

**SAP Solution in Detail  
mySAP SCM**



# **SUPPLY CHAIN COORDINATION WITH mySAP™ SCM**

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## **EXECUTIVE SUMMARY**

Today's supply chain networks are complex and multifaceted. To manage them successfully, you must not only monitor countless interlocking activities but also keep all partners in the network moving in concert toward a common goal. mySAP™ Supply Chain Management (mySAP™ SCM) has the coordination capabilities you need to align and synchronize operations with suppliers, partners, and customers; to manage supply chain events; and to monitor and evaluate performance. The comprehensive solution ensures that every process in the supply chain is efficient, effective, and operating as planned.

## **ENABLING COLLABORATIVE VISIBILITY**

Managing a complex supply chain is a daunting challenge. It involves synchronizing and monitoring operations across a convoluted, sometimes global network of suppliers, partners, and customers – and keeping everyone in this network up-to-date and on track. To meet this challenge you need much more than a simple event management system. You need a fully coordinated, closed-loop, supply chain management (SCM) solution that monitors events, sends alerts, and evaluates performance across your entire network. And that's just what you get with mySAP SCM.

### **THE SAP APPROACH TO SUPPLY CHAIN COORDINATION**

mySAP SCM enables you and your partners to synchronize, manage, and evaluate activities and processes across the supply chain network. The solution's coordination capabilities are provided through two key areas: supply chain event management and supply chain performance management.

#### **Supply Chain Event Management**

Event management capability enables mySAP SCM to model relevant milestones of your process, such as the preparation of a pallet of goods or the departure of a truck. The solution then monitors proceeding events and provides alerts when delays occur, events take place out of sequence, or events fail to take place at all. For example, it alerts you to the fact that a delivery is overdue or lets you know when a vendor has not started production in time to meet planned delivery dates. In many cases, it automatically assesses the impact of a delay through its links with other planning and execution systems. When a problem does require attention, the solution enables supply chain partners to work collaboratively to resolve it.

#### **Supply Chain Performance Management**

mySAP SCM lets you define, measure, analyze, share, and improve key performance indicators (KPIs) such as costs, efficiency, and asset usage. This, in turn, allows you to identify and react to delays quickly as well as identify and investigate areas of potential waste. The solution constantly tracks key performance measurements and automatically generates an alert when performance deviates from standards. Overall, performance management capability enables the solution to give you the feedback needed for true, closed-loop, supply chain management.

## COORDINATE AND SUCCEED

### MANAGING PROCESSES ACROSS THE NETWORK

Through its supply chain event management capability, mySAP SCM offers you increased visibility into planning and execution processes across the adaptive supply chain network. You can map, manage, and monitor business processes and provide targeted, active notifications of exceptions. The solution lets you integrate external and internal parties into the supply chain, giving you a global view of processes across company boundaries.

Through its event management capability the solution enables you to use data warehouse systems, such as the SAP® Business Intelligence (SAP® BI) solution, to develop detailed information about which factors in the supply chain lead to exceptions and problems – and determine how to minimize or eliminate these problems in the future. mySAP SCM encompasses four main supply chain event management processes:

- Evaluating and creating supply chain event data
- Reporting events and triggering subsequent activities
- Querying the status of business processes
- Conducting evaluations in the data warehouse

### Evaluating and Creating Supply Chain Event Data

During document processing, an application system checks whether a business process is to be managed using mySAP SCM. If it is, then data from the application system – such as transports, production orders, and service orders – is transferred to SAP® Event Management, the solution's supply chain event management system.

Data collected in SAP Event Management is used to create information that is important for event management activities such as date specifications, times, material descriptions, customer addresses, and organizational data. This information is used for a variety of processes – for example, to compare planned and actual events and to provide information to those involved in the supply chain – or it is transferred to a back-end system such as a data warehouse.

### Reporting Events and Triggering Subsequent Activities

The solution's reporting function has two main purposes. It enables you to:

- Quickly forward information to all business partners involved in the process
- Monitor whether (and to what extent) events that are planned or agreed upon are enacted

mySAP SCM offers a range of options for reporting events to SAP Event Management, including:

- Direct reporting
- Transfer from the application system
- Reporting via the Internet
- Electronic Data Interchange (EDI) support
- Extensible Markup Language (XML) support
- Voice recognition
- Short message service (SMS) support

When an event message arrives in SAP Event Management, the SCM solution checks it for plausibility then uses a set of rules to offer options for reacting to the event. Based on the options generated, SAP Event Management either notifies the appropriate people involved in the process or automatically initiates activities in other systems to respond to the problem.

### Querying the Status of Business Processes

With supply chain event management capability, companies can keep all parties in the supply chain up-to-date on the status of business processes. This is particularly important when external partners or customers need to be incorporated into the supply chain network. Information can be made available to them through the Internet as well as through traditional communication channels. Comprehensive authorization and layout concepts ensure that data sent over the Internet is clearly laid out and secure.

