ASUG

Community Conversations

Consumer Products Community Vision Overview: Strategy, Priorities, and What's Next Beyond S/4

Today's Agenda

- Welcome
- The Vision for Consumer Products
- Community Q&A
- What's Next for the Consumer Products Community?

Guest Speakers:

Shady Ghattas

**Global Head of
Consumer Products
at SAP**

Paul Smith

**Paul Smith
Global Industry Advisor -
Trade & Revenue Growth
Management Solutions at
SAP Consumer Products**

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Consumer Products Community Vision Overview: Strategy, Priorities, and What's Next Beyond S/4

Vision for Consumer Products

The Five **Strategic** Imperatives

Beyond SAP S/4HANA Migration

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TRADE WAR LOOMS

CONFLICT IN REGION

UPPLY CHAIN DISRUPTION

COST OF COMMODITIES SOARS

COMMODITY SHORTAGE

NFLATION SURGES

MARKET VOLATILITY

LABOR DISPUTES ESCALATE

Global Economic Policy Uncertainty Index

Jan-25
460

Trump Election, Trade Tensions Tariff Threats

COVID-19 Pandemic

War in Ukraine

Trump Election, Brexit, Political Turmoils, U.S.-China Trade Tensions

Eurozone Crises, U.S. Fiscal Fights, China Leadership Transition

Global Financial Crisis

Sept. 2001

Iraq War

Source: Global Economic Policy Uncertainty Index   www.econovis.net   @econovisuals   EV
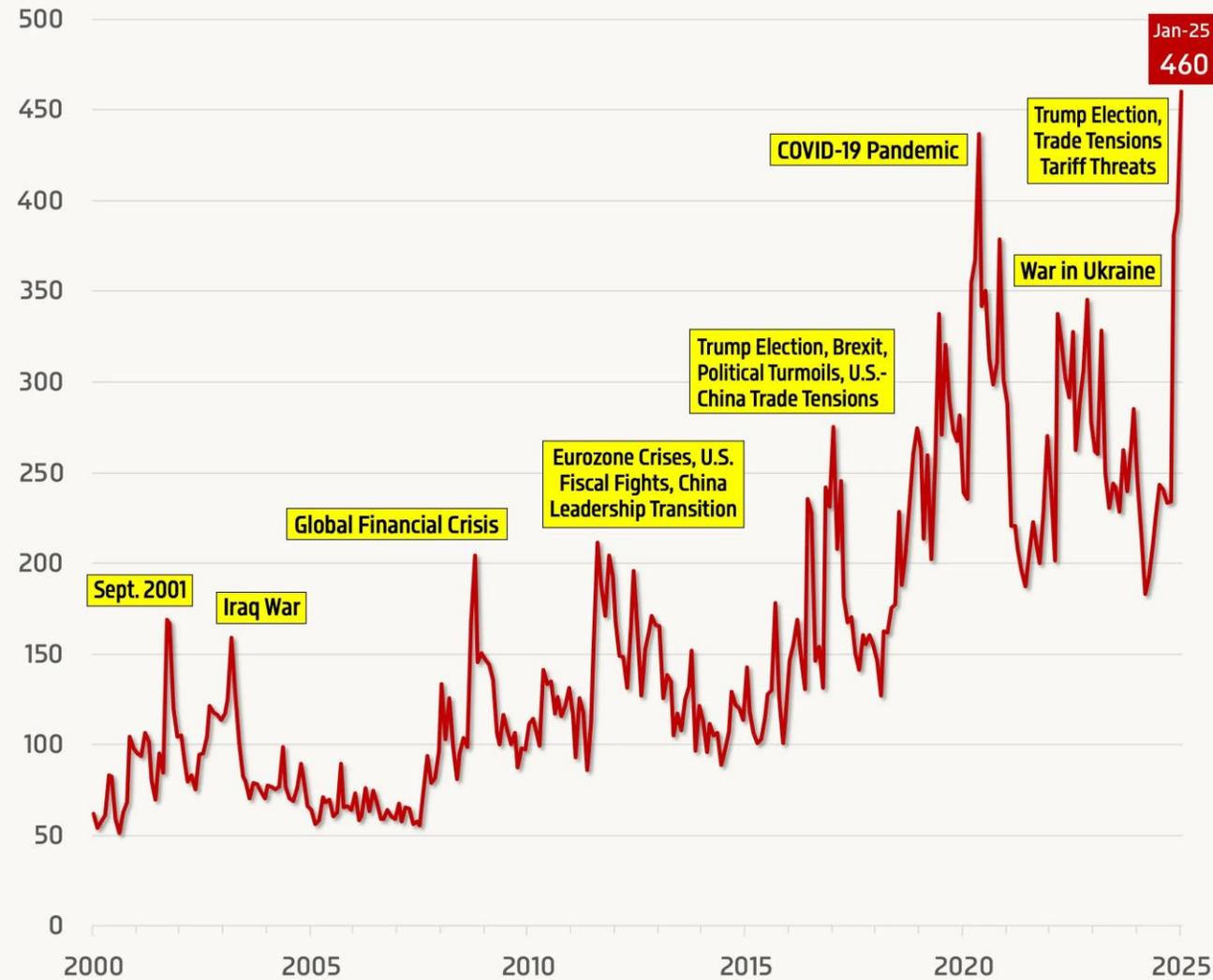
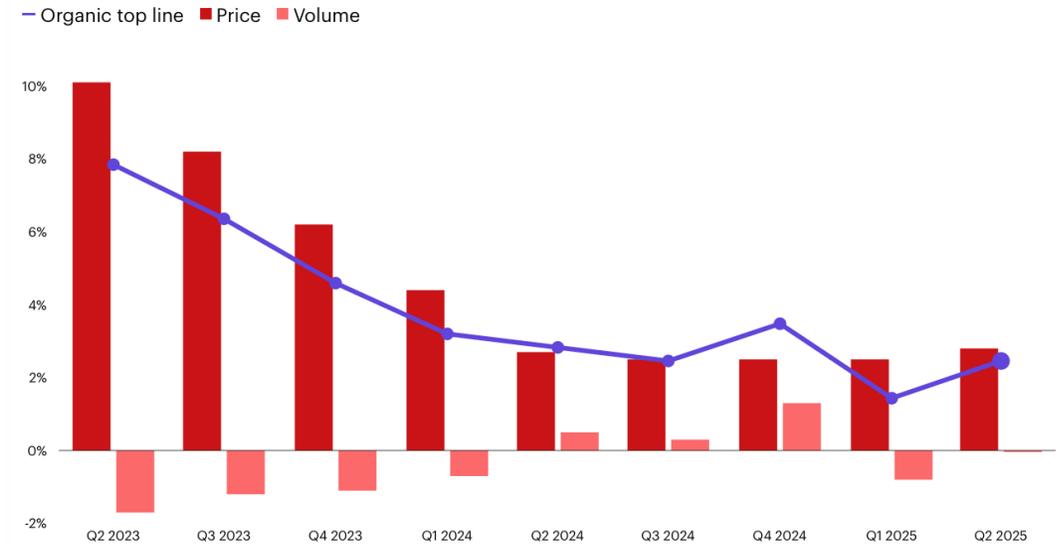# Growth in Consumer Products has Been Elusive with declining volumes

Revenue growth for the consumer products industry

	5-year CAGR 2019–24E	2020	2021	2022	2023	2024E
	7.1%	2.7%	6.4%	9.8%	9.3%	7.5%
YoY price growth		−0.3%	5.1%	10.3%	8.7%	5.9%
YoY volume growth		0.8%	2.8%	0.8%	0.9%	1.7%

