



# Wholesale/Retail Event Zagreb

15th of November 2006

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**Field Service Manager Wholesale**  
**EMEA News, SAP AG**

## ■ Who we are

- Responsibilities of the IBU

## ■ Solution Offerings

- Segmentstrategy
- Solution Map
- Development within ERP 2005 - Key Developments

## ■ References

- The Grainger Story
- Achieving 150% ROI @ BayWa
- Reduce Processing Time with Chargeback Management @ BSE
- Enable Profitable Growth with SAP @ The Wolf

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## Development

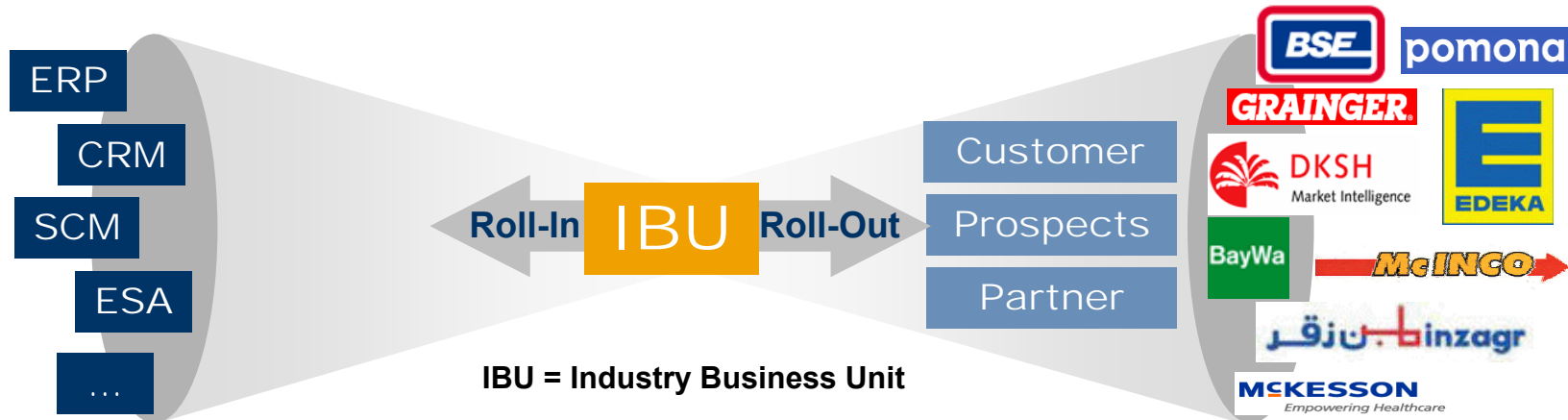
36.000 employees,  
thereof 10.000 developers

## Industries

28 industries

## Companies

Over 1.700 customer  
in over 100 countries



- BU Wholesale Distribution founded in March 2004
- “Single Point of Contact”
- Global responsibility
- Driver for the industry-specific solutions

- **SAP Business Plans and Strategy**
- **Keep customer informed (contribute to global and industry events)**
- **Roll-in industry-specific processes**
- **Driving SAP Industry Solution for Wholesale Distribution**
- **Global roll-out**
- **Best Practice for Wholesale Distribution**
- **Leverage Partner Experience**

