



The Business Value of an integrated Demand/Supply Chain

WHITE PAPER

NEW ECONOMIC REALITIES

One of the most complex management challenges found in any enterprise today is managing global customer demand with a multiple-partner supply chain.

In the increasingly competitive and joined-up digital economy, business has become more demand-driven. The customer has always been right, but never before has he or she had such power to dictate what suppliers should be selling. It's no longer the case that organisations can simply sell what they have and assume that customers will buy it. Instead, companies have to rapidly respond to what customers want. If they don't, an alternative supplier is only the click of a mouse away. The internet economy makes universal sourcing a viable reality.

The balance of power has shifted and the customer is now tugging on the end of the demand chain and expecting the supplier to respond. Companies need to make a cultural process and technology shift to a new business model. This business model would keep companies completely on top of what the customer wants and have the ability to turn on a coin switch if there be a change on the part of the buyers. Companies that fail to respond will be the ones that lose business, increase customer churn and ultimately go out of business.

Rapid response depends on a company's ability to gather data and turn it into actionable information upon which business decisions can be made. The supply chain is, of course, the primary processing mechanism of every manufacturing company.

The manufacturing industry has always understood the relationship between supply and demand and knows that any chain is only as strong as its proverbial weakest link.

But, the demand and supply sides have typically been dealt with by different processes and systems with manual intervention being needed to transfer the information from one side of the divide to the other.

SKYVVA

THE KEY TO SUCCESS

Real time demand visibility is crucial to fill the gap. That visibility is provided by forecasting to connect demand and the supply chain. CRM can provide some help in the 'insight to action' cycle to accelerate sales but CRM doesn't provide the supply chain with the detailed information it needs to correctly respond. Aligning the supply chain with a reliable and predictable sales forecast is mission critical and enables companies to manage the entire manufacturing business value chain.

from sources, but do not complete the process. become islands of inactionable information, not participants in a demand/supply chain.

Collecting, aggregating and sharing transaction information that enables demand to drive manufacturing and distribution processes requires integrating supply and demand processes in real time and enables a single end-to-end process.

Integrating SAP managed supply chain and financial processes (back office) with sales forecasting processes (front office) in real time is the key to

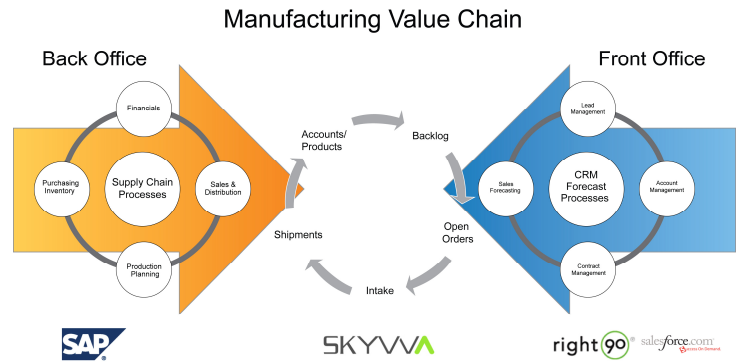


Figure 1: The new manufacturing value chain connects the Front Office with the Back Office

Supply chain processes and the financial aspects of the business are often managed by SAP, the global leader in ERP applications. However, customer-facing and sales forecasting processes are managed by new market players such as Salesforce CRM and Right90. Connecting ever-changing customer demand with global supply chains requires a new approach, and a new value chain.

THE NEW VALUE CHAIN

Efficiently managing the entire manufacturing value chain relies on transactional data being shared between parties participating in the value chain. Merely pushing information into a report (Excel) that lands on a manager's desk every day will not achieve the goals, nor will business intelligence (BI) systems. Both Excel reports and BI solutions merely pull data

business agility and necessary to stay in business. Real time process integration fills the gaps between supply chain operations and the sales forecast process (Figure 1).

But, more is required. In addition to connecting the value chain, manufacturers today must integrate business processes to drive value. A manufacturing value chain needs to be designed to bring marketing, finance, sales, and operations departments together to continuously monitor and meet customer demand, as shown in Table 1.

Process Map





Supply Processes 	Integration Processes 	Demand Processes  
Financials	Account Master (Debitor)	Account Management
	Payments	Order Management
	Credit Note	
	Debit Note	
Sales & Distribution	Invoice	Order Management
	Open Orders	Forecasting
	Backlog	
	Shipment	
	Intake	
Purchasing & Inventory	Product Master	Products/Price List
Production Planning	Production Orders	Forecasting

Table 1: Value Chain Innovation: Supply Chain & Sales Forecast Process Integration

This connected value chain takes the best practices in supply chain process, adds in integration processes, and completes the existing demand processes. Today, most companies have mature supply processes in place. However, companies' demand processes have been lacking a key process input – forecasting. Forecasting is a missing capability on the demand side. Forecasting (planning for the order) is to CRM as production planning (planning for the order) is to ERP. Forecasting's ability to track the order complements CRM's ability to track the customer, just as production planning tracks the order while ERP delivers the order.

Forecasting is critical to the supply side's sales and distribution capability, and also to the production planning process. Without sales forecasting, manufacturers cannot respond correctly to changes in customer demand, or optimally align their supply chains.

Understanding, designing and delivering this process map requires deep knowledge of both process and technology. SKYVVA is a best-in-class example of a partner that can provide both best practice integration processes and enable the technology to connect the

business. With deep experience in both the SAP office and the new, on-demand front office lead such as Salesforce.com and Right90, SKYVVA provide value from the business process to the delivery of the systems to support the business process.