Legend: Price contribution; Volume contribution
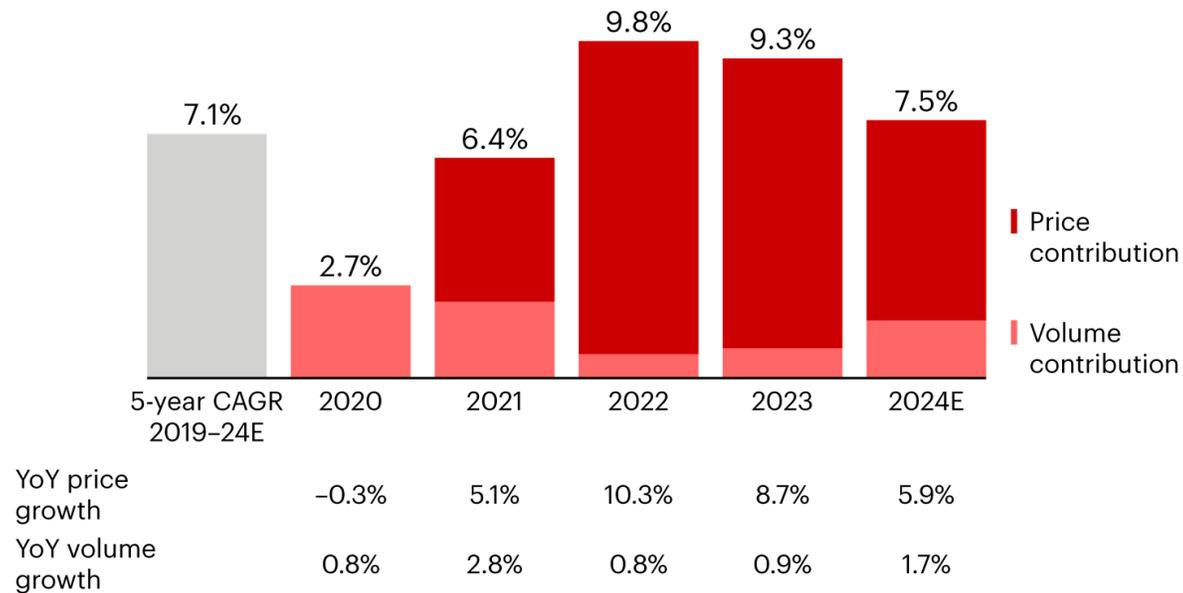
Percentage year-over-year growth, top consumer product companies
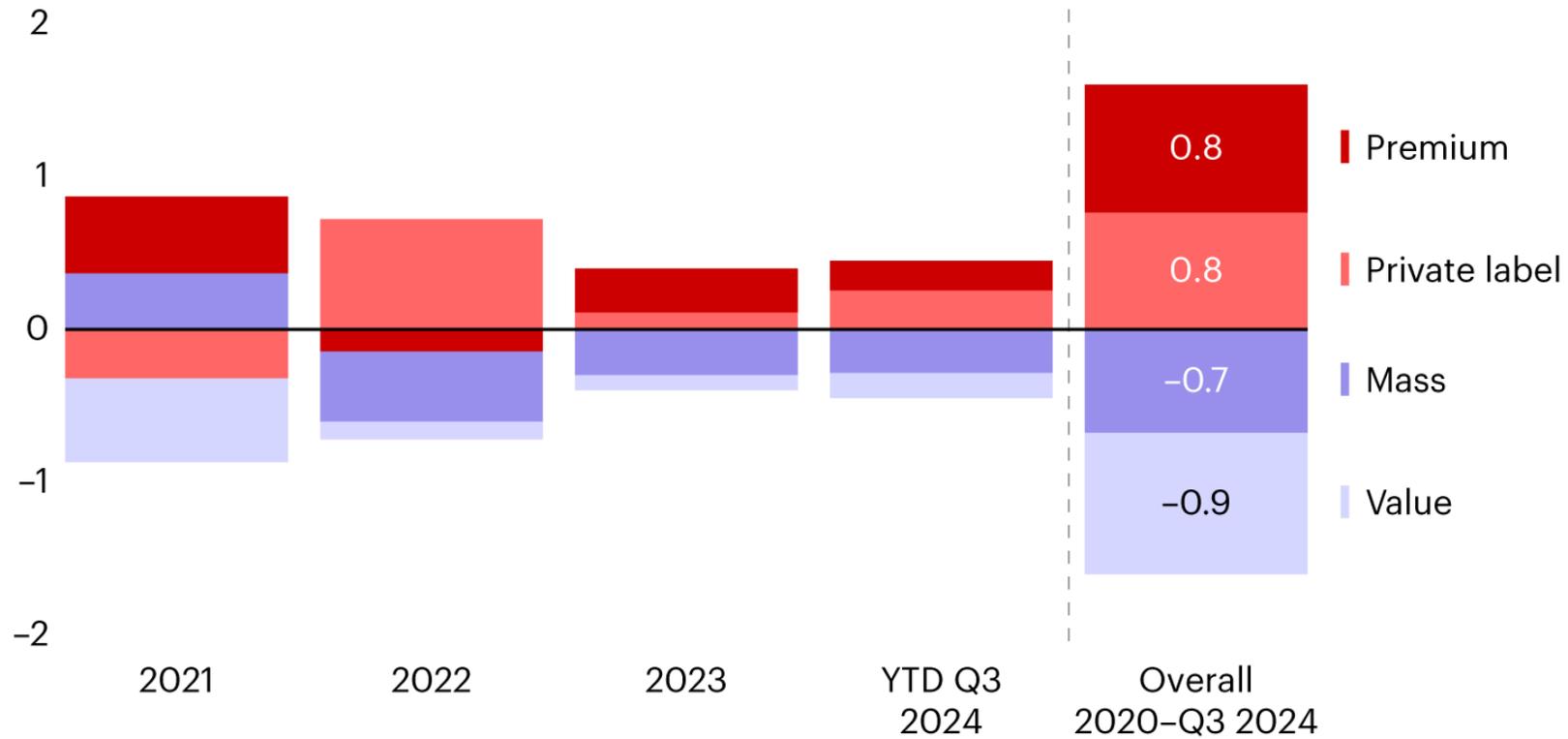
Legend: — Organic top line, ■ Price, ■ Volume

Notes: We analyze the total performance of the top 25 global consumer products companies every quarter, selected based on revenue and category/geographic balance; analysis in the figure is limited to 17 of those companies due to information availability in this quarter's financials; price and volume figures may not tie to top-line due to mix shift effects and rounding
Sources: Company earnings releases; S&P Capital IQ; Bain analysis

Notes: Categories exclude consumer health and tobacco; alcoholic beverages and soft drinks data inclusive of both off-trade (retail) and on-trade (B2B) sales, for all other categories, data reflects off-trade sales only; revenue based on manufacturer selling price (MSP); price and volume based on retail selling price (RSP)

Sources: Euromonitor; Bain & Company

Consumers are bifurcating in extremes

Year-over-year change in US consumer products market share, percentage points

Legend:
- Premium
- Private label
- Mass
- Value

Overall 2020–Q3 2024:
- Premium: 0.8
- Private label: 0.8
- Mass: −0.7
- Value: −0.9

X-axis categories: 2021, 2022, 2023, YTD Q3 2024, Overall 2020–Q3 2024

Notes: Brands with base year price greater than 2x the median price have been categorized as "premium," brands with base year price less than or equal to 0.5x the median price have been categorized as "value," and the rest are categorized as "mass"

