SAP Innovation in Retail
The Future is NOW

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SAP has unmatched retail expertise

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

- 18 of the 25 fastest growing retailers in the world
- 24 of the 25 top food retailers in the world
- 18 of the 20 top apparel and footwear retailers in the world

13,400+ Retail customers in 121 countries

SAP touches $16 trillion of retail purchases

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

Embedded, preconfigured best practices

Clear Industry road map

86% of the Retailers in the Forbes Global 2000 are SAP customers.

WHAT’S HAPPENING IN THE INDUSTRY?

ALTERNATIVE FORMATS

NEW BUSINESS MODELS, VALUE CHAINS

NEW ENTRANTS ARE DATA-FIRST COMPANIES WITH DIRECT TO CONSUMER APPROACH
“Online retail is hard, grocery retail is really hard, so online grocery is, of course, really, really, really hard.”

-- Former Wal-Mart global e-commerce chief Neil Ashe
RESPONDING TO THE NEXT WAVE OF GROCERY DISRUPTION
“All retailer digital investments should be viewed through the lens of how to compete against Amazon.”

SOURCE: L2 DIGITAL IQ INDEX RETAIL EUROPE 2017
What can retailers learn from Amazon’s approach to grocery?

▪ Be willing to experiment with different business models
▪ Don’t rush to market but rather take a measured test and learn approach
▪ Use acquisitions to acquire expertise not available in-house
▪ Digital is more than running a webshop. It fundamentally affects all aspects of the business.
VALUE

CONVENIENCE

EXPERIENCE
Move to the center: It can be done

- Specialization is yesterday
- You must deliver on 2 fronts
  - And be really good at a 3rd
- The digital consumer is changing the game
- New Technologies, business models, and consumer behaviors providing complications
Retailers are moving towards 1 hour delivery

Sainsbury's to hire 900 in London and trial same-day delivery to meet online grocery demand
.. and meet ever-growing **consumer expectations and market changes**...

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**Wal-Mart to Acquire Jet.com for $3.3 Billion to Fight Amazon**

Driver of the acquisition reported to be more about software and eCommerce capabilities than incremental revenue.

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**Target acquires Shipt for $550M to bring you same-day delivery**

The retail giant says Shipt’s platform will help bring same-day delivery to approximately half of Target stores by early 2018.

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**Research has shown that Lidl forces rivals to lower prices in the markets where it opens stores.**

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“**Our industry is being disrupted, and we are actually very committed to becoming a disruptor, and also helping others be positioned to succeed and win by leveraging some of the technology that we’ve built for ourselves.**”

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**Annette Franke, vice president of Kroger’s customer experience network and chief operating officer of Sunrise Technologies**

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**WINN-DIXIE PARENT COMPANY SOUTHEASTERN GROCERY TO FILE BANKRUPTCY, CLOSE 94 STORES**

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**Filing Alert: #Tops Supermarket Files For Bankruptcy**

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**Amazon plans to open as many as six more cashierless Amazon Go stores this year**

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“**You have to establish a sustainable business model,**” Peverini said. “**What it really comes down to is who’s your customer, what can you do that adds value to their life, and what are you uniquely positioned to offer them and if you’re not uniquely positioned to offer it to them, are you willing to build it or buy it or find some other route.**”

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**Alexandre Aubry, CIO at Groupe Galeries Lafayette, France**

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“Honestly, it’s not especially visionary, we just listen to the customers and do what they want. And what the customer wants today is to be able to buy from any channel, to interact with any channel, and to still be able to be recognized as a Galeries Lafayette customer.”
LEADERS ARE EMERGING FROM NOWHERE
90% of CEOs believe the digital economy will impact their industry, but less than 15% are executing on a digital strategy

EARLY ADOPTERS ARE WINNING
Early adopters are achieving 9%+ revenue creation, 26%+ impact to profitability, and 12%+ market valuation

INDUSTRY BOUNDARIES ARE BLURRING
Every company is expanding beyond traditional industry boundaries and also becoming a technology company

IN SUMMARY, THE FUTURE REQUIRES A CUSTOMER EXPERIENCE FIRST APPROACH
“The consumer-driven growth revolution will require all businesses to change.

SAP’s completeness of vision is built to deliver a single view of the consumer.

Only SAP can provide 4th generation CRM that seamlessly connects the front-office to the back-office.”

Bill McDermott
CEO SAP
ARE YOU READY?
WHAT’S HAPPENING WITH TECHNOLOGY?