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## Business Segments

➤ Industrial Wholesale/High Tech

➤ Medical & Healthcare Distribution

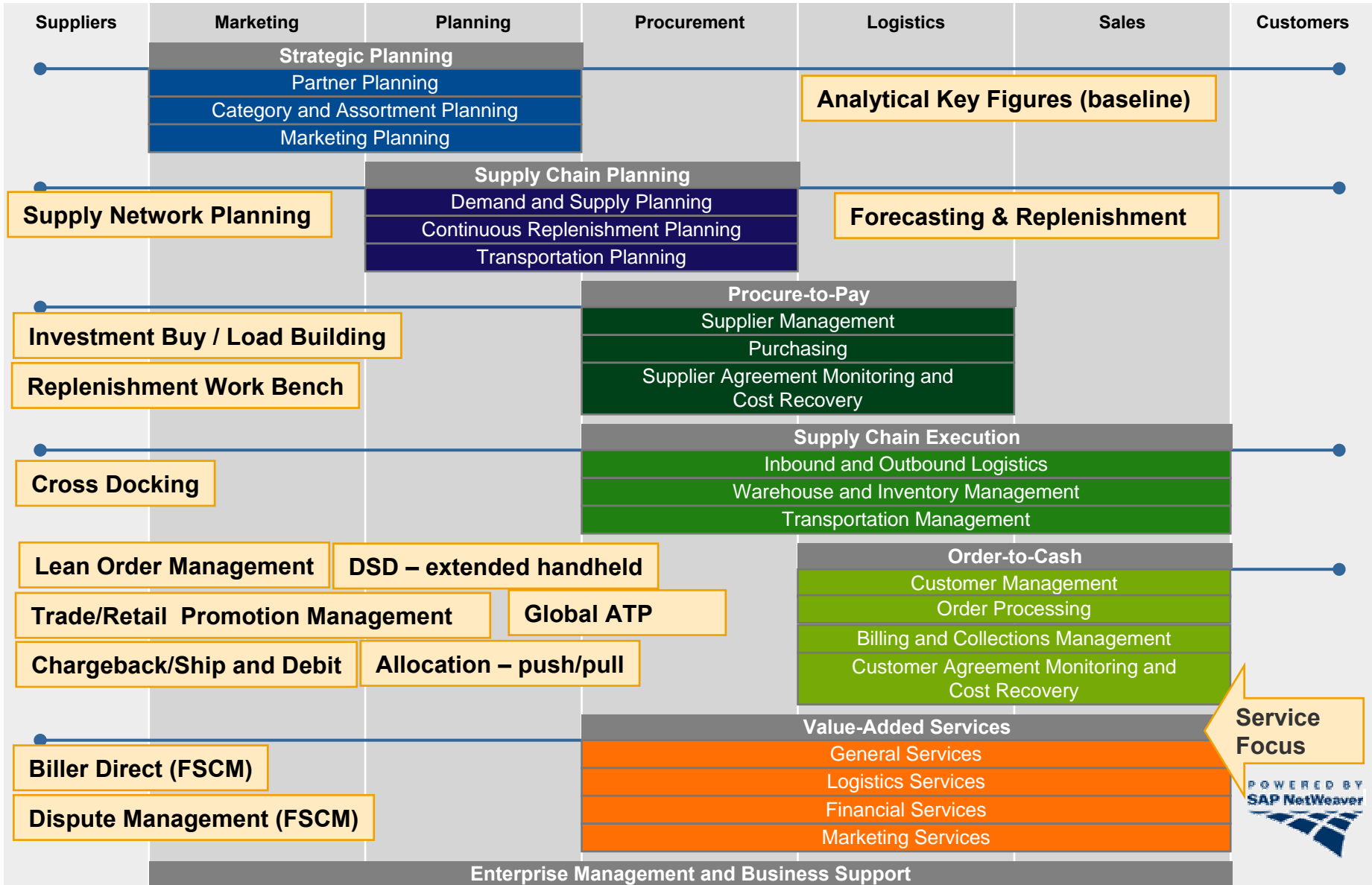
➤ Food Wholesaling

## Customer groups

- Wholesale Distributors
- Companies with wholesale distribution processes
- Franchiser
- Associations
- Purchasing Co-operatives/Buying groups

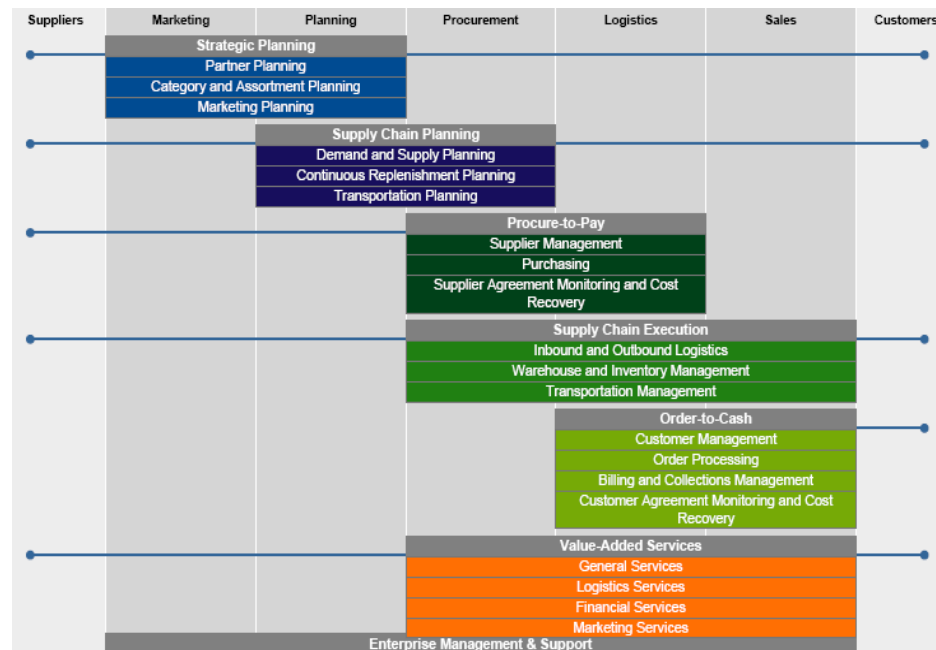


# At the Core: The Right Solution Scope



## Shipped with ERP 2005 and later

- Lean Order Management with Catalog Integration
- Role Based Cockpits: Sales, Purchasing, Warehouse
- Rentals
- Returns Management – customer + own returns
- Load Building, investment buy – composite
- Chargeback Management Phase II
- Analytical Key Figures
- ....



## Partner Ecosystem

### ISV Partner (Examples)

- All-in-one:  
Itelligence, FIS, Cormeta, Comgroup, IBM, ...
- Point solutions:  
Vistex, CranBerry, MYuice, BBit, ...

**Change Standard Order 51: Overview**

Standard Order: 51      Net value: 426.732,00 EUR

Sold-to party: 126      Herr // Wadern

Ship-to party: 126      Herr // Wadern

PO Number: qf      PO Date: 04.10.2006

Req. deliv.date: D 04.10.2006      Deliver.Plant: [ ]

Complete div.      Total Weight: 0 KG

Delivery block: [ ]      Volume: 0,000

Billing block: [ ]      Pricing date: 04.10.2006

Payment card: [ ]      Exp.date: [ ]

Payment terms: 0001      Pay immediately w...      Incoterms: [ ]

Order reason: [ ]

Sales area: 0001 / 01 / 01      Sales Org. 001, Distribtn Channel 01, Product Division 01

Item	Material	SU	S	Description	Customer Material ...	ItCa	DGI..	HgLvIt	D	First date	Plnt	Batch	CnTy	Amount	Crpy	Net p
10	TC-MAT1	ST	<input checked="" type="checkbox"/>	pumpe 40 cm		TAN			D	04.10.2006	0001		PR00	213,00	EUR	
20	TC-MAT2	ST	<input checked="" type="checkbox"/>	pumpe 30 cm		TAN			D	04.10.2006	0001		PR00	3.421,00	EUR	
30	TC-MAT3	ST	<input checked="" type="checkbox"/>	pumpe 50 cm		TAN			D	04.10.2006	0001		PR00	123,00	EUR	
			<input type="checkbox"/>						D	04.10.2006						
			<input type="checkbox"/>						D	04.10.2006						
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## Material View

- Enhanced material and price/cost information

## Enhanced Material Search

- Materials and supplier catalog products search
- Enhancement of results with customer specific prices and ATP qty
- Keyword search

