



# SAP for Wholesale Distribution Solutions: Strategy, Trends, and Direction

Magnus Meier, Susanne Adam, John McDonnell, SAP  
Session ID 84071

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# About the Speakers

## Magnus Meier

- Global VP IBU Wholesale Distribution, SAP
- Magnus has been at SAP for 20 years in consulting, support, sales and industry solution management roles focused on wholesale distribution, retail and consumer products
- Likes to throw people around on the Aikido mats

## John McDonnell

- Senior Industry Value Advisor for Wholesale Distribution at SAP
- John has been with SAP for over 10 years, specializing in wholesale distribution. In his role, John works closely with customers and prospects within the wholesale distribution industry to develop their digital transformation strategies
- This is my 20th trip to Orlando, FL

## Susanne Adam

- Solution Expert, IBU Wholesale Distribution, SAP
- Susanne has been 20 years with SAP. In her current role she works with customers on various topics concerning their customer engagement strategy and process optimization. Before this role she was a principal consultant for retail & wholesale.
- Loves gummy bears, best when they are dried out

# Key Outcomes/Objectives

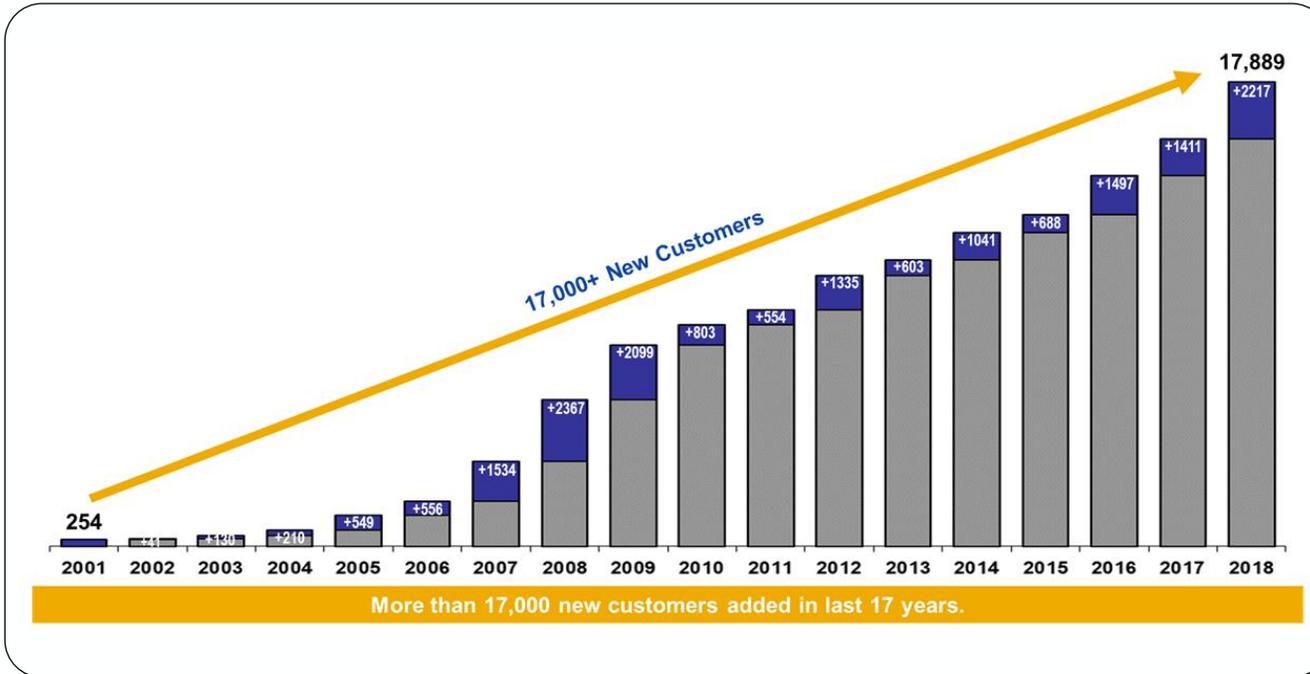
1. Overview on industry trends
2. SAP's strategy to address these trends
3. SAP solution highlights for Wholesale Distribution

# Agenda

- State of the Wholesale Distribution Industry
- Important Solutions for Wholesale Distributors

# Wholesale Distribution @ SAP

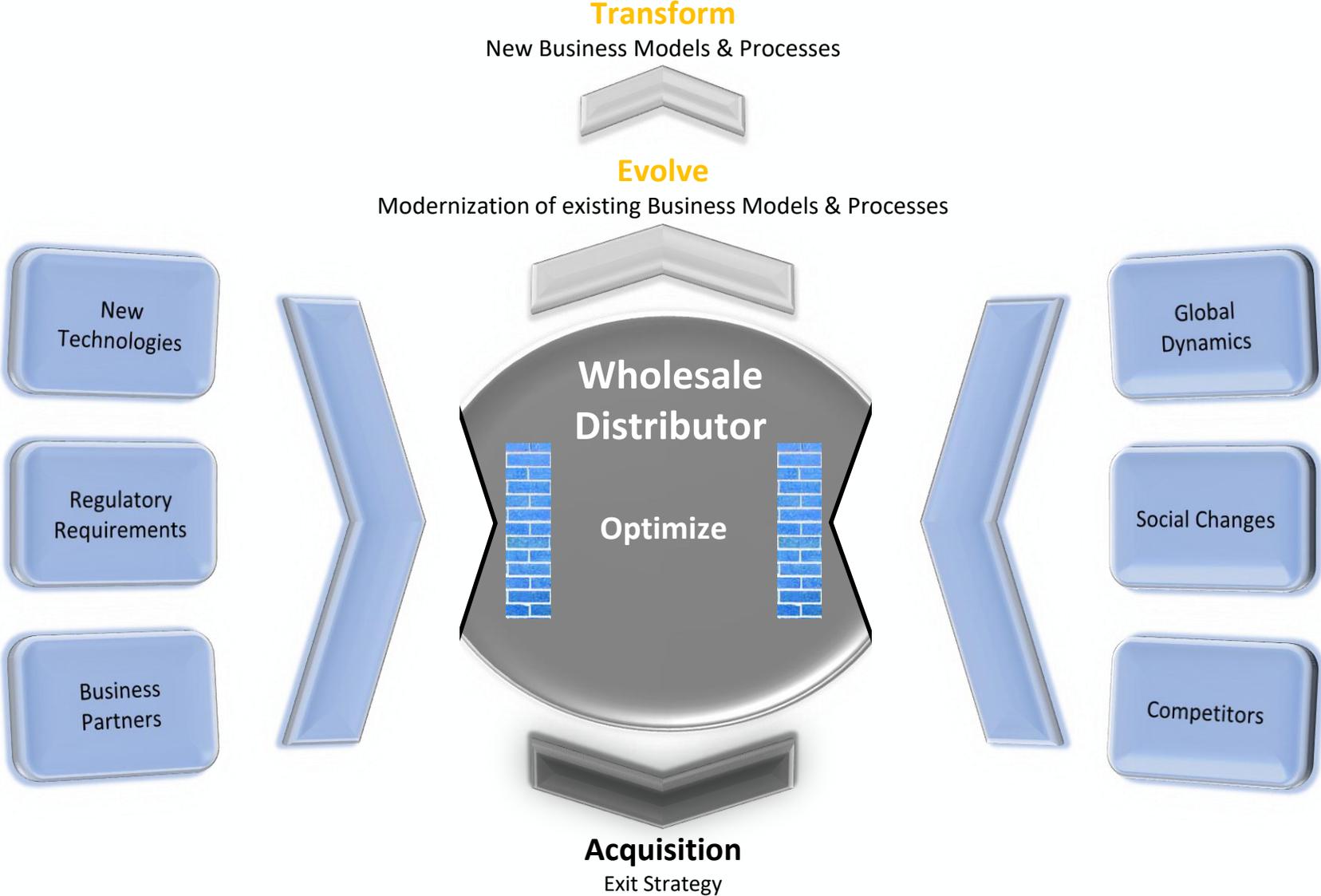
## Overall Wholesale Distribution Customer Numbers



