TRANSFORMING TO AN INTELLIGENT ENTERPRISE WITH SAP S/4HANA

Jeff Stenger and Brian Everett

Session ID #82901

About the Speakers

Jeff Stenger

- Corporate Controller, Shepherd Chemical
- 24 years at Shepherd Chemical
- Father of 5, Grandfather of 2, so far

Brian Everett

- Industry Solution Principal, itelligence
- 19 years at itelligence, 23 in SAP ecosystem
- Industry business development and sales support, North America
- Avid sports fan and musician

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Agenda

- Industry Perspectives and Challenges
- Shepherd Chemical Company Spotlight
  - Overview and Company Heritage
  - Moving to the intelligent enterprise
  - Lessons learned
- Open Discussion/Questions

Key Outcomes/Objectives

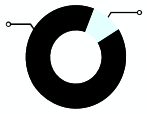
1. Understand Impacts of Digital Transformation and the Intelligent Enterprise
2. Learn approaches on how to embark on evaluating and deploying SAP's Intelligent Enterprise Platform
3. Enable your organizations to transform and be successful in the future

Industry Perspectives

The World In Which We Live – Early 2019

Last 2 years

90%



Of the world's data has been generated

Per Day

2.5 quintillion

Bytes of data are generated every day

Per Minute

16 million

Text messages per minute and 456,000 tweets per minute

In 2018

33 million

Of voice-first devices in circulation

End of 2020

212 billion

"Things" will be connected

By 2020

9 billion

Mobile users in the world

- Sources:
  - https://www.forbes.com/sites/bernardmarr/2018/05/21/how-much-data-do-we-create-every-day-the-mind-blowing-stats-everyone-should-read/#1145f34d60ba
  - https://www.iflscience.com/technology/how-much-data-does-the-world-generate-every-minute/

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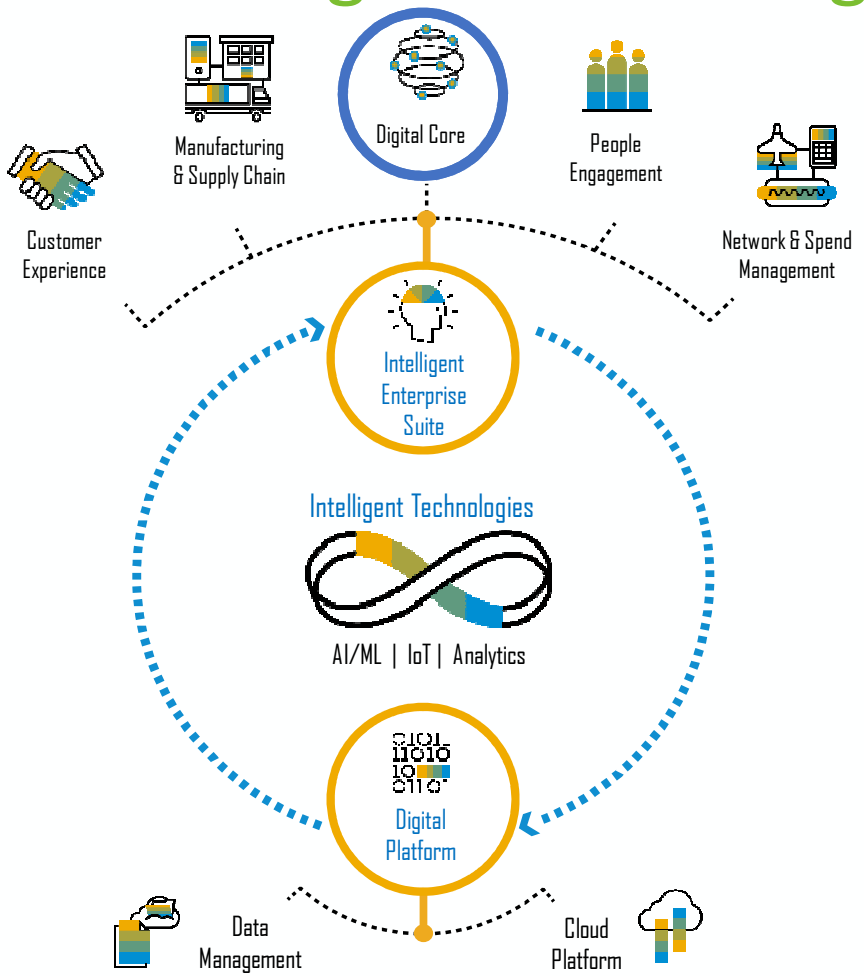
SAP Direction: Focusing on the Intelligent Enterprise

