Speed with Style - Why and How Customers are Moving to S/4HANA Fashion and Vertical Business

ASUG Session: 84561

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THE BEST RUN **SAP**

3725632

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Agenda

The Vertical Fashion Story at SAP

Fashion Customer Update

Fashion Influence

Fashion Roadmap Update

Retail and Fashion
A Strategic Industry

208 of the 250 top retailers in the world run SAP:

18 of the 20 top Fashion, Apparel and Footwear brands in the world

18 of the 25 fastest growing retailers in the world

13,400+ Retail customers in 121 countries

End-to-end fashion retail processes on a real-time platform

Deep, **fashion-specific** capabilities
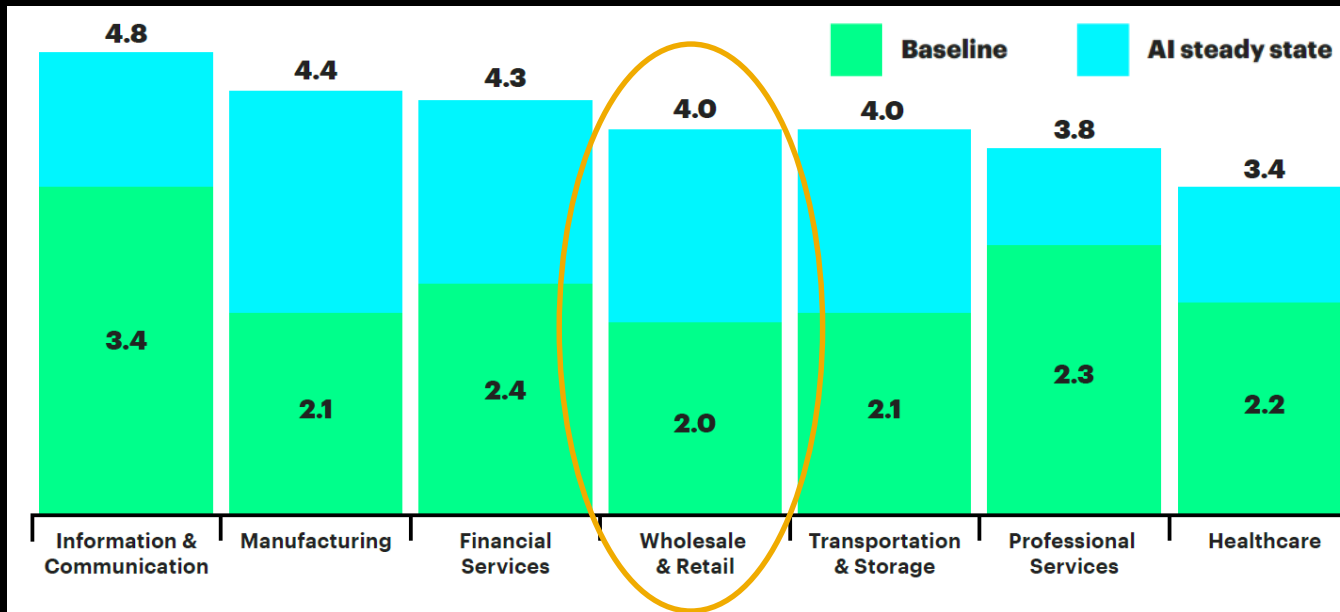
Embedded, preconfigured **best practices**

Clear Industry **road map**

86% of the Brands/Retailers in the Forbes Global 2000 are **SAP customers**

Why does the Intelligent Enterprise matter?
To help Drive Growth and Profitability

Bar chart legend: ■ Baseline (green) ■ AI steady state (blue)

Industry	Baseline	AI steady state (total)
Information & Communication	3.4	4.8
Manufacturing	2.1	4.4
Financial Services	2.4	4.3
Wholesale & Retail	2.0	4.0
Transportation & Storage	2.1	4.0
Professional Services	2.3	3.8
Healthcare	2.2	3.4

AI has Potential to double the industry growth rate by 2035 …

59%
Wholesale & Retail

.. and drive 60% increase in Profitability
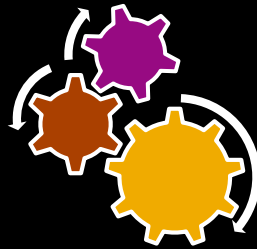
Source: Accenture Research

The Future of Vertical Business is Now
The Key Drivers

Business Agility
Transact Anyhow,
Anywhere

Faster everything
Sustainability
Circular Economy

Advanced analytics
Deep insights

Buy, fulfill, return anywhere
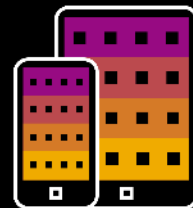On shelf availability
Collaborative purchasing &
manufacturing