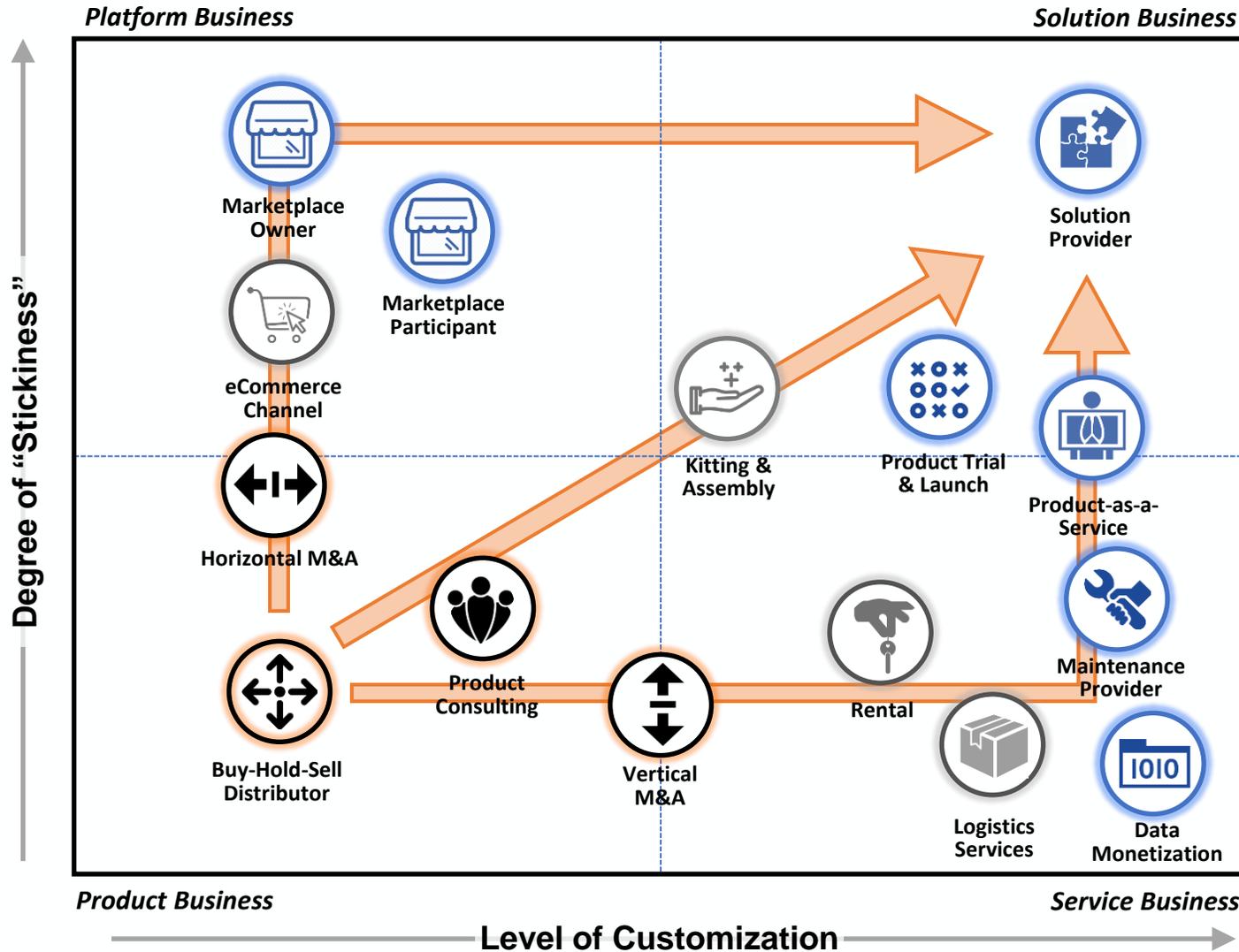
## Welcome to the SAP User Group

- New & existing Customers
- Industry & Solution Experts
- Solution Partners
- System Integrators
- Analysts
- Foreign User Group Participants
- Customers in the early evaluation phase

# Wholesale Distributors Under Pressure



# The New Business Model View in Wholesale Distribution



## Disruptive Technologies

- In-Memory computing
- IoT
- Block Chain
- Big Data
- Machine Learning
- ...

## Re-Think

- Sales and Engagement Channels
- Product & Services Portfolio
- Profitability Model
- Delivery Organization and processes

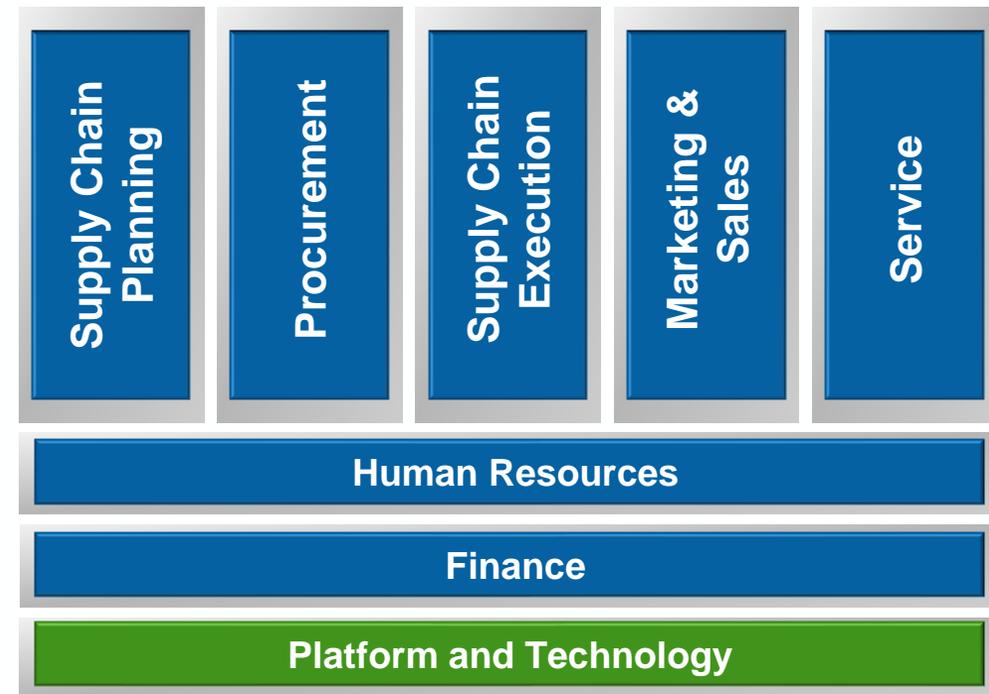
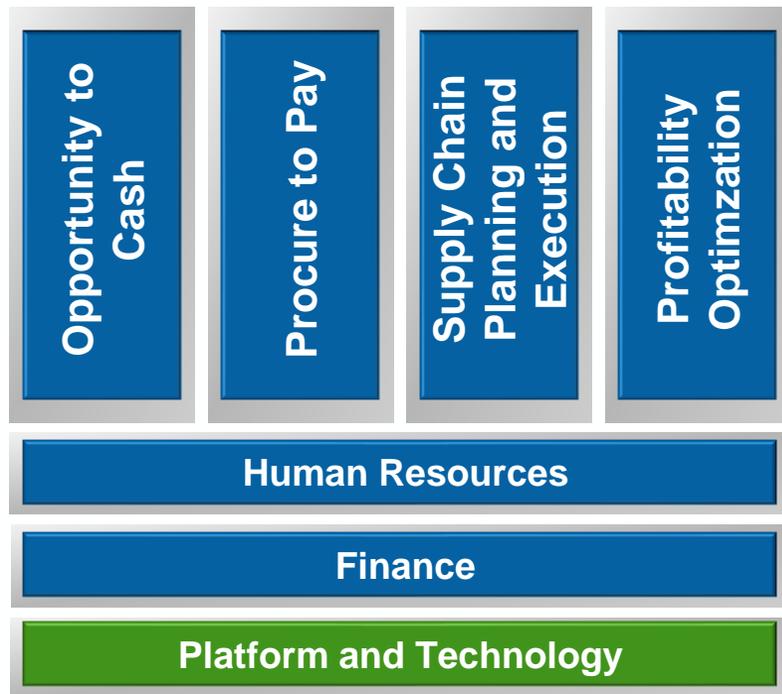
# Value Map Transformation