THE INTELLIGENT ENTERPRISE

features 3 KEY COMPONENTS:



1. Intelligent Enterprise Suite
2. Intelligent Technologies
3. Digital Platform

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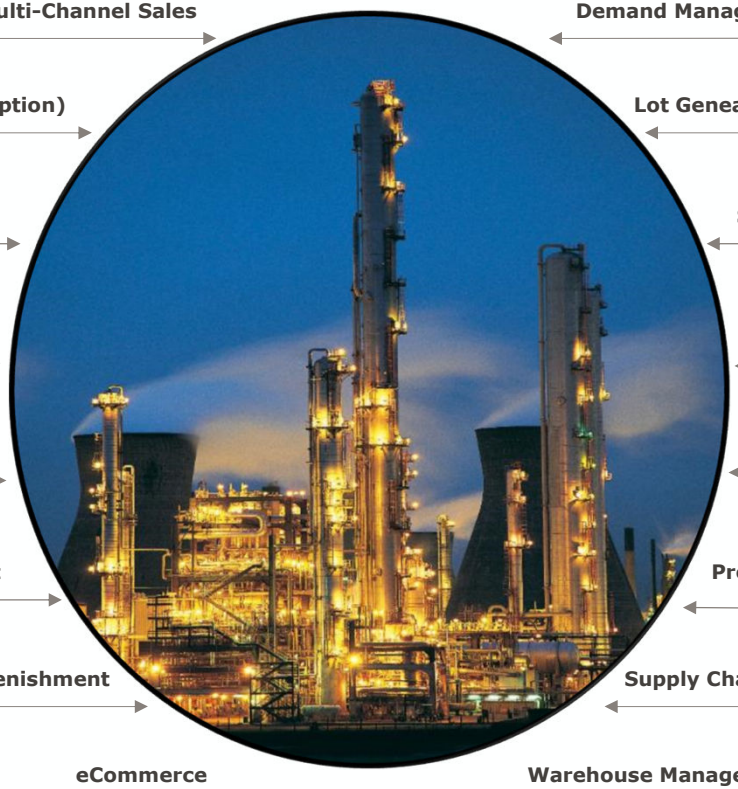
Solving Problems in the Industry

Specialties

- Industrial Chemicals
- Specialty Chemicals
- Agrichemicals
- Paints, Inks, Coatings
- Petrochemicals
- Plastics



Multi-Channel Sales

Demand Management and Demand Optimization

Yield Management (Raw Material Consumption)

Lot Genealogy, Lot Tracking & Recall Capabilities

Commodity Procurement & Costing

Sales & Operations Planning

Business Consolidations and Business Analytics

New Product Design & Introduction

Product Quality and Compliance

Environmental Health and Safety Mgt.

Active Ingredients Management

Process and Bulk Manufacturing

Transportation and Global Replenishment

Supply Chain Agility

eCommerce

Warehouse Management

On Premise and Cloud Options

itelligence NTT DATA Business Solutions

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The Big Decision…

Do you sell your house and upgrade to a new home?

Greenfield

Do you remodel, stay, and love it again?

Conversion

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S/4HANA – Migration Scenarios

New Implementation	Third-party System	›	On-Premise S/4HANA Cloud	**EXAMPLE:** New or existing SAP Customer implementing a new SAP S/4HANA system with initial data load (data migration) and/or with historical data load (data conversion)
System Conversion	ERP System	›	SAP S/4HANA On-Premise	**EXAMPLE:** Complete conversion of an existing SAP Business Suite system or selective
Landscape Transformation	ERP System Region A ERP System Region B ERP System Region C	›	On-Premise S/4HANA Cloud	**EXAMPLE:** Central Finance

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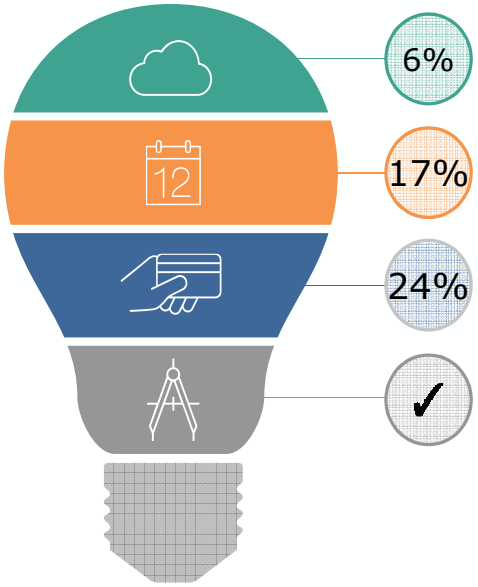
Why Move to SAP S/4HANA Now?

