



Intelligent Demand Driven Supply Chain with SAP IBP, Ariba & Azure

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Dhaval Desai, Principal Solution Architect, SAP
Srinivas Nimalipuri, Software Engineer, Microsoft

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About the Speakers

Chris Sakchalathorn

Senior PM Manager, Microsoft

Head of Supply Chain Planning
Engineering group at Microsoft
responsible for E2E solution design &
deployment

Srinivas Nemalipuri

Software Engineer, Microsoft

Responsible for the support of all supply
chain planning application at Microsoft
including IBP, Ariba, ECC, APO, MDG,
Solution Manager

About the Speakers

Dhaval Desai

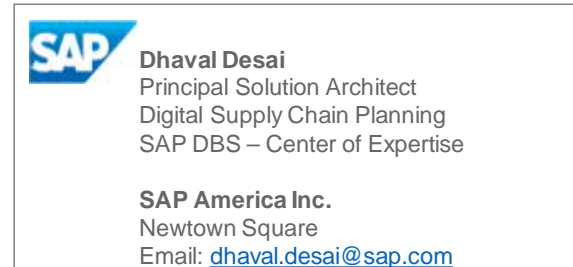
Principal Solution Architect, SAP

Leading successful Supply Chain transformations as a systems & solution architect covering IBP, S/4 HANA, IoT, Block Chain, ML and supply chain thought leader at SAP MaxAttention customers

Author of the book '[Setting Up and Running Order-Based Planning with SAP IBP](#)'

Watch out for:

- E2E automated testing of all SAP IBP applications [Q3 2019]



Key Outcomes/Objectives

1. How to transition from connected (APO, legacy) to predictive, intelligent and empowered (IBP, Ariba, Azure) supply chain
2. Reference Architecture for Intelligent & Demand Driven Supply Chain
3. Partnership with SAP

Agenda

- Intelligent Supply Chain Transformation (Why)
- Reference Architecture (How)
- Capabilities (What)
- Partnership with SAP

Microsoft Devices Supply Chain Portfolio



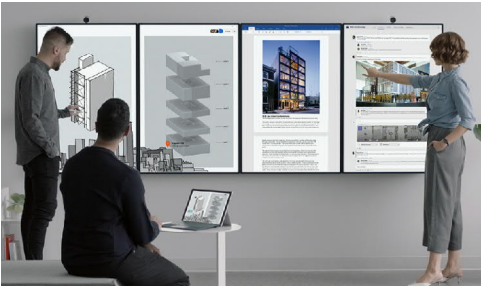
Custom Controllers



Hololens



Xbox Family



Surface Hub



Surface Pro

Surface Book

Surface Studio

Surface Laptop

Microsoft Devices Supply Chain Today



> ~200M
Units Manufactured & Shipped

>42,000
Active Configurations

~\$8B
Annual Spend

>390
Suppliers
(includes component suppliers)

1.3M
Ship To Locations

33
Mfg & Distribution Operations

1.7M+
Annual Retail and Commercial
Sales Orders

2.0M+
Annual SAP Deliveries

122
Countries Served

1
Devices Centralized Data Lake

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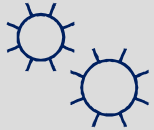
Growing needs for an Intelligent Demand Driven Supply Chain

Pressures



- More devices, each with 1-2 year life
- Increasing COGS
- Larger channel & promotional footprint
- Increasing customer service expectations

Impacts



- Stock outs -> low % of confirmed orders
- Excess Inventory -> High E&O
- Manual Forecasting -> Low Accuracy
- Outdated Architecture -> manual subjective & siloed supply chain