## Material Creation

- On-the-fly material creation from search results

Call Enhanced Material Search

Call Material view

## New integrated business scenario to sell goods directly from the store with immediate payment

- Lean order entry, intuitive UI based on webdynpro
- Index-based **full-text customer search**
- **Full-text material search** for
  - ◆ existing materials
  - ◆ supplier catalog products
  - ◆ Key word search
- **Key word maintenance application** on material group level
- Application to **define close-by stores**
- Fast **template based material creation** out of supplier catalog products
- **Material view** with details about own availability, availability of close-by stores, pricing, vendor, basic data, texts, ...
- **Fast discount maintenance** %/abs/margin on header and item level
- Change order type during order creation
- **Interface to 3rd party Cash Drawer** solutions
- Flexible customizing

### Detailed Navigation

- Work Overview
- Sales Documents**
- Return Documents
- Purchasing Documents
- Master Data
- Statistics

### Services

#### Create

- [a Sales Order](#)
- [a Quotation](#)

#### Display

- [a Sales Order](#)
- [a Quotation](#)

#### Change

- [a Sales Order](#)
- [a Quotation](#)

[Define New Query](#) | [Personalize](#) | [Update All](#)

### Sales Documents Worklist

**Sales Orders**    [With Individual Purchasing \(5\)](#)    [With Quantity Problems \(4\)](#)    [With Delivery Due Date Problems \(2\)](#)  
[Partially not Delivered \(5\)](#)    [On Hold \(0\)](#)    [Approaching Delivery Due Date \(12\)](#)    [Incomplete EDI Sales Orders \(8\)](#)  
[Incomplete Sales Orders \(8\)](#)    [All Sales Orders \(73\)](#)

**Quotations**    [Overdue Quotations \(4\)](#)    [Approaching Delivery Due Date \(13\)](#)    [Incomplete Quotations \(3\)](#)    [All Quotations \(32\)](#)

### Sales Orders with Delivery Due Date Problems

View:

	Header 1	Header 2	Header 3	Header 4					

Page 1 of 1

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### Customer Specific View

Customer Name:  or Customer Account ID:

### Product Inquiry

Product Name:  or Product ID:



## Sales Cockpit - Internal Sales Representative

- Customer related Alerts:
  - ◆ Sales Orders with due date postponed
  - ◆ Order Quantities cannot be met
- Direct View on Customer Information
  - ◆ Master Data: Credit Limit, Statistics, ...
  - ◆ Customer History: Open Orders, Deliveries, Complaints, ....
  - ◆ New Inquiries, new customers

## Purchasing Cockpit - Buyer

- Supplier related Alerts:
  - ◆ Price and Quantity Changes in Purchase Orders
  - ◆ Varying Inbound Delivery Quantities
  - ◆ Out of Stock situation
- Direct View on Inventory/Purchasing Data
  - ◆ Purchasing Requisitions and Purchasing Orders
  - ◆ Replenishment Workbench: Start and Tracking of Forecast/MRP run
  - ◆ Stock Situation

## Logistics Cockpit – Warehouse Manager

- Alerts:
  - ◆ Inbound Delivery Quantities changed
- Direct View on the following information:
  - ◆ Inventory Levels
  - ◆ Work Load Planning: Goods Receipts, Deliveries
  - ◆ Inbound/Outbound Delivery
  - ◆ Initiate and track physical inventory counts

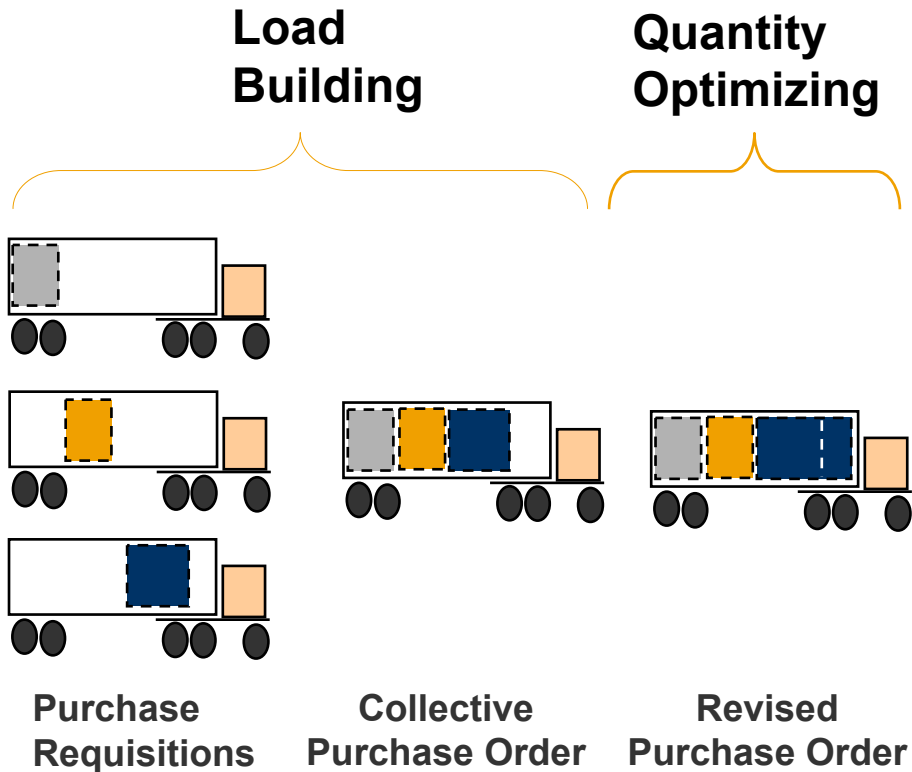
## What is Rebate Management?

- Handling of all vendor-sided contracts including quantity or value scales.
- Those contracts typically are settled subsequently, periodical or by the end of the year.
- SAP offers operationally all functionality needed to create, maintain and settle condition contracts with vendors periodically, partially or completely.

