SAP Integrated Business Planning (IBP)
Towards Digital Now
Digital transformation is changing the way we sell, buy, distribute, store, plan, communicate, organize, collaborate and generally speak the essence of how we operate businesses.

It is important to recognize that digital transformation has been this way for some decades. However, its continuous acceleration underlines its significance nowadays.

Digital technologies strongly influence the availability of various tools and methods to perform faster, more flexible, customer-oriented, cost efficient, innovative, etc. in order to fulfill the customers’ requirements and increasingly high expectations.

It is also important to emphasize, that certainly such a paradigm shift also embraces complications. From one side, where the relevance of digitalization is denied to the other side, where resources and skills are a shortage in the market. Such issues are still harming well-known companies to boost their way towards digital now.
Examples of Digital Transformation drivers

Internet of Things is influencing our life and job. Back in 1974, the first devices communicating online were ATMs. By now, there are more devices connected to the internet than humans on the planet and estimations say that by 2020 this number will reach a level of 212 billion.

Another main driver of digital transformation is Big Data. Due to the progressive usage of the internet, online devices and interactions in social networks generate huge amounts of data. Therefore, we are facing an exponential increment in the volume of structured and unstructured data. This tendency brings up challenges related to their storage, security, maintenance, analysis and usage. Therefore, the need of better tools, platforms and systems which are using cloud computing, machine learning, data mining or artificial intelligence are now a mandatory necessity.

How is Digital Transformation shaping Businesses and Supply Networks?

Certainly some of the first movers and best examples in digital transformation are businesses and supply networks. The main reason their complex environments, where lots of data are generated and need to be processed in order to conduct optimal decisions, resulting in higher profits due to increased sales and reduction of costs.

Today, companies are already starting to benefit from the advantages of digital transformation. Nevertheless, there are still enough potentials for improvement by using emerging technologies and products.
SAP INTEGRATED BUSINESS PLANNING

The Integrated Business Planning (IBP) process focuses on bringing together sales, inventory, supply, and financial plans into a single, consistent plan useful for the entire organization. This plan is reviewed and approved by all executive and management stakeholders and therefore, makes it faster and more flexible to align supply with demand and strategic and tactical planning with execution.

How SAP IBP meets the Challenge?

SAP Integrated Business Planning is a cloud based solution part of the SAP S/4HANA Business Suite, which consists of five modules designed to manage and master the planning processes within today's complex companies and supply networks.

All of these modules are using one consistent data model to provide end-to-end visibility of the supply chain in real time. Due to the integrated planning environment without silos and therefore reduced effort for data synchronization, users are able to run various simulations and perform What-if scenario analyses with faster planning cycles. The capability of social collaboration with SAP JAM and easy handling of exceptions using the alerts and task management of SAP IBP accelerate planning and decision-making.

In order to maximize the User Experience (UX), SAP IBP uses two different User Interfaces (UI): Fiori Web Interface and Microsoft Excel as planning interface.
1. Supply Chain Control Tower

The Supply Chain Control Tower enables users to navigate, analyze and manage the end-to-end supply chain planning processes in real-time. Planners are capable to quickly identify and solve problems in the supply chain by analyzing KPIs and revising dashboards.

This module contains multiple functionalities to visualize huge volumes of data effectively, set up smart alerts and drill down aggregated data for deeper analysis. For resolving problems in a collaborative and efficient way, it encloses a built-in case and task management, which is linked and managed with the help of SAP JAM.

2. Sales and Operations

IBP for Sales & Operations can be seen as the core of SAP Integrated Business Planning. It supports an integrated Sales & Operations Planning process in an optimal way. It covers the process steps of demand and supply review and their balancing through functionalities for social collaboration and intuitive interfaces as well as the full integration of financial planning. Likewise, users can perform What-if analyses by modelling alternative scenarios.

By using this module, Stakeholders can align their strategic long-term supply chain planning with the operational short-term planning to improve capacity utilization, inventory levels and on-time deliveries.

3. Demand

The target of IBP for Demand is to deliver a more accurate demand plan that brings higher accuracy in forecasting and allows more efficiency in execution processes. To achieve this goal, it provides functionalities to gather and cleanse historical data, calculate statistical forecasts with advanced algorithms, adapt short-term adjustments by using demand sensing and analysis of results by comparing different scenarios. As an outcome, reduced inventory can be observed while providing higher service levels as one of the benefits from a fully integrated demand planning process.
4. Inventory

This module contains an advanced inventory planning solution for complex supply chain networks. After the review of input data to validate service levels and demand forecast, Planners can run single- and multi-level inventory optimizations and perform What-if analyses. The result is a standardized inventory target setting on each tier within the supply chain.

The benefits of an optimized inventory plan range from improving delivery service level, reduction of working capital and higher efficiency in production and distribution costs.

5. Response and Supply

With IBP for Response and Supply, Planners are able to run rough-cut capacity planning and analysis based on constraint and unconstrained supply planning algorithms, as well as work on priority-driven response planning.

SAP Jam

In addition to all modules of SAP IBP, SAP JAM is an independently sold SAP product that complements the IBP process by connecting users, managers, customers and partners and offering a work flow functionality to keep track of all IBP related processes and their development through each period (e.g. monthly).

Moreover, it enables all Stakeholders to collaborate and delegate tasks through open and effective communication. Information, applications and processes are managed in one central social platform, where it is easier for users to follow up on tasks and required decisions.
Conclusions

In order to gain and increase market share through competitive advantages, companies are investing time, effort and money in order to migrate to processes and technologies that support and boost their way towards digital transformation, from connected supply chains to cloud ERP solutions. This trend has entered in every industry and it is here to stay.

SAP IBP can be seen as the evolution of advanced planning with SAP software – while profiting from all advantages of being part of the SAP S/4HANA Business Suite and running hundred percent on cloud.

At valantic we are pleased to support you on constructing your business case and explore the advantages of moving to a state of the art software solution such as SAP IBP.

Contact us and profit in addition to our technical expertise in implementing SAP products from our process experience of more than 30 years of consulting in the field of supply chain planning.

We hope to hear from you soon.

Fabian Stocker
Vice President Sales & Operations Planning
Phone: +49 89 578399-145
Mobile: +49 163 5783 145
Mail: fabian.stocker@sce.valantic.com

Westendstrasse 195
80686 Munich
Germany
www.valantic.com