Opportunities



- Build to Order
- Mass Customization

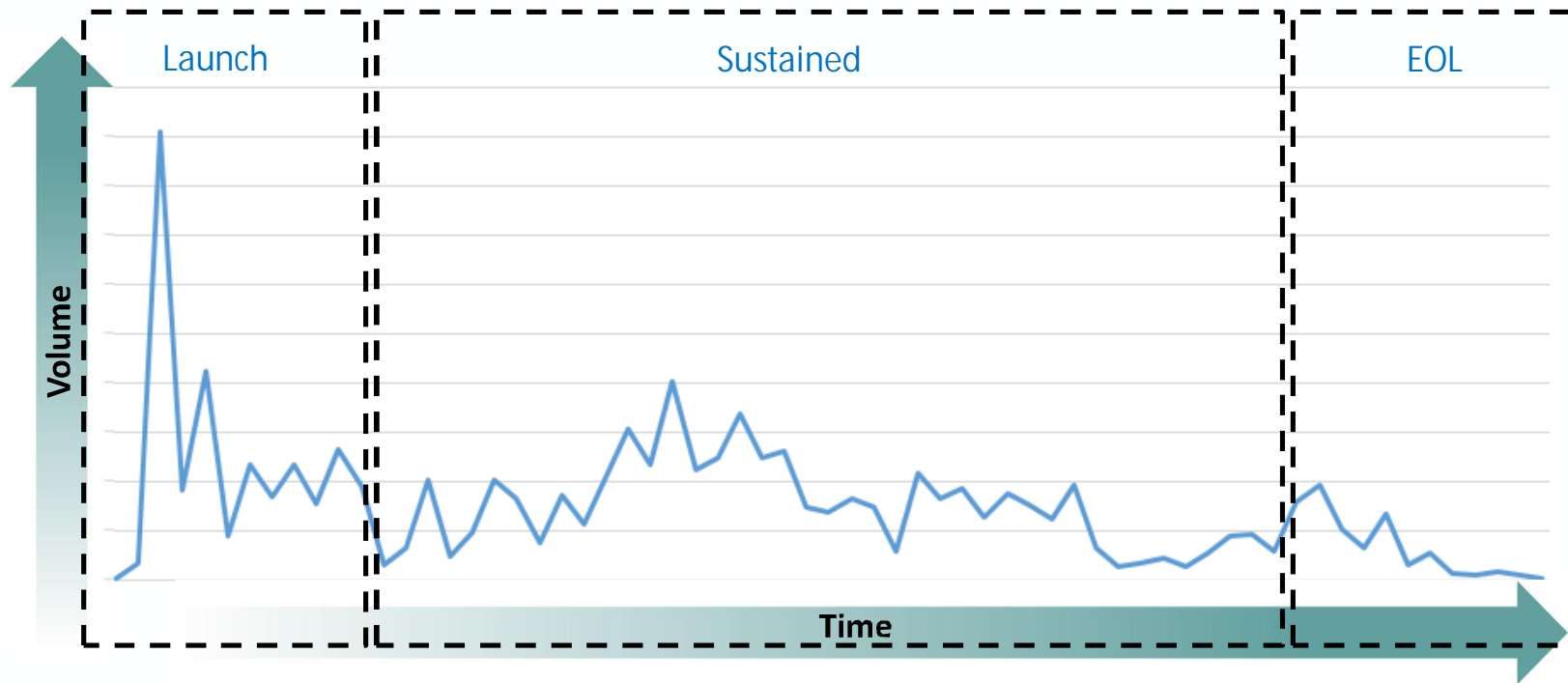
Our Response

Implement intelligent forecasting and replenishment to achieve scale

Connected Supply Chain to drive customer experience, efficiency and visibility

Adopt advanced techniques to establish agile processes

Planning Method Changes During Product Lifecycle



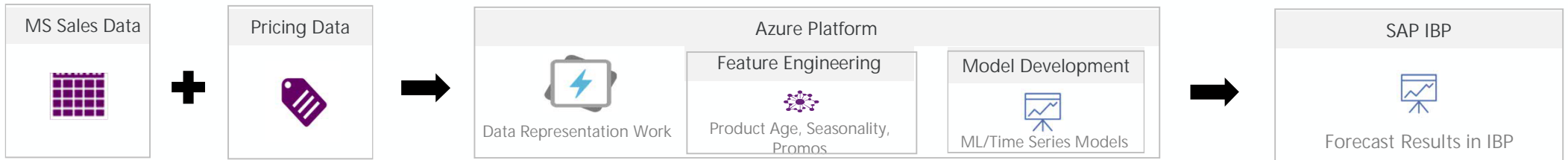
Minimal consumption history
Partner order estimates drive forecast

Machine Learning drives forecast

Firm end-of-life date
Microsoft determines strategy and establishes forecast

Hybrid Approach: Machine Learning + Human Collaboration

Data Workflow



SAP Planning Workflow

The screenshot shows the SAP Planning View interface in Excel. The ribbon includes File, Home, Insert, Draw, Page Layout, Formulas, Data, Review, View, Add-ins, Help, LOAD TEST, IBP, Team, Search, and Share. The main area displays a spreadsheet for 'Demand Planning (SDP)'. The columns represent months from MAY-FY18 to NOV-FY19. The rows show 'Sell-In Stat Forecast', 'Sell-In Stat Forecast Adjustment', and 'Final Sell-In Stat Forecast' for various products and business units.

