SAP BTP Roadshow - Basel

SAP Inspire for Business Technology Platform

Takeda

THE BEST RUN SAP

Agenda

- Context and project introduction
- Using the power of SAC & DWC
- Digitalization as a journey – Learnings and (unexpected) benefits
- Demo
- Q&A

Our company aspiration

Context and project introduction

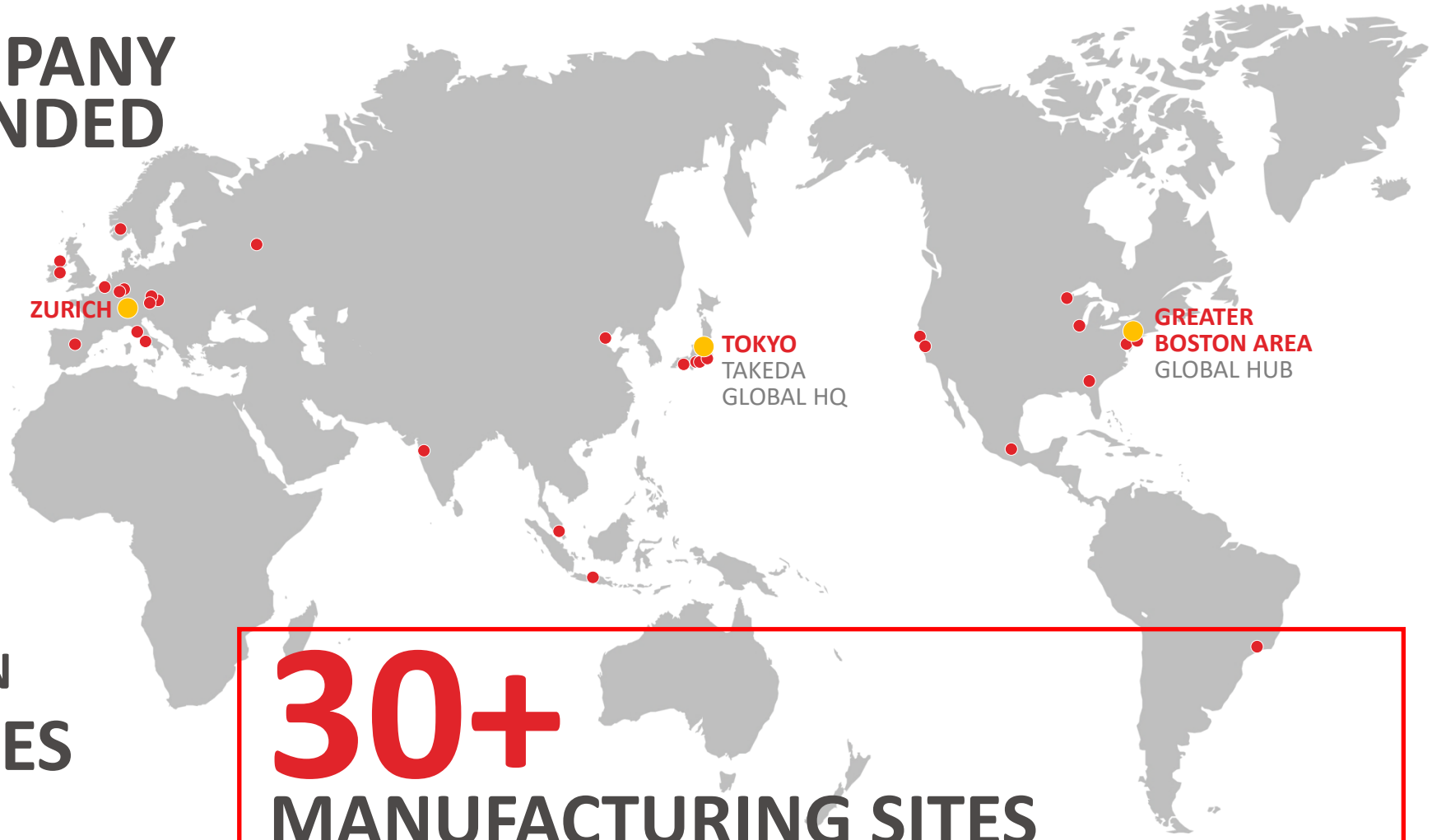
Takeda Global Manufacturing & Supply (GMS) organization

1781 COMPANY FOUNDED

OPERATE FROM
4 REGIONS

- Japan
- U.S.A.
- Europe & Canada (EUCAN)
- Growth & Emerging Markets (GEM)