## Re-Think

- Value Chain Elements
- Business Capabilities
- Value drivers
- Business Processes

## Enabling Solutions

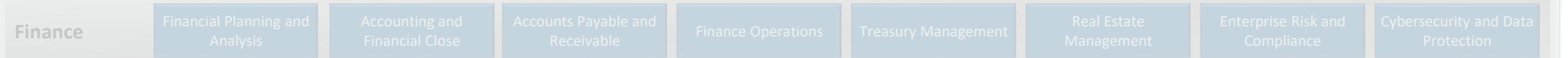
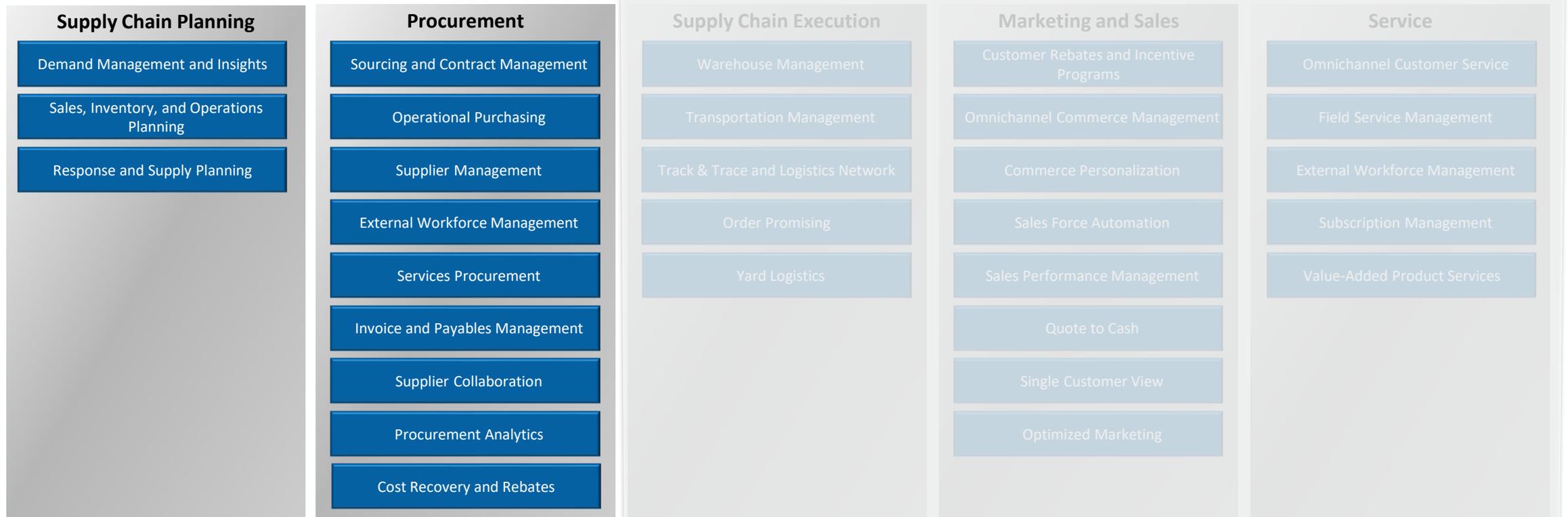
- S/4 HANA
- C/4 HANA
- Cloud Platform
- SAP Qualtrics
- ...



# Agenda

- State of the Wholesale Distribution Industry
- Important Solutions for Wholesale Distributors

# 2019 Value Map for Wholesale Distribution



# SAP S/4HANA - Demand-Driven Replenishment



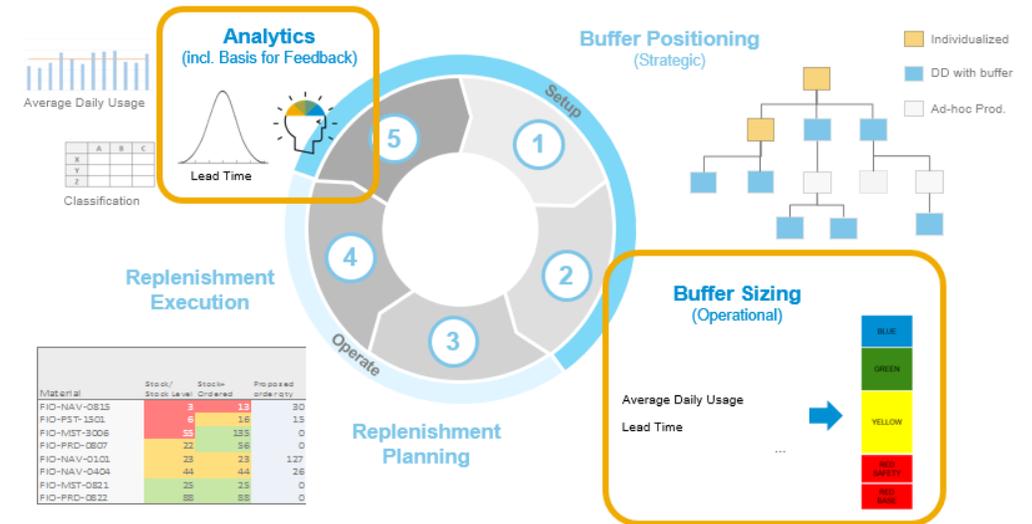
*How to ensure best possible customer service levels at lowest possible costs?*

## Customer Benefits:

- Ensure customer retention with a high on time fill rate
- Increase profitability by eliminating backorder and expedite costs
- Achieve right sized inventories by optimizing lead times and inventory levels
- Improve planning efficiency by taking the guesswork out of managing priorities

## Key Capabilities:

- Dynamic demand driven replenishment and inventory optimization
- Provide full demand transparency, well-founded decision support and instant reaction and resolution of issues
- Dynamic adjustments of buffer levels based on historic lead times and their business context to serve best the ever-changing reality
- Demand Planner can evaluate historic lead times and can identify patterns and dependencies of orders



# Collaboration opportunity with SAP / DataXstream on Purchase Order Optimization

Collaboration Opportunity



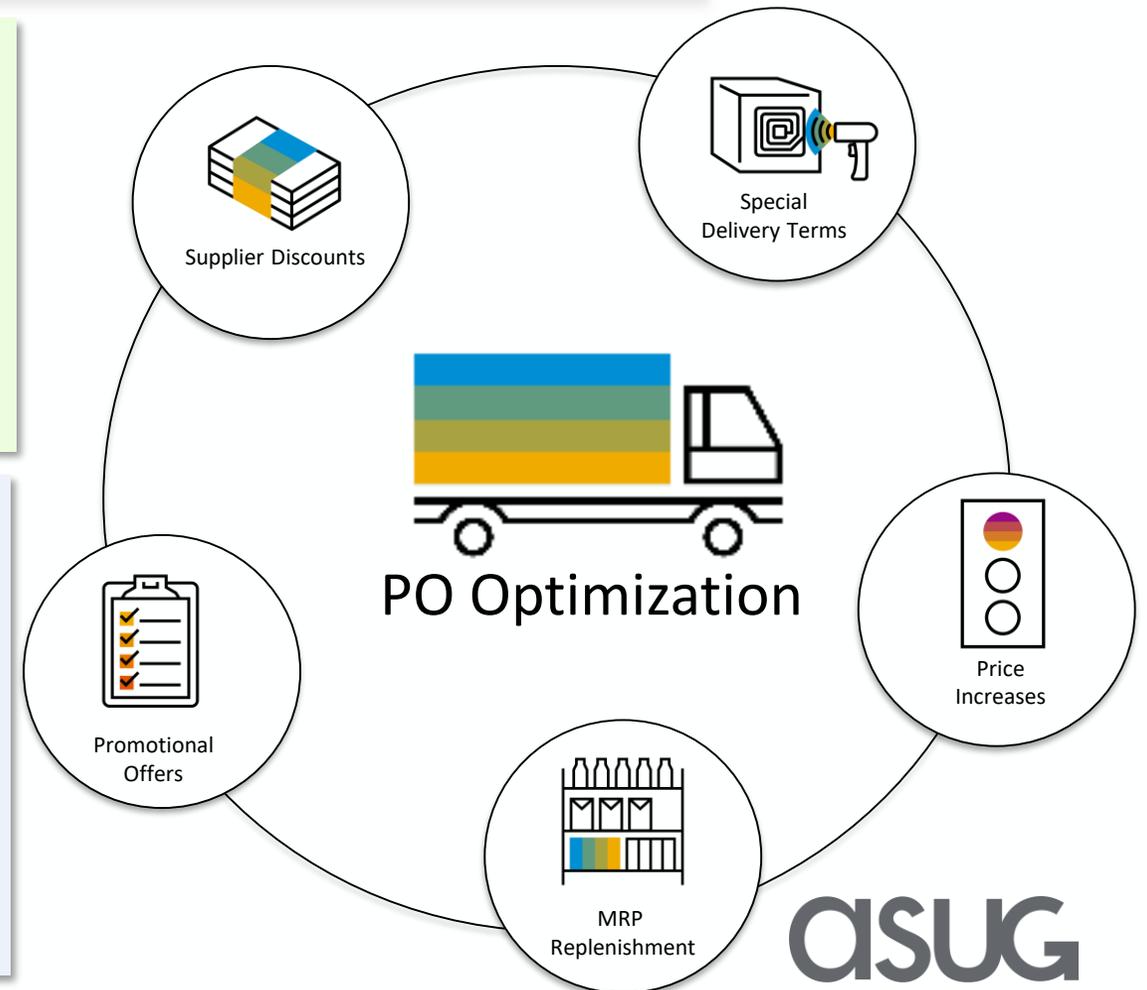
*How can you optimize Purchase Orders for demand while taking advantage of all manufacturer discounts, promotions and incentives to maximize profitability?*