Most of the growth in share is not being captured by the largest companies

~2% of market share – 39% of category growth

Volume growth 60% YoY

Pressures continue to rise with consumers being the top challenge

Share of executives selecting as a top three challenge in 2025

Challenge	Percentage
Increased competition for shoppers	69%
Decreased consumer spending	64%
Increased pressure from retailers	57%
Raw materials cost inflation	39%
Major shifts in consumer behavior	34%
Supply chain disruptions	25%
Deliver on ESG commitments	11%
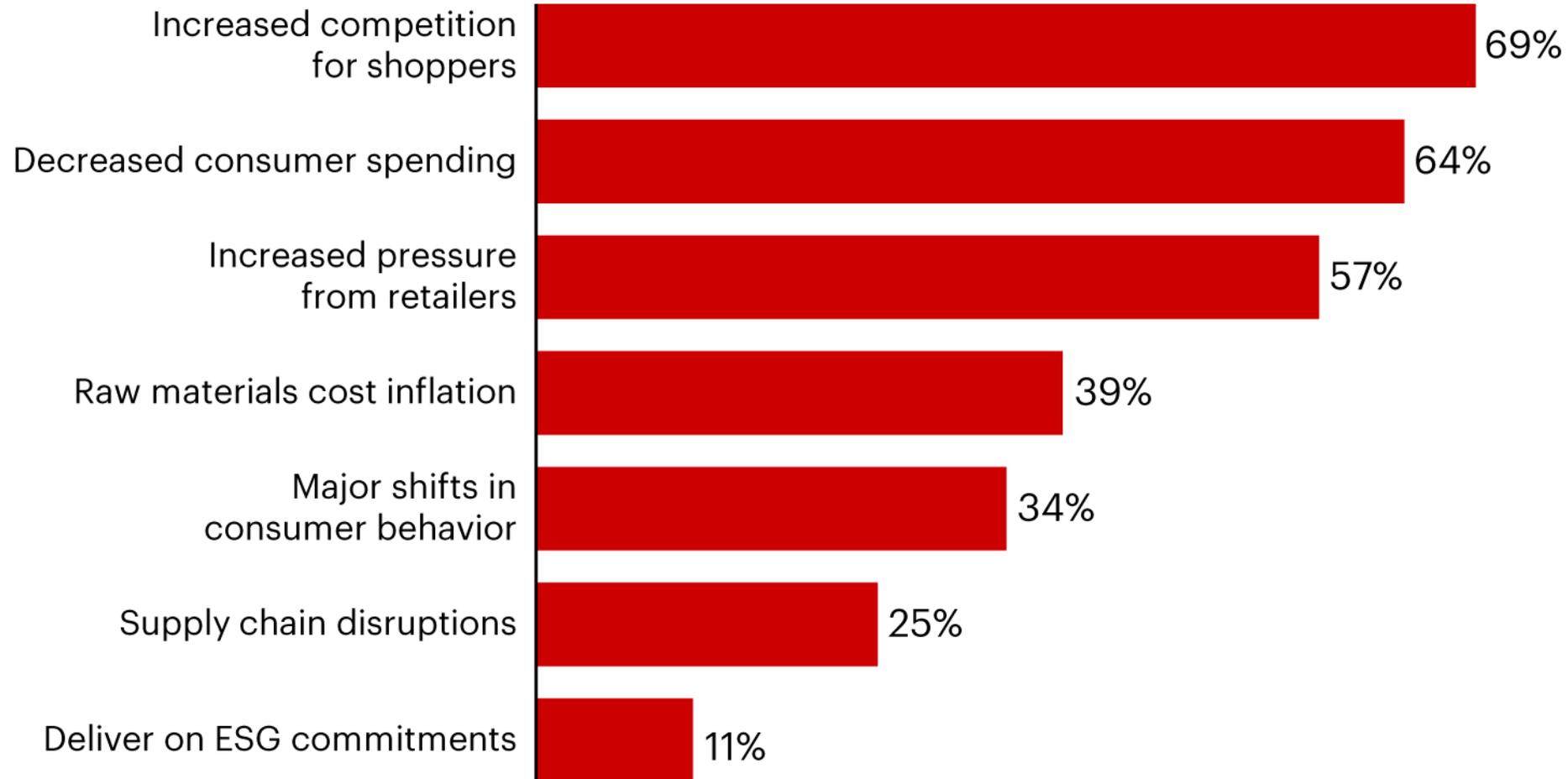
CPs with low technology focus rarely have strong business performance

Performance

[Share price (CAGR 18-23), Revenue (CAGR 17-22), EBITDA (CY 22), ESG scores ('23) and Glassdoor ratings ('23)]
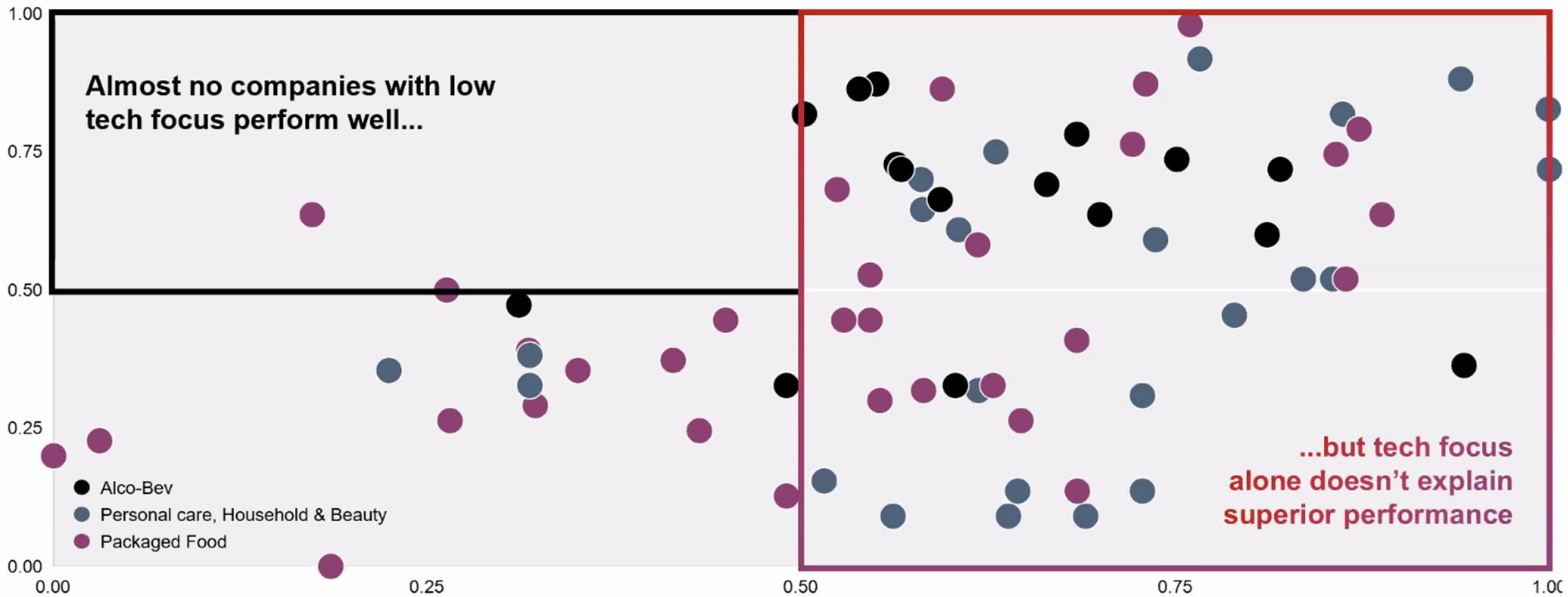
Almost no companies with low tech focus perform well...