PRESENCE: APPROX. IN
80 COUNTRIES



30+
MANUFACTURING SITES
+ 120 CMOs

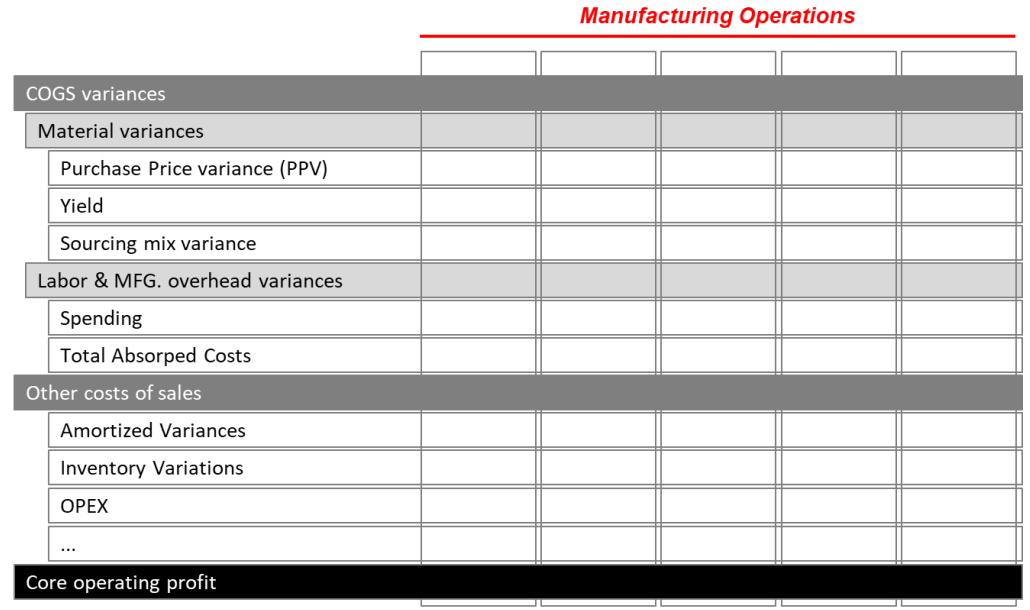
GMS/GQ

Context and project introduction

Responsibility of GMS in the Takeda P&L

Revenue
Cost of sales
Gross Profit
Margin
SG&A expenses
R&D expenses
Amortization of intangible assets
Impairment losses on intangible assets
Other operating income
Other operating expenses
Operating profit
Margin
Finance income
Finance expenses
Equity income/loss
Profit before tax
Net profit attributable to owners of the Company
Non-controlling interests
Net profit for the period
Basic EPS (yen)

Takeda P&L
As presented in quarterly announcements

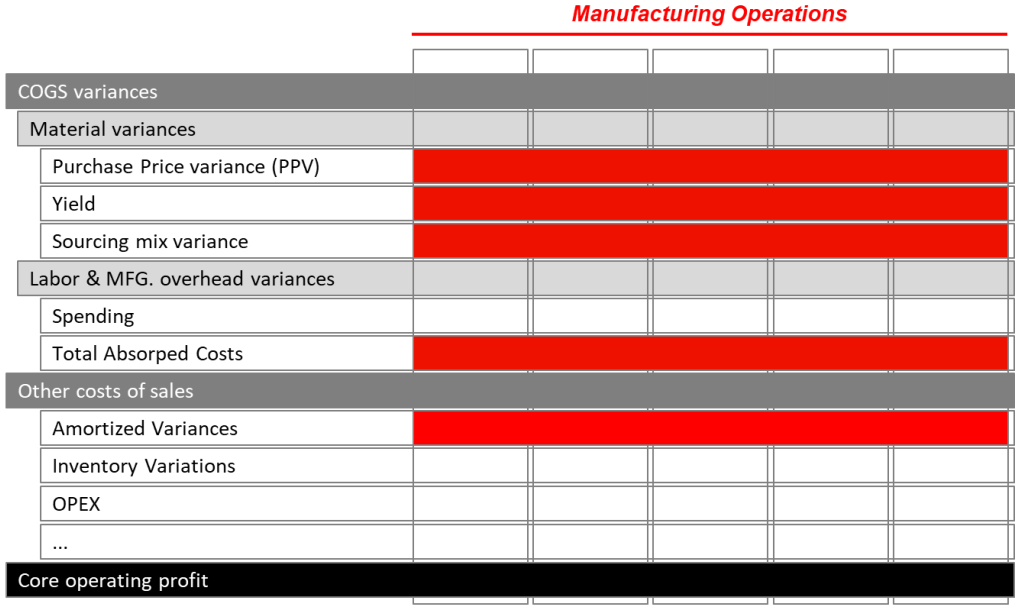


High-level view of Takeda GMS P&L
Cost of sales in Takeda P&L consists of GMS manufacturing variances together with the manufacturing cost at standard (STD)