## Customer Benefits:

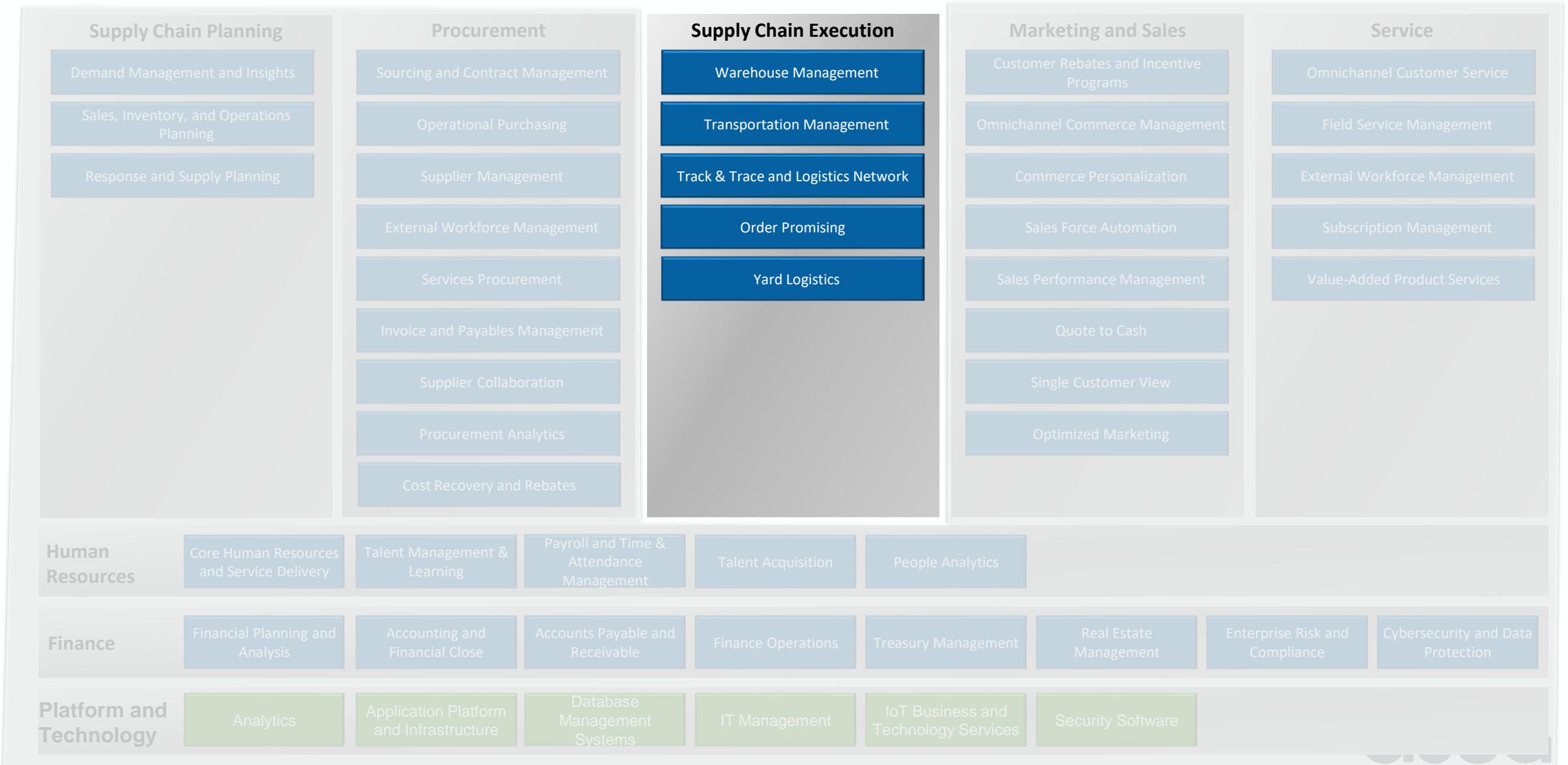
- Improved Cash flow and profitability with lower procurement spend
- Employees focus on higher value activities including:
  - Supplier & material profitability
  - Supplier negotiation
  - Strategic Sourcing
- Increased Customer satisfaction
- Reduce CO2 footprint by optimizing deliveries

## Key Capabilities:

- Self learning processing and calculation to maximize the efficiency of procurement spend while managing thousands of vendors and hundreds-of-thousands of products
- Increase of automated purchasing with exception based manual intervention
- Ability to optimized Purchase Order for all direct and indirect costs



# 2019 Value Map for Wholesale Distribution



# SAP S/4HANA – Advanced ATP Alternative Based Confirmation



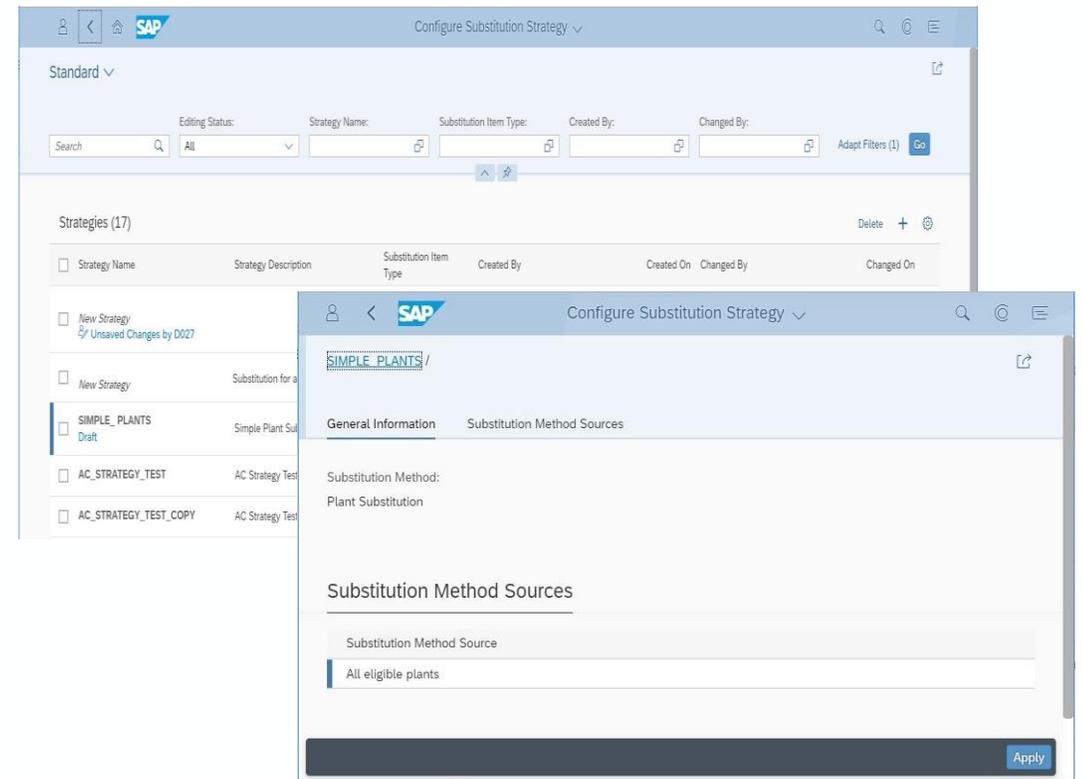
*Can I source from a different location intelligently in case of supply shortage?*

