

# OPTIMIZING EXTERNAL MANUFACTURING WITH SAP BUSINESS NETWORK

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CUSTOMER



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# Do These External Manufacturing Challenges Sound Familiar?

- **Ever-increasing complexity** in operations, process execution and time-to-market
- **Shrinking product life cycle and volatile** consumer expectations
- Complex, multi-tier supply chain with **poor visibility**
- Inefficient and predominantly **manual mode of planning and execution** processes
- **Compliance data integrity risk** from absence of robust, repeatable approach





# Network-Based Collaboration Drives Resilient Outcomes

1

Overall operational visibility and orchestration across CMO network through **supply chain process collaboration** including planning and procure-to-pay.

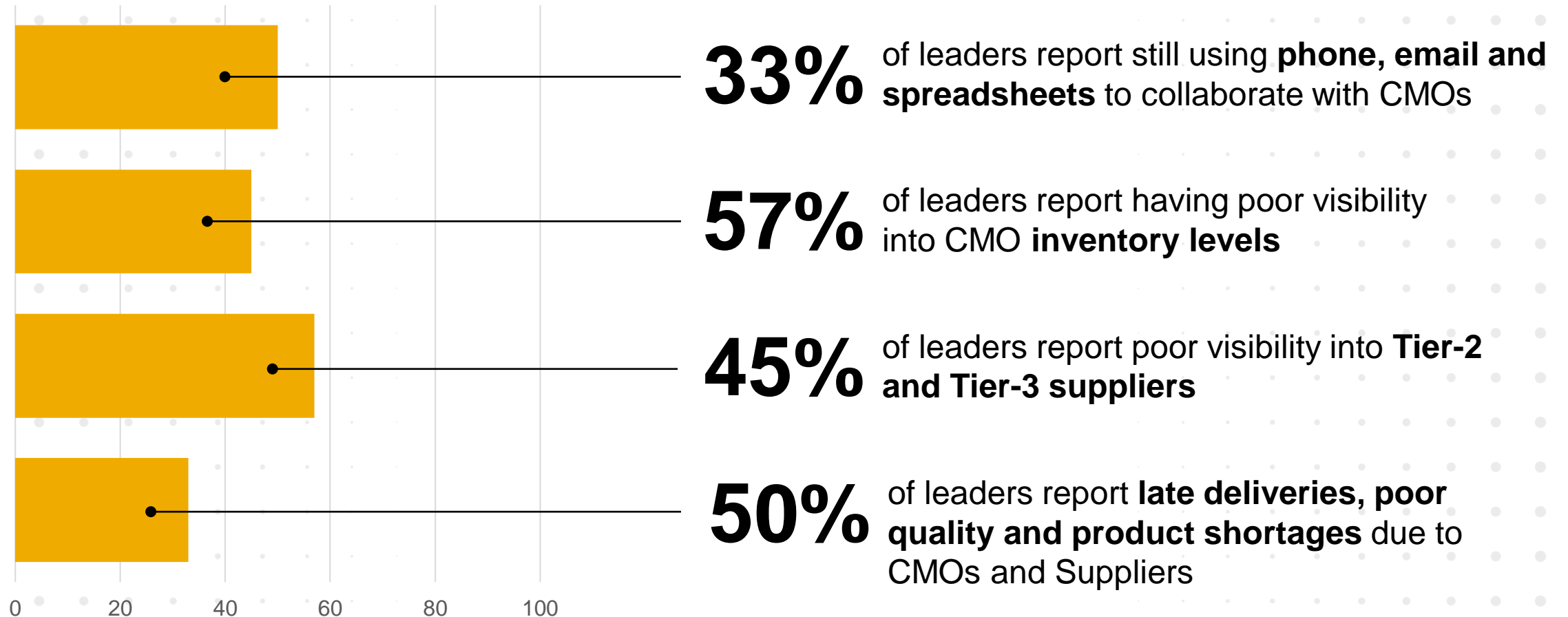
2

**Optimized inventory** of finished goods and raw material through process standardization, automated exchanges and **quality collaboration** with batch information.