Context and project introduction

COGS digitalization journey

- Costs of goods sold (COGS) steered by **measuring performance compared to standard cost**
- **Financial planning** focuses on **estimating variances** compared to standard, rather than total costs
- **Business expectations**:
  - Quick reaction to assumption changes
  - Intuitive to use & fast
  - Integrated & automated data feeds



High-level view of Takeda GMS P&L
In red highlighting P&L lines that are highly volume-driven and in scope for ongoing digitalization program

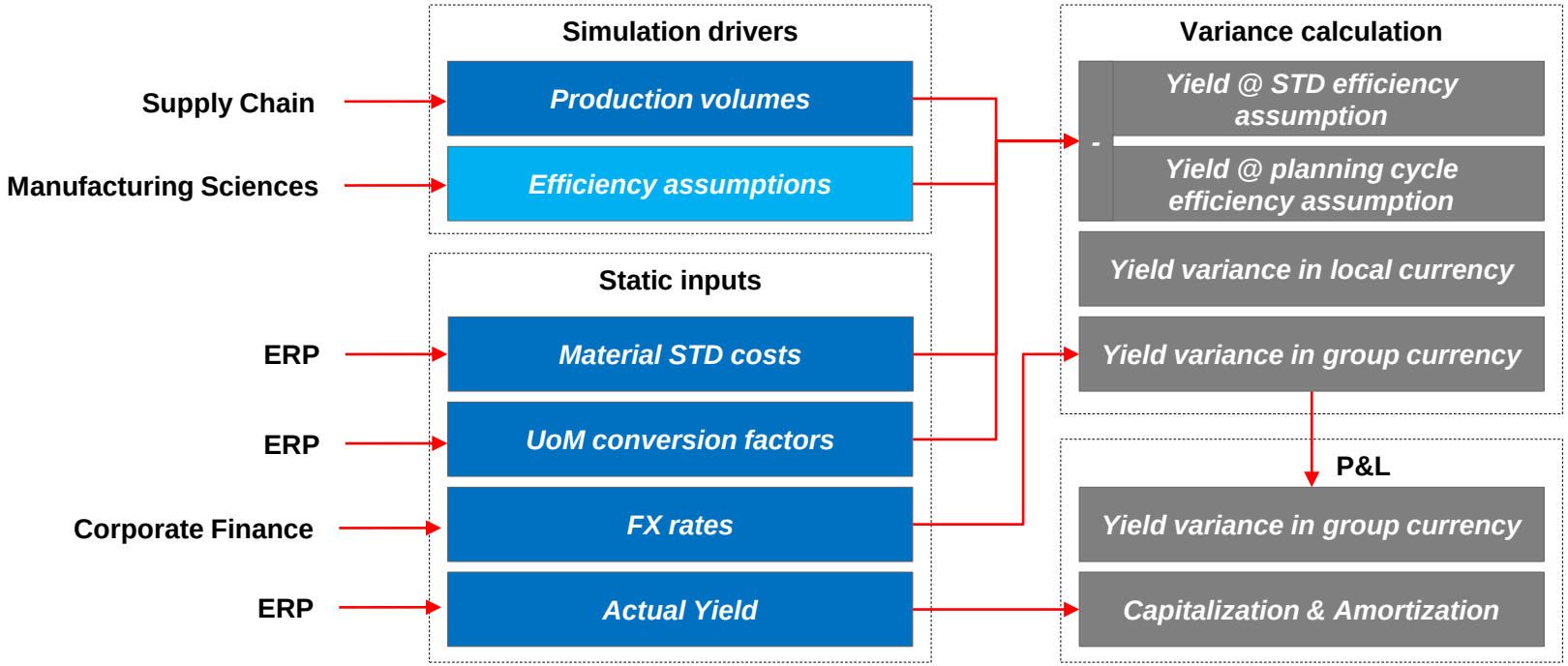
Using the power of data, digital and technology to be agile finance business partners

Context and project introduction

Planning model example: Yield

- Input specific to model
- Input shared between models
- Calculation

Direct COGS variances due to volume differences between actual and standard consumed material set for standard costing (material quantity variance)