					MAY-FY18	JUN-FY18	JUL-FY19	AUG-FY19	SEP-FY19	OCT-FY19	NOV-FY19
20	10 - United States	Retail									
21			Sell-In Stat Forecast				600	4,645	4,496	4,646	4,495
22			Sell-In Stat Forecast Adjustment		0	0					
23			Final Sell-In Stat Forecast		0	0					
24			Sell-In Stat Forecast				600	4,645	4,496	4,646	4,495
25			Sell-In Stat Forecast Adjustment		0	0					
26			Final Sell-In Stat Forecast		0	0	600	4,645	4,496	4,646	4,495
27			Sell-In Stat Forecast		12,672	12,609	12,652	11,536	11,165	11,536	11,164
28			Sell-In Stat Forecast Adjustment		0	0	0				
			Final Sell-In Stat Forecast		12,672	12,609	12,652	11,536	11,165	11,536	11,164

Final Forecast = Base Forecast (ML Models) + Adjustments (e.g. Promos)



Benefits Achieved in the initial cycles

Forecast Accuracy

+10%

Increase in forecast accuracy at the SKU level

Cycle Time

-87%

Reduction in planning cycle times. 4 days to 4 hours

Excess & Obsolescence

-65%

Reduction in both stock out and excess stock

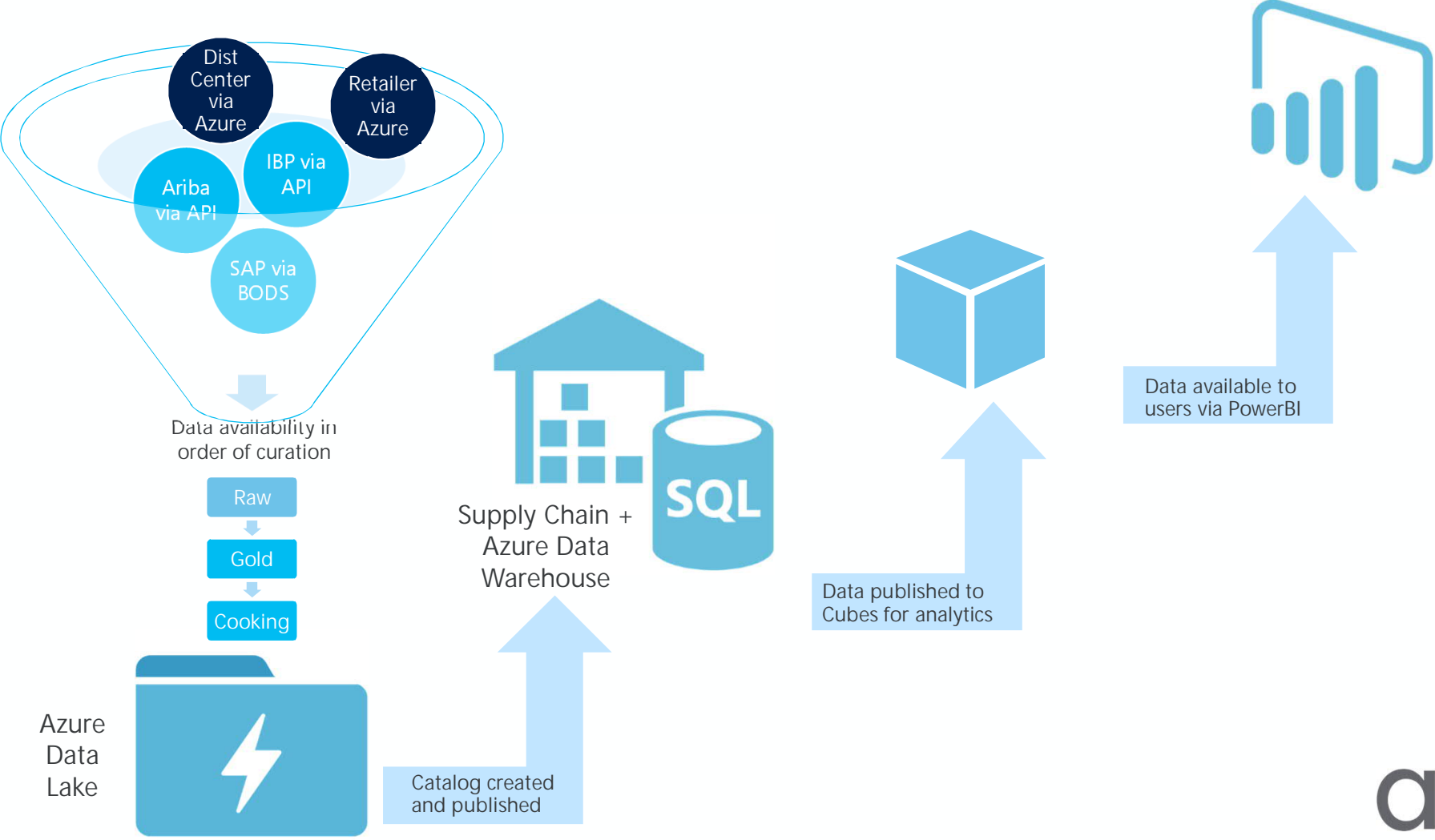
Manual Adjustments

-50%

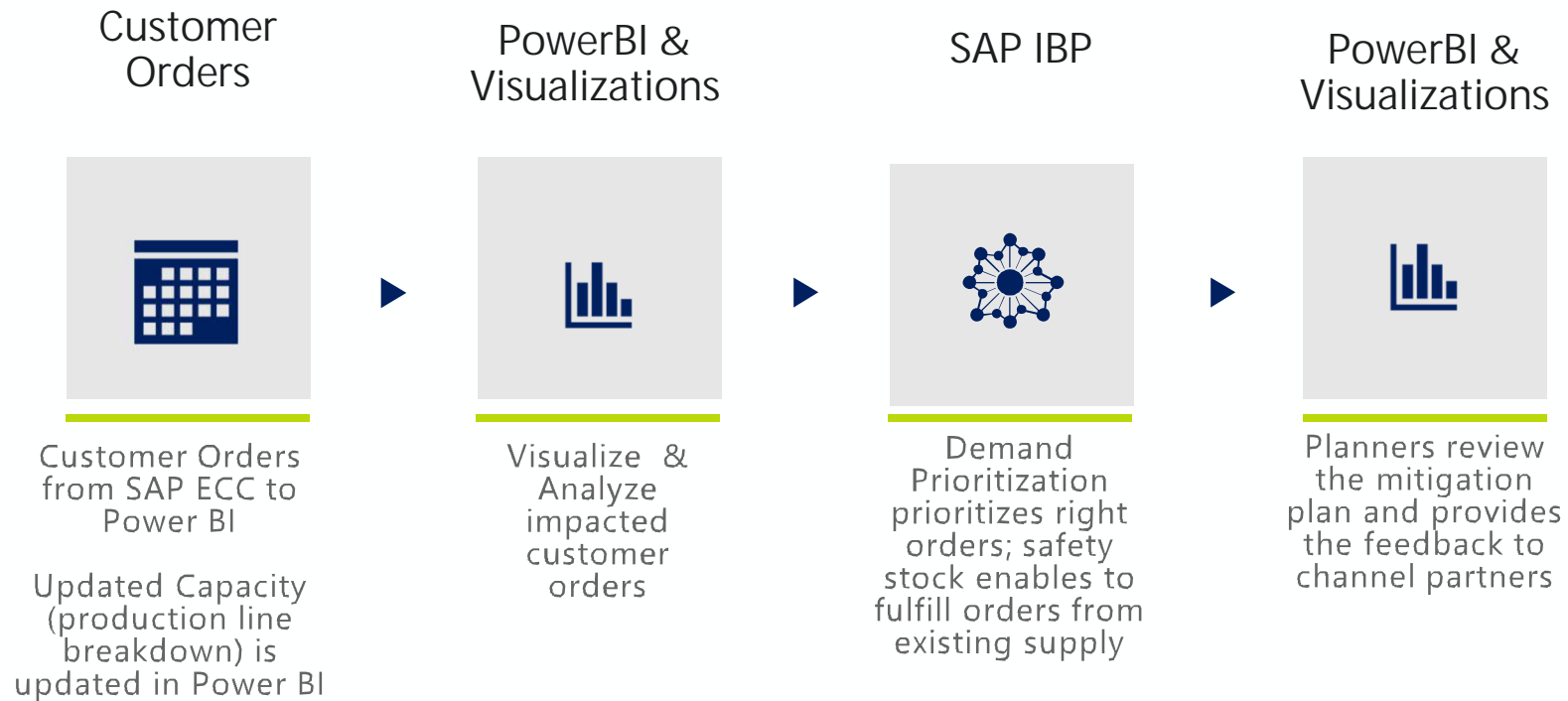
Reduction in corrections or changes

Note: workforce will introduce changes and bias to manual forecast that leads to further manual adjustments

Intelligent Planning with SAP IBP, Ariba and Azure



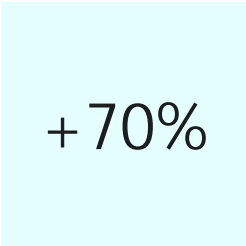
Connected Supply Chain



Connected Supply Chain
Drives customer experience by
mitigating the risks due to execution
disruptions/changes

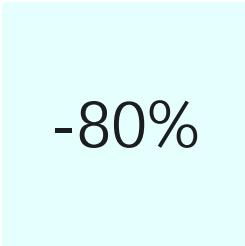
Benefits Achieved

Automation



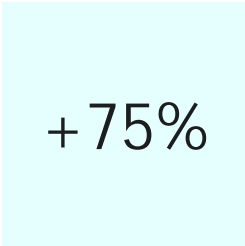
Increase in system created purchase orders v/s manual

Cycle Time



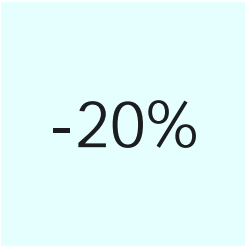
Reduction in planning cycle times. 5 days to 1 day