3

Improved collaboration with CMOs in communicating process requirements via secure technology transfer for **streamlined manufacturing orchestration**.

# Resilient Businesses Leverage Network-based Collaboration



\* Source: Oxford Economics (2021)

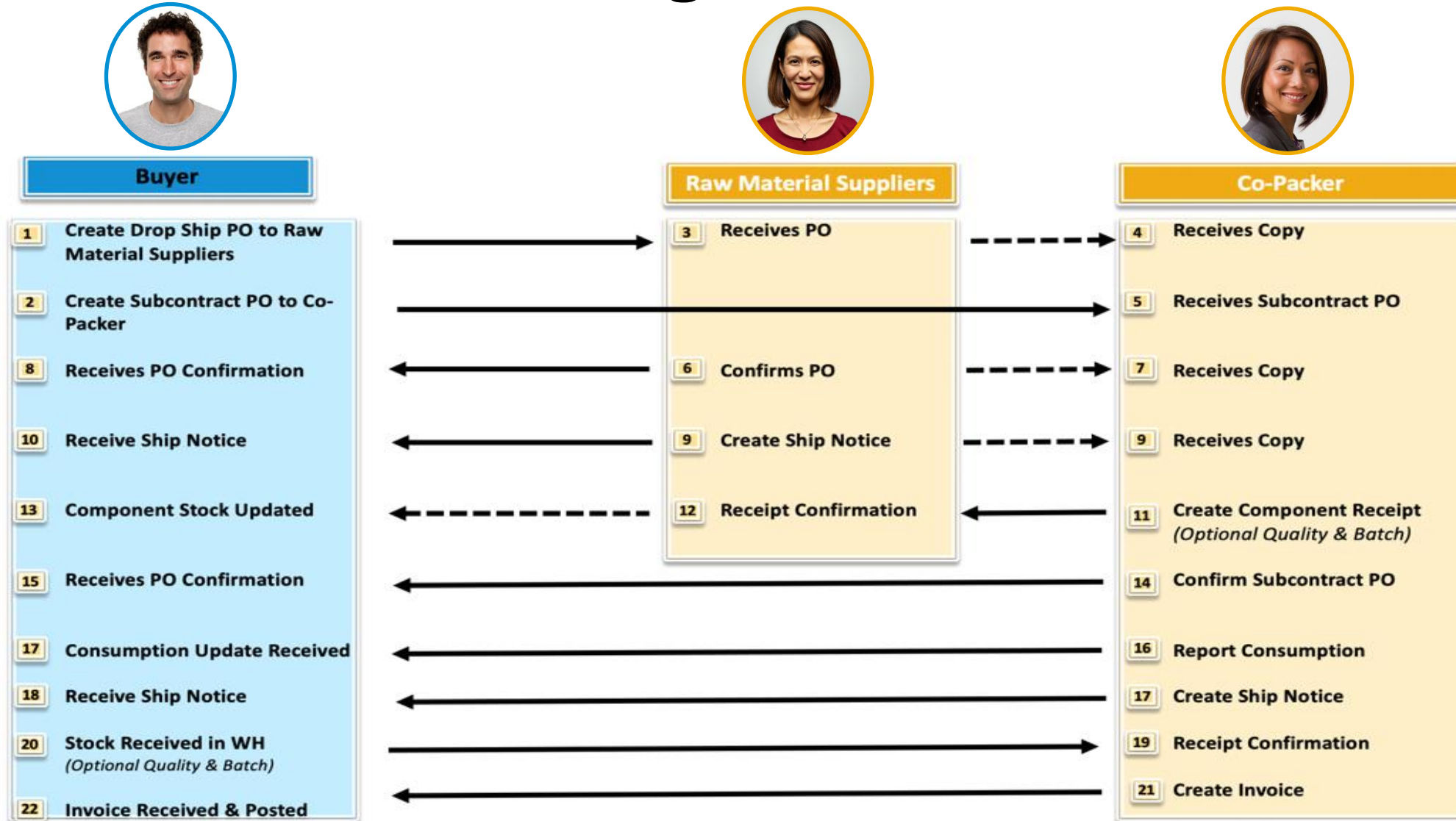