**Global view of
consumer,
inventory, styles,
sizes & segments**

Personalized products
Serve Customer by name
Consistency

User experience
Mobility first
Smart Beacons

Intelligent Planning
Machine Learning,
Artificial intelligence

Digitization of stores
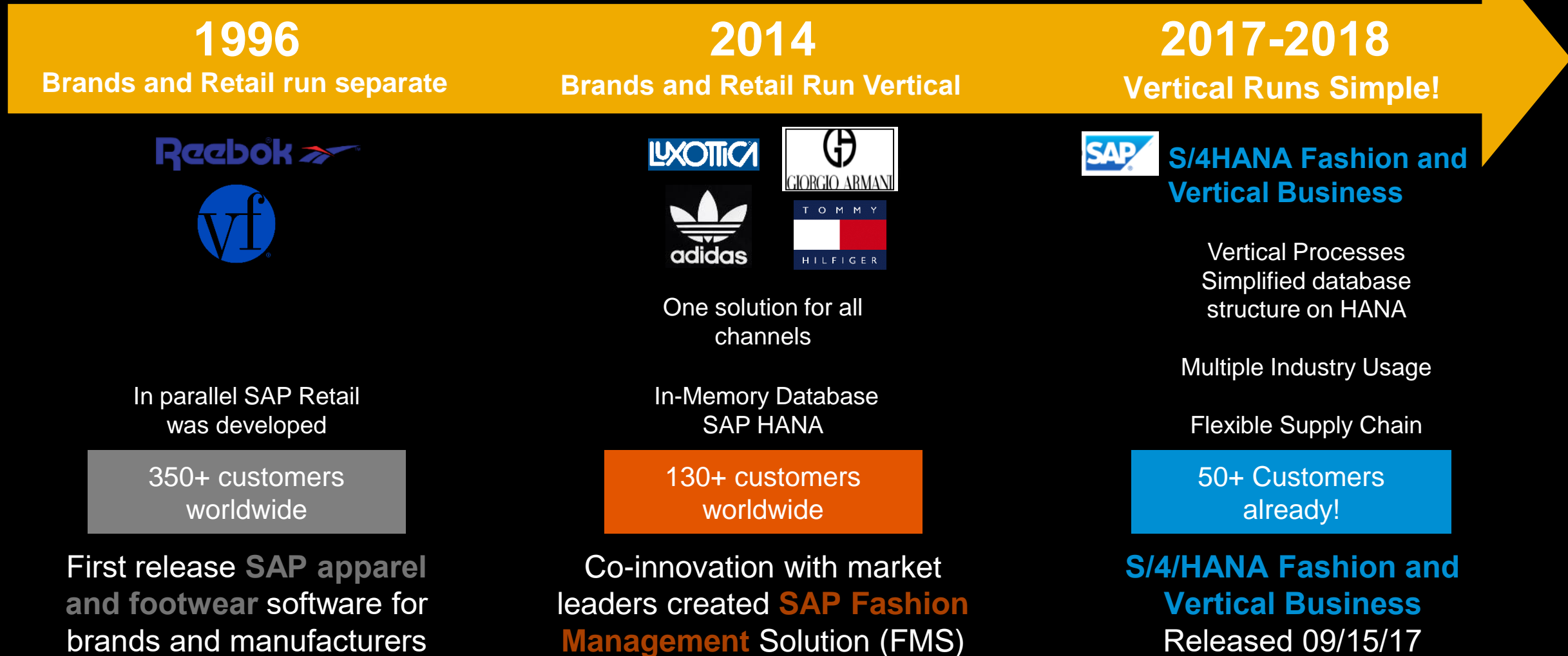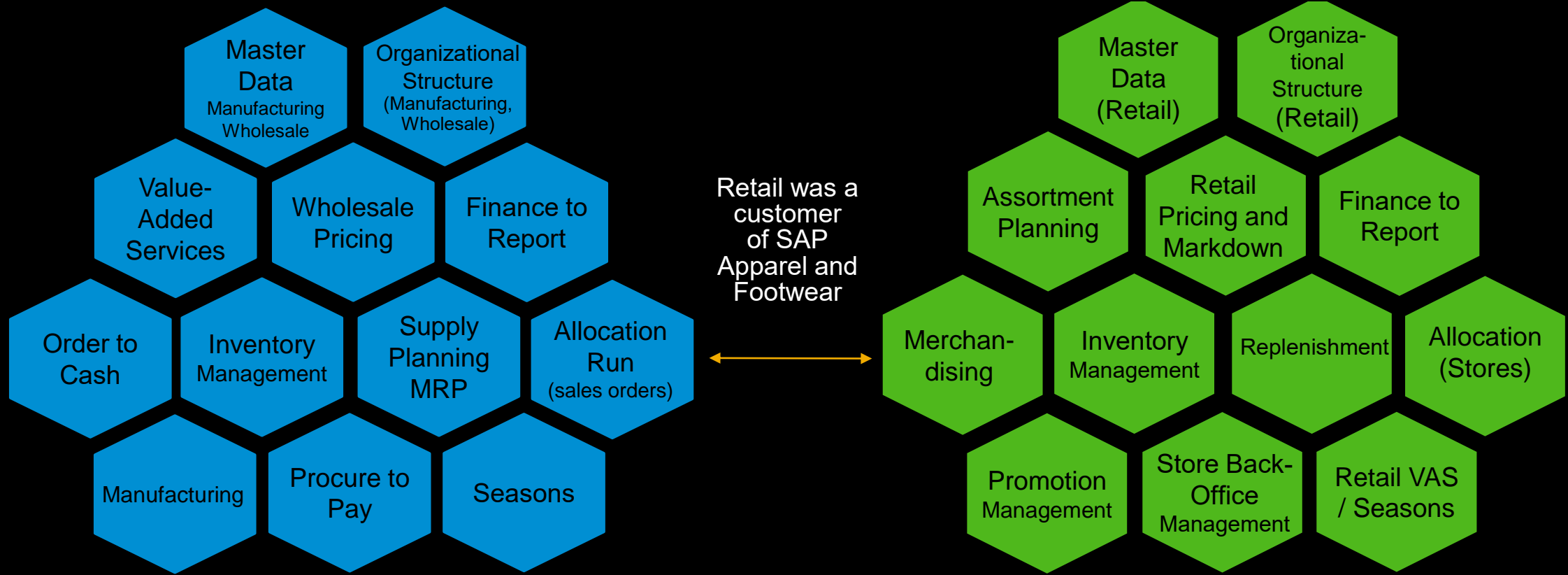Internet of Things
Virtual Reality

**New business
models**

SAP's Vertical Business Solutions Since 1996
Innovation Accelerating with Leading Fashion Customers

1996	2014	2017-2018
Brands and Retail run separate	**Brands and Retail Run Vertical**	**Vertical Runs Simple!**

S/4HANA Fashion and Vertical Business

One solution for all channels

Vertical Processes Simplified database structure on HANA

In parallel SAP Retail was developed

In-Memory Database SAP HANA

Multiple Industry Usage

Flexible Supply Chain

350+ customers worldwide	130+ customers worldwide	50+ Customers already!

First release **SAP apparel and footwear** software for brands and manufacturers

Co-innovation with market leaders created **SAP Fashion Management** Solution (FMS)

S/4/HANA Fashion and Vertical Business
Released 09/15/17

The Starting Point: Historic World-Class Solutions
Originally Businesses were Silos with Separate Systems

Blue hexagons (left):
Master Data (Manufacturing, Wholesale), Organizational Structure (Manufacturing, Wholesale), Value-Added Services, Wholesale Pricing, Finance to Report, Order to Cash, Inventory Management, Supply Planning MRP, Allocation Run (sales orders), Manufacturing, Procure to Pay, Seasons

Optimizing Wholesale / Manufacturing With SAP Apparel and Footwear (AFS)
Conventional database only

Center: Retail was a customer of SAP Apparel and Footwear

Green hexagons (right):
Master Data (Retail), Organizational Structure (Retail), Assortment Planning, Retail Pricing and Markdown, Finance to Report, Merchandising, Inventory Management, Replenishment, Allocation (Stores), Promotion Management, Store Back-Office Management, Retail VAS / Seasons

Running Merchandising / Store Distribution, with SAP Merchandizing for Retail

SAP HANA in-memory computing or conventional database

MRP = Material requirements planning
AFS and SAP Retail have supported fashion businesses since 1995/6

SAP S/4HANA for Intelligent Enterprises

A Historic Opportunity to Run One Simple S/4HANA Platform for All Channels

One ERP for all channels for dramatic simplification e.g. eliminate PO-SOs from retail to wholesale

Single Global Inventory to help reduce safety stock and retail stock-outs while increasing customer service, inventory turns and profitability

Standard solution on S/4HANA provides ground breaking processes e.g. Advanced ATP and Supply Allocation (Arun) for all channels and industries

SAP S/4HANA Fashion and Vertical Business

Harmonized Processes on a Simplified S/4 Platform

Harmonized Processes on a simplified S/4HANA DB to reduce silos, simplify and run a global vertical business

One Set of Master Data for all channels improves accuracy and speed to market

Strategic S/4 HANA platform with roadmap, influence channels

Standard Tools to get There Conversion from ERP

Master Data (Omni)

Organization Structure (Omni)

Assortment Planning

Omni Pricing and Markdown

Finance to Report

Merchandising

Inventory Management and P2P

MRP and Replenishment

Order to Cash

Manufacturing

Promotion Management

Store Back-Office Management

Advanced ATP / Supply Assignment (Arun)