On Time Planning



Increase in POs created on time

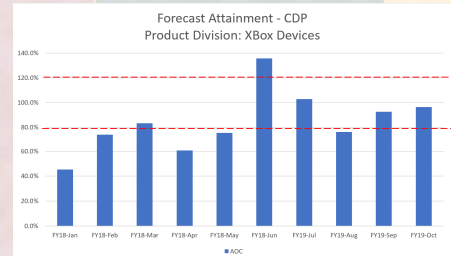
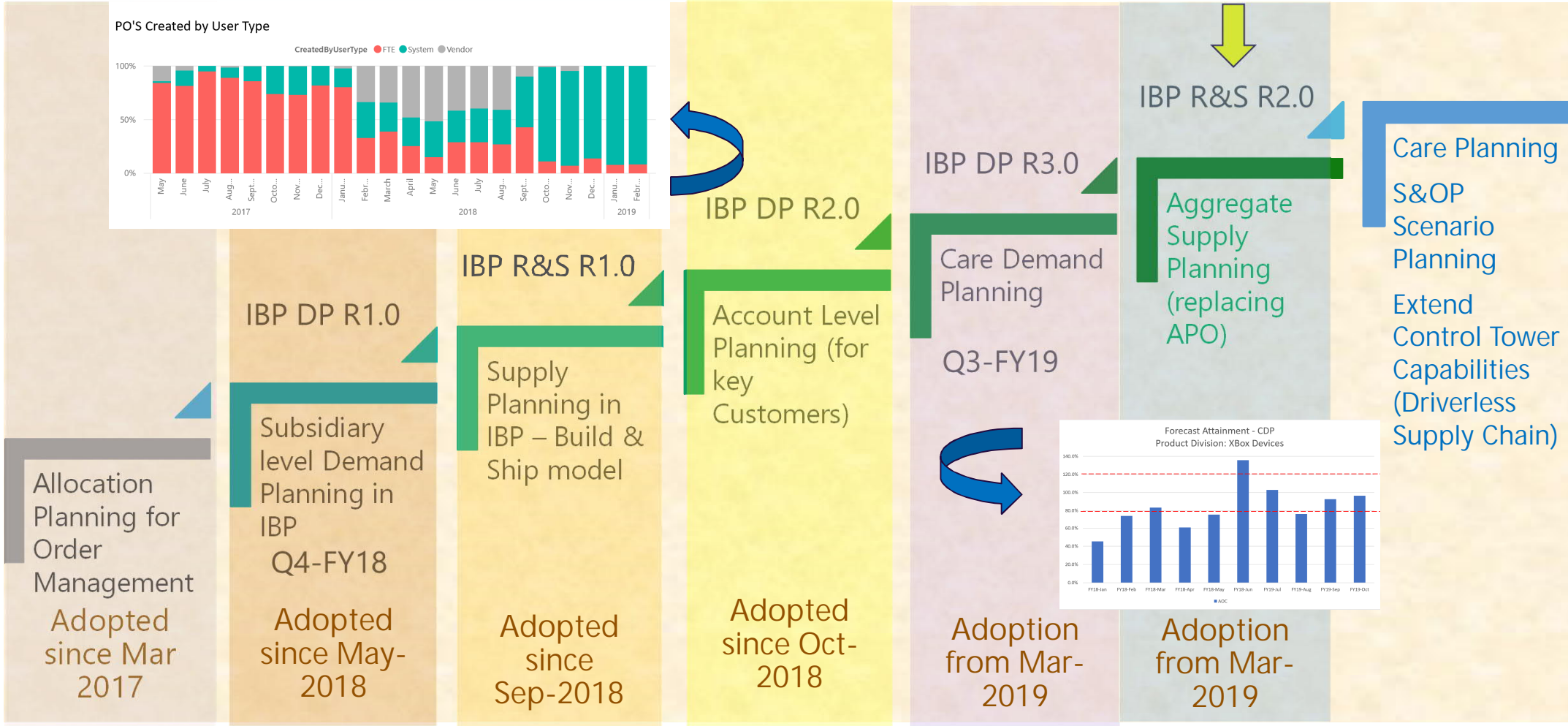
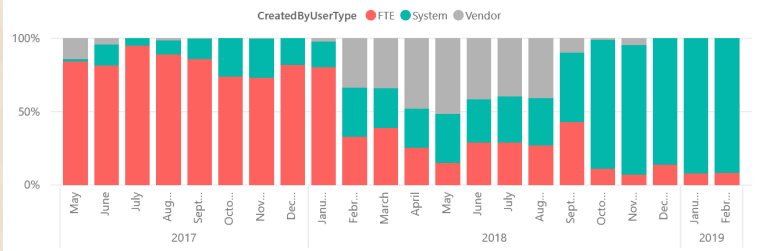
Customer Experience