Results You Can Depend On

Moving from a disjointed back office and front office to an integrated demand and supply chain is no difficult as you think. The back office already delivers a cohesive expanded supply chain because of market leaders like SAP. The front office is rapidly evolving to provide new solutions through on-demand software vendors like Salesforce.com and Right90. The solutions are available, the business expertise is available, and the results you could be achieving are remarkable.

For example, you could achieve:

1. Business model transformation – the Demand Driven Enterprise
2. Maximizing revenue potential
3. Manage performance and mitigate risk with real time insight.

1. Business Model Transformation – The Demand Driven Enterprise

With an integrated supply and demand chain, manufacturers can make the necessary cultural, process and technology shift from a downstream, supply-driven, push business model to an upstream, customer-centric, demand-driven, pull model.

Only by integrating the front office and back office processes can a company create a timely and high-quality customer experience.

2. Maximizing Revenue Potential

With an integrated supply and demand chain, manufacturers are able to utilize just-in-time manufacturing practices and deliver what the customer is expecting, when they are expecting it, and improve the customer experience.

Additional Benefit: Inventory expense can be minimized.

3. Manage Performance and Mitigate Risk with Real Time Insight

An integrated supply and demand chain provides up-to-the-minute information sharing between multiple users in different locations. Accurate, real time information can be fed into capital planning applications and delivered to key stakeholders to give executives detailed insights into revenue performance.

With an integrated supply and demand chain, manufacturers can aggregate the performance and risk of disparate divisions into a single, enterprise perspective with real time visibility. Manufacturers can be immediately alerted to performance issues.



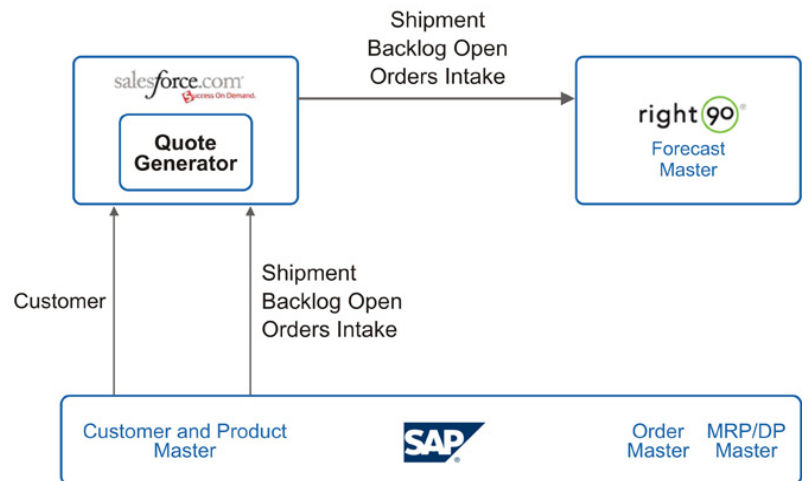
Cinterion Case Study

Cinterion is the worldwide leading supplier of wireless modules for the cellular machine-to-machine (M2M) communication. Cinterion is headquartered in Munich, Germany. The company is privately held and was sprung from Siemens Wireless in 2008.

Cinterion was facing many challenges:

1. Disconnected customer-facing and back office processes resulting into process inflexibility and inefficiency
2. Data Inconsistencies between back office and front office
3. No visibility and integration of supply chain and demand chain processes
4. Planning based on actual shipment data rather than a global sales forecast.

Cinterion Integration



Cinterion solution:

1. On Demand Business Group integrated both data and processes to orchestrate cross-functional processes spanning SAP Business Applications (Financials, Distribution, Supply Chain), Right90 Sales Forecasting and Salesforce CRM
2. Created a new front office for Cinterion with CRM and Sales Forecasting. The new front office allowed Cinterion to produce a global sales forecast that properly informed their production planning
3. Integrated data from Cinterion's SAP back office, CRM and Right90 sales forecasting to create a complete system from lead to order.

Results:

1. Aligned account master data securing data consistency and laying the foundation for process excellence
2. Streamlined both the Opportunity-to-Quote and Order-to-Cash processes
3. Real time synchronization of order management and financial data
4. Enhanced business visibility into order management transactions
5. Aligned sales & production forecast.

Overall, Cinterion was able to significantly decrease the time needed to consolidate information to inform each step of their process. For example, global forecast consolidation went from 1.5 weeks every month to real time availability. Since Cinterion is a build-to-stock company, greater forecast visibility and accuracy allowed Cinterion to streamline their production planning process.

THE VALUE IS YOURS

New economic realities present opportunities for manufacturers to bring in new ideas to more effectively manage their complete manufacturing value chain. No longer is it sufficient to integrate the back office processes, but to stay competitive, manufacturers must create a new front office that is completely integrated with the back office. By doing so, manufacturers will realize benefits across their entire manufacturing value chain.

About the Author

Bernd Jung is Managing Partner of SKYVVA (www.skyvva.com).

SKYVVA is a salesforce.com & Right90 partner focusing on implementing hybrid Cloud Value Scenarios (e.g. Demand & Supply Chain Collaboration) based in pre-fabricated, adaptable Integration Processes (Cloud Integration Apps).

SKYVVA unites technology competence (integration architectures, force.com development) with SAP application and SAP process competence.