## What is new for Rebate Management?

- Key Figures within the BI content for potential and settled revenue.
- Simulation of bonus revenue by varied business volume
- Pro-active alert, when next bonus scale can be reached before the end of the period.

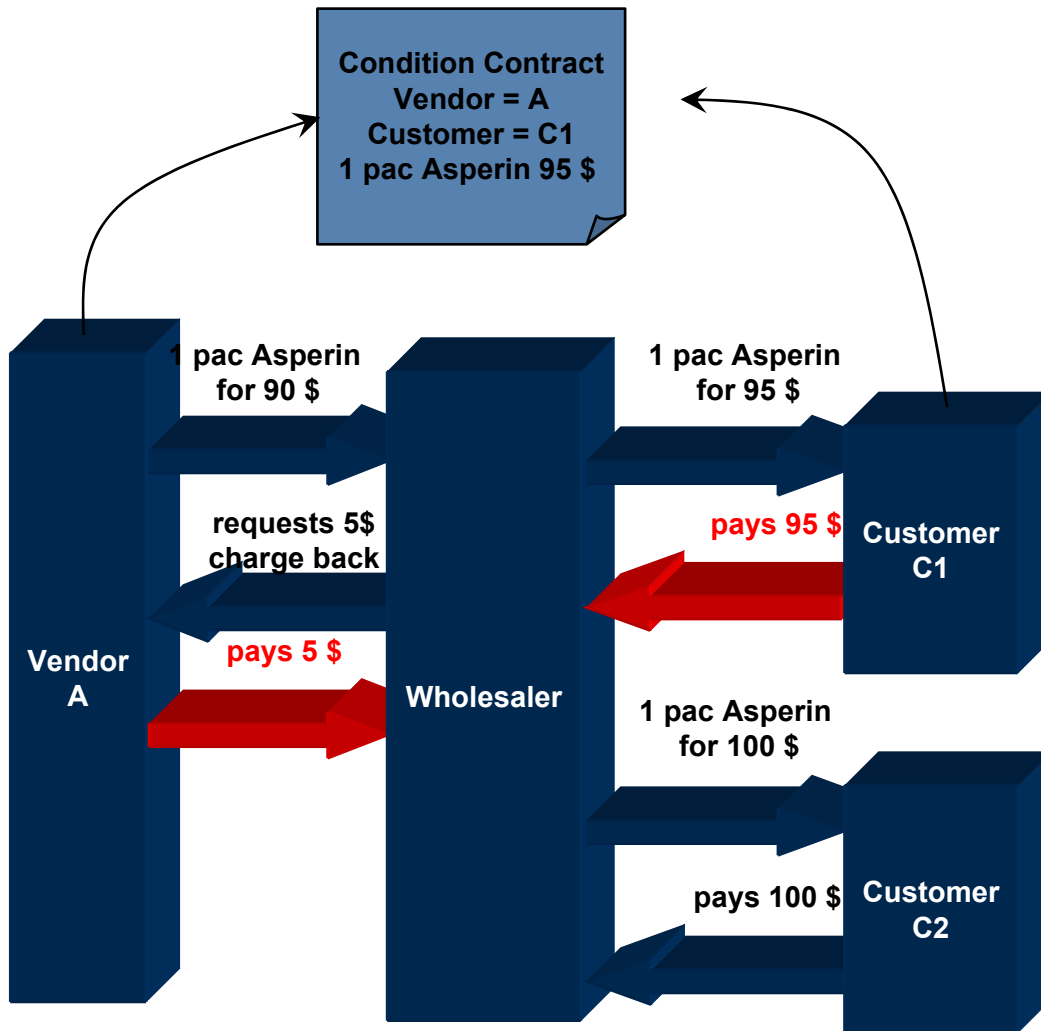
# Buy Full Trucks and get more discounts – supported by Load Building



## Benefits

- Reach quantity/volume discounts by adjusting amounts to meet full loads.
- Lower Transportation Costs
- Lower Operating Costs
- Perform more efficient put away processes.
- Take advantage of investment buy or deal buy opportunities
- Streamlined billing associated with a collective purchase order process