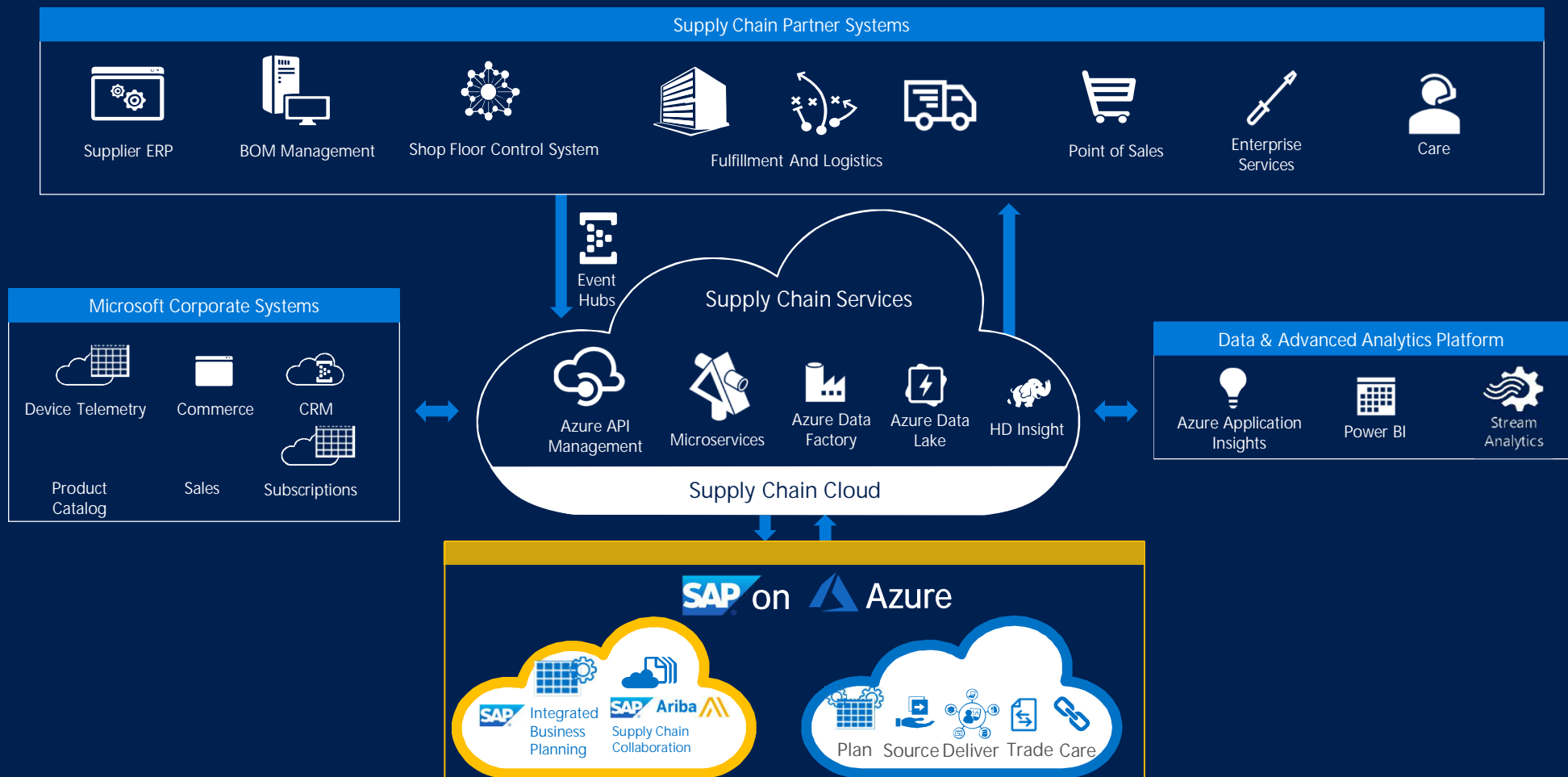
Reduction in unconfirmed orders

Microsoft's journey to Supply Chain Transformation

PO'S Created by User Type



Azure Platform Enables Digital Supply Chain Foundation



SAP & Microsoft Partnership – Path to Success



Strengthening
ECC-IBP
integration story

Microsoft influenced
development of
enterprise ready,
secure and robust
integration model



Programmatic
permissions
management in
IBP

Enabled easy
integration of
permission filters
from external
systems via API



System & Process
Monitoring

Co-innovated on a
native connection
between Solman and
IBP to monitor end-
to-end processes in a
scalable manner



Alert Overview

MSFT deeply
involved in feature
requirements, user
studies and
workshops



IBP Ariba
Integration

Co-innovated Supply
Chain collaboration
with SAP IBP and
SAP Ariba



Strong partnership
between Microsoft
& SAP MaxAttention

Early involvement in
Co-Design,
Architecture & Build
Deep functional &
technical expertise &
thought leadership

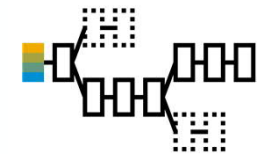
Collaboration with SAP powered by MaxAttention



- Functional and technical expertise in a hybrid environment
- Facilitation with multiple SAP product teams



- Innovative solution that bridges gaps in the standard product and effectively meets Microsoft's requirements



- Solution design aligned with IBP product management and roadmap



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Presentation Materials

Access the slides from 2019 ASUG Annual Conference here:

<http://info.asug.com/2019-ac-slides>

Q&A

For questions after this session, contact us at [email] and [email].

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