventory management with inventory transparency down to the lowest level of granularity.

## SAP S/4HANA for Use in Supply Chain for Inventory Management

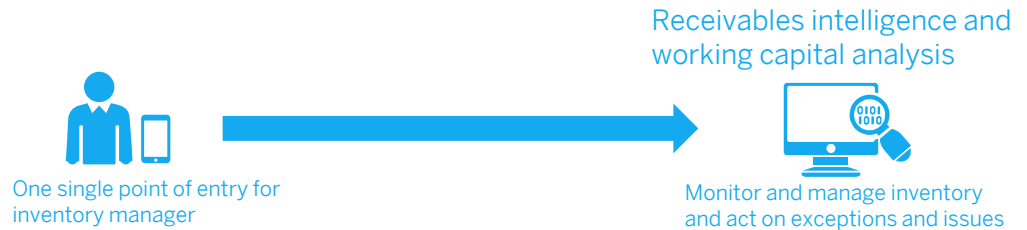
### Traditional ERP

- Slow inventory update cycle leads to outdated information.
- Limited inventory visibility increases error rate and supply shortages and increases the stock buffers.
- Multiple screens and transactions are needed to analyze stock situation.



### SAP S/4HANA

The redesigned process provides real-time inventory visibility with decreased stock buffers, improved on-time delivery, and ability to deliver a lot size of “one” for personalized products. An intuitive user experience on any device provides a single consolidated source of truth to analyze inventory turnover and track and initiate material flow, stock transfers, and purchase processes.



## More than smarter and faster – reimagining work

### Reduce

safety stock inventory

### Increase

customer satisfaction

### Ability

for personalized consumer offering

# CONSUMER PRODUCTS ON SAP S/4HANA – OVERVIEW

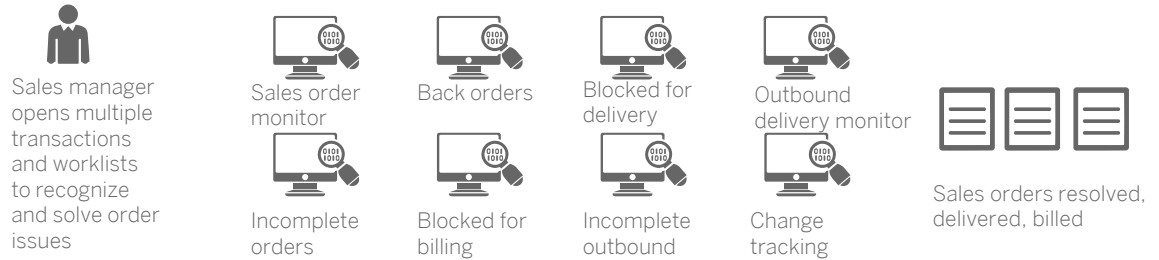
## EXAMPLE: Process and User Simplification

SAP S/4HANA enables an anywhere, any-device, mobile-first, role-based user experience that simplifies and enhances employee engagement and productivity, transforming the way sales order management gets done.

## SAP S/4HANA for Use in Sales Order Fulfillment

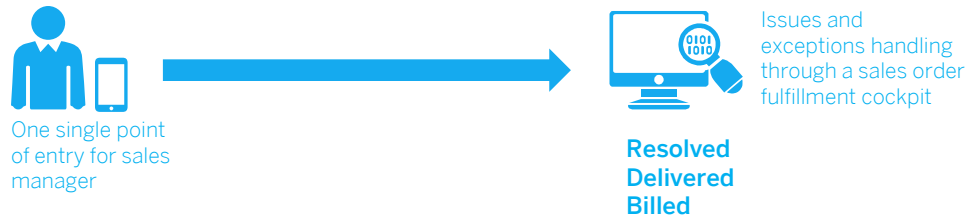
### Traditional ERP

Sales order issues and exceptions are typically identified and resolved by working through multiple transactions and worklists, like incomplete orders, back orders, orders blocked for delivery, and so on – a time-consuming, error-prone process.



### SAP S/4HANA

Through the sales order cockpit, the sales manager can directly access the respective documents to resolve issues quickly. The cockpit provides the sales person a single point of entry to easily identify order issues and exceptions.