...but tech focus alone doesn't explain superior performance

- ● Alco-Bev
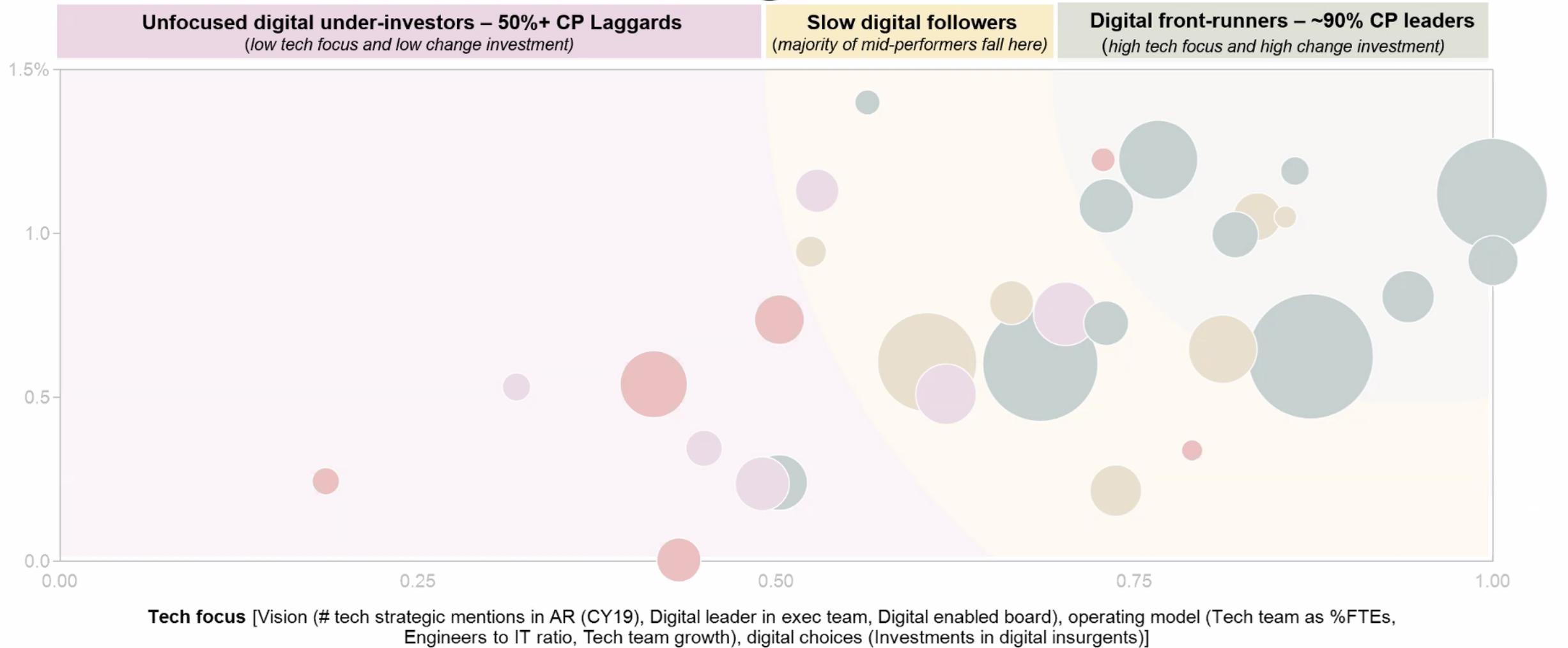- ● Personal care, Household & Beauty
- ● Packaged Food

Tech focus [Vision (# tech strategic mentions in AR (CY19), Digital leader in exec team, Digital enabled board), operating model (Tech team as %FTEs, Engineers to IT ratio, Tech team growth), digital choices (Investments in digital insurgents)]

Note: Technology focus is calculated as 0-1 Normalized score based on weighted ranking of parameters across Vision (55%), Operating model (38%), Digital choices (7%); Similarly, performance score is calculated as 0-1 Normalized score based on weighted ranking across Share price growth (27.5%), EBITDA% CY22 (25%), Rev growth (22.5%), ESG & Glassdoor ratings Nov'23 (12.5% each) | Source: CapIQ, BoardEx, Aura, Refinitiv (ESG), Glassdoor Company, publicly avail. info, Bain Analysis

CP leaders not only have high digital focus but also **invest significantly higher on digital change and transformation**

Budget allocation to digital change as a % revenue (vs. keeping the lights on)

Rev. 30$B — Performance — ● **CP Leaders** ● 2nd Quartile performers ● 3rd Quartile performers ● **CP Laggards**

| **Unfocused digital under-investors – 50%+ CP Laggards** *(low tech focus and low change investment)* | **Slow digital followers** *(majority of mid-performers fall here)* | **Digital front-runners – ~90% CP leaders** *(high tech focus and high change investment)* |

y-axis: 0.0%, 0.5%, 1.0%, 1.5%
x-axis: 0.00, 0.25, 0.50, 0.75, 1.00

Tech focus [Vision (# tech strategic mentions in AR (CY19), Digital leader in exec team, Digital enabled board), operating model (Tech team as %FTEs, Engineers to IT ratio, Tech team growth), digital choices (Investments in digital insurgents)]

Note: Tech focus is calculated as 0-1 Normalized score based on weighted ranking of parameters across Vision (55%), Operating model (38%), Digital choices (7%) | Source: CapIQ, BoardEx, Aura, Bain CP Tech leadership survey 2023, Bain Analysis

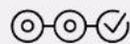# Value case | Leaders shape a business led transformation with ERP at core, vs. "just" a technical upgrade

From a typical ERP migration …

Outcomes directly linked to its ERP migration

Processes redesigned end-to-end
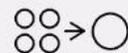
Simplification of tech & data landscape

Full integration to key existing and new systems

Enhanced data quality

… to a deep business transformation

Resolution of long-standing, deep pain points, instead of bringing 'legacy problems' to S/4

Improved customer segmentation

Simplified pricing scheme and trade terms

Extension of Shared Services Center activities

$+$

Development of new capabilities, prioritizing differentiating factors

Customer 360 vision, incl. loyalty mgmt.

E2E planning

Omnichannel

Unlocks the simplification agenda and drives further value

Unlocks the opportunity to accelerate differentiation in the edge

SAP Business Suite for Fast Moving Consumer Products
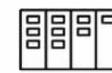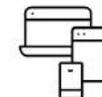
SAP brings all components together, along the Value Chain, to lead the way into the next era of enterprise management

| Product Innovation | Manufacturing | Supply Chain | Marketing | Sales |

Joule
as the new super orchestrator across end-to-end Industry processes

SAP Business AI
SAP Joule
SAP Foundation Model
SAP Knowledge Graph

CX **agents** — Analytics **agents** — Finance **agents**

Supply chain **agents** — HR **agents** — Spend **agents**

↑ **30**% efficiency increase

SAP Knowledge Graph

LAUNCH Q1 2025
SAP Business Data Cloud
One semantical layer
Data products

CX data products | Supply chain data products | HR data products | Spend data products | Finance data products | Industry data products

Semantically aligned SAP and non-SAP Data Products

360°

databricks

1 0 1   0 0 1   0 1 0   1 0 0   1 0 1
1 0 1   0 0 1   0 1 0   1 0 0   1 0 1
1 0 1   0 0 1   0 1 0   1 0 0   1 0 1

SAP Applications
powered by SAP Business Technology Platform

LOB:
Customer experience | Supply chain management | Human capital management | Spend management | Financial management

Non-SAP applications
(Customer-managed and Partner / Ecosystem solutions)

with structured and unstructured data

Industry:
- ✓ SAP Revenue Growth Management
- ✓ SAP Order Management Foundation
- ✓ SAP Omnichannel Promotion Pricing
- ✓ SAP Billing and Revenue Management
- ✓ SAP Last Mile Delivery