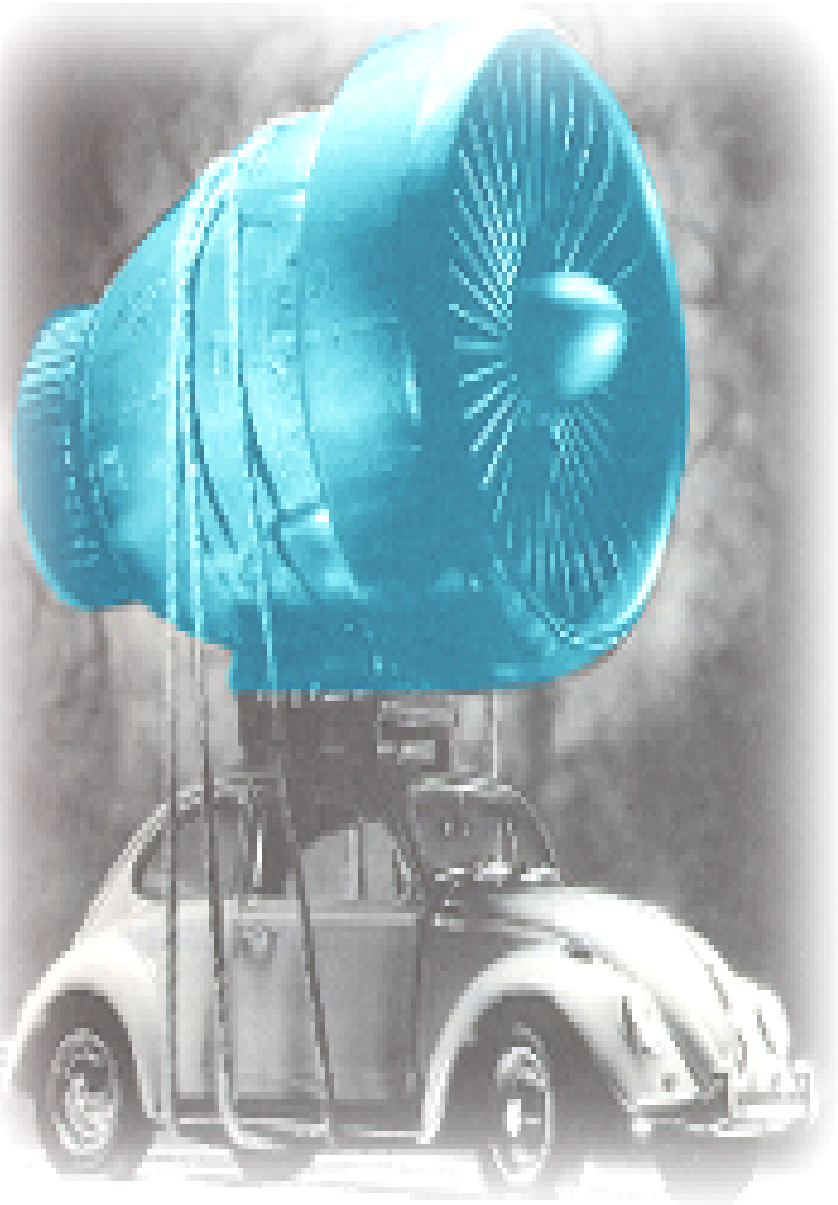
# Charge Back/Ship and Debit Scenario



## Benefits

- Tracking of outstanding credits
- Reduce time to receive credits
- Reduce working effort
- Great Visibility of current situation
- React quickly

- **Collection of round about 400 wholesale-specific key figures**
  - **Excelsheet available for customers**
  
- **New BI content area “Wholesale Distribution”**
  - **Including brand-new key figures for Chargeback Management, Pooled Payment and Rebate Management**
  
- **New features for Rebate Management**
  - **Simulation of business volume to get the planned bonus revenue**
  - **Alert to get information if next bonus scale can be reached**
  
- **New Cockpits for Wholesale Distribution**
  - **Sales Cockpit**
  - **Purchasing Cockpit**
  - **Logistics Cockpit**

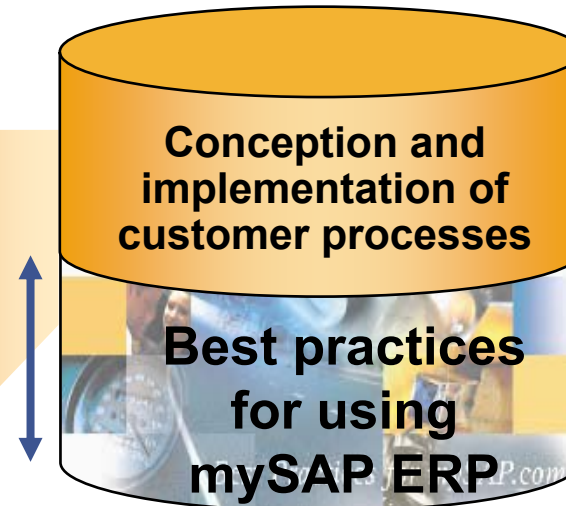


- **SAP's solutions are too big and complex – overkill for a midsize enterprise**
- **SAP is too expensive = risky**
  - **Implementation**
  - **Ongoing operations**
- **SAP takes too long to implement & requires too many resources**
- **SAP's solutions are only for big international companies**

## Traditional strategy for an implementation project

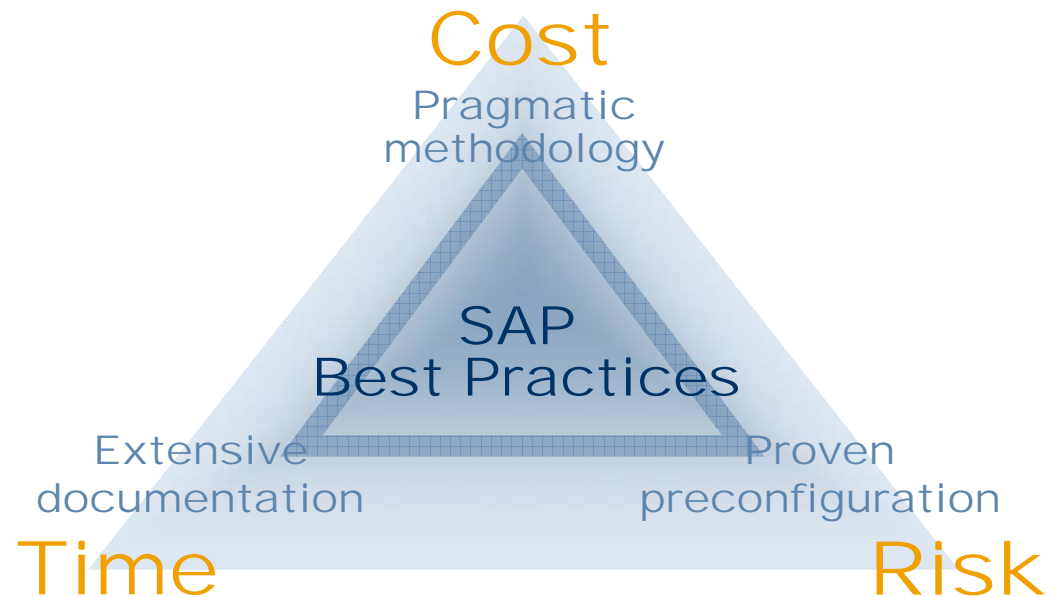


## Implementation using best practices for SAP ERP packaged solution



Get a living and fully documented prototype within days that you can rapidly turn into a productive solution.