## More than smarter and faster – reimagining work

### Improved

user productivity

### Increased

end-to-end order management transparency

# REAL-TIME SUPPLY CHAIN DEEP DIVE



Typical Challenges	Traditional ERP	SAP S/4HANA Enhancements	Benefits
<p>Long and overnight batch runs result in planning inefficiencies.</p> <p>Inflexibility to include real-time, changing demands in the planning run leads to outdated and inaccurate planning.</p>	<p>Planning runs at a predefined time without real-time data.</p> <p>MRP lists are working with snapshots of the planning situation during the planning run.</p>	<p>Accelerated MRP for improved effectiveness of planning with faster and more frequent MRP runs – multiple times a day</p> <p>SAP Fiori® apps for use with MRP (cockpit) to provide real-time insights into material availability and flow</p> <p>SAP Fiori app for load building and efficient order and transport execution</p>	<ul style="list-style-type: none"> <li>• Reduced manufacturing cycle time</li> <li>• Improved manufacturing FTE efficiency</li> <li>• Reduced revenue loss due to stock-outs</li> <li>• Reduced supply and inventory planning cost</li> <li>• Increased inventory accuracy</li> <li>• Reduced safety stock inventory</li> <li>• Increased on-time delivery performance</li> <li>• Improved customer satisfaction</li> <li>• Ability for personalized consumer offering (segment of “one”)</li> </ul>
<p>Lack of accurate, up-to-date inventory data, lead times, and procurement timings for the planning lead to an inefficient planning process.</p> <p>Low inventory throughput prevents live inventory updates.</p>	<p>Inventory status is calculated overnight.</p> <p>Live inventory updates are not available; inventory status is reflected in the system with time offset.</p> <p>Inventory throughput may reach boundaries depending on business scenario.</p>	<p>Live inventory management through redesigned data model, enabling unlimited simultaneous material movement and allowing for true transparency on inventory and material flows</p>	<ul style="list-style-type: none"> <li>• Reduced revenue loss due to stock-outs</li> <li>• Increased production plan adherence</li> <li>• Reduced total cost of ownership (TCO) through landscape simplification</li> </ul>
<p>Planning systems disregard capacity and material constraints.</p> <p>Disparate planning and transactional systems lead to data integration latency and errors.</p>	<p>Production planning capabilities (MRP and constrained planning) are available in ERP and advanced planning systems [advance planning and optimization (APO) and third party].</p>	<p>Advanced and embedded production planning and detailed scheduling capabilities in SAP S/4HANA® with harmonized master data and SAP Fiori user experience (UX)</p> <p>Streamlined data and processes with and embedded analytics and decision support for faster MRP-based planning and execution processes, resulting in more accurate information and reduced latency planning</p>	<ul style="list-style-type: none"> <li>• Reduced revenue loss due to stock-outs</li> <li>• Increased production plan adherence</li> <li>• Reduced total cost of ownership (TCO) through landscape simplification</li> </ul>
<p>Data replication between different systems</p>	<p>Replication of business partner, material values, purchase, process, and production order data are transferred to a decentralized extended warehouse management system.</p>	<p>SAP Extended Warehouse Management embedded in SAP S/4HANA core for reduction of interface complexity and improved change management of deliveries</p>	

\* Benefits are based on early adopters of SAP S/4HANA or conservative outside-in benefits due to moving from a traditional ERP to enhanced SAP S/4HANA plus LoB and cloud capabilities. As each enterprise is at a different level of maturity, we recommend working with you to determine the value proposition for your enterprise.