Insight to Action

S/4 Fashion = S/4HANA Fashion and Vertical Business
S/4 Fashion is based on S/4HANA Retail Merchandising
FMS = SAP Fashion Management solution (Suite on HANA product)
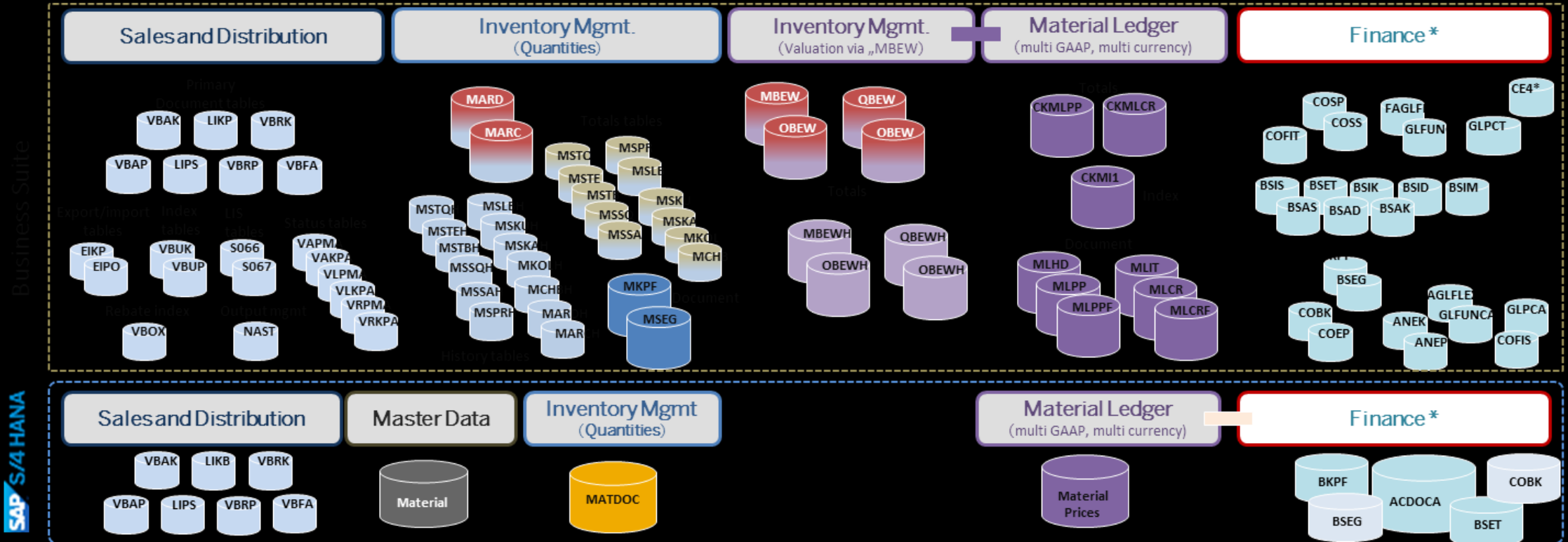
MRP = Material requirements planning
P2P = Procure to pay

* Note Fashion Manufacturing features are planned for S/4HANA 1809 release

S/4HANA
Brings Data Model Simplification
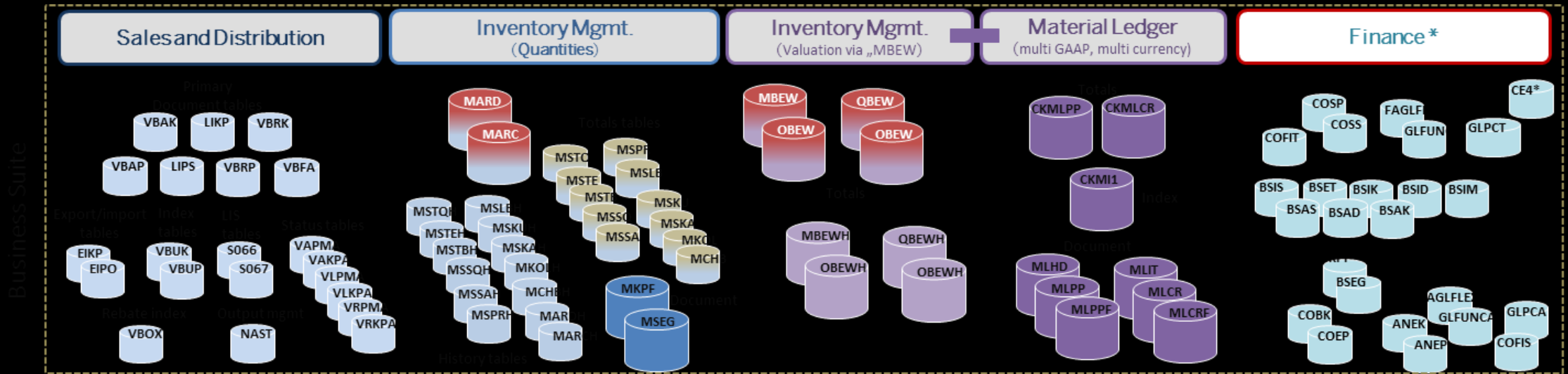
S/4 HANA Principle of One
Data model simplifications

SIMPLE DATA MODEL

- Only main tables remaining, no redundancies
- Clear separation of master data from transactional data
- Reduction of memory footprint

PRINCIPLE OF ONE

- Only one valuation method (Material Ledger instead of 2 (IM+ML)
- Flexible rebate management instead of cumbersome and expensive redundancies
- Only one Seasonal method, only one Value Added Services method

THOUGHPUT INCREASE

- INSERT only on database level (MM-IM) no locks for standard prices valuation

* Actual Data Only Not displayed in lower part Profit Center Accounting, Cost Based CO-PA, Reconciliation Ledger

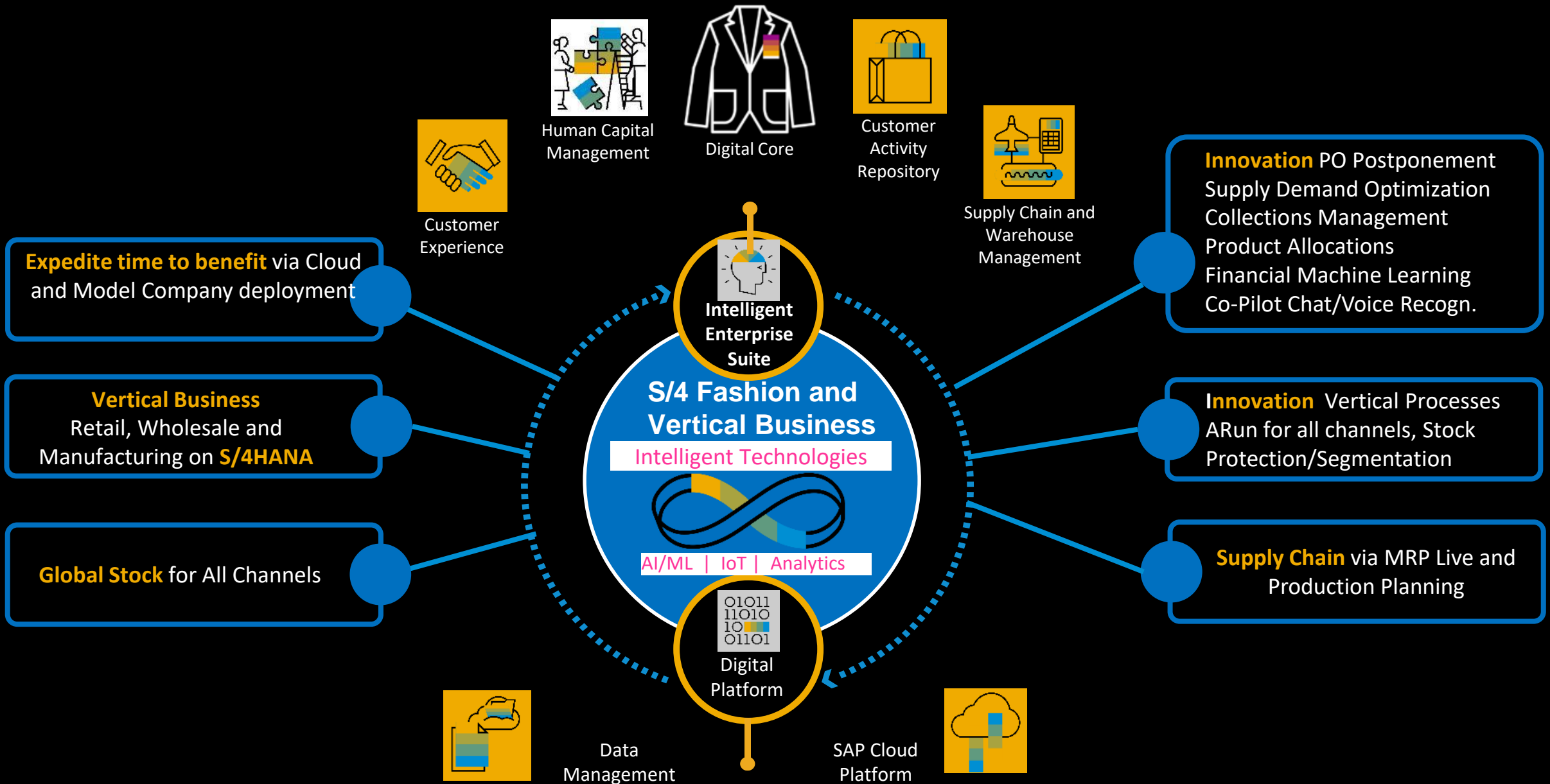# SAP S/4HANA in Inventory Management - Example