## Conducting Evaluations in the Data Warehouse

The solution also enables companies to monitor processes in real time and in great detail. This can help you recognize and react to critical situations quickly – before they result in delayed deliveries and interrupted production. In many cases, event information is essential not only during the execution of processes but also after processes are completed, since it can be used to measure quality and identify cost-saving opportunities. You can exploit this information by integrating SAP Event Management with SAP BI. The information relevant for SAP BI is selected from SAP Event Management and complements the information that has been directly transferred from the supply chain planning or execution systems. The event management information enables deep root-cause analysis and measurement of partner performance using collaboration performance indicators (CPIs).

mySAP SCM provides predefined visibility processes for expected events, status, and follow-up activities – and Web layouts for reporting event data and enabling the global visibility of supply chain processes among business partners. These visibility processes include:

- Connections to SAP® Advanced Planning & Optimization (SAP® APO), SAP® R/3®, and SAP BI as well as to other mySAP™ Business Suite solutions
- Connection to a Web interface for event reporting and status retrieval
- Data extraction routines to transfer data to SAP BI for performance analysis

Visibility processes (shown in Figure 1) are ready to go, allowing you to put the solution to work right away and speed your time-to-value.

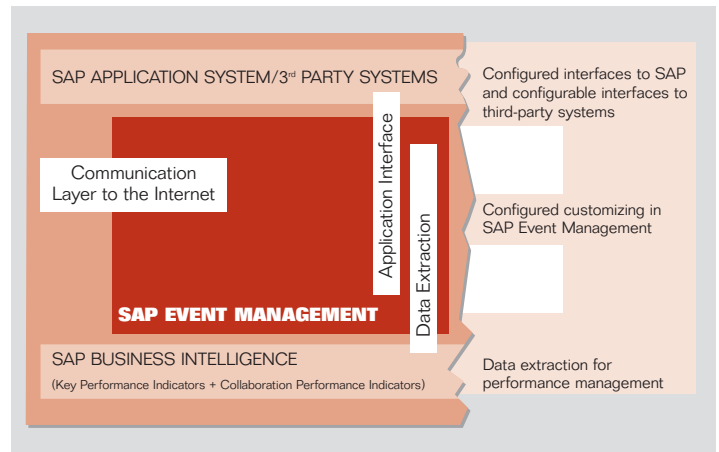


Figure 1: Technical view of visibility scenarios

## MANAGING PERFORMANCE ACROSS THE NETWORK

With its supply chain performance management capability, mySAP SCM can show you how the entire supply chain is performing at any time. The solution provides information about whether your company is achieving its goals and gives you a starting point for improvements to the supply chain.

Corporate goals, such as increased customer satisfaction, are typically established via quantifiable KPIs such as delivery reliability. Using the KPIs, you can measure the extent to which goals are being achieved, identify weak points in the supply chain, and highlight areas with significant potential for improvement.

mySAP SCM provides constant surveillance of key performance measurements and automatically generates an alert when there is a deviation from the plan. Its reporting and alert functions are designed to work with Web technology, which simplifies integration with mySAP™ Enterprise Portal or other portal solutions. Through mySAP Enterprise Portal you can provide specific groups of users with role-related KPI information, forward alerts to relevant users, and integrate information from many systems into one screen to create a clear overview of the entire supply chain.



Figure 2: View supplier performance with mySAP SCM

### OPERATIONAL AND ANALYTICAL SYSTEMS

The technologies that support the solution's performance management capability can be divided into operational and analytical systems, as shown in Figure 2. The operational systems used for supply chain planning and execution are particularly relevant to performance management. The data they generate concerning production plans, stock, and delivery dates is used to calculate key figures. Extractors transfer data from these operational systems to analytical systems at intervals that you specify.

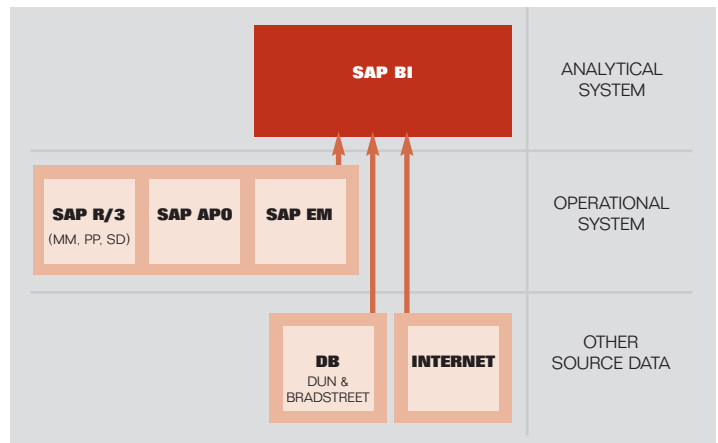


Figure 3: View of operational and analytical systems used in supply chain performance management with mySAP SCM

mySAP SCM uses SAP BI as its standard analytical system. In SAP BI, data is stored in aggregated form in special data structures. It can be used for all types of analyses. This decoupling of the analytical system from the operational systems helps ensure optimal performance of the operational systems. The use of SAP applications as data sources for analyses ensures optimal integration and minimizes the implementation effort. Analyses can also include data drawn from other sources, such as Dun & Bradstreet, complementary software, and the Internet.

