

Energizing Supply Chain Efficiency with SAP: A Review

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Abstract

The SAP Business Objects Supply Chain Performance Management analytic application helps to track performance, diagnoses bottlenecks, assess risks, and uncover new opportunities. While gaining complete visibility into supply chain performance, this can use the application – which complies with leading industry standards such as the Supply Chain Operations Reference model – to define operational dependencies. This paper will benefit from reduced costs, increased working capital, and greater customer loyalty.

Keywords

SAP, Data Repository, Supply Chain, Business Objects, Risk Management, Logistics.

I. Introduction

SAP (System, Applications, and Product for data processing) has touched every aspect of Industry functions available till date. It has emerged as the best tool for managing business surpassing Oracle in many ways. The best part of SAP is that all the data which the data is being extracted which in fact runs all the business can be analyzed with a single click due to its effective architecture. The best use SAP has proved from itself is supply chain management. This has facilitated a lot in easing the cashiers of all valuable items. Storage inventory management and allocation is the best feature SAP has to provide in supply chain management.

II. Business Challenges

1. Identify potential supply chain problems and risks.
2. Respond effectively to near- and long-term supply chain trends.
3. Create competitive advantage.

III. Key Features

1. Single data repository – Gain insight based on data in one complete repository[5].
2. Root cause analysis – Understand disruptions and make corrections based on impact analysis.
3. Alerts – Identify deviations based on trends, plan-versus-actual comparisons, and benchmark.
4. Support for key business scenarios- Automate demand and supply planning, manufacturing network planning and execution, and logistics and fulfillment management.
5. Preconfigured key performance indicators – Gain total supply chain visibility.
6. Intuitive user interface – Accelerate learning curves and provide a positive user experience
7. Closed-loop collaboration – Track and monitor progress on action plans.
8. Integration with the SAP Business Objects Risk Management application – Understand risks in the supply chain.

IV. Business Benefits

1. Improve customer service by eliminating supply chain bottlenecks.
2. Reduce cycle times and accelerate problem resolution through

identifying and resolving problems.

3. Mitigate supply chain risks by monitoring and managing performance metrics.

V. Increase Supply Chain Efficiency While Reducing Risk: THE GOAL

The fact is the modern supply chain is incredibly complex. To maximize competitive advantage, we must have comprehensive visibility into supply chain performance, as well as the flexibility to respond rapidly to disruptions and risks. At the same time, we need ways to identify and adapt to emerging supply chain trends.

There is no shortage of data to give us this visibility and control. However, much of this critical information may be buried within our enterprise systems and dispersed across multiple documents, system records, and databases. We may not even know what data we need to make crucial decisions. Supply chain metrics may also lack formal definitions and standards common in finance and other areas of business[1]. In addition, it's likely that neither a business managers nor the IT department has the time to create the modern and flexible information architecture the enterprise requires to address its evolving supply chain needs. These demands underscore the importance of having the right software tools in place for aggregating and analyzing data, managing risk, and improving performance. Ideally, these tools help supply chain managers align their methodologies and processes with their company's key business strategies, as well as provide visibility into cause and effect relationships among operational metrics across supply chain processes[3].

VI. Measuring the Right Standards and Metrics: ESSENTIAL TO SUCCESS

To proactively manage the overall performance of supply chain, we need to know more than inventory positions, delivery dates, and fill rates. We must also understand the impact of supply chain changes on total cost or cash flow and optimize supply chain effectiveness for better corporate results. This requires end-to-end visibility into factors that drive performance – such as cash-to-cash cycle time, overall supply chain cost, or perfect order fulfillment. Imagine having:

1. Full visibility into supply chain processes – from start to finish – through a hierarchy of key performance indicators (KPIs)[6].
2. Insight into how these metrics relate to each other.
3. A way to measure performance and risk at the same time.
4. Tools to plan for potential near term disruptions and long-term supply chain trends, as well as to proactively respond to risks.

With clearly defined and documented metrics that are associated with specific individuals in supply chain network, we can foster a heightened level of accountability – a key requirement for strategy-aligned supply chain execution[2].

VII. Software Optimizes Supply Chain Performance Management

SAP addresses these challenges and requirements with the SAP® BusinessObjects™ Supply Chain Performance Management

analytic application. Based on the Supply Chain Operations Reference (SCOR) model, SAP BusinessObjects Supply Chain Performance Management leverages cross industry best practices for supply chain management to give us greater control over business outcomes. It integrates smoothly with the SAP Supply Chain Management application, the SAP BusinessObjects Risk Management application, and the SAP BusinessObjects Business Intelligence (BI) platform to give us:

1. Risk management integration.
2. Integrated supply chain visibility, monitoring, and analysis.
3. What-if analysis of diverse scenarios.
4. Alerts.
5. Automated data collection.
6. An intuitive interface designed for ease of use.

VIII. Integrated Functionality That Leverages Trusted, Centralized Data

SAP BusinessObjects Supply Chain Performance Management improves visibility and reduces risk by aligning supply chain objectives with risk we identify in SAP BusinessObjects Risk Management. The applications work in harmony so you can understand the risks of poor supply chain performance, as well as track and analyze supply chain performance metrics using a scorecard[7]. To accelerate time to value, SAP BusinessObjects Risk Management provides prebuilt key risk indicators for the industry as a part of the solution, which can be incorporated into your supply chain performance view.

SAP BusinessObjects Supply Chain Performance Management provides full visibility into supply chain processes such as order to cash, as well as performance metrics such as shipment reliability, perfect-order fulfillment, or supply chain cost[2]. The software also makes it easier to understand the underlying factors impacting supply chain performance, such as production cycle times, order backlogs, and ware-house costs, along with the correlations and interdependencies between these factors.

Armed with greater visibility, we can take immediate, informed actions that yield short-term benefits – for example, by adjusting batch sizes to compensate for fuel cost increases. And longer term, you can also improve supply chain effectiveness, responsiveness, and performance. Enhanced supply chain performance will in turn improve financial performance by reducing costs, increasing working capital, and strengthening customer loyalty.

IX. Key Benefits

SAP BusinessObjects Supply Chain Performance Management is already helping a variety of best in class companies in different industries maximize the power of their supply chain data to proactively identify new opportunities and minimize future bottlenecks and risks with this application, we gain:

1. Insight in to operational and related financial performance, while complying with performance management standards and leveraging standards based , end to end process support.
2. Relevant and timely information with automated data collection derived from actual business processes.
3. Full understanding of operational drivers, opportunity discovery, and timely awareness of deviations from performance targets, thanks to proactive diagnostics.
4. Ability to react more quickly to problems and risks by understanding risks in the supply chain.
5. Reduced cycle times through faster identification and resolution of problems.

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