# Manage multi-tier manufacturing processes with **Digital Supply Chain Collaboration**

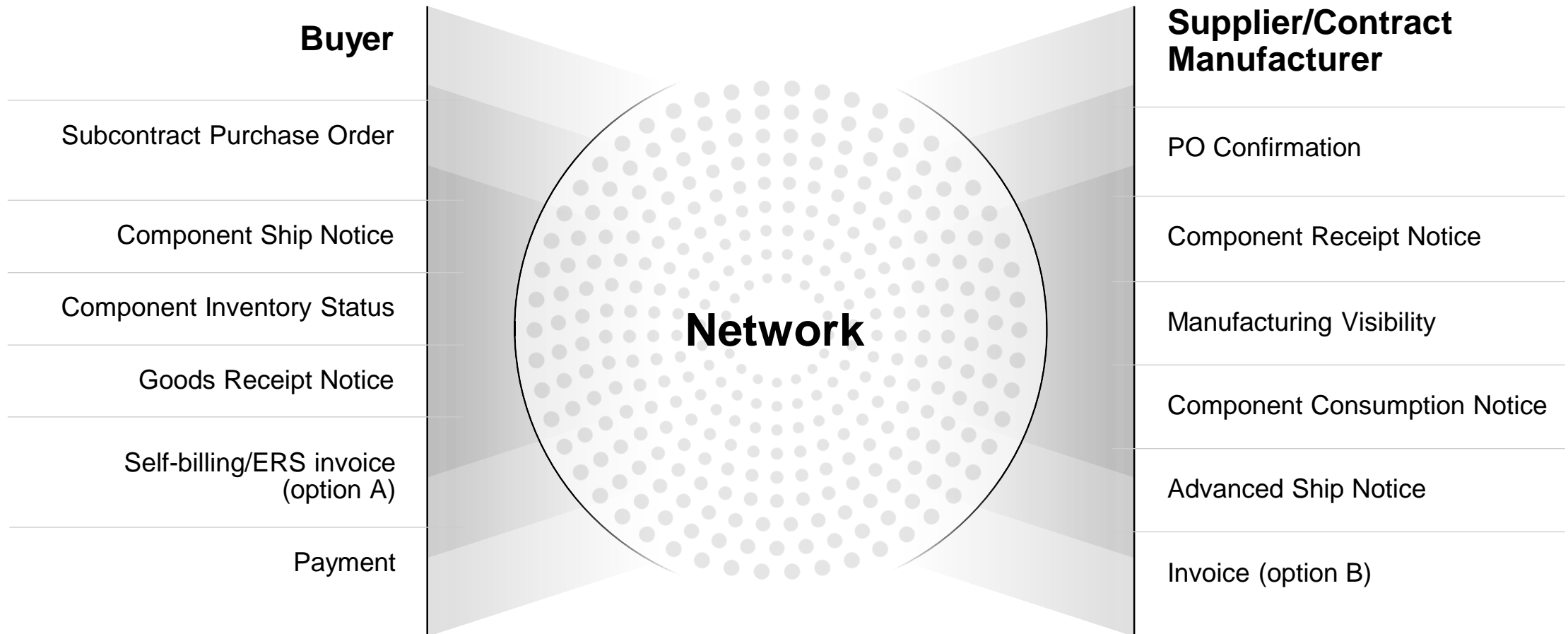
Manage consistent, efficient and transparent business processes across all levels of supplier maturity on a single platform.