### PREDEFINED BUSINESS CONTENT

mySAP SCM provides ready-made performance management business content in the form of preconfigured objects and information models in SAP BI. Among these objects are workbooks, queries, and key figures for the entire supply chain. There are more than 300 predefined key figures for supply chain management alone. Many are based upon the Supply Chain Operations Reference (SCOR) model. You can use this business content as is to begin monitoring performance right away, or you can easily modify it to meet your company's specific needs.

mySAP SCM combines its own performance management capabilities with the SAP® Strategic Enterprise Management (SAP® SEM) component to achieve balanced scorecard reporting. This approach typically looks at performance from four perspectives: financial, customer, internal business processes, and innovation. The Balanced Scorecard in SAP SEM integrates business content directly from SAP BI. This helps ensure that reports are based upon uniform data and provides a single, consistent foundation for decision making across strategic and operational levels.

### The Right Level of Detail

SAP BI provides drill-down technology that allows you to look at data from a variety of perspectives and to adapt reports to user groups that need different views and levels of detail. This drill-down capability is illustrated in Figures 4 and 5. Figure 4 shows how a company's strategy has been set up in the system using the following level-one metrics from SCOR:

- Delivery performance
- Order fulfillment lead times
- Supply chain response time
- Total supply chain management costs
- Inventory days of supply

SCOR level-one metrics are grouped according to different performance attributes (reliability and costs, for example) and assigned to specific portions of a company's strategy (such as customer service). The interdependencies among the areas are also displayed. Overall, this approach lets senior executives see at a glance whether strategic key figures have achieved their target values.

With such powerful supply chain performance and event management capabilities, mySAP SCM allows you to work closely with partners to coordinate, manage, and evaluate activities and processes across the extended value network, to identify exceptions, and to collaborate in a speedy and accurate response.

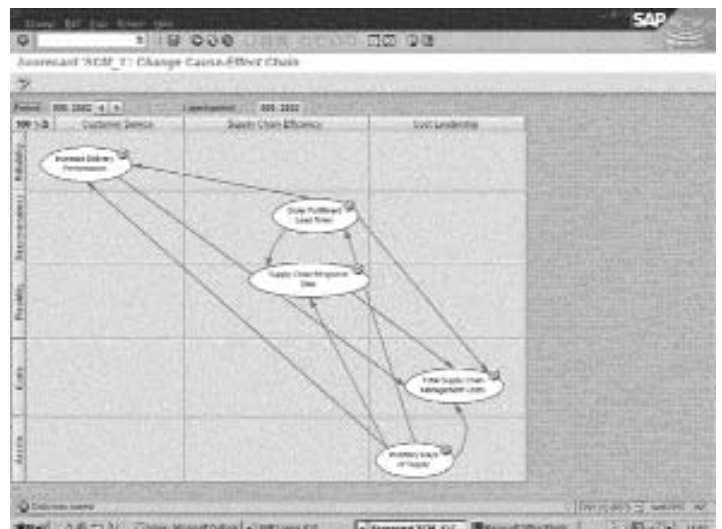


Figure 4: Linking operational KPIs to strategic business goals



Figure 5: Using a portal to collaborate with partners and see alerts, reports, and KPIs at a glance

## THE BENEFITS OF CLOSE COORDINATION

The ability to collaborate and coordinate activities across the supply chain network results in business benefits on a number of fronts. For example, mySAP SCM can help you:

- Respond faster to deviations from plans
- Increase your reliability and responsiveness in serving customers
- Identify and resolve problems quickly, helping ensure timely delivery
- Respond proactively to – and manage – unanticipated events
- Reduce lead times and cycle times
- Measure return on supply chain investments and focus resources where they will be most effective
- Work collaboratively with supply chain partners to resolve unexpected events, improve performance, and adapt to changing conditions
- Improve visibility across the entire supply chain network

To find out more about mySAP SCM and learn how it can help your company better coordinate supply chain activities, visit [www.sap.com/scm](http://www.sap.com/scm)



[www.sap.com/contactsap](http://www.sap.com/contactsap)

