

IMPROVING INVENTORY EFFICIENCY WITH SAP BUSINESS NETWORK

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CUSTOMER



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Do These Inventory Challenges Sound Familiar?

- Balancing the right inventory investment with downstream demand
- Supply shortages are hurting customer service and revenue
- Poor visibility into in-transit inventory
- Lead-time variability contributes to supply shortages
- Suppliers lack timely view into customer demand



Network-Based Collaboration Drives Resilient Outcomes

1

Simplify replenishment by allowing the supplier to assume responsibility to maintain agreed upon inventory levels

2

Reduce supplier lead times plus improve cashflow and inventory turns by deferring transfer and payment of goods until consumption

3

Increase efficiency with fewer touchpoints and improve supplier responsiveness to fluctuating demand and inventory

Resilient Businesses Leverage Network-based Collaboration



82% of leaders report 5% or more improvement in **on-time, in-full performance**

69% of leaders report 10% or more improvement in **inventory turns**

64% of leaders report 10% or more improvement in **on-time delivery from suppliers**

63% of leaders report 10% or more **faster time to market**

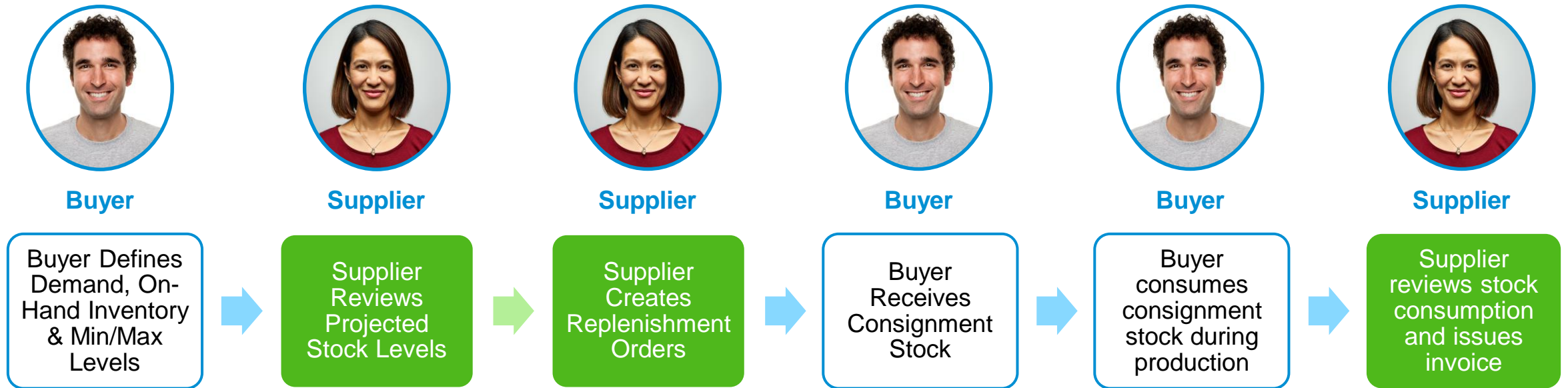
* Source: Oxford Economics (2021)