Unrivaled AI
AI embedded in business processes

Unmatched Data
100% accurate and secure business data

Unparalleled Applications
Integrated Suite across SAP & non-SAP apps

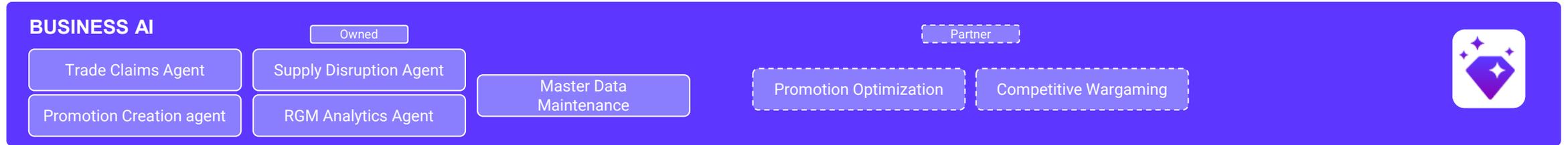# SAP Business Suite for Consumer Products
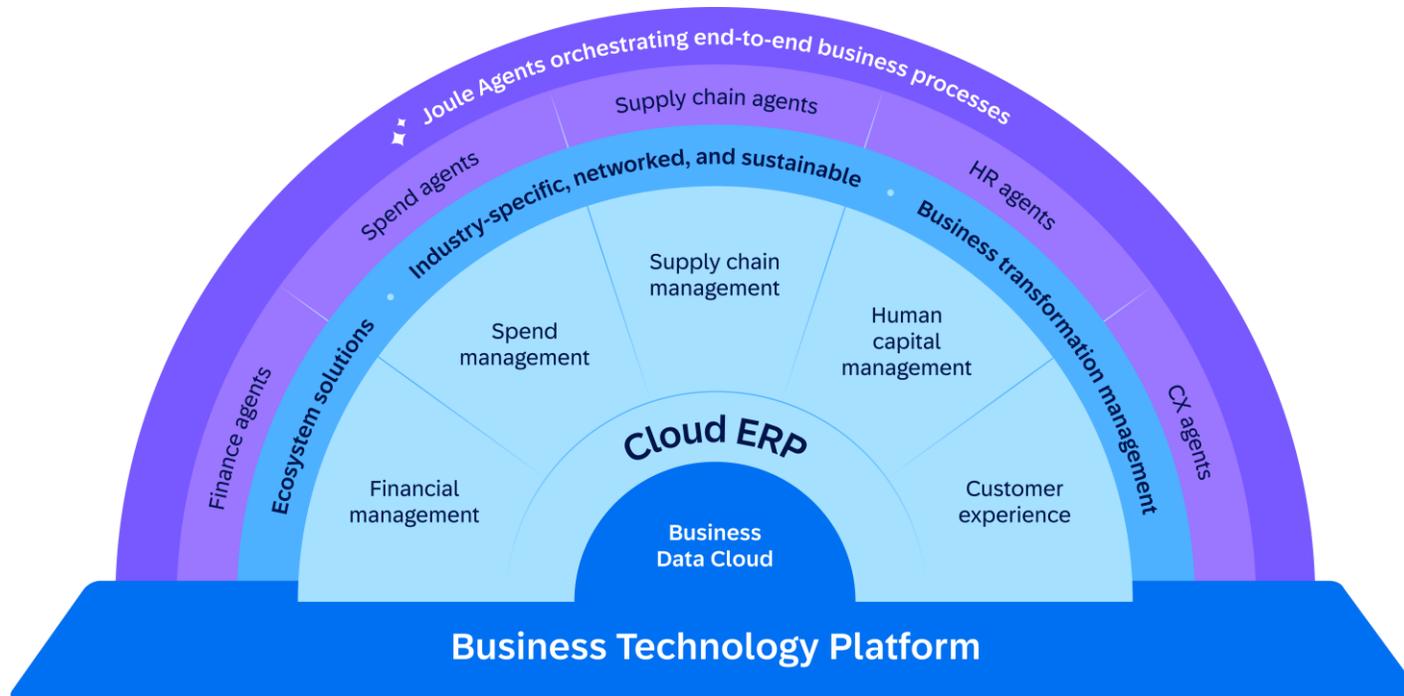
Strategic priorities:

1 Accelerate consumer-centric & sustainable Product Innovation

2 Ignite growth with end-to-end Revenue Growth Management planning

3 Scale Channel-less Commerce for profitable future-fit growth

4 Win the consumer by delivering the Perfect Store experience

5 Shape your portfolio through mergers, acquisitions and divestitures

Win the consumer by enabling CP companies to reshape categories, redefine relevance, and reinvent growth in a fundamentally altered landscape.
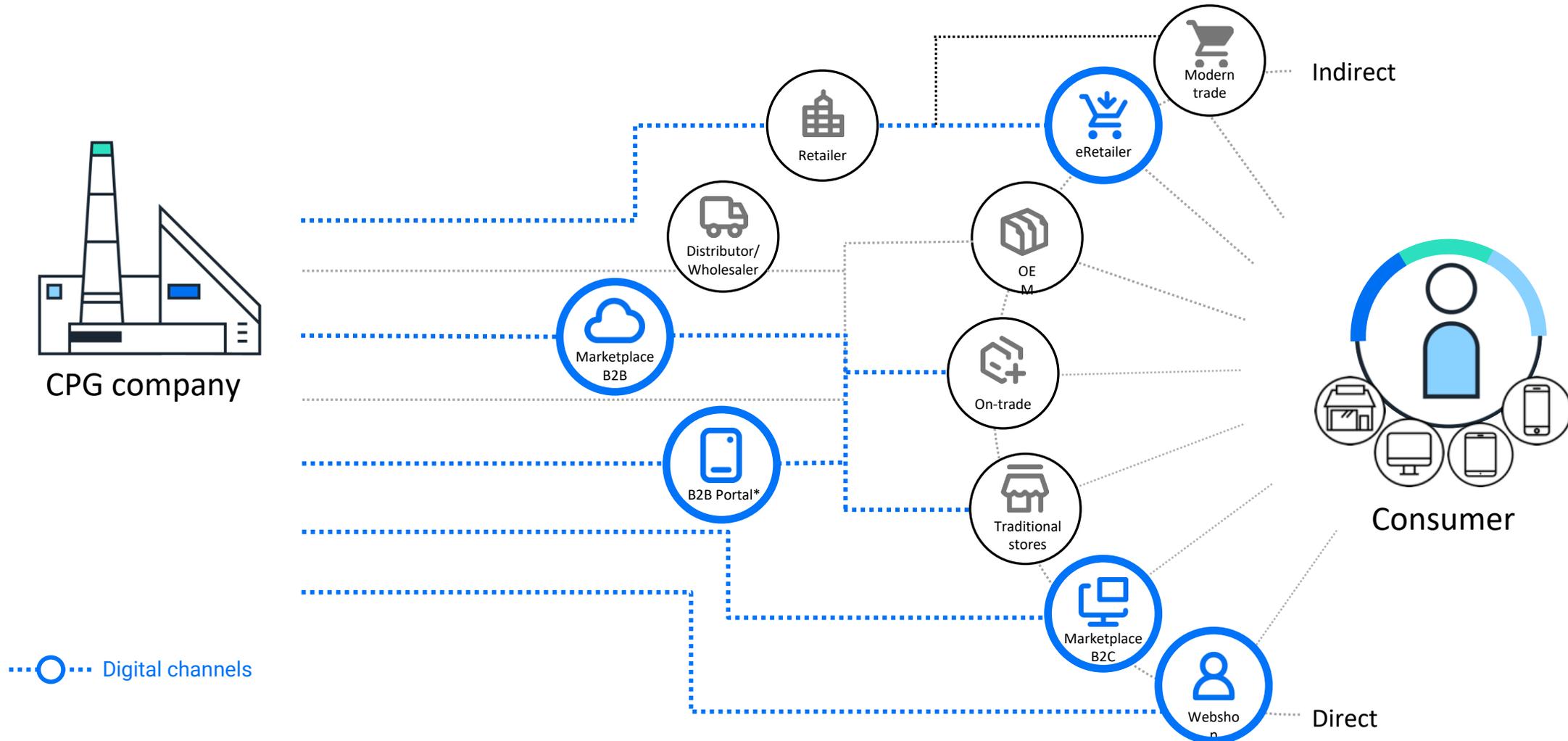
Suite-First unlocks AI-First

BUSINESS AI

Owned

| Trade Claims Agent | Supply Disruption Agent |
| Promotion Creation agent | RGM Analytics Agent |

Master Data Maintenance

Partner

Promotion Optimization | Competitive Wargaming

DATA PRODUCTS

Sales targets	Price	Demand Forecast	Product	Responsibility Area	Channel	Trends	Trade Claims
Budgets	Trade Promo	Inventory	Assortment	Sales Hierarchy	PoS Data	Elasticity	Deductions
Funds	Conditions	Production Plan	Planogram	Region	Orders	Customer (CDP)	Rebates
Allocation	COGS	Elasticity	Distribution Plan	Category	Loyalty	Sales Aggregates	Disputes