- SAP Best Practices are the **sound foundation** for prepacked ready-to-use business solutions
- SAP Best Practices cover well-proven **business scenarios** that help to exploit the potentials of **mySAP ERP**
- Flexible **building block technology** enables you to implement and adapt your solution in a very flexible way

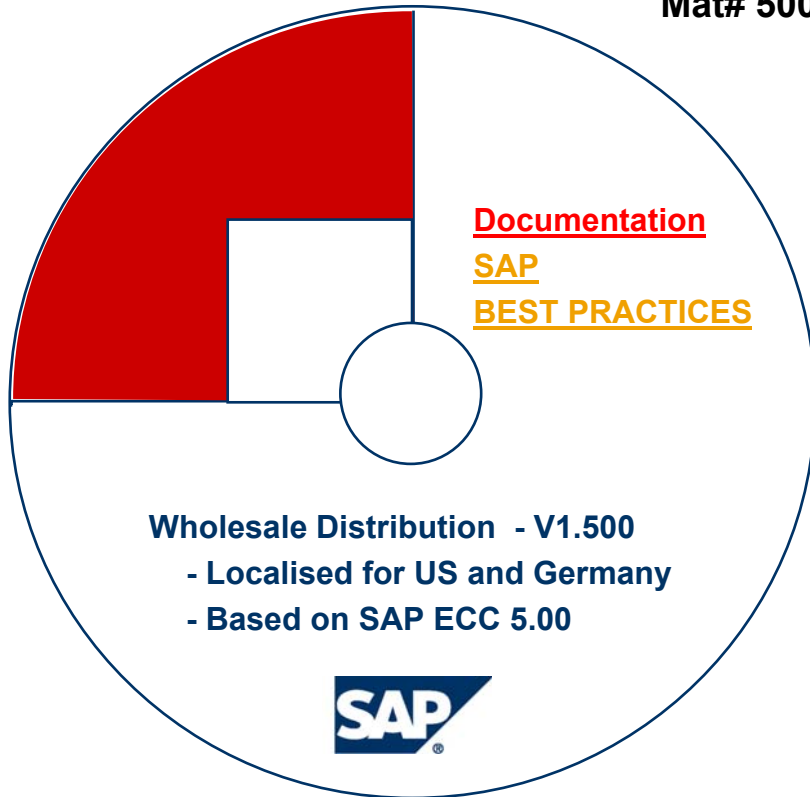


## Time/Cost/Risk Saving Tools

- SAP Best Practices Installation Assistant
- SAP Best Practices Personalization Assistant
- extended Computer Aided Test Tools (eCATTs)
- Business Configuration Sets (BC sets)

# SAP for Wholesale Distribution – Best Practice

Mat# 50078159



- Based on ERP 2004 available now
- Based on ERP 2005 available December 2006
- Localized for US and China
- Personalisation Assistant – set up a customer specific system using the right master data and organisational structures
- Installation Assistant - install what is really needed by the customer
- Contains a lot of process documentation
- Fully documented customizing
- Process documentation – power points to accelerate customer Workshops

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# Customers in Wholesale Distribution – world wide 1,700+





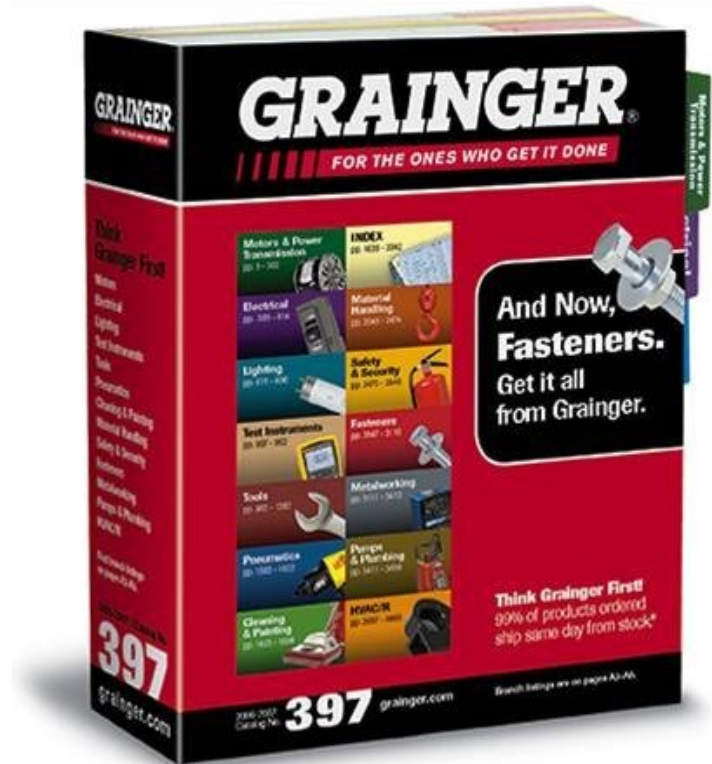
## Big Bang Implementation @ Grainger

Achieving 150% ROI @ BayWa

Reduce Processing Time with Chargeback Management @ BSE

Enable Profitable Growth with SAP

- **Founded in 1927**
- **\$5.5 billion in sales**
- **16,500+ employees**
- **2 million customers**
- **1,200 suppliers**
- **582 branches**
- **18 distribution centers**
- **Access to 500,000+ products**
- **United States, Mexico, Canada, and China**



## Grainger's Goal

**Save customers time and money as they maintain, repair and operate their facilities by:**

- **Offering a broad range of products through multiple channels**
- **Having high product availability with a local presence**



- ✓ **Build a platform of common processes**
- ✓ **Create a consistent customer experience across all channels**
- ✓ **Shift to a process-oriented business architecture**
- ✓ **Establish a single source of truth for all information**

## Project Challenges

- **High transaction volume and complexity**
- **Large, geographically dispersed workforce**
- **Large number of technology suppliers**

- ✓ **Successful Big Bang implementation of complex processes with high data volumes**
- ✓ **Running SAP in over 400 branches with a large workforce**
  - ✓ **320 million rows of data**
  - ✓ **105 business warehouse objects**
  - ✓ **350 EDI maps built**
  - ✓ **460 servers installed**
  - ✓ **2 data centers equipped**