MKPF	MARD	MSTQ	MSPR	MSTE	MSLB	MCHB	MKOL	MSTQH	MSLBH	MSTEH	MSKUH	MARCH	MSPRH	MKOLH
MSEG New	Master Data	MSTB	MSKU	MSSQ	MSSA	MSKA		MSTBH	MSSQH	MSSAH	MSKAH	MCHBH	MARDH

SAP S/4HANA Inventory Management with aggregates and indices

no indices   no aggregates   no redundancies

SAP Delivering the Intelligent Enterprise for Vertical Businesses

Human Capital Management

Digital Core

Customer Activity Repository

Supply Chain and Warehouse Management

Customer Experience

Intelligent Enterprise Suite

S/4 Fashion and Vertical Business

Intelligent Technologies

AI/ML | IoT | Analytics

Digital Platform

Data Management

SAP Cloud Platform

Expedite time to benefit via Cloud and Model Company deployment

Vertical Business
Retail, Wholesale and Manufacturing on **S/4HANA**

Global Stock for All Channels

Innovation PO Postponement
Supply Demand Optimization
Collections Management
Product Allocations
Financial Machine Learning
Co-Pilot Chat/Voice Recogn.

Innovation Vertical Processes
ARun for all channels, Stock Protection/Segmentation

Supply Chain via MRP Live and Production Planning

Fashion Article for Style/Color/Size
Returning Fashion to a standard architecture with SAP S/4 Fashion

S/4 Generic Article T-Shirt **BLUE**	
Variants	**UPC**
Small	UPC 1
Medium	UPC 2
Large	UPC 3

S/4 Generic Article T-Shirt **RED**	
Variants	**UPC**
Small	UPC 4
Medium	UPC 5
Large	UPC 6

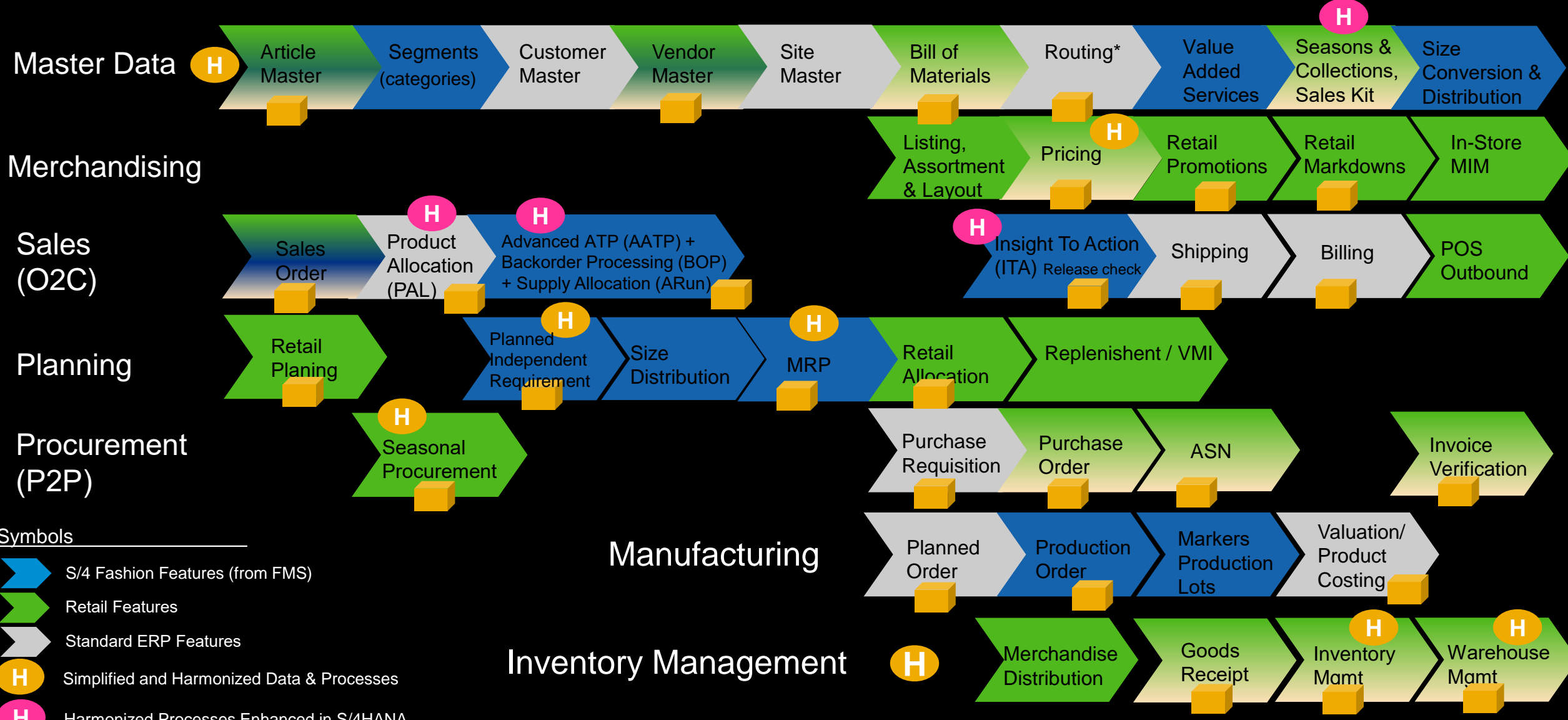Example S/4 Fashion Sales Order Structure with color in the generic article e.g. Style/Color

S/4 Fashion Sales Order Header

Item = Generic Article = **Style/Color**

Sub-Items = Variant (material) = **Sizes**

Schedule Line (confirmed qty/date)

SAP S/4HANA Fashion with SAP S/4HANA Retail
Fashion Processes for all sizes and colors

Master Data
- Article Master
- Segments (categories)
- Customer Master
- Vendor Master
- Site Master
- Bill of Materials
- Routing*
- Value Added Services
- Seasons & Collections, Sales Kit (H)
- Size Conversion & Distribution

Merchandising
- Listing, Assortment & Layout
- Pricing (H)
- Retail Promotions
- Retail Markdowns
- In-Store MIM

Sales (O2C)
- Sales Order
- Product Allocation (PAL) (H)
- Advanced ATP (AATP) + Backorder Processing (BOP) + Supply Allocation (ARun) (H)
- Insight To Action (ITA) Release check (H)
- Shipping
- Billing
- POS Outbound

Planning
- Retail Planing
- Planned Independent Requirement (H)
- Size Distribution
- MRP (H)
- Retail Allocation
- Replenishent / VMI

Procurement (P2P)
- Seasonal Procurement (H)
- Purchase Requisition
- Purchase Order
- ASN
- Invoice Verification