Strategy · Core Process · Master Data · Omnichannel · Fin. Execution

E2E Consumer Products PLANNING PROCESS

| Strategy | Plan | Execute |

Demand & Supply

Financial & Commercial → Key Account & Trade

Optimize

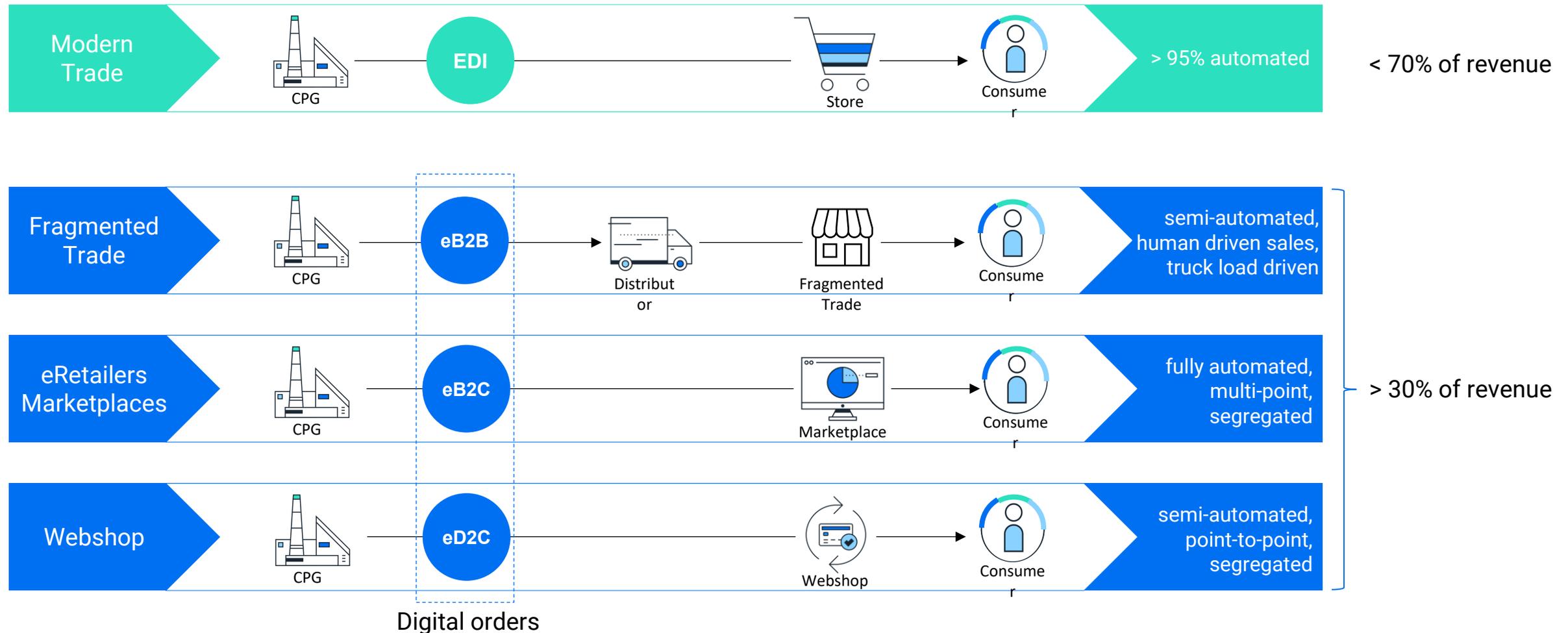Online & Social Commerce

Retail (Store) Execution

Financial Settlement

To achieve profitable growth , SAP recommends a channel-less approach, scaling all routes to market, including the digital ones.

CPG company

Retailer

Distributor/ Wholesaler

Marketplace B2B

B2B Portal*

Modern trade

eRetailer

OEM

On-trade

Traditional stores

Marketplace B2C
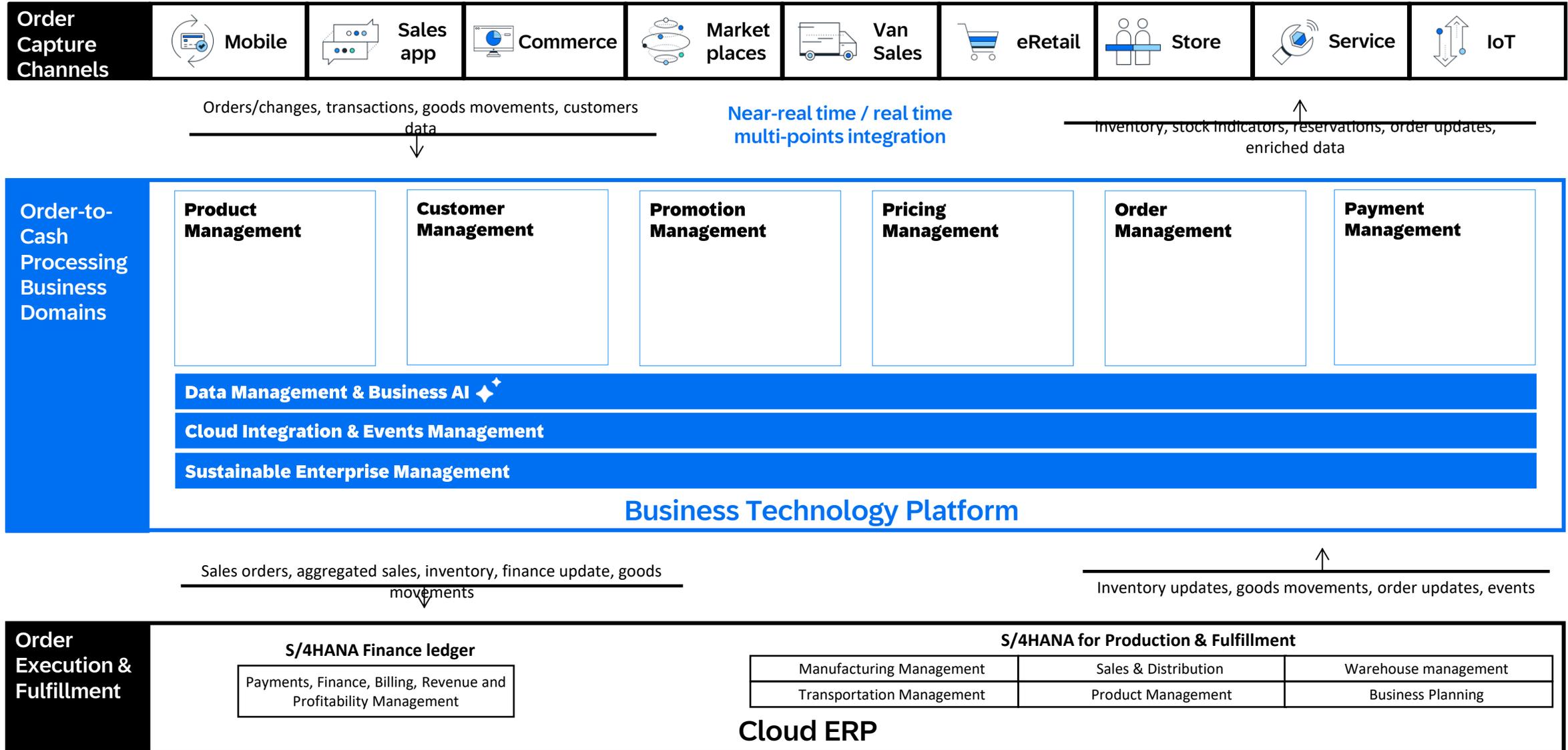
Webshop

Indirect

Consumer

Direct

Digital channels

* B2B Portal: long tail of "small" B2B customers (mom & pops stores, **restaurants, bars**, beauty salons, specialized stores…), widely spread across a territory (last mile), currently served by distributors and/or a dedicated salesforce and/or tele-sales. Addressing these B2B customers raises similar business challenges than addressing Consumers market.