Big Bang Implementation @ Grainger

Achieving 150% ROI @ BayWa

Reduce Processing Time with Chargeback  
Management @ BSE

Enable Profitable Growth with SAP



- Group turnover in 2005: 6.5 bill. Euro
- 15,500 employees in 7 countries in Europe
- Business Units: Agriculture, Building Materials, Energy

## BayWa | Building Materials



- Mission: One-stop provider of building materials with system solutions for all German-speaking countries
- > 1 bill Euro, > 3,300 employees, > 200 locations
- Customer: construction companies, building trade, house & garden owners

## Optimizing and Reorganizing Core Business Processes Across the Entire Company

### Key objectives

- Consolidate key factors to ensure competitive success
- Create transparent and accelerated business processes
- Group-wide standardization of core business processes
- Boost efficiency



### Operative goals

- Optimize inventory turnover
- Reduce inventory levels
- Increase gross margins
- Optimally tap purchasing potentials & reduce number of suppliers
- Optimize availability of goods, to boost turnover





## Situation

Heterogeneous application landscape & interfaces

Processes differ from location to location

Possibility to avoid required process steps



## Resulted in

Increased maintenance and poor data quality

Difficult to integrate modern communication media

Lack of coordination in flow of goods and in cash flow

## New Processes

**Automated invoice verification and billing**

**Bonus settlements based on BayWa data & sent directly to responsible party**

**Standardized, centralized gross price list**

**All price & condition variants available centrally**

**Orders grouped in warehouse**

## Resulted in

**Clearing time reduced by more than 3 days**

**High degree of transparency and settlement security**

**Transparency of customer-specific discounts**

**Boost efficiency of sales,  
Reduction of customer complaints**

**Lower procurement costs,  
Less vendors**

Taking into account of all positive aspects, a ROI of more than **150%** can be achieved over 5 years.

This gives rise to a time to value of just **3.4 years**.





Big Bang Implementation @ Grainger

Achieving 150% ROI @ BayWa

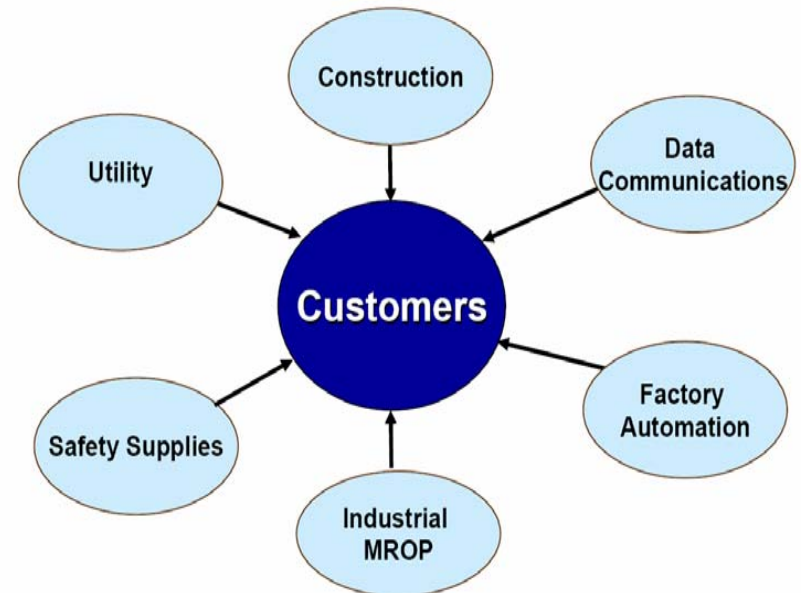
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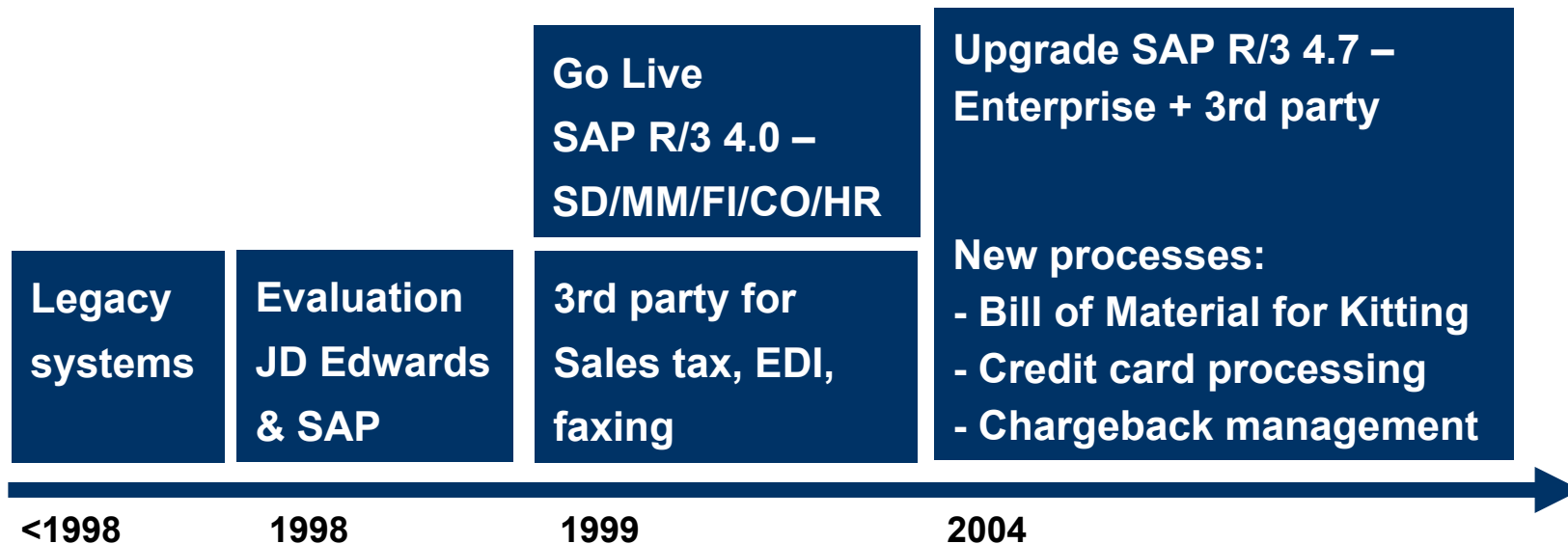
Enable Profitable Growth with SAP