Manufacturing
- Planned Order
- Production Order
- Markers Production Lots
- Valuation/ Product Costing

Inventory Management (H)
- Merchandise Distribution
- Goods Receipt
- Inventory Mgmt (H)
- Warehouse Mgmt (H)

Symbols
- S/4 Fashion Features (from FMS)
- Retail Features
- Standard ERP Features
- (H) Simplified and Harmonized Data & Processes
- (H) Harmonized Processes Enhanced in S/4HANA
- Style/Colour/sizes/Segments (SKUs)

*Vertical processes need SAP S/4HANA Fashion and Vertical Business with SAP S/4HANA Merchandising for Retail

Fashionably Beautiful Screens with Fiori
The new way to see, transact, analyze and gain insight from data

Fiori Launchpad
as single access point

The SAP Vertical Business Solution Portfolio
Agility for the Customer based on a Stable Core

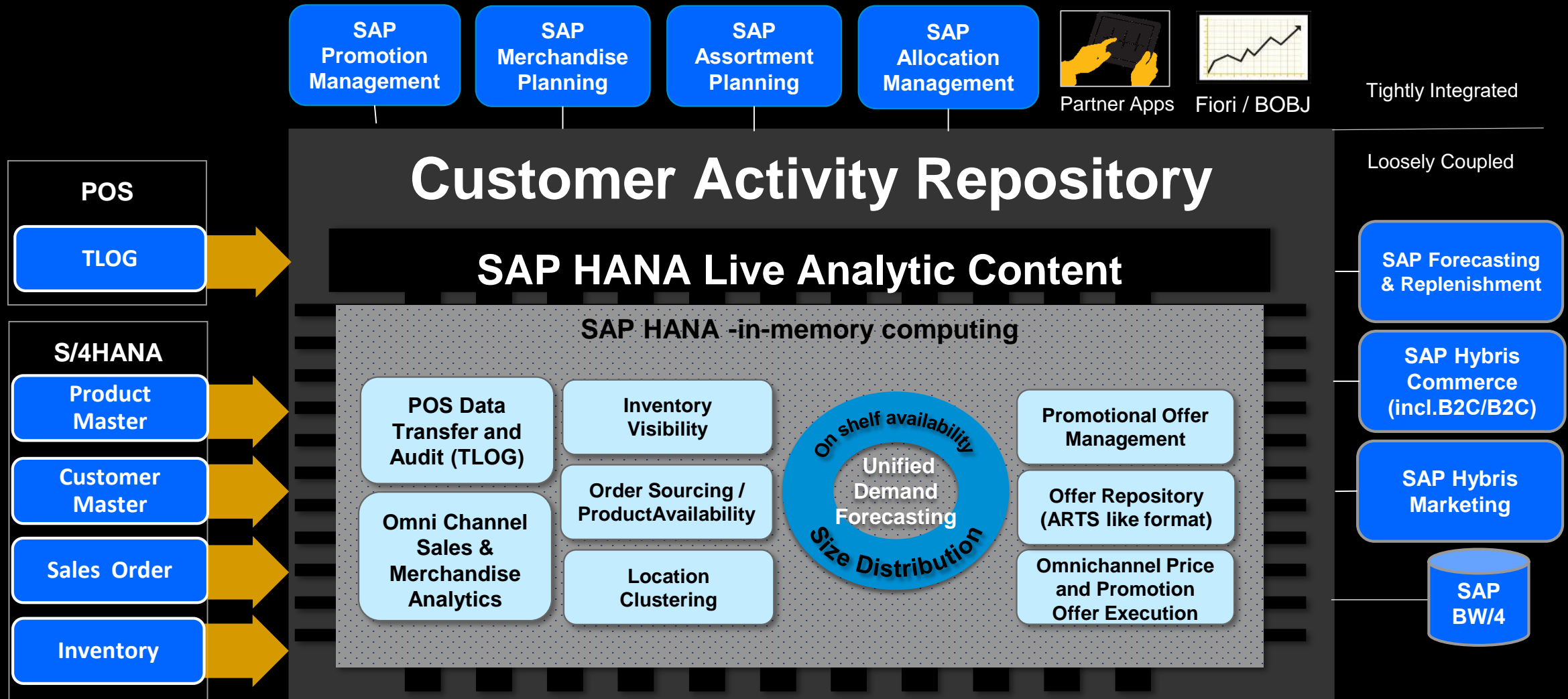### Omni Commerce Customer Experience

- SAP C/4HANA Commerce Suite
- SAP Interaction Center
- SAP Cloud for Customer
- SAP Omnichannel POS by GK
- SAP Hybris Engagement Center

Brand & Merchandise Planning

- SAP Merchandise Planning for Retail (MPR)
- SAP Promotion Mgmnt for Retail(PMR)
- SAP CRM Loyalty Management
- SAP Assortment Planning for Retail (APR)
- SAP Hybris Marketing
- SAP Hybris Profile SAP Hybris Loyalty

Sourcing & Manufacturing

- Ariba / Fieldglass
- SAP Supplier Collaboration
- SAP Product Lifecycle Costing
- SAP Intelligent Product Design

Supply Chain

- SAP SCM / SAP IBP
- SAP Extended Warehouse Management
- SAP Event Management
- SAPAllocation Mgmnt for Retail (AMR)
- SAP Transportation Management
- SAP Forecasting & Replenishment

Master Data

- SAP Master Data Governance & Consolidation
- SAP hybris Product Content Management
- SAP Digital Asset Management by OpenText
- SAP Product Lifecyle Management + 3rd Party PLM

Real-Time Customer & Business Insight

- SAP Customer Activity Repository
- SAP Hybris Marketing Data Management
- SAP Demand Signal Management
- SAP Business Intelligence
- Qualtrics
- SAP Governance, Risk and Compliance

Core Vertical Operations & Finance & HR

- SAP S/4HANA Fashion and Vertical Business
- S/4HANA Retail
- SAP Hybris Billing
- SuccessFactors
- SAP Leonardo
- SAP Enterprise Performance Management
- SAP Business Process Consolidation

Powered by SAP HANA

Now / Recent

SAP CAR Customer Activity Repository
Omnichannel Real-time Consumer Insight Platform

SAP Promotion Management

SAP Merchandise Planning

SAP Assortment Planning

SAP Allocation Management

Partner Apps

Fiori / BOBJ

Tightly Integrated

Customer Activity Repository

Loosely Coupled

POS

TLOG

SAP HANA Live Analytic Content

SAP Forecasting & Replenishment

S/4HANA

Product Master

Customer Master

Sales Order

Inventory

SAP HANA -in-memory computing

POS Data Transfer and Audit (TLOG)

Inventory Visibility

Order Sourcing / ProductAvailability

Location Clustering

Omni Channel Sales & Merchandise Analytics

On shelf availability

Unified Demand Forecasting

Size Distribution

Promotional Offer Management

Offer Repository (ARTS like format)

Omnichannel Price and Promotion Offer Execution

SAP Hybris Commerce (incl.B2C/B2C)

SAP Hybris Marketing

SAP BW/4

Agenda

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Fashion Roadmap Update

SAP S/4HANA Fashion and Vertical Business
Customers are Starting with S/4 Finance and/or S/4 Fashion