## Customer Benefits:

- Protect key customers and products, avoid penalties
- Improve order fill rate by intelligently selecting alternative locations

## Key Functionalities:

- Determination of the delivering plant with best availability during sales order creation
- Simple configuration of Alternative Control that allows to activate ABC based on a combination of characteristics
- Configuration of substitution strategy that allows to specify how to rank alternatives based on SAP-delivered attributes



# SAP S/4HANA – Advanced ATP Backorder Processing



*Can I efficiently provide order commitments protecting my business interest?*

## Customer Benefits:

- Manage business priorities and protect customer interest
- Manage multi-channel order fulfillment process
- Ensure right supply assignment to right orders
- Significantly faster than traditional rescheduling

## Key Functionalities:

- Based on requirement segmentation and classification Win, Gain, Redistribute, Fill and Lose
- Filter and Sorter for each segment
- FIORI based intuitive set up and result monitor
- Supply Assignment (ARun)
- Significantly faster than traditional rescheduling
- Automated exception handling with fall-back variant

The image shows two screenshots of the SAP S/4HANA interface. The top screenshot is the 'BOP Variant Definition' screen for 'W\_WALLDORF\_MORNING'. It shows fields for Variant Name, Variant Description, and Global Segment. Below, there are sections for 'WIN' and 'REDISTRIBUTE' with selection criteria for segments like 'W\_EMERGENCY\_ORDERS', 'W\_CUSTOMERS', and 'W\_STANDARD\_ORDERS'. The bottom screenshot is the 'Monitor BOP Run' screen for 'ALEXEYVARIANT'. It displays a 'Run Overview' with a table of processing issues and confirmation issues. The table includes columns for Sold-To Party, Processing Status, Requirements, On-Time Confirmation, and Overall Confirmation.

Sold-To Party	Processing Status	Requirements	On-Time Confirmation	Overall Confirmation
ATP_CUST	✓	4	50 % ⬆️ 100 %	50 % ⬆️ 100 %
ATP_CUST01	✓	3207	32 % ⬆️ 100 %	46 % ⬆️ 100 %
ATP_CUST02	✓	2732	35 % ⬆️ 100 %	51 % ⬆️ 100 %
ATP_CUST04	✓	2727	36 % ⬆️ 100 %	51 % ⬆️ 100 %
ATP_CUST05	✓	2728	35 % ⬆️ 100 %	51 % ⬆️ 100 %
ATP_CUST06	✓	2720	35 % ⬆️ 100 %	51 % ⬆️ 100 %
ATP_CUST07	✓	2724	35 % ⬆️ 100 %	51 % ⬆️ 100 %
ATP_CUST08	✓	2725	35 % ⬆️ 100 %	51 % ⬆️ 100 %
ATP_CUST09	✓	2726	35 % ⬆️ 100 %	51 % ⬆️ 100 %
ATP_CUST10	✓	2726	35 % ⬆️ 100 %	51 % ⬆️ 100 %

# SAP S/4HANA – Predictive Stock in Transit



*When will my Stock Transports be delivered?*

Creation of stock transport order

Creation of Delivery Picking / packing in warehouse

Goods Issue

Delivery Date  
Goods Receipt

## Customer Benefits:

- Increases the flexibility of inventory analysis and stock management
- Being able to meet customer demands in case of a delay

## Key Functionalities:

- Predict and continuously monitor the delivery of stock transferred between plants
- Managing delivery delays of stock transports between plants
- Overview of the overdue materials and investigate potential problems
- Insight to action in case of a delay by evaluating alternative sourcing options by first investigating all stock types and then indicating alternative stock transfers as needed

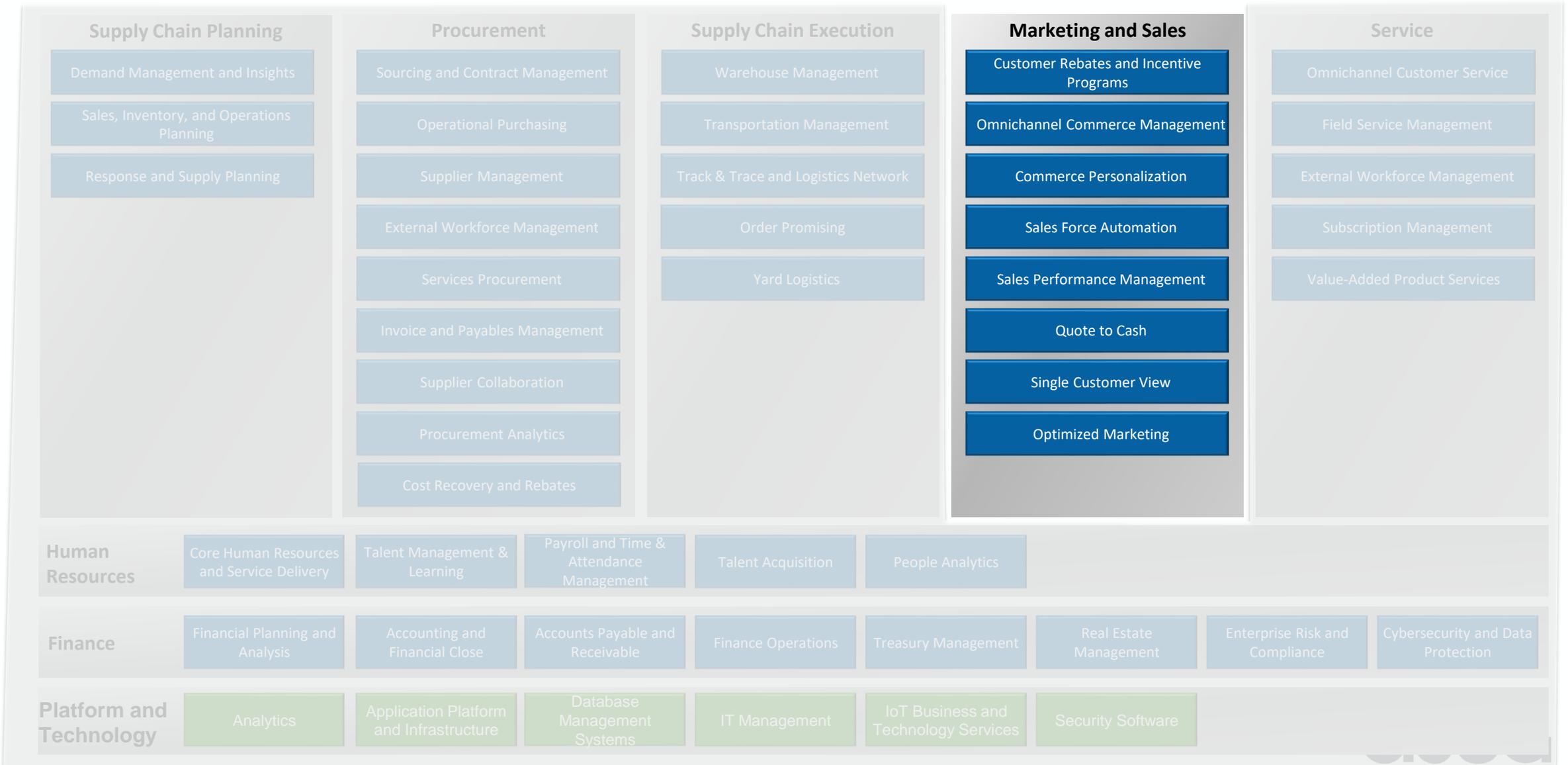
Standard\* | Hide Filters

Days since Posting Date (PO): Receiving Plant: Storage Location: Purchase Order: Issuing Plant: Adapt Filters Go