Using the power of DWC and SAC

On integrating various sources as a foundation for connected planning

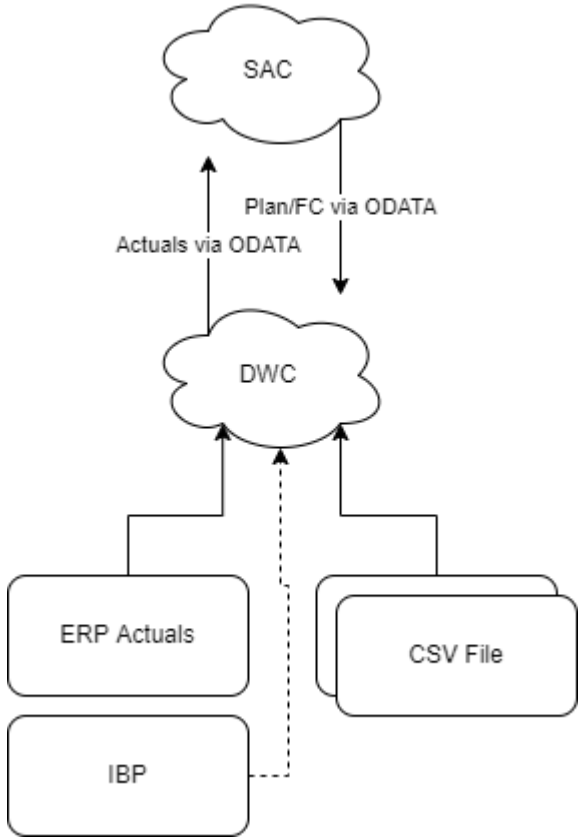
Leveraged capabilities:

- DWC to load larger volumes of data, incl. actuals for planning purposes
- **Connected to ERP and BW, and in future with SAP IBP**
- Push Planning or Forecasts from SAC to DWC
- **POC on predictive planning**, with better outcome than rule-based extrapolation, however lacking sufficient historical data
- SAC Excel add-on is useful and easy to deploy (part of O365)

Challenges:

- Blend of ‘classic’ and ‘new’ models. We plan to migrate everything to ‘new’ model due to:
  - Option to leverage Key Figure and/or account model
  - Currency conversion
  - Improved data loading capabilities

Tip: Load data from shared models (classic type) via LINK function in Data actions



Digitalization as a journey

Learnings

On defining the right technical architecture

- Start discussions on **security setup** early on (e.g., Teams to provide folder/role permissions and Data Access Controls)
- Set expectation that data needs to be entered in the tool, instead of using flat files
- Strong **governance** needed to fix problems at source instead of applying exceptions/workarounds in DWC or SAC
- **Avoid “technical” dimensions**
- Applying **same design principles** across applications improves user experience
- Limit number of models and versions managed in each Story
- **Leverage Parameters** (variables) in Data actions and Multi actions:
  - Multi actions can leverage public dimensions to pass a single parameter to different actions
  - Currently not (yet?) possible in data actions, as parameters are model dependent

Digitalization as a journey

Learnings

Digitalization does not come over night

Foresee time for:

- **Mindset change** to embrace new technologies and contribute to projects
- **Involvement across the organization**
- **Harmonization** of data, process and tools
- **Refinements** after first release

Don’t let this prevent you from progressing

Digitalization as a journey

(Unexpected) benefits

Functional

Technical

Expected

Efficiency and robustness

- Shorter overall planning process
- Reduced manual activities through automation
- Shift from number crunching to analysis and storytelling
- Centralized modeling and one source of truth
- Good set of out-of-the box functionalities

Enhanced Capabilities

- Quick simulation for scenario analysis, by different users and on different levels of detail
- Automated dashboarding for analysis
- Automated dashboarding for executive reporting
- Predictive planning capabilities

Unexpected

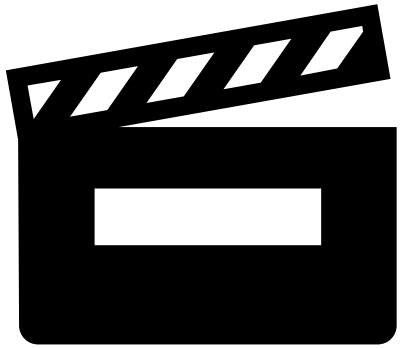
Related Improvement Projects

- Triggered several initiatives to harmonize/automate underlying data, systems and processes
- Rapid prototyping stimulates agile ways of working

Improvements and skill development

- Earlier insights during planning process, allow to anticipate
- Improved and standardized calculation methods and nomenclature for all sites
- Learning and skill development at site & group level
- Tool is intuitive and easy to use by business

Demo



Recorded demo

Q&A