SAP Client Distribution Business Results



6%
Higher Sales Achievement
Real time access to sales and pipeline data

17%
Higher Capacity Utilization
Due to better allocation of equipment, machinery, and tools

24%
Lower Supply Chain Planning
Due to 'what-if' modeling capabilities

✓
Greater Precision
Better Visibility into KPIs

Reference: Digital_Readiness_Assessment_Chemicals_v2 (SAP)

Gartner Advice Oct 2018

Reference: Gartner Research Note for Customers Considering a Move to S/4HANA

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Shepherd Chemical Spotlight

Shepherd Chemical Overview

- Focused on metal-based chemistries serving a variety of industries (chemical, automotive, oil and gas, consumer products, etc.)
- 45% of the portfolio co-developed and custom products
- 8 of the top 10 chemical companies are Shepherd customers
- Multi-divisional
  - Chemical division
  - Color/pigments division
  - Glass coatings division
- Global company

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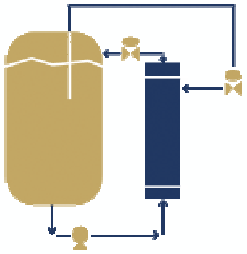
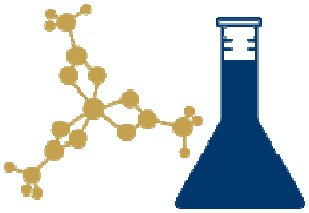
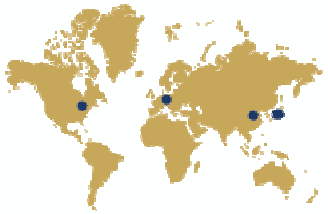
Why Shepherd Chemical?