# DIGITALIZED SALES DEEP DIVE

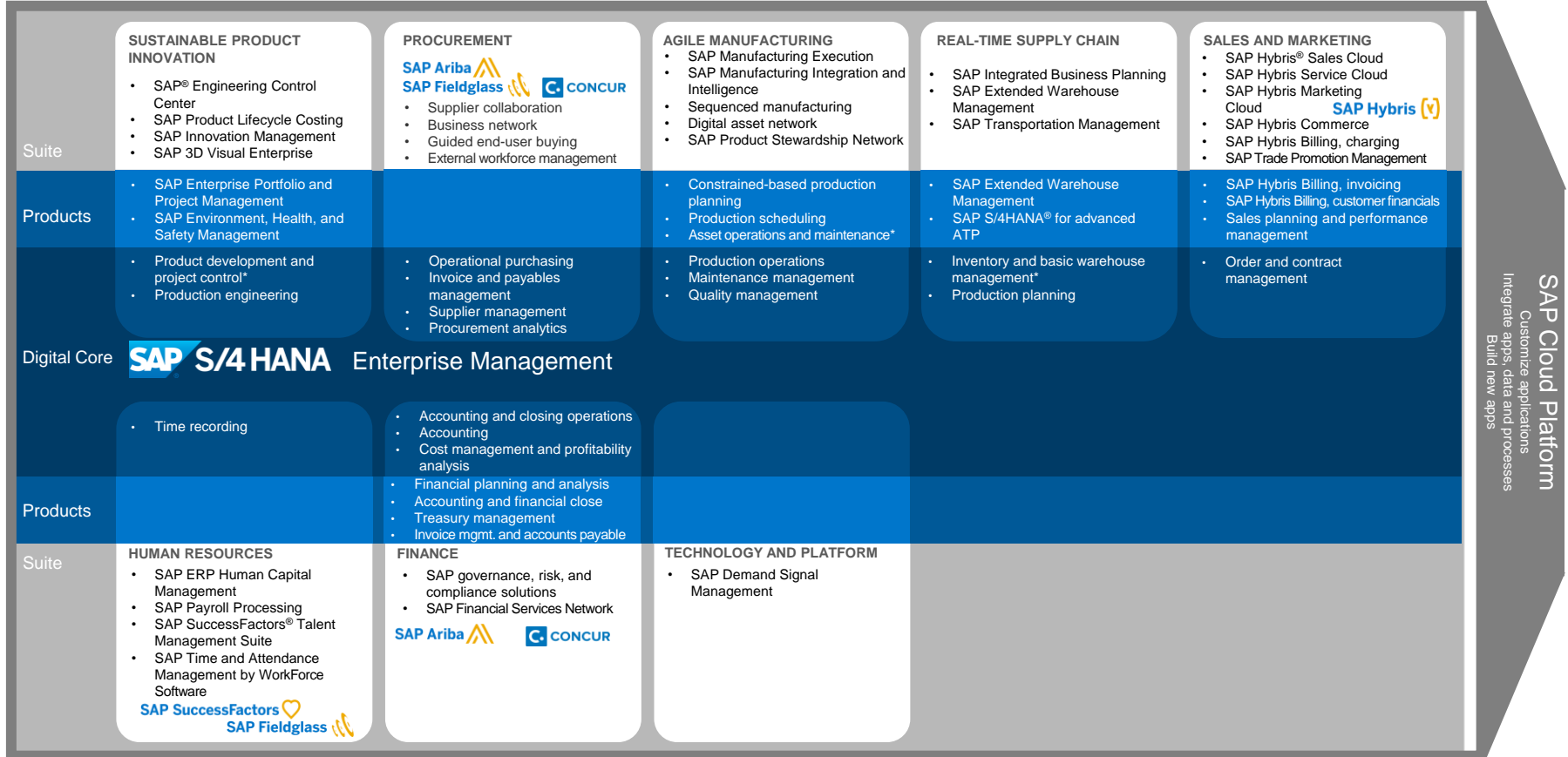


Typical Challenges	Traditional ERP	SAP S/4HANA Enhancements	Benefits
<p>Inefficient strategies or manual processes to manage orders and allocations lead to revenue loss and fulfillment issues.</p> <p>Inability to select alternative sources intelligently impacts profitability targets.</p> <p>Inability to promise accurate and reliable order dates leads to customer dissatisfaction and revenue loss.</p>	<p>Global ATP checks in a different planning system.</p> <p>Only low-volume back-order processing is supported.</p>	<p>Advanced ATP providing a sophisticated order promising and confirmation process that allows users to check availability in real time and set-up and check against use-case-driven allocations</p> <p>Perform backorder processing with intuitive requirement classification and automated exception handling; manual change of confirmations before releasing for delivery</p>	<ul style="list-style-type: none"> <li>• Reduced TCO</li> <li>• Reduced revenue loss due to fulfillment issues</li> <li>• Improved customer satisfaction</li> </ul>
<p>Lack of visibility into the order management system results in slow resolution of order fulfillment issues with risk of delayed delivery.</p>	<p>Responsible employee has to check multiple reports to get a holistic view of all process-related issues.</p> <p>Prior communications and decisions cannot be tracked in the system.</p>	<p>A sales order fulfillment monitor that provides a prioritized list with key characteristics of outstanding sales based on real-time information</p> <p>Relevant insights, contacts, and collaboration features for internal sales</p>	<ul style="list-style-type: none"> <li>• Improved internal sales productivity</li> <li>• Increased end-to-end order management transparency</li> </ul>
<p>Difficulties to monitor the order-to-cash process performance results in a lack of immediate transparency.</p>	<p>No capacity is available for process performance monitoring (only with additional process observer feature).</p>	<p>Prebuilt content to monitor and analyze order-to-cash process performance, allowing insights into process cycle times and enabling process manager to improve the service level for customers</p>	<ul style="list-style-type: none"> <li>• Optimized O2C performance</li> </ul>
<p>High data volume and low flexibility in rebate processing results in time-consuming and error-prone processes.</p>	<p>Ability to offer rebates to additional customers is limited as invoice history has to be rebuilt in batch runs; rebate process lacks possibility to use sources other than customer invoices as a basis for rebate calculation.</p>	<p>More flexibility with settlement management, as rebate index does not need to be rebuilt when past (retroactively) or new customers become eligible for rebates; additional source for rebate calculation to allow improved business models</p>	<ul style="list-style-type: none"> <li>• Enhanced and more targeted business models through more flexible rebates</li> </ul>