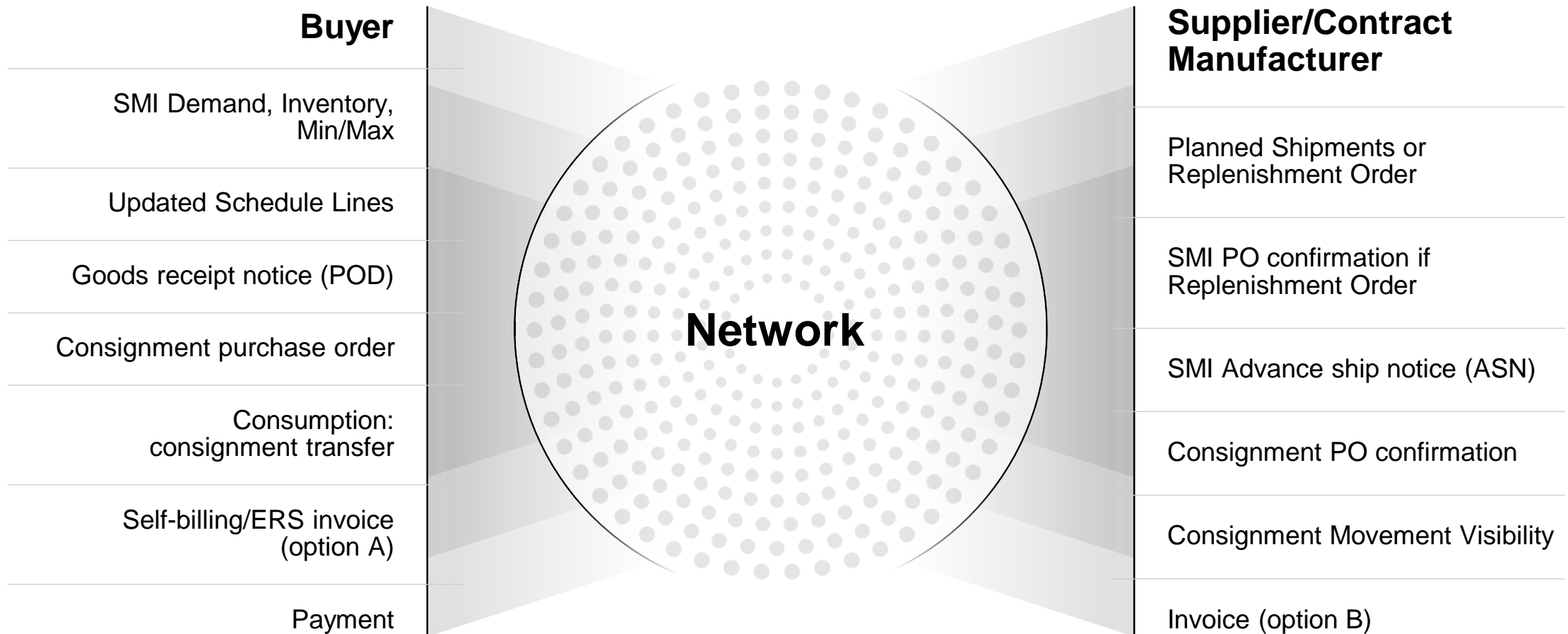
Deliver Inventory Efficiency with **Digital Supplier Replenishment**

Combining supplier-managed inventory and consignment helps improve cashflow and supplier relationships, while reducing cost.

SMI + Consignment Process Flow



SAP Business Network Inventory Efficiency Solution



The Bottom-Line Benefits of Better Inventory Efficiency

4-12%

DIO Right Sizing

9-25%

Lower FTE Cost

8-23%

Lower Revenue Loss Due to Stock Outs

* Source SAP Performance Benchmarking (2018)



What Does SAP Do Differently?

Support SMI scheduling agreement releases and supplier replenishment orders with native integration into ECC and S4.

Provide buyers and planners with proactive inventory exception alerts.

Systemically track inventory movements to simplify inventory reconciliation and usage as well as create accurate settlement invoices and consumption reports.



Case Study

stryker

Transformed direct procurement strategy from a pull model to push model via SMI:

- Ensures stock is available faster
- Reduces procurement lead-times
- Automates supply plan, PO confirmations/change visibility, and invoice processing



Case Study



Adopted supply chain collaboration across multi-tiered supply chain with Supplier-managed Inventory:

- Increases speed, traceability, and standardization for forecast, ordering, and scheduling
- Optimizes working capital
- Drives policy compliance

A large bridge with a complex steel truss structure spans the frame. A semi-truck with a blue trailer and a red cab is captured in motion, blurred to convey speed. The sky is a gradient of deep purple and pink, suggesting a sunset or sunrise. The bridge's arch and cables are prominent features.

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Thank you.

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Appendix

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Step-by-Step SMI + Consignment Process Flow