## Mission

**Provides value by delivering innovative product and supply chain solutions for construction, industrial, utility, and datacom customers.**

- **Sales volume \$640 million**
- **43 branch locations in 11 US states and Mexico**
- **1,000 employees**
- **Solutions provider for technology, logistics, alliances, and training**
- **Inventory value \$100 million -> 1,477,000 unique items**

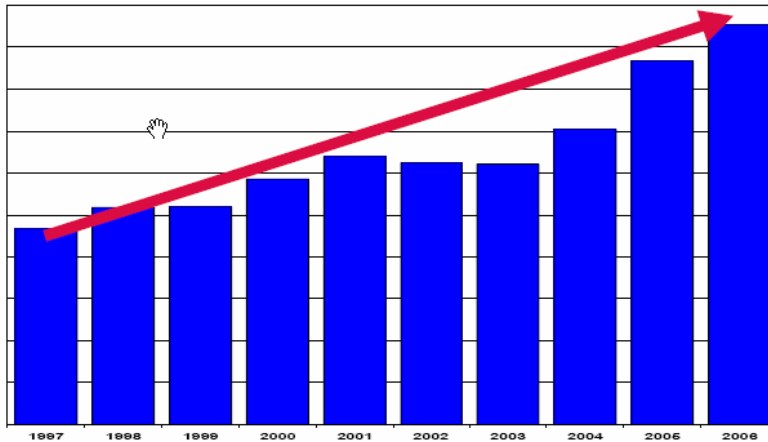




## Benefits

- Platform for growth
- Improved productivity
- Improved asset performance
- Customer value-added services

Annual Sales



**Sales – doubled**

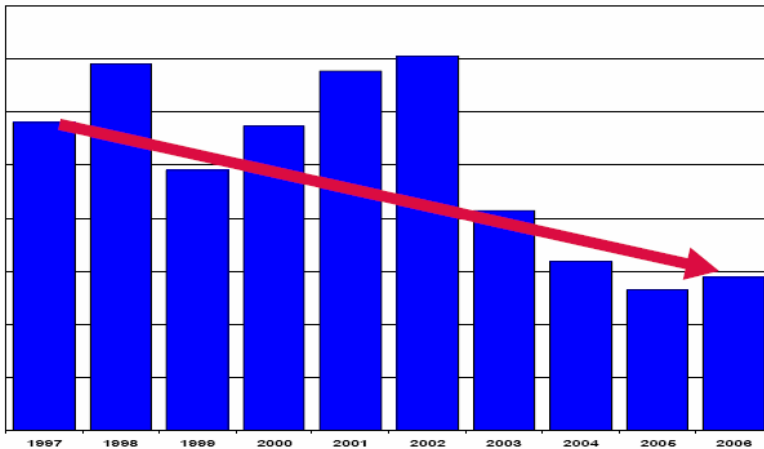


**Profit - quintupled**



**Days Sales Outstanding – reduced  
2 days -> \$2.6 million cash**

Days Sales Outstanding



**Accounting FTEs – decreased 10%**



**Line items ordered – 51% via EDI**



**Customized customer service**



- ✓ **Standard platform for the data**
- ✓ **Consistent business processes**
- ✓ **Real time data for customers & vendors**
- ✓ **Month-end-close reduced by 15-20 days**
- ✓ **Flexible and scalable system**

## Before SAP Chargebacks

- 175 hours/month required to file & reconcile SPA Claims
- SPA Claims and Credits were poorly tracked
- No measure of how long it took to get credits
- No systematic way to determine if credit received
- Visual inspection required to match credit memos and claims
- Inability to track and control the claim process

## After SAP Chargebacks

- 65 hours/month required to file & reconcile SPA Claims
- 63% reduction in time  
- Headed to 45 hours/month
- SPA claims and credits are easily tracked and highly visible
- Credits received within 1-3 days of filing



SAP in the Wholesale Distribution Industry

Big Bang Implementation @ Grainger

Achieving 150% ROI @ BayWa

Reduce Processing Time with Chargeback  
Management @ BSE

**Enable Profitable Growth with SAP – The Wolf**



KPI	Before SAP	Now	Change
# of Employees	575	588	2%
Sales	\$179,000,000	\$360,000,000	101%
Sales per EE	\$311,000	\$612,000	97%
Gross Income	\$40,000,000	\$84,000,000	110%
Gross Income per EE	\$70,000	\$143,000	104%
Return on Sales	2.6%	4.4%	73%
Total Wage/Benefits per EE *	\$39,342	\$80,540	105%
AR Days Outstanding	37.0	34.5	(2.50)
Inventory Turns	8.7	14.5	5.80
Bank Debt	\$30,000,000	\$(3,000,000)	-110%

## SAP Consulting EMEA Hub



**KNOW NOW WHAT THE RESULT WILL BE.  
SAP CONSULTING**

Level of SAP Engagement

Complete Execution

**We deliver a complete solution.**

Expert Guidance

**We solve key challenges.**

Quality Management

**We audit and provide directions.**

Enablement

**We provide knowledge and qualification.**

Product Maintenance

**We keep systems running and up to date.**

- **SAP is focused on meeting the unique challenges for Wholesale Distributors.**
- **SAP has a comprehensive set of preconfigured and packaged solutions.**
- **SAP has excellent services and partners who can help distributors meet business objectives.**

Achieving fast business value with SAP for Wholesale Distribution



# Questions – Suggestions how to work together – Feedback?

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