All Items (604) | Delivery Open (234) | Delivery Completed (370)

Shipping Duration	Predicted Delivery Date	Delivery Status	Purchase Order	Purchase Order Item	Purchase Order Quantity	Material	Receiving Plant
	07/30/2017	Open	4100000001	10	10.000 PC	Trading Good (TG0001)	Plant 1 DE FIO (FIO2)
	07/29/2017	Completed	4100000002	10	10.000 PC	Trading Good (TG0001)	Plant 1 DE FIO (FIO2)
	07/30/2017	Open	4100000003	10	10.000 PC	Trading Good (TG0001)	Plant 1 DE FIO (FIO2)
	07/25/2017	Open	4100000004	10	10.000 PC	Trading Good (TG0001)	Plant 1 DE FIO (FIO2)
	07/30/2017	Completed	4100000005	10	10.000 PC	Trading Good (TG0001)	Plant 1 DE FIO (FIO2)

# 2019 Value Map for Wholesale Distribution





# SAP CPQ – Configure, Price, Quote



*How can sales reps be guided through quotes?*

## Customer Benefits:

- Increased realized margins via rules on pricing/discounting
- Faster onboarding of new sales people via automated tool
- Higher productivity due to improved quality of quotes and less errors

## Key Functionalities:

- Guided selling
- Creation of quotes and orders for complex, configurable products and bundles of products & services
- AI based price and product recommendations
- Margin protecting guardrails when applying bottom-up discounts
- Customer and channel specific pricing
- Approval workflow

Item	Quantity	List Price	Discount Percent	Discount Amount	Net Price	Margin
SMB15-1755U-32G-5G8-W7 SMB-15 Laptop Computer. Intel® Core™ i7-5500U (Dual-C...	1	\$ 1150.00	0.00	\$ 0.00	\$ 1150.00	\$ 1150.00
ACD-1000 Accidental Damage Coverage - 1 Year Basic Limited Warra...	1.1	\$ 0.00	0.00	\$ 0.00	\$ 0.00	\$ 0.00

# New Business Models

## SAP Commerce Marketplace Management by Mirakl



*How can I become a B2B platform provider?*

### Customer Benefits:

- Higher customer satisfaction due to extended offerings of products and services
- Create an ecosystem with suppliers, distributors and customers, and extend their influence across the industry value chain
- Create new value also for customers and suppliers by connecting them through a digital ecosystem

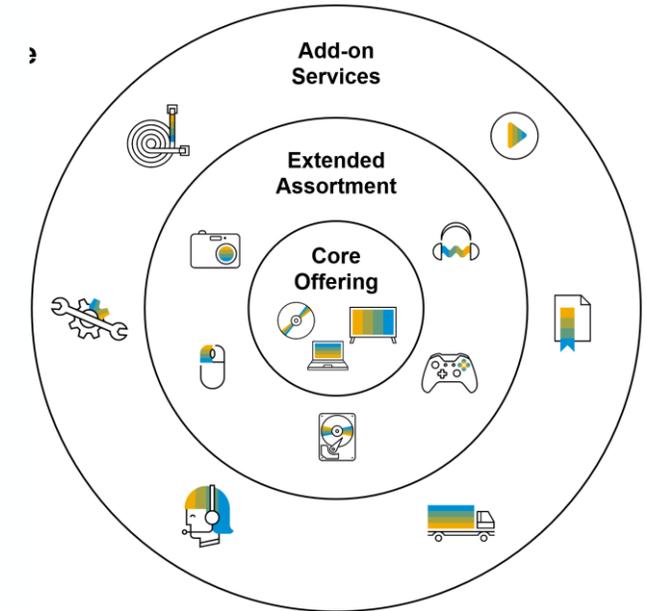
### Key Functionalities:

#### For the Marketplace Operator

Admin portal  
Product validation and enrichment  
International management  
Vendor management & quality control  
Accounting management  
Order orchestration & financial reconciliation

#### For the Marketplace Seller

Intuitive vendor portal  
Inventory, price & promotion management  
Quote management  
Catalog mapping & integration  
Customer service  
Order management



Offer more with a marketplace

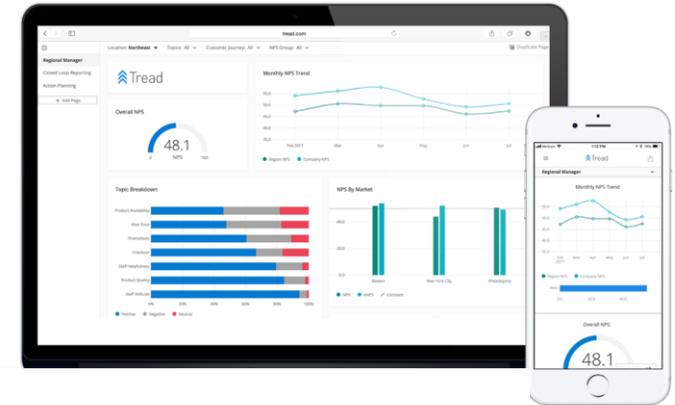
# Customer Experience – Qualtrics XM



*How can I get deep customer insight and improve customer experience?*

## Customer Benefits:

- Increased customer retention through understanding of customers experience, preferences and expectations
- Uncover unmet product needs and predict adoption and usage
- Improve brand strategy through tracking awareness, equity and perceptions



## Key Functionalities:

### Engage customers on their terms

- Natural conversations
- Personalized interactions through segmentation and targeting
- Customers interaction across web, SMS, email and mobile app