Future Direction

S/4HANA 1510	S/4HANA 1610	S/4HANA 1709 FPS0 Sept 2017	S/4HANA 1709 FPS01 Jan 2018	S/4HANA 1709 FPS02 Sept 2018	S/4HANA 1809 FPS0 Sept 2018	S/4HANA 1809 FPS01 Jan 2019	S/4HANA 1809 FPS02 Sept 2019
SAP S/4HANA Finance	Retail Basis in S/4HANA	S/4HANA Fashion and Vertical Business Wholesale	S/4HANA Fashion and Vertical Business Wholesale Enhancements	S/4HANA Fashion and Vertical Business Manufacturing Enhancements	S/4HANA Fashion and Vertical Business Flexible Purchasing Commitments - FPS Supply Demand Optimization - SDO Collections Management Inbound for Outbound - IFO (cross docking) Advanced Returns	S/4HANA Fashion and Vertical Business Enhancements and customer influence	S/4HANA Fashion and Vertical Business Enhancements and customer influence
		ERP-S/4HANA Conversion Tools	ERP-S/4HANA Conversion Tools	ERP-S/4HANA Conversion Tools	ERP-S/4HANA Conversion Tools	ERP-S/4HANA Conversion Tools	ERP-S/4HANA Conversion Tools

Start S/4 Fashion | Go-Live on S/4 Fashion

2015   **2016**   **2017**   **2018**   **2019**

Paths to S/4 Fashion
Migrate from AFS, Convert from FMS with the SAP Model Company

Future Direction

SAP Business Suite

SAP AFS 6.0+ incl. Business Suite Financials

AnyDB

Data Transfer and Migration Tool (DTMT)
AFS-FMS Migration

Available Now

Data Migration Package V2.1 AFS to S/4 Fashion

Available Now (Project Basis)
RTC Planned 2019

SAP Business Suite

SAP S/4 HANA Finance, on-premise edition

SAP FMS 1.0-1.6 / 2.X
SAP NetWeaver 7.x

SAP HANA

FMS with S/4 Finance

FMS-S/4 Fashion Conversion From FMS 1.0 (EhP7 SP04)

Available Now

SAP S/4 HANA

SAP Model Company for Fashion

SAP S/4 HANA on-premise edition 1709 and 1809 and beyond

SAP S/4 HANA Fashion*
SAP S/4HANA Enterprise Management

SAP HANA

Available Now

SAP Business Suite

SAP FMS 1.0-1.6 / FMS 2.X
incl. Business Suite on HANA Financials

SAP NetWeaver 7.x

SAP HANA

FMS with SoH Financials

SAP S/4HANA Migration Cockpit
Legacy-S/4 Fashion

Available Now

Conversion Technical Procedure based on Software Update Manager (SUM) with its Database Migration Option (DMO)

Notes

*S/4 Fashion = SAP S/4HANA Fashion and Vertical Business

AFS to S/4 Fashion (or AFS to FMS) are **migration** projects

FMS to S/4 Fashion is a **conversion** project

SoH = (business) Suite on HANA

Vertical processes need S/4 Fashion and S/4HANA merchandising for retail

Planned dates and planned content subject to change

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SAP Runway with SAP Leonardo and SCP
Increasing Sales, Brand Strength and Efficiency through disruptive digital technologies

SAP Runway: Increase Margins and Reduce Waste by Understanding What's Loved in Real-Time

SAP Runway App
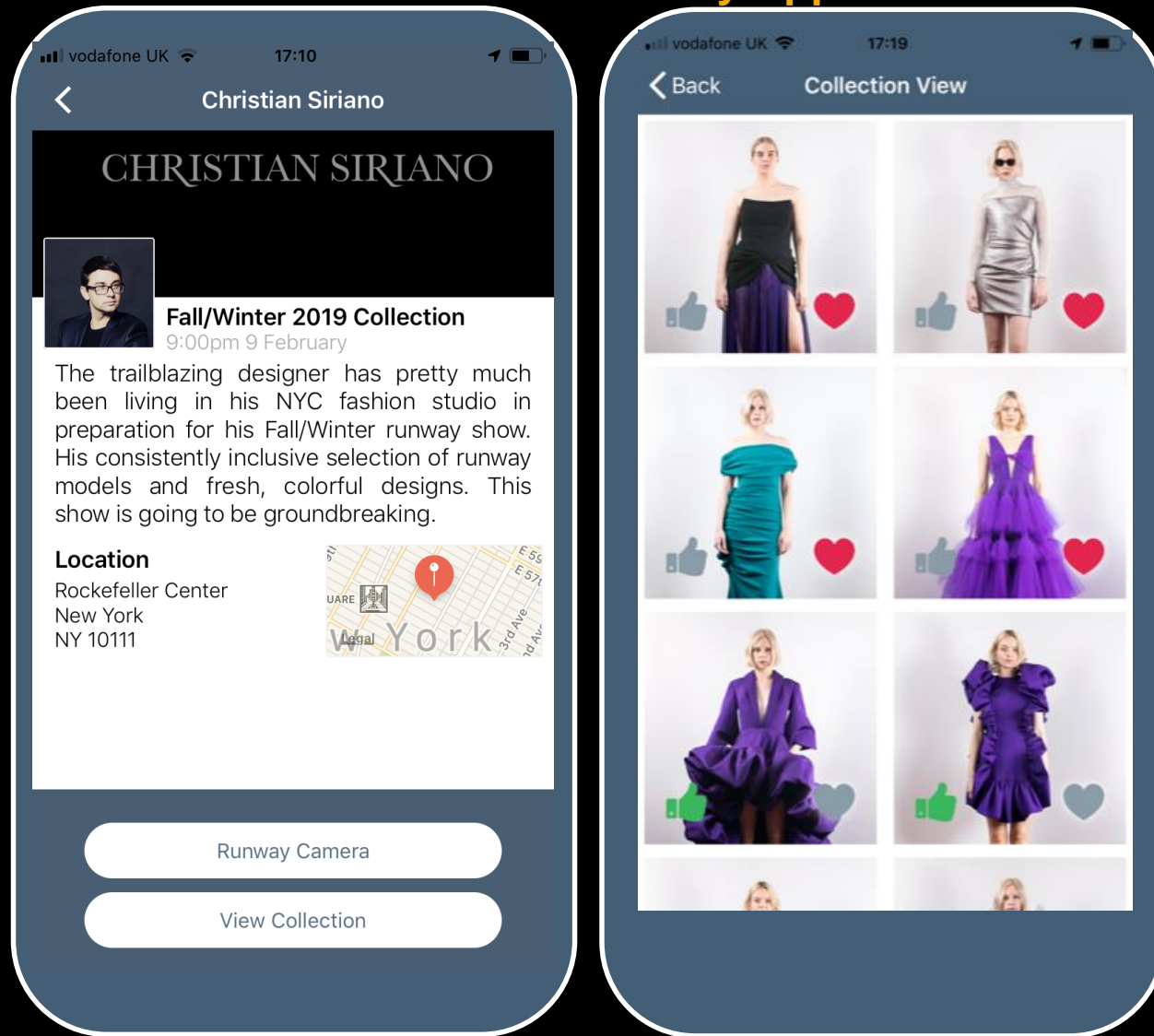
SAP Runway Leaderboard

Fashion Leaderboard

Fall 2019 – TOP TEN LOOKS

#	Look
1	KHAKI WOVEN TRENCH DRESS / WHITE ANKLE PANTS
2	PINK LACE DRESS WITH POCKETS AND TIE WAIST
3	RED LONG SLEEVE DRESS WITH BELT AND RUFFLE SLEEVE DETAIL
4	WHITE DRESS WITH EMBROIDERY
5	FLAME WOVEN SHIFT DRESS WITH FRINGE NECK DETAIL
6	WHITE HI-LO GOWN WITH GOLDEN FLORAL DETAIL
7	BABY BLUE CHIFFON SKIRT / SILK OVERLAY TANK WITH FLORAL DETAIL
8	ICE BLUE DRESS WITH POCKETS AND FEATHER DETAILS
9	PINK SLEEVELESS BALLGOWN WITH FLORAL APPLIQUE AND EMBROIDERY
10	FLAME WOVEN DRESS WITH BELT / WHITE ANKLE PANTS