# External Manufacturing Process Flow



# SAP Business Network External Manufacturing Solution





# The Bottom-Line Benefits of Better External Manufacturing Collaboration

**16-45%**

Lower Supplier Defect Rate

**4-12%**

Lower Days in Inventory

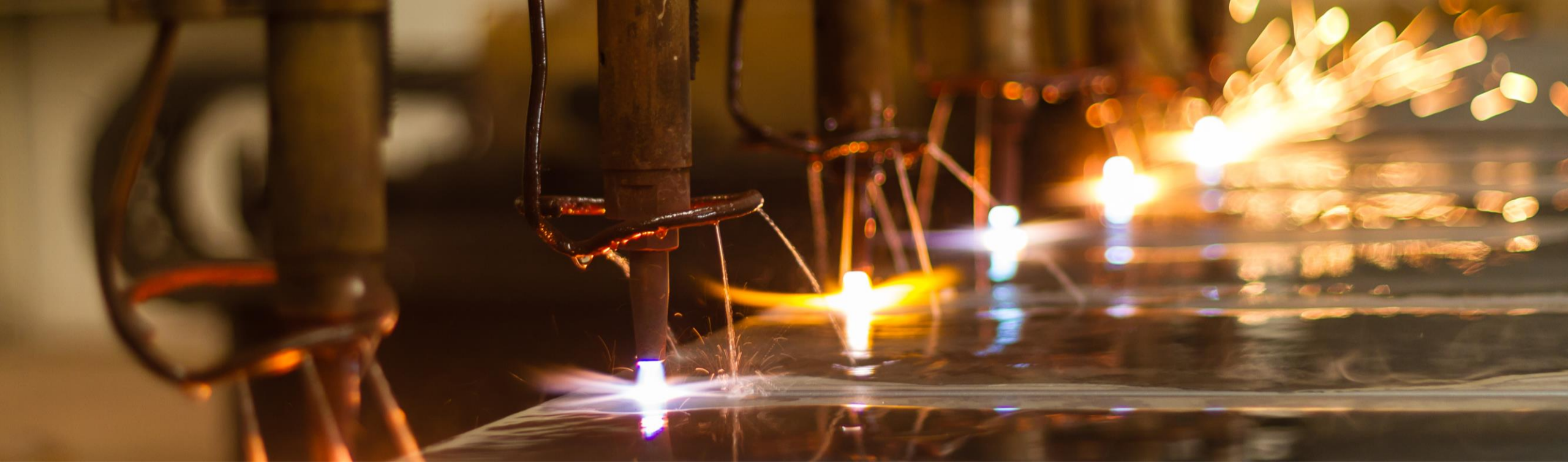
**9-25%**

Improved buyer/planner/  
scheduler efficiency

**1-3%**

Reduction in Expedited  
Transportation Spend

\* Source SAP Performance Benchmarking (2018)



## What Does SAP Do Differently?

**Collaborative Network** that supports multiple supply chain **planning and execution processes** and various types of **trading partners**.

Network **integration to multiple back-end** ERP systems, supply chain planning systems, key 3<sup>rd</sup> party logistics systems, and partner ecosystem networks.

**Industry-specific capabilities and expertise** as well as process support for subcontract POs, multi-tier order orchestration and quality collaboration for external manufacturing.



## Case Study



**SAP Business Network enabled Merck to create a new standard way to work with CMOs and Suppliers:**

- Earlier visibility into batch quality and results
- Decreased process costs due to reduced manual transactions
- Seamless partnership with CMOs for improved inventory management





## Case Study

# stryker

### **Maximized supply chain planning efficiency with Suppliers and CMOs with SAP Supply Chain solutions:**

- Supplier-managed materials replenishment based on forecast, in-transit and projected stock calculations
- Planning collaboration and confirmation with CMO partners
- Improved productivity, processing times, and visibility through transaction automation and validation



## Case Study



**Improved management of supply and CMOs and suppliers yielded the following benefits in less than 2 years:**

- 87% reduction in planning/execution cycle time
- \$200M annual inventory Savings
- 65% reduction of Obsolete and Excess Inventory
- 75% improvement in supplier onboarding time

# Thank you.

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