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Reaching up to 30% of CPGs' revenue, digital orders can no longer be managed with semi-automated, point-to-point integration, nor segregated operations.

Modern Trade — CPG → EDI → Store → Consumer — > 95% automated — < 70% of revenue

Fragmented Trade — CPG → eB2B → Distributor → Fragmented Trade → Consumer — semi-automated, human driven sales, truck load driven

eRetailers Marketplaces — CPG → eB2C → Marketplace → Consumer — fully automated, multi-point, segregated

Webshop — CPG → eD2C → Webshop → Consumer — semi-automated, point-to-point, segregated

Digital orders

> 30% of revenue

SAP composable, AI-enabled, future-fit architecture offers unparallel foundation to automate Consumer Products Order-to-Cash process, end-to-end.

Order Capture Channels	Mobile	Sales app	Commerce	Market places	Van Sales	eRetail	Store	Service	IoT

Orders/changes, transactions, goods movements, customers data

Near-real time / real time multi-points integration

Inventory, stock indicators, reservations, order updates, enriched data

Order-to-Cash Processing Business Domains

Product Management	Customer Management	Promotion Management	Pricing Management	Order Management	Payment Management

Data Management & Business AI ✦

Cloud Integration & Events Management

Sustainable Enterprise Management

Business Technology Platform

Sales orders, aggregated sales, inventory, finance update, goods movements

Inventory updates, goods movements, order updates, events

Order Execution & Fulfillment

S/4HANA Finance ledger

Payments, Finance, Billing, Revenue and Profitability Management

S/4HANA for Production & Fulfillment

Manufacturing Management	Sales & Distribution	Warehouse management
Transportation Management	Product Management	Business Planning

Cloud ERP

Demo in Experience Center

AI will be transformative for CPs

AI-first CP companies will look drastically different from companies today

Faster
2x faster from insight to in-market products, leveraging automation in innovation, R&D, operations, marketing and sales

More relevant
For consumers, with AI-augmented content and tailored agentic and AI-driven experiences

For customers, with AI-generated value creation plans and outlet-level recommendations

More innovative
Exploring a **2x larger innovation space and zeroing-in on ideas likeliest to succeed,** leveraging consumer insight and AI-based simulation

More resilient
Dynamically adjusting end-to-end resource allocation (commercial investment, pricing, inventory, capacity) to predicted evolution of market conditions

Leaner
30-50% productivity gains enabling workforce to focus on strategic work and unlock resources for **new AI-native roles** that will emerge

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Illustrative examples

FMCG
Marketing processes reduced from **months to weeks**

3x faster time from insights to concept, higher quality

Beverages
30% improvement in engagement through **AI-first content**

2-3pts sales uplift per outlet with **PoS-level recommendations**

Multi-category
2x improvement in identifying optimal formulation starting points for new products

Multi-category
15% increase in marketing ROI

2pts EBIT impact from AI-based net revenue mgmt.

+10pts forecast accuracy
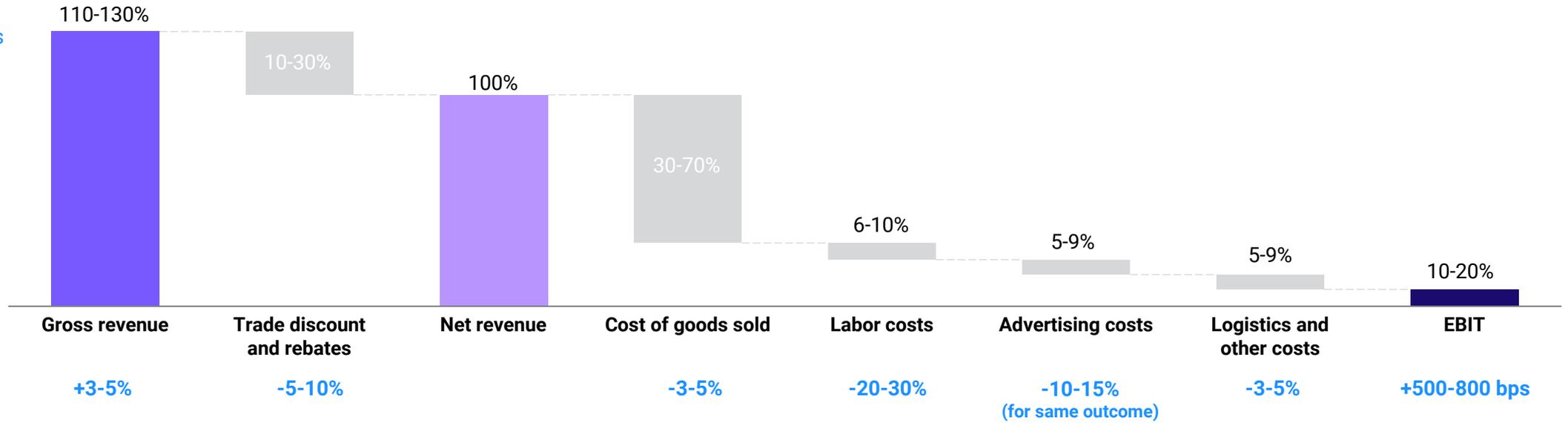
Consumer Health
15% FTE reduction and **40% time saved** in marketing and R&D functions with agentic automation

Source: BCG analysis

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Accelerating Business Success with SAP's Solutions Natively Infused with AI

Value impact
in % of revenues

	Gross revenue	Trade discount and rebates	Net revenue	Cost of goods sold	Labor costs	Advertising costs	Logistics and other costs	EBIT
Value impact	110-130%	10-30%	100%	30-70%	6-10%	5-9%	5-9%	10-20%

Short term AI impact

	+3-5%	-5-10%		-3-5%	-20-30%	-10-15% (for same outcome)	-3-5%	+500-800 bps

Source: BCG (July 2025), AI-First Companies Win the Future: Consumer Products, p. 9

Drivers of impact

Scalable AI Solutions

- ◆ **Exclusive AI capabilities** — SAP's embedded AI capabilities offer scalable, cost-effective AI solutions.
- ◆ **Joule AI copilot** — Joule within SAP S/4HANA enhances productivity through natural language interactions, streamlining operations, and automating tasks.
- ◆ **Joule Studio** — Allows teams to create custom capabilities using a low-code/no-code environment.
- ◆ **AI Agents** — Enable end-user augmentation and bespoke AI solutions.
- ◆ **Interoperability with Microsoft Copilot** — Enhances productivity through seamless collaboration.

Strategic Financial Impact

Incremental Business Value:
Deploying Joule to 21k users can generate $58 million annually in incremental business value.

Efficiency Gains
Joule helps users find information 90% faster and work through S/4HANA 85% quicker.

Example: Through 2030, cumulative productivity gains could reach $290 million, highlighting substantial long-term value.

Leading in Consumer Tech

Build Innovative Customer Solutions
Focus AI talent on consumer-facing innovations while deploying SAP's embedded AI for operational excellence.

Consume Pre-Built Use Cases: Ensure relevance and ease of deployment of AI features without the burden of maintenance.