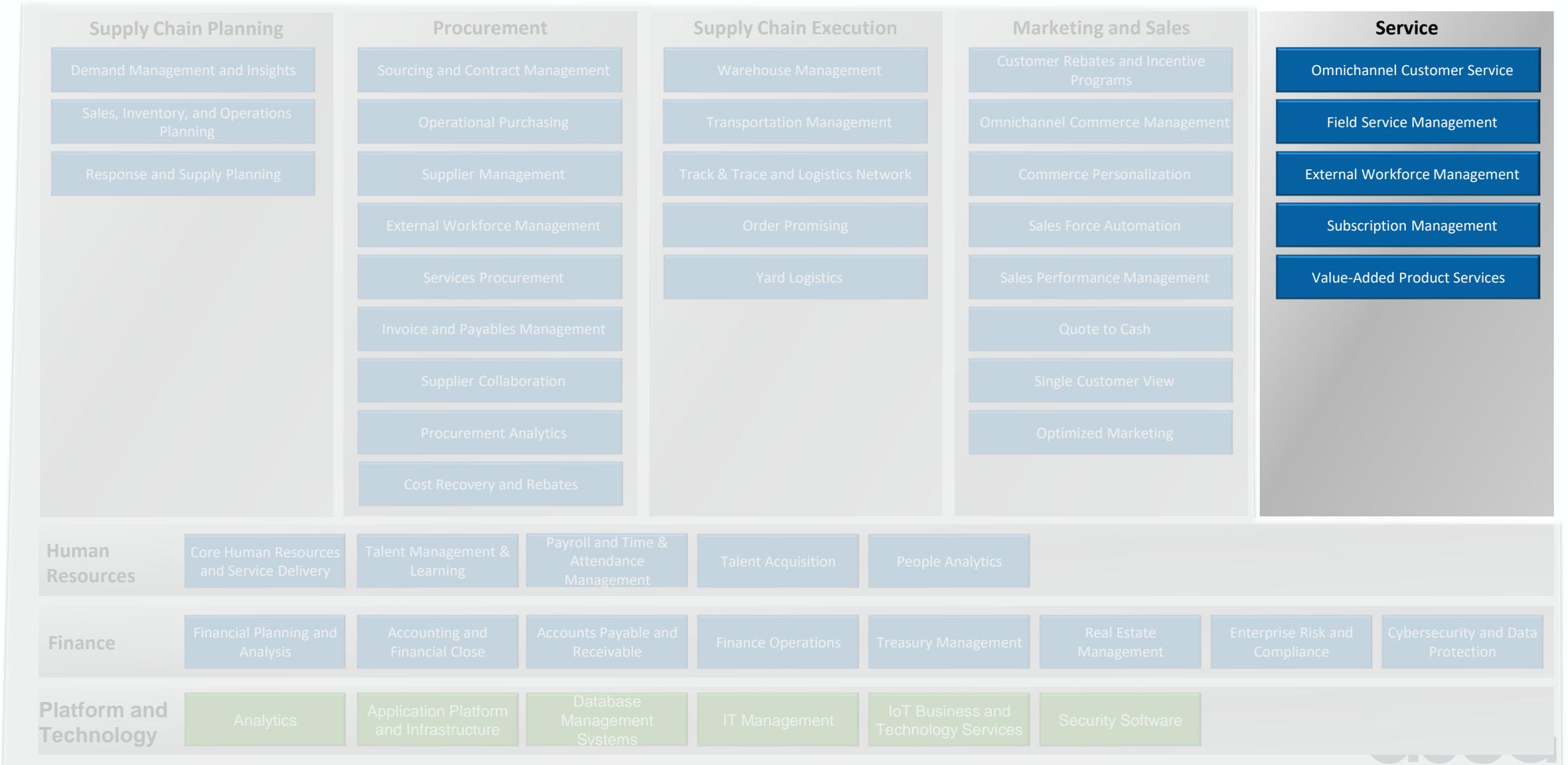
### Insight

- Advanced statistical analysis
- AI to uncover insights hidden in open text
- Deep learning neural networks to identify customers likely to churn

### Activate your organization

- Role-based dashboards accessible from any device
- Proactive alerting
- Creation of action plans out of insights

# 2019 Value Map for Wholesale Distribution



# Customer Service: ISR/Call Center with SAP Customer Engagement Center



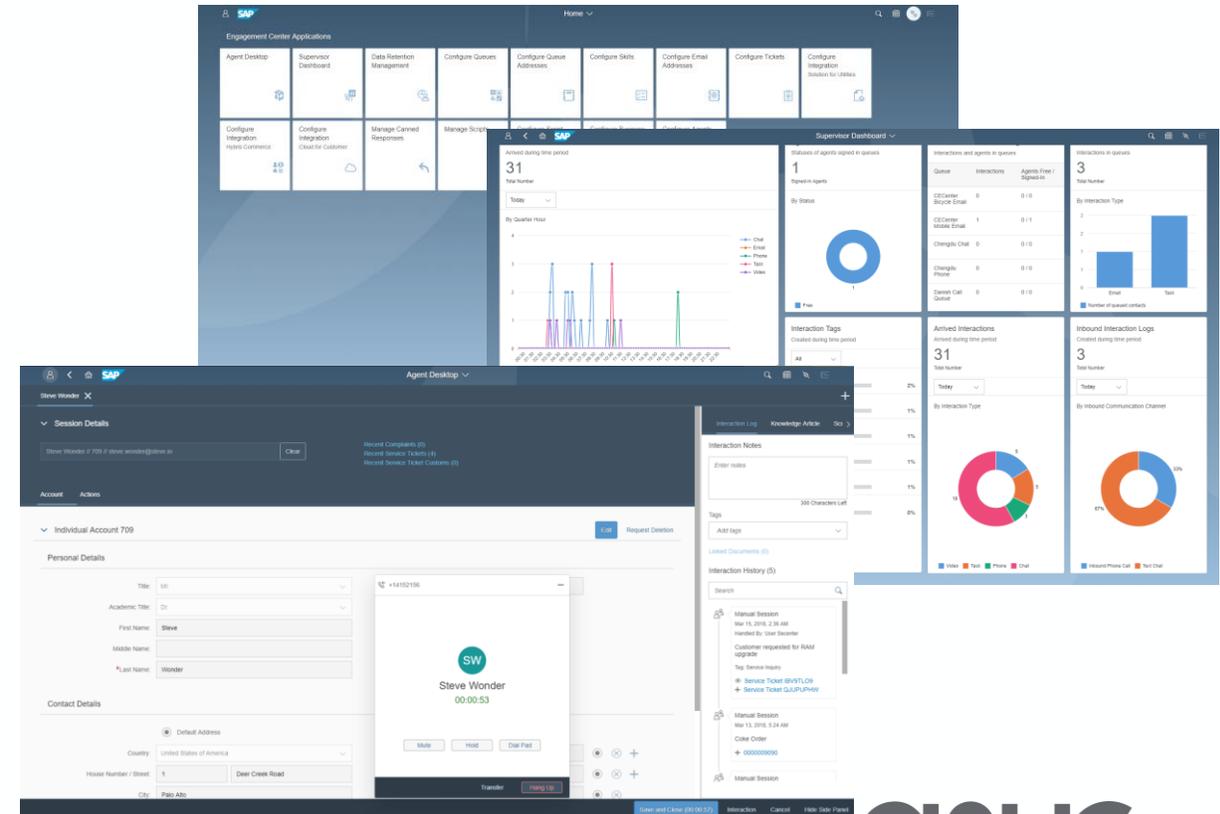
*How do I setup an omnichannel contact center?*

## Customer Benefits:

- One unified agent desktop instead of multiple systems, with customer interaction history, sales order management,
- Built-in interaction channels (chat, video, email, phone)

## Key Functionalities:

- Unified agent desktop
- Customer insights and interaction history
- Sales order (ERP) creation directly from the agent interface
- Customer support via chat, video chat, email, phone
- Real-time statistics
- Predefined integration to chatbot solutions, native integration with SAP Conversational AI



# Customer Service: Order Management with iRPA & Conversational Bots



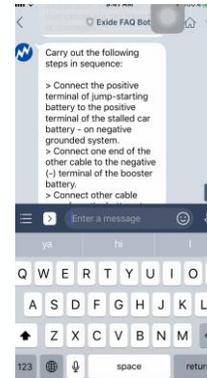
*Can I relieve the agents from reoccurring customer requests?*

## Customer Benefits:

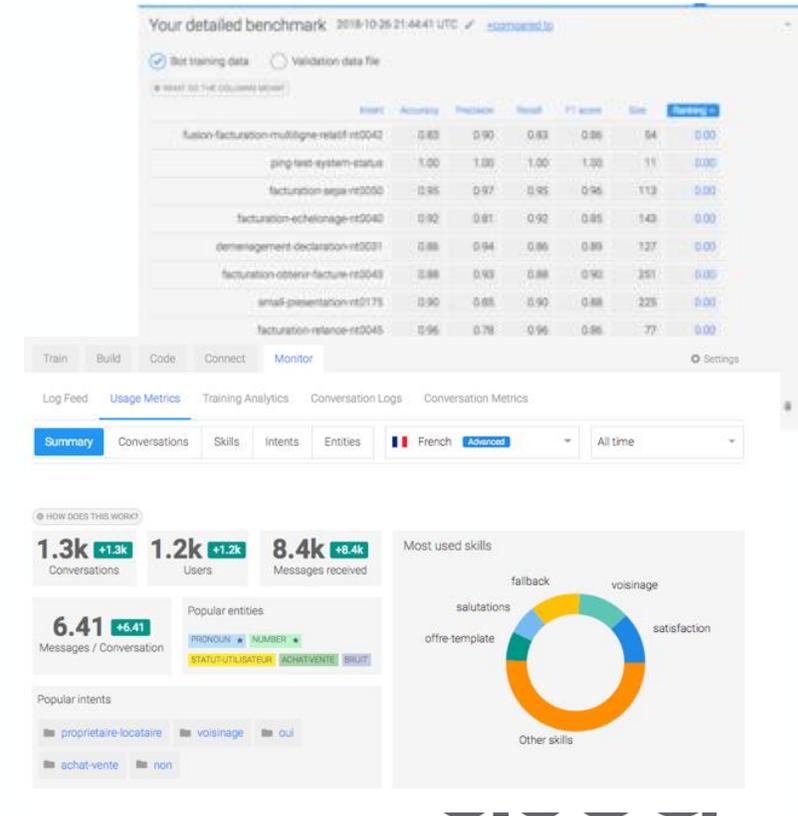
- Minimize agent transfers
- Quicker issue resolution and reduce support tickets
- Eliminate wait times for customers
- Increase scale and cost optimization