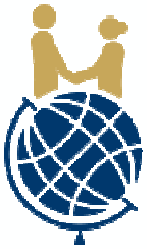
Operational Excellence



Custom Co-Development

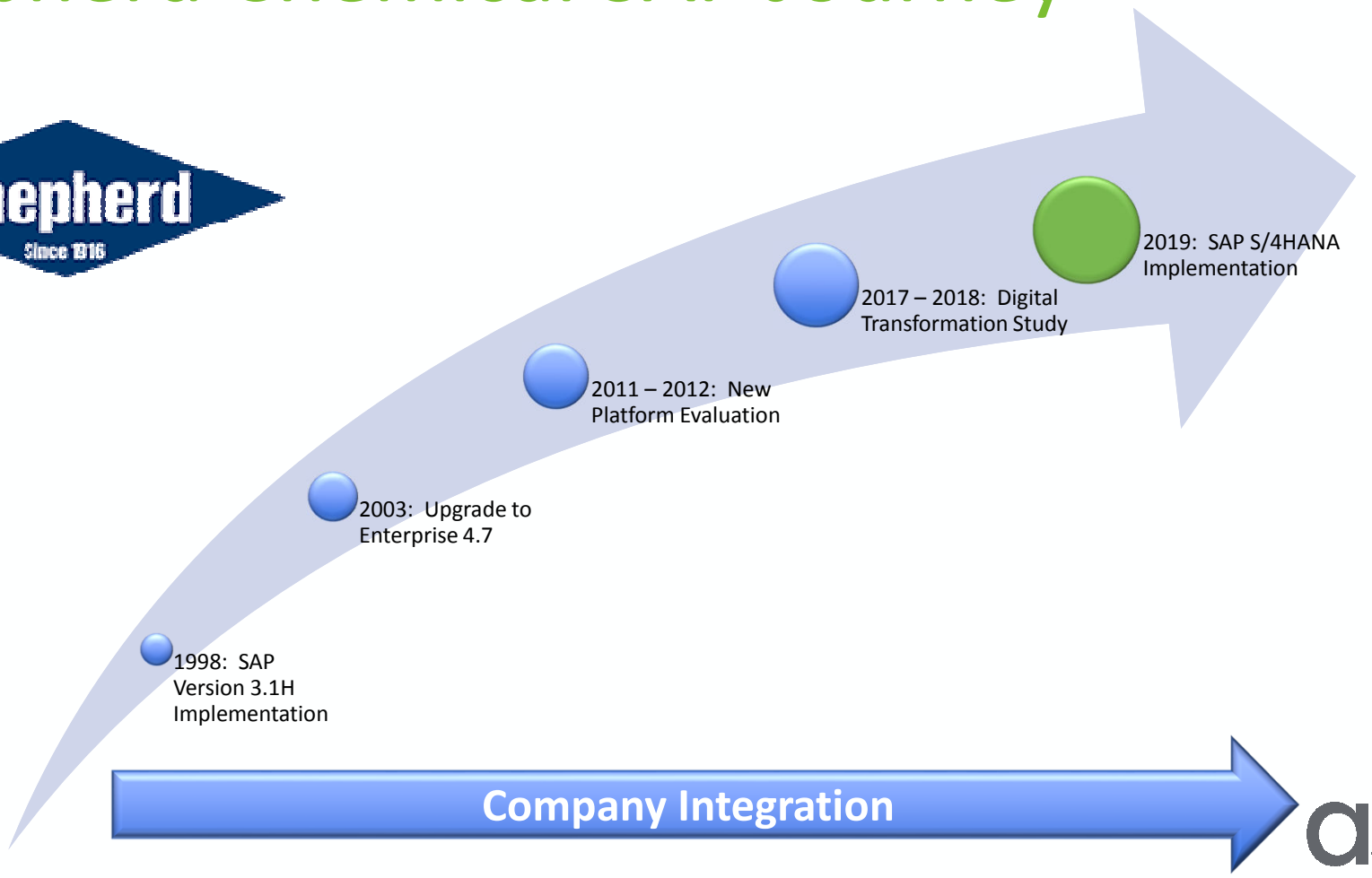


Multi-National



Customer Experience

Shepherd Chemical SAP Journey



Approach Toward Solution Evaluation

Best Value Strategy

Create value by continually increasing the spread between the benefit we deliver and the cost of doing so

$$\text{Value} = f\ (\text{Benefit} - \text{Cost})$$

Current Project and Roadmap

We have decided to implement SAP S/4HANA as our Shepherd Group ERP solution.

And…

Our approach will be to use SAP's best practices and not introduce customizations to the base software.

Program Critical Success Factors

Why a single ERP?

- The cost to maintain two ERPs is much higher than maintaining one.
  i.e. Licenses, upgrades, hosting, resources, training
- Collaboration across the group in areas such as Supply Chain and Purchasing offer great value creating opportunities with a single ERP platform.

Why SAP?

- SAP is the chemical industry leader for ERPs and their software utilizes best practices for businesses.
- Capabilities of the newest version of SAP (S4/HANA) , that Chemical, Color and Glass Coatings & Concepts will move to, offer much greater benefit than other ERP options or older SAP versions.

Why now?

- Continuity of resources – both Shepherd and SAP (itelligence).
- We can quickly leverage the learning from The Chemical implementation
- We are dependent on the ERP platform for many other technical solutions we are currently working on (supply chain, inventory management).
- The sooner we are on a common platform the quicker we can leverage one ERP and realize the benefits