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# SAP S/4HANA SOFTWARE PORTFOLIO FOR CONSUMER PRODUCTS

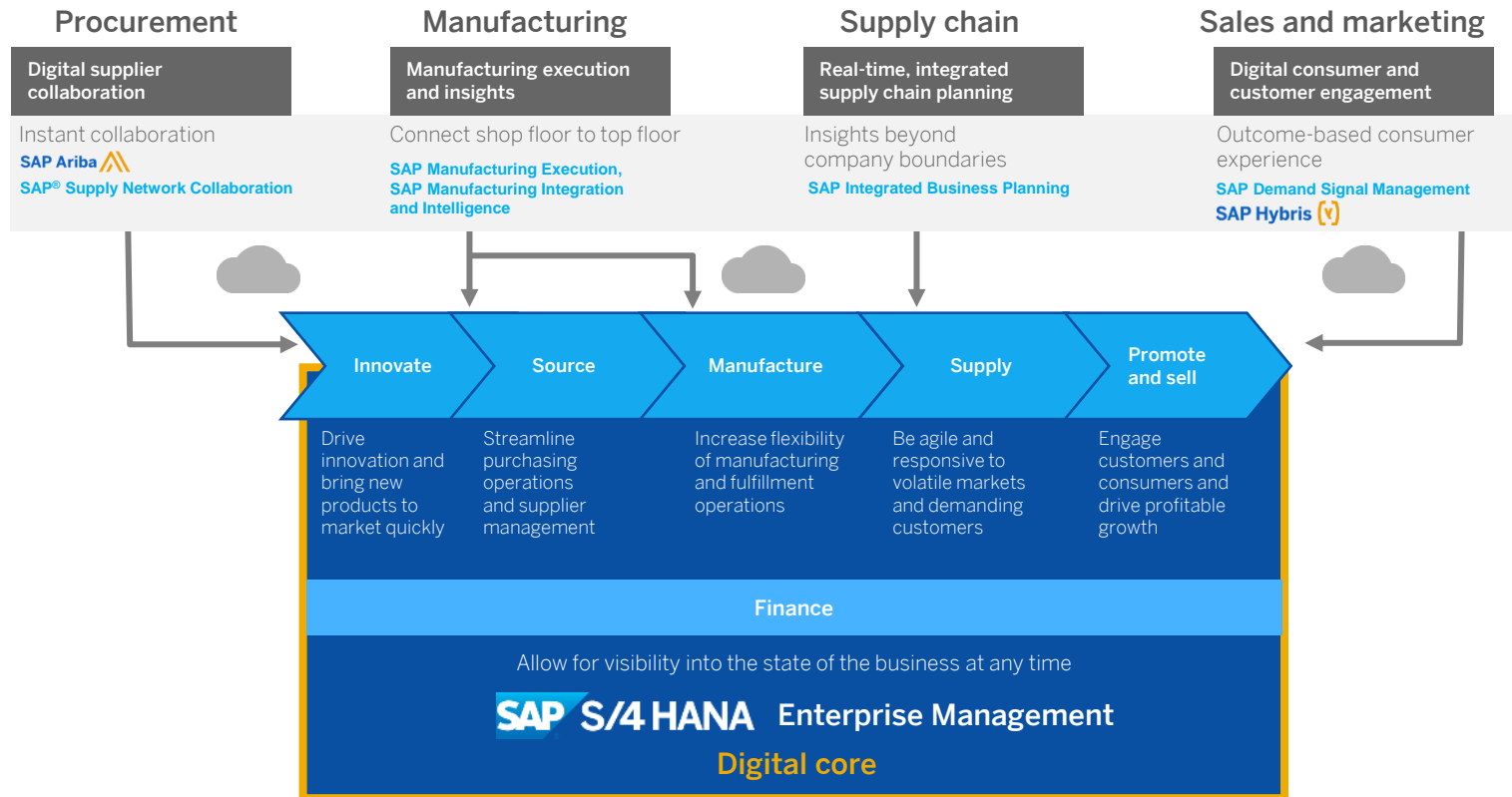
SAP S/4HANA, the digital core, also provides native prebuilt integration to allow consumer products companies to leverage the complete portfolio of SAP solutions to comprehensively address their needs as demanded by today's digital economy. Processes are designed from the outset to flow end to end across the cloud-based solution extensions (listed in the white band area in the graphic below) and are fully integrated into the SAP S/4HANA Enterprise Management solution and optionally deployed to address business needs. The solution capabilities in the dark blue band, the digital core, are delivered as part of SAP S/4HANA Enterprise Management. The products in the lighter blue band, also in the digital core, are part of SAP S/4HANA Enterprise Management, but added on as needed.