## Key Functionalities :

- Natural Language Processing and API, to analyze and gather actionable text data
- End-to-end bot building platform, gathering all tools necessary to build a powerful bot
- Fast implementation time
- Can be easily integrated into SAP or other enterprise systems
- Multi language support
- Monitoring and analytics



## SAP Conversational AI



# Customer Service: Order Management with iRPA & Conversational Bots



*Can I relieve the agents from reoccurring customer requests?*

## Customer Benefits:

- Increase service quality
- Increase scale and cost optimization
- Quicker issue resolution and reduce support tickets

## Key Functionalities SAP Conversation AI:

- Natural Language Processing and API, to analyze and gather actionable text data
- End-to-end bot building platform, gathering all tools necessary to build a powerful bot

## Key Functionalities SAP RPA

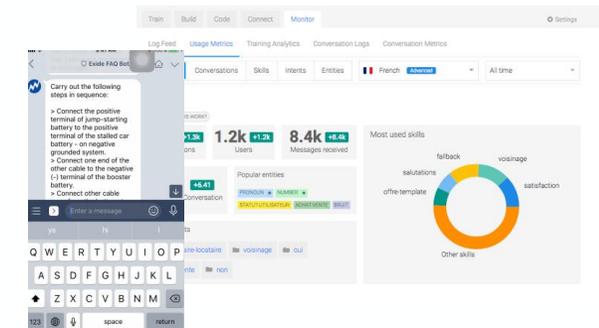
- Prebuild bots for SAP products
- Cross application (SAP + Non-SAP)

## SAP Conversational AI

Chatbots to interface and handover to execution bots

## SAP Intelligent Robotic Process Automation

Multiple bot workflows for execution

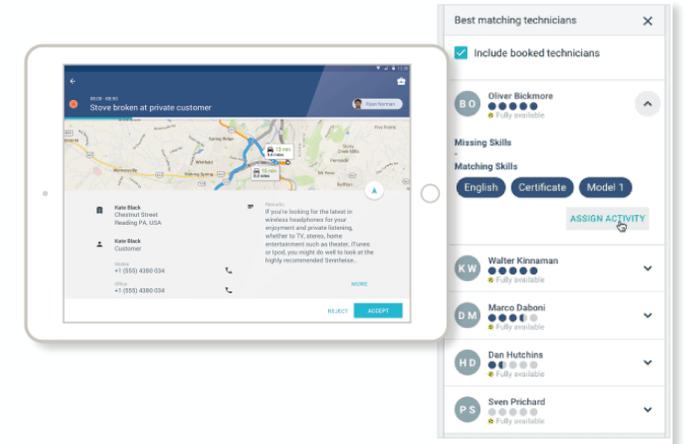
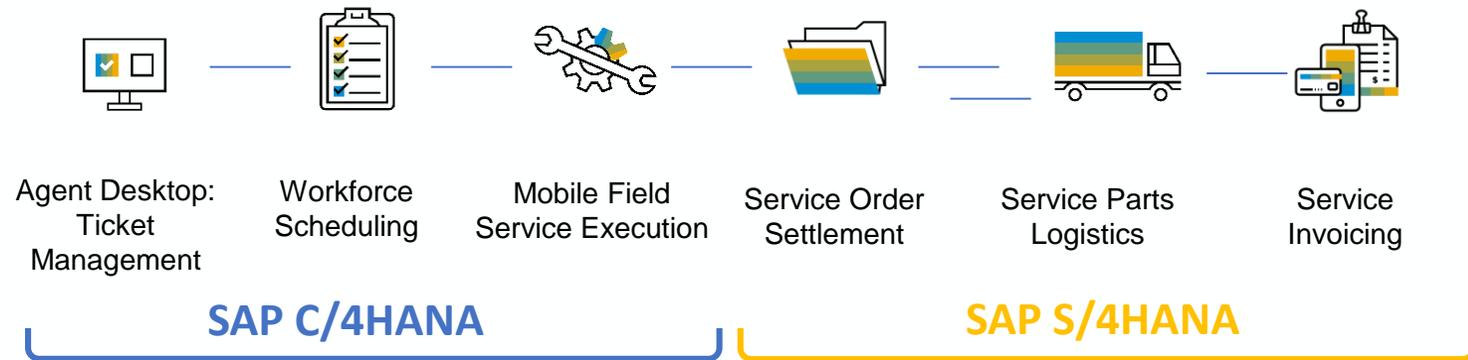


**Integrated offering for E2E automation:  
iRPA + CAI + ML**

# New Business Models - Maintenance Services



*How to start with maintenance service offerings?*



## Customer Benefits:

- Move into new business models by offering complete solutions from installation to maintenance services
- Provide quality service by using intelligent technologies to predict maintenance and prevent breakdowns

## Key Functionalities SAP Field Service Management:

- Planning and resource scheduling
- Mobile UX across different mobile devices (iOS, Android, and Windows), online & offline
- Customer self-services
- Smart analytics with machine learning and the IoT

# New Business Models - Subscription & Usage Based Billing



*How to monetize new business models?*

## Customer Benefits:

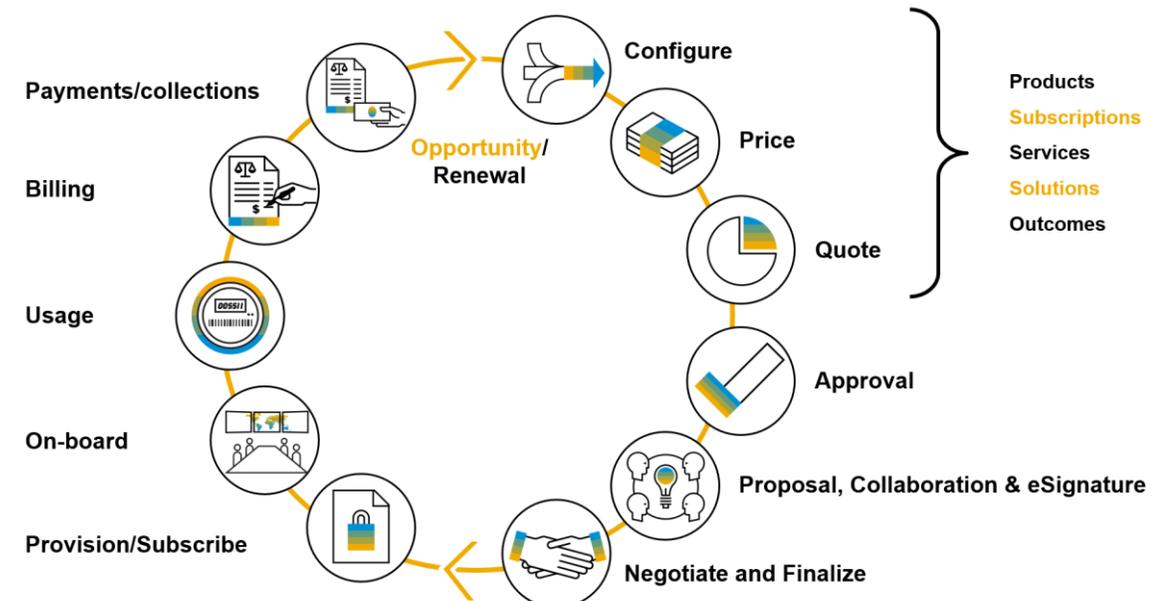
- Serving new monetization models like selling of digital goods, usage metering, API-based monetization models common in IoT scenarios
- From stand-alone transactions to long-term customer relationships

## Key Functionalities :

- Business Model Design
- Subscription Order Capture
- Subscription Order Management
- Subscription Billing (including usage and one-time fees)
- Subscription Invoicing and accounting & receivables management (SAP Subscription Billing integrates for this with SAP S/4HANA (Cloud))

**SAP Billing & Revenue  
Innovation Management**  
On-premise or private cloud

**SAP Subscription  
Billing**  
Public cloud SaaS



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# Presentation Materials

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

# Q&A

For questions after this session, contact us at [Magnus.Meier@SAP.COM](mailto:Magnus.Meier@SAP.COM),  
[John.McDonnell@SAP.COM](mailto:John.McDonnell@SAP.COM) and [Susanne.Adam@SAP.COM](mailto:Susanne.Adam@SAP.COM)

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