PERSONALIZED EXPERIENCE

DIGITALIZATION OF THE STORE

THERE IS NO TIME LIKE REAL TIME

INTERNET OF THINGS / AI / MACHINE LEARNING
Where are Retailers Investing?
Digital Transformation Priorities for Retailers

**Customer centricity**
Putting the customers’ point of view at the center of every decision

**Smart retail technology**
Differentiate your shopping experiences and drive new revenue opportunities
Model business outcomes to drive speed at scale

**Digital consumer supply chain**
Connect the real-time supply chain for greater efficiency and new levels of responsiveness

**Model business outcomes to drive speed at scale**
Real-time data enables better decisions and stronger outcomes
The Digital Era is evolving into **The Intelligence Era**

**Mainframe & PCs**  
1960s – 1980s
- Transistors & silicon revolution
- Large scale Mainframe Computing adoption
- Emergence of PC’s
- Plant floor automation

**Client Server & Internet**  
1990s - 2000s
- Widespread PC adoption
- Broadband Internet
- ERP and business process technologies

**Cloud, Mobile & Big Data**  
2000s - 2010s
- Mobile & Smartphone ubiquity
- Cloud Computing
- Social Networks
- Big Data

**Intelligent Technologies**  
2010s - 2020s
- Machine learning (ML) and artificial intelligence (AI)
- Internet of things (IoT) and distributed computing
- Blockchain

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**Enabling Technologies**

**Industrial Automation**

**Business Process Automation**

**Digital Transformation**

**Intelligent Enterprise**
Our customers face new challenges amid digital disruption

“How do I fund innovation for tomorrow while still running today’s business and delivering profitable growth?”
- CEO, CFO

“How do we better understand what our consumers really want and how do we deliver the best experience for them?”
- CMO, CRO, Head of Sales

“How can I draw more actionable insights from my enterprise data to help my business partners react faster to new opportunities?”
- CIO

“How can we use our data to create an engaging employee experience across all groups of employees?”
- CHRO
THE INTELLIGENT ENTERPRISE

3 KEY COMPONENTS:

1. Integrated Applications
2. Digital Platform
3. Intelligent Technologies
CFO’s are using Natural Language instead of complex syntax to obtain data and to resolve processes like Service Ticketing or Cash Application.

RedBull is using connected goods to provide self-replenishment for vendor machines and to provide perfect conditions.

Coop Switzerland is using machine learning in demand planning and forecasting based on real-time inventory to detect the items most likely to run out of stock.

Optimize Business Processes infusing AI in Applications

Extend Current Processes to Capture New Sources of Value

SAP Leonardo
Hello,

My name is Taylor Jones and I am writing to you because I am concerned about our Monarch Smart Fridge. We bought it four weeks ago and the door doesn’t seem to close properly. As the fridge still under warranty, can you please send a technician to have a look and adjust it.

Thank you,
Taylor Jones
Next Generation Customer Service
Provide requested information automatically and fast by leveraging machine learning

„I am allergic to nuts. Does this product contain nuts?“

Hi I have a request regarding a product. Can you help me finding out if it contains nuts?

Do you want to take a picture or upload from your album?

Upload from album please.

Customer has a question/request regarding a product

Mobile application with possibility to upload a picture
The **Intelligent Enterprise Showcase**

Combine text, image and audio capabilities to provide a total new customer experience

- **SAP CoPilot**
  Digital assistant with NLP capabilities

  ➔ **Enhanced user experience**

- **Service Ticket Intelligence**
  for efficient ticket/request categorization

  ➔ **Real-time response**

- **ML Foundation Functional Service**
  **Image similarity**
  for rapid product identification

  ➔ **Operational efficiency**
Serve customers better by **reimagining business models** and business processes in the Warehouse and in Operations

- Model Business outcomes to drive speed at scale
- Evaluating AMRs\* obstacle avoidance in real environments

- Optimize picking
- Improve efficiency
- Reduce errors

\* Autonomous Mobile Robots
SAP's Complete Recipe Management with Google Home at NRF 2018
The final frontier: SPACE - ESA and SAP look to World Space Alliance
SAP Customer Value Network for Retail & Wholesale

September 13, 14 2018 – Lisbon Portugal

SAP Network for executives from leading EMEA Retail and Wholesales Companies to discuss market trends and business challenges in an informal atmosphere, build relationships with peers and benefit from sharing best practices, innovation and thought leaderships.