Reshaped P&L model

- Releasing 500-800bps of value, reinvested in brand and consumer access
- Reducing white collar spending by 20-30%, and increasing tech spending by 50-100%

Consumer Choice has always anchored CPG commercial processes. The future will be quite different

Agentic-AI driven sales and CX | Agentic AI is dramatically changing the online customer journey

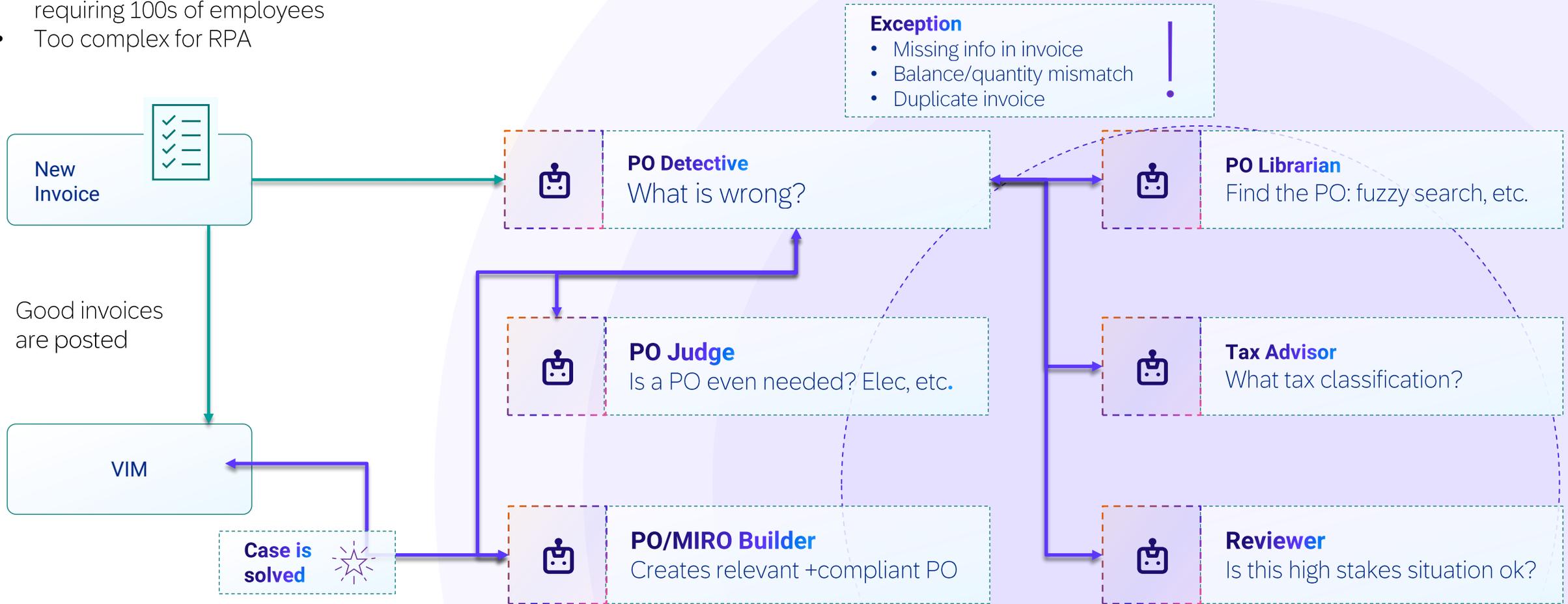|	**How It Used to Work...**		**How It Works Now...**
Discovery	Consumers discover, search, or browse manually (influencers, ads, brand website…)	>	LLMs pull from trusted sources and answer customers directly
Research and Comparison	Consumers read reviews, watch tutorials, check specs	>	Agents summarize reviews and compare options based on consumer preferences
Selection and Purchase	Consumers decide based on emotion + brand + info; transact offline and online	>	Agents recommend products and prices based on logic and value; directly shop on behalf of consumer

AI will impact every step of the consumer journey – requiring CP companies to rethink their brand-building playbook

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# Invoice Exceptions Processing at a Global Beverage Company

- Tens of Thousands of monthly invoices received ; 80% are automatically handled by OpenText VIM.
- Exceptions are extremely time / resource intensive to resolve (~2hrs per case) requiring 100s of employees
- Too complex for RPA

Exception
- Missing info in invoice
- Balance/quantity mismatch
- Duplicate invoice

New Invoice

Good invoices are posted

VIM

Case is solved

PO Detective
What is wrong?

PO Judge
Is a PO even needed? Elec, etc.

PO/MIRO Builder
Creates relevant +compliant PO

PO Librarian
Find the PO: fuzzy search, etc.

Tax Advisor
What tax classification?

Reviewer
Is this high stakes situation ok?

Manual Fulfillment

| Business Priorities | Incoming Stock | Plant Stock | Delivery Route and Cost | Weather/External Constraints | Sales Order Prediction |

Fulfillment Analyst
Analyse and update fulfilment plan proposed by order fulfilment analytics

Fulfillment Analyst
Review and approve plan

Fulfillment Analyst
Execute fulfilment plan actions

Customer Order Fulfilled
Customer order is fulfilled

Nestle | SAP | IBM

Key Challenges

- High Manual effort to analyse multiple proposals coming from different analytic agents

- Impacts customer satisfaction

- Limits scalability

Search everything
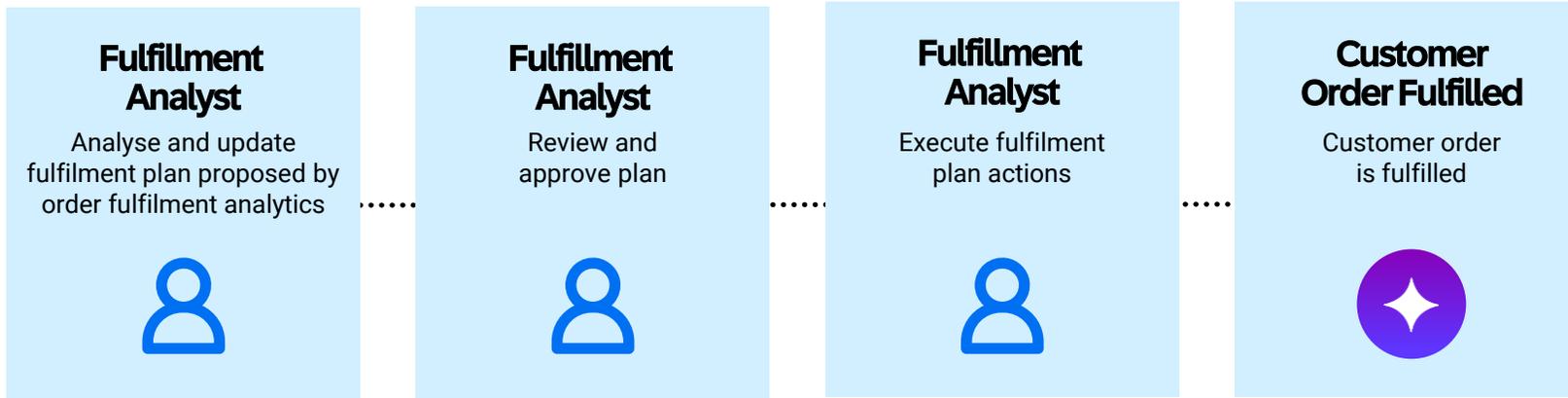
Overview

Monitoring

Track Sales Orders

Sales Order Fulfillment

Delivery Issue	8.03K
Invoicing Issue	4.49K
Incomplete Data	3.8K

↻ Now

Import Sales Orders

Predicted Delivery Delay

Delayed	11%
Early	19%
On Time	70%

↻ 5 min ago

Quotation Conversation Rate

17.3 △ %

Current Quarter

Display Business Volume
Condition Contracts

1.8 M

Q1 Q2 Q3 Q4 Q5

EUR, Year to Date   Actual / Forecast

List Incomplete S...

Manage Duplicate Sales Documents

Display Sales Orders

Monitor Product Availability   **List Sales Documents by Object Status**   **Create Sales Orders** Automatic Extraction

Quotations and Contracts

Contract Analysis

Denise Smith
Incentives Manager

Display Business Volume
Condition Contracts

1.8 M

Q1 Q2 Q3 Q4 Q5

EUR, Year to Date   Actual / Forecast

Display Settlement Calendars
Condition Contracts

Extend Condition Contracts

Sales Contract Fulfillment
EMEA

1.8M

3M

↻ EUR, Year to Date

Thank you.

Contact information:

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SAP Bring out your best.

Upcoming Events:

 asug { Tech Connect }

In partnership with **SAP TechEd**

November 4–6, 2025 • Louisville, Kentucky

Engage With **Your** Community

ASUG

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Consumer Products Community on LinkedIn:

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