Lessons Learned

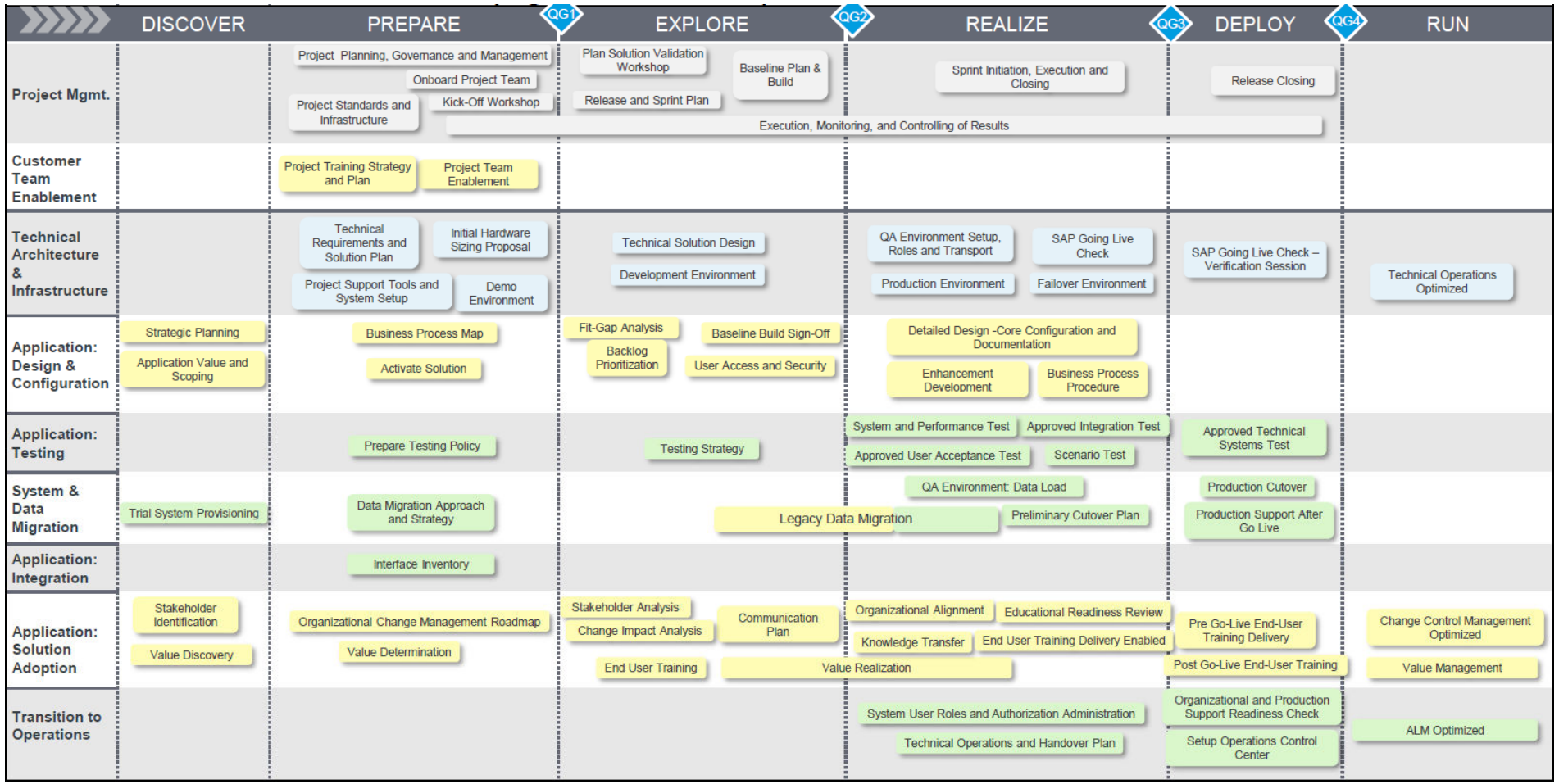
Why default to “out of the box” best practices rather than conforming SAP to how we work?

- It is costly to install and maintain customizations.
- We have discovered that the costs to implement and manage customizations outweigh the benefit we gain.

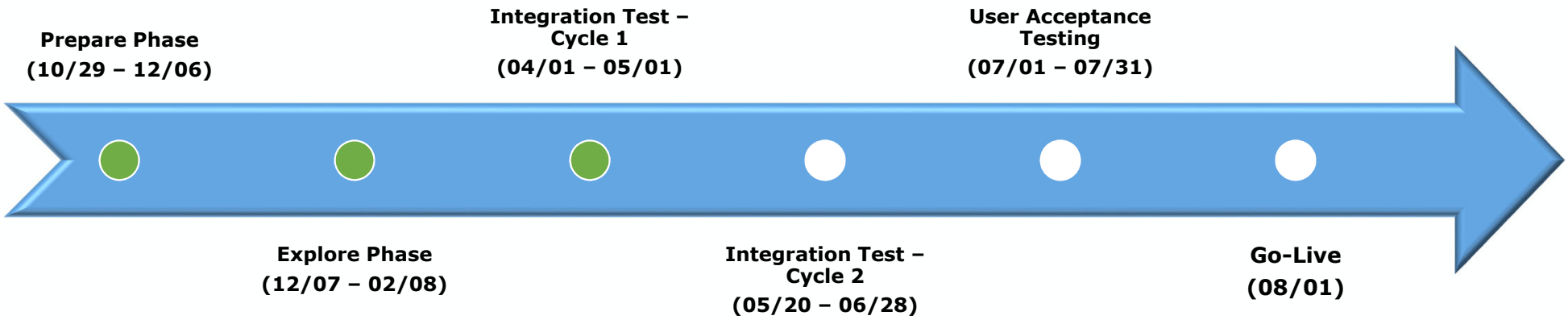
Why is it better for Color to switch to SAP rather than Chemical implementing Color’s solution?

- SAP, especially with their latest version, are clearly the industry leader and have the best practices in the chemical industry.
- Much of the “heavy” implementation work will be completed during the Chemical install, and the Color and Glass Coatings teams will have as much visibility into their work as possible.
- Chemical business process owners and subject matter experts will provide valuable assistance to their Shepherd Color and Glass Coatings & Concepts peers during their respective installations.

SAP Activate Deployment Approach



Implementation Project Timeline



Q&A

For questions after this session, feel free to contact us!

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Presentation Materials

Access the slides from 2019 ASUG Annual Conference here:

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

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