SAP Runway: Invite your Customers to the Show – Wherever They Are

Recognize the Style
SAP Leonardo IoT:-
 - Bluetooth Beacons on outfits
 - Machine Learning of outfits with camera

Love and Like in Realtime Worldwide
SAP iOS SDK
 - Record loves and likes, see outfit details
 - Product catalog with KIT

Realtime Leaderboard
SAP Cloud Platform SCP + ML
See most loved/liked styles in real-time

Bluetooth Beacon

ML Visual Recognition

Customer 1

Bluetooth Beacon

ML Visual Recognition

Customer 2

Bluetooth Beacon

ML Visual Recognition

Customer N

Fashion Leaderboard

Fall 2019 – TOP TEN LOOKS

1   KHAKI WOVEN TRENCH DRESS / WHITE ANKLE PANTS

2   PINK LACE DRESS WITH POCKETS AND TIE WAIST

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10   FLAME WOVEN DRESS WITH BELT / WHITE ANKLE PANTS

Fashion Innovation
SAP Runway: A New Experience for Fashion Designers and their Fans

SAP Runway

- Created '**Runway by SAP**' prototype app on SCP with multi-tenant/ multi-designer/ multi-show plus SAP Leonardo ML and IoT Beacons to recognize outfits on complex runways

- **Successful launch** at Christian Siriano show NYFW Feb 9th 2019 where fans voted in real-time on outfits Press: Links WWD and BBC

- Designers **improve margins and reduce waste** by:
  Not waiting until goods are already made and in store
  Make more of what's loved in the app
  Make Less of what's ignored in the app
  Creating a unique experience with their consumers

- **Download the app** and vote now!
  Apple App Store: search for 'Runway by SAP'
  Or point your iphone camera at this QR code
  (Android based on customer demand)
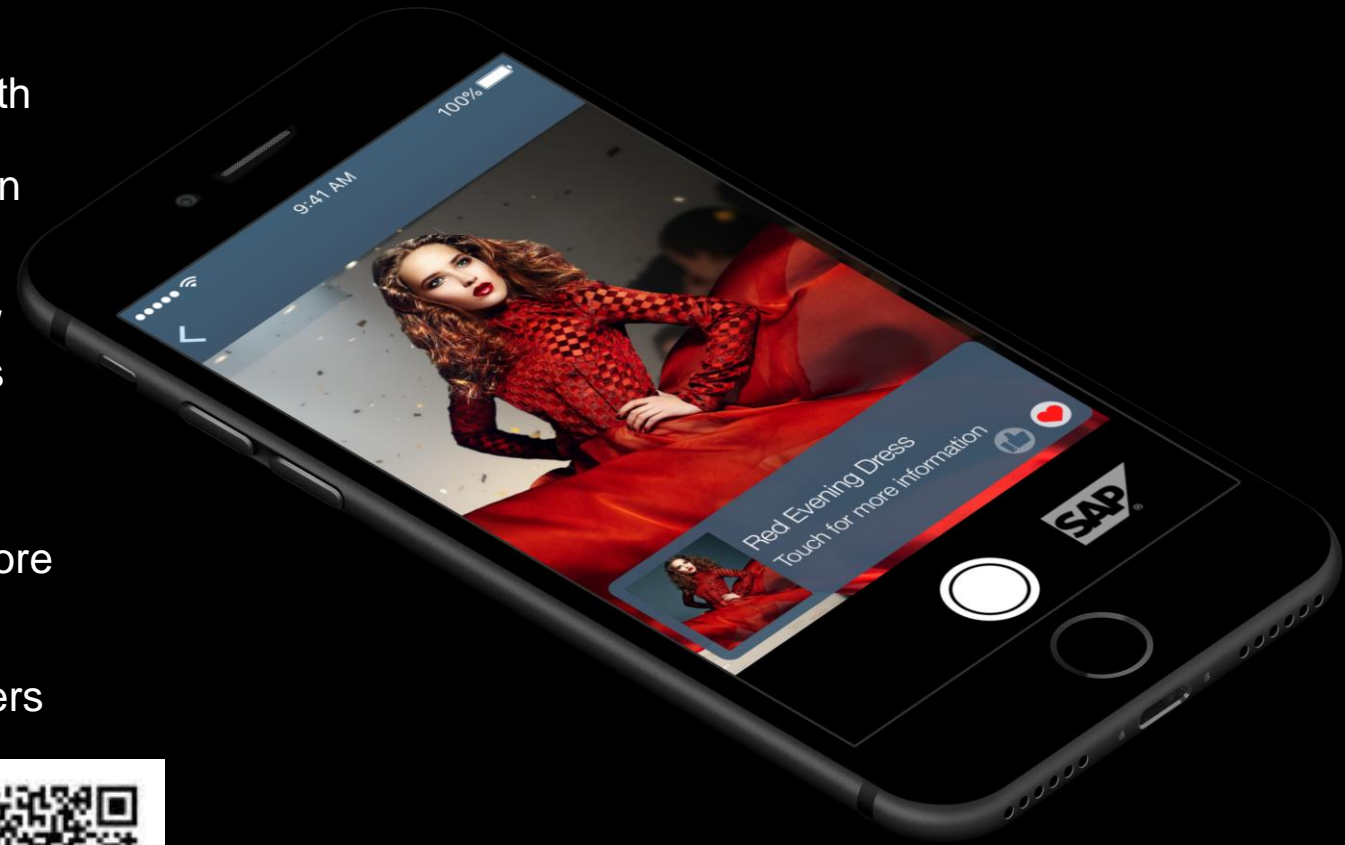
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INTELLIGENT
FASHION

MOVES
FASTER

SAP Fashion Council Spring 2019
13-14 March at adidas World of Sports
Herzogenaurach, Germany

25 Fashion Customers, C level
Invitation Only, Meets 2X per year
Goals: Understand SAPs Fashion and Vertical Business Roadmap
Strategic Influence, Education and Networking

SAP

S/4HANA Cloud for Intelligent Product Design

S/4HANA cloud for Intelligent Product Design helps to **accelerate product innovation** with **instant collaboration**, **requirement driven product development**, and **actionable live insights** across the **extended enterprise**

Systems Engineer Cockpit
Embedded SW
Requirements Management
Functional Structure Management
Where Used Analysis
Compatibility Management
Test Validation
IOT Analytics
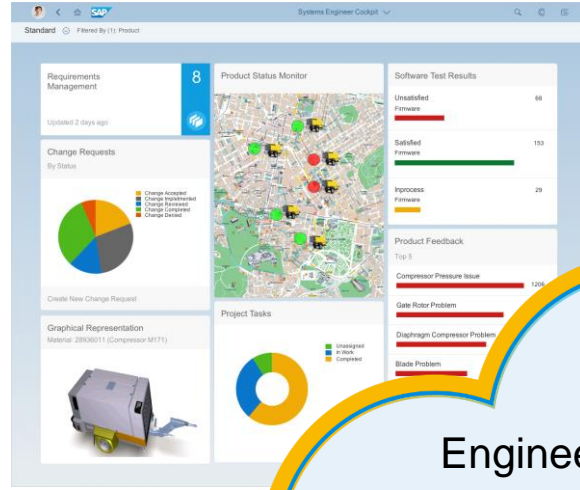
Requirement Driven Engineering Collaboration
Collaborative Documents & 3D Visual Design
Simple Task/Worklist Management
Change Management Integration