# SAP S/4HANA SOFTWARE PORTFOLIO FOR CONSUMER PRODUCTS

## An End-to-End Solution for Consumer Products Companies

Consumer products companies constantly need to accelerate time to market with outcomes that digital consumers want. They need to respond to dynamic demand quickly and profitably. The capabilities delivered with SAP S/4HANA and the preconfigured native integration with the LoB solutions ensure processes run smoothly and efficiently across the total engagement lifecycle, allowing companies to reach, engage, and serve consumers with timely, tailored, and relevant offers along the entire path to purchase.



# SAP S/4HANA CONSUMER PRODUCTS VALUE PROPOSITION

SAP S/4HANA gives consumer products companies a proven framework to adopt industry best practices while attaining operational excellence across all areas of the value chain with a focus on supply chain and sales.



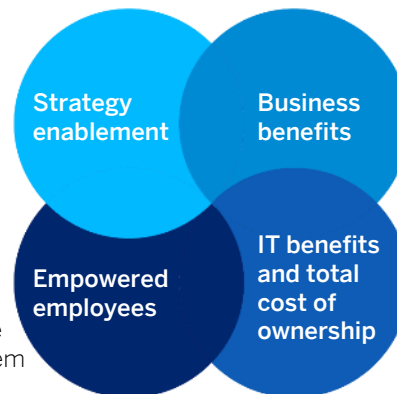
## Strategy Enablement

- Accelerate creation of new business models
- Enter new markets and industries
- Accelerate M&A synergy
- Run live (SAP® Digital Boardroom)
- Reorganize on the fly
- Achieve greater speed and agility
- Run Simple (master complexity)
- Manage risk and ensure compliance



## Empowered Employees\*

- Actionable insights on unified, real-time data and processes – with built-in system suggestions for decision support
- Role-driven, user-centric processes and self-service business intelligence for user empowerment
- Increased productivity with a new role-based way of working with responsive, intuitive SAP Fiori® UX on all devices



## Business Benefits\*

- 10%–20% increase in customer satisfaction
- 10%–30% increase in on-time delivery
- 25%–30% reduction in inventory levels
- 10%–15% reduction in revenue loss due to stock-outs
- 10%–12% reduction in total logistics cost
- Reduction in total manufacturing costs up to 10%
- Increased material posting throughput from 5–25 times
- 10%–15% reduction in order lead times



## IT benefits and TCO\*

- Reduced data footprint
- Merged online analytical and transaction processing (OLAP and OLTP)
- Elimination of many desktop clients
- Lower testing costs
- Simplified landscapes
- Native integration

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# CUSTOMERS ARE ACHIEVING VALUE FROM SAP S/4HANA

## dōTERRA

Founded in 2008, the essential oils company needed to scale its systems to keep up with booming growth, serving three million customers today across the globe in a direct-selling approach.

dōTERRA went live with SAP S/4HANA, which has standardized their core operational processes on a technology platform that will support the company's strategic growth and diversification into new markets, products, and channels. The adaptable SAP solution will scale even as dōTERRA adds millions of new wellness advocates, expands its offerings, and adds new revenue streams.

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"We chose SAP S/4HANA for our transformation journey because we believe in the power of the entire SAP HANA software suite."  
Todd Thompson, CIO, dōTERRA



**Company**  
dōTERRA

**Industry**  
Consumer products

**SAP solutions**  
SAP S/4HANA  
SAP Hybris solutions

**Customer Web site**  
[www.doterra.com](http://www.doterra.com)

Click [here](#) for the source reference

## Hershey's

The Hershey Company leverages SAP S/4HANA to support its business's digital transformation to run live. Hershey's is on a journey to providing an uninterrupted flow of information to employees across the company.

SAP S/4HANA is seen as the enabler of a live business environment, with deeper analysis and greater insights for better business decisions.

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"Enterprise connectivity is going to be the single most important thing to be able to win in the marketplace. And we want to win."  
J.P. Bilbrey, CEO, The Hershey Company



**Company**  
The Hershey Company

**Industry**  
Consumer products

**SAP solutions**  
SAP S/4HANA

**Customer Web site**  
[www.hersheys.com](http://www.hersheys.com)

Click [here](#) for the source reference



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