Engineering

Collaboration

SCP Services

SAP Cloud Platform

SAP HANA

SAP S/4HANA add-ons
SAP S/4HANA Cloud and on premise
ECC
SAP NetWeaver

Future

Manufacturing Cloud Services

IoT/AIN

SAP Ariba
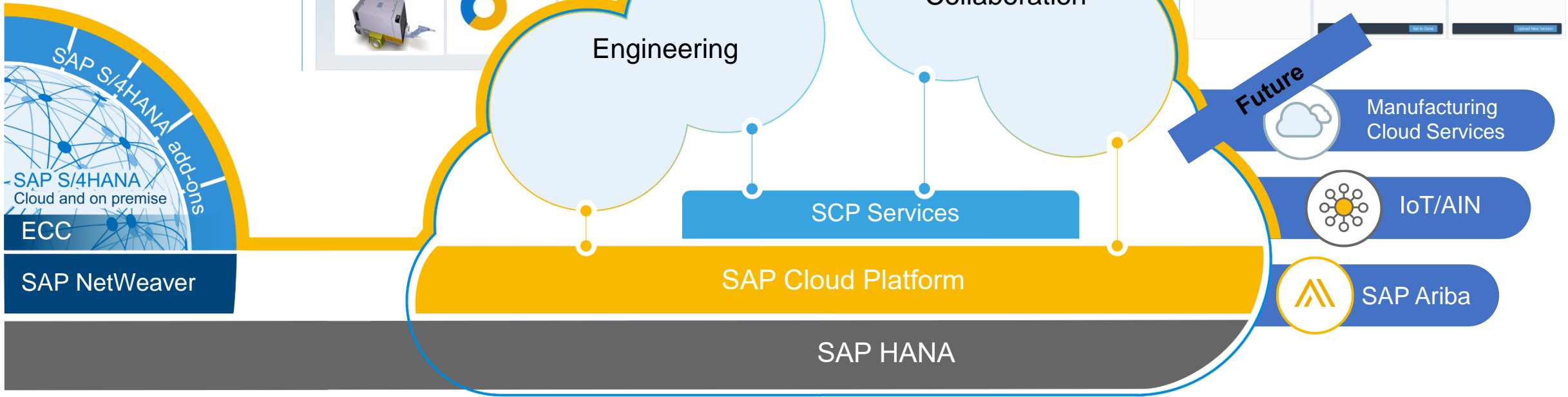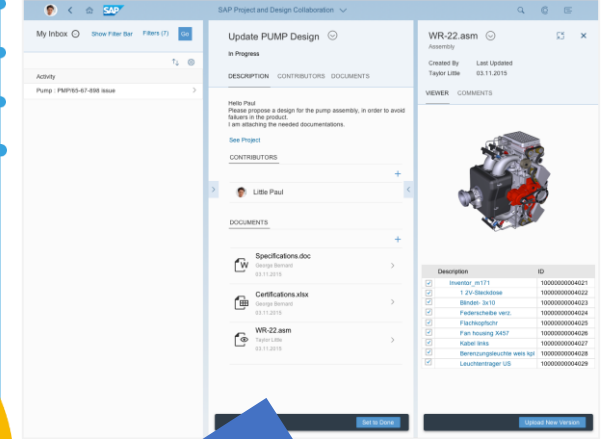
Apparel Footwear and Fashion (AFF) ASUG SIG User Group
14+ Years of Customer Influence on Fashion

ASUG AFF Special Interest Group Meets in Orlando and Customer Sites with over 100 attendees

2005
Houston, TX

2006
Seatle, WA

2015
St. Louis, MO

2007
Richardson, TX

2008
Fort Wayne, IN

2016
ASUG Fall AFF Webinars

2009
Hudson, NH

2010
Beaverton, OR

2017
Burlington, VT

2011
Burlington, VT

2012
St. Louis, MO

2018
Portland, OR

2013
San Fransisco, CA

2014
Portland, OR

AFF SIG at SAPPIRE
5-7 May 2019, Orlando, FL
AFF SIG Fall Meeting at Wolverine World Wide
October 2019, Rockford, MI

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SAP S/4HANA On Premise Retail, Fashion and Vertical Business

2017 – Recent innovations[1]	2018 – Planned innovations[1,2]	2019 – Product direction[2]	2020 – Product vision[2]
Retail and Fashion Foundation • Merchandise management – Master data • Enhance material/article harmonization • Enhanced distribution scenarios for generic article and site master • Merchandise management - In-Store Merchandising • Transfer Products app • Fiori app enhancements for • Order Products • Lookup Retail Products • Merchandise management – Logistics • Structured articles with full products – Master data maintenance – Support in logistical processes • Support MRP areas for special processes • Merchandise management – User interface • Improved usability of selected key transactions in Fiori for classical GUI • Object Pages for product, site, allocation table **Wholesale Fashion Enablement** • Supply Assignment (Order Allocation Run) • Demand and Supply Segmentation • Logistic enhancements (Multi-Ship to Order with Collective Shipment, Fashion Contract)	Retail and Fashion Foundation • New object page for promotions and enhanced object pages for article and allocation • Extended Fiori App 'Lookup products': Map for near-by stores • Enable Fiori Apps 'Transfer products' for mobile RFID antennas • Fiori App to manage single listings • EWM integration enhancements for tied empties • Cross-docking with single-recipient purchase order • Machine learning GDS integration Wholesale Fashion enhancements • Enhanced Stock Segmentation strategies • Enhance Supply Assignment capabilities • Flexible Purchasing Commitments • Collection Execution Management • Fashion logistic capabilities enhancements Enable Manufacturing Functionality for Vertical Retail & Wholesale • Stock Segmentation within manufacturing • Master production/planned order workbench • Intelligent Services: Feasibility analysis • Markers and bundles • Smart Products: Made to measure • Enhanced planning features	Retail and Fashion Foundation • Provide Fiori App for stock taking with mobile RFID antennas • Further extend selected generic apps to support retail processes • Digitally assisted user experience for selected processes, e.g. for store associates Wholesale Fashion enhancements: • Advanced Supply Demand Optimization using supply assignment ('ARun') capabilities • Advanced Flexible Purchasing Commitments • Advanced Collection Execution Management Enhance Manufacturing Functionality for Vertical Retail & Wholesale • Process manufacturing for retail • IoT: Automated production of individual products • Digitally assisted shop floor processes	Retail and Fashion Foundation • Enable further Fiori Apps for mobile RFID antennas • Digitally assisted user experience for additional retail processes in key roles • BW/4HANA content foundation (phased) Wholesale Fashion & Manufacturing • Integrated Planning scenario with IBP & Fashion • Enable Industry 4.0 manufacturing platform for fashion

1. Potential data protection and privacy features include simplified deletion of personal data, reporting of personal data to an identified data subject, restricted access to personal data, masking of personal data, read access logging to special categories of personal data, change logging of personal data, and consent management mechanisms. 2. This is the current state of planning and may be changed by SAP at any time without notice.

Vertical Fashion Innovation

Future Direction

S/4HANA Fashion innovations to help redefine global fashion supply chains:

Released in 1709 FPS0:
Pack Separately Ship Together PSST
End destination ready shipments for multiple products across many orders e.g. product launch across multiple stores

Planned from 1809 FPS0 (9/21/2018) onwards:
Flexible Purchasing Commitments - FPC
Enable Purchase Order Contracts with postponement of destinations / colors / sizes
until Purchase Orders (POs) are called off from the PO contract as demand signal confidence increases

Supply Demand Optimization - SDO
Adjust inbound POs including Drop Shipments / Third Party Orders to the destinations that need stock most
Simulate multiple allocation runs (ARuns) to determine settings that give the best/optimum service to the right stores,
eCommerce orders and potentially wholesale or franchise deliveries

Collections Management
Define, track and analyse the completeness and success of global, regional and country collections

SAP Fashion Update

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Thank you.