

100%

PERFORMING AN SAP OPTIMIZATION WITH BIGBYTE

Method, Results and Strategy





PERFORMING AN SAP OPTIMIZATION WITH BIGBYTE

SAP application software has been the gold standard in supporting supply chains all over the world for many years now. The modules to perform planning and execution have been implemented in so many companies that it has become natural to talk about the SAP supply chain.

SAP is incredibly effective when properly set up. But SAP's complexity, makes it difficult to set up properly. During the initial implementation, the main concern is having a smooth crossover from the legacy systems. Determining the most effective use of full blown supply chain functionality is a secondary concern. This is why every company running SAP will benefit from an effort to optimize, enhance, automate and improve their use of SAP functionality. And for many years, bigbyte has helped enterprises get the most from their SAP systems.

THE BIGBYTE WAY OF DOING SAP OPTIMIZATION BUSINESS

When the wave of SAP implementation business wound down, many consultants started focusing on the optimization business. These consultants discovered optimizing SAP is much more complex than implementing it. Optimizing SAP requires more knowledge than just the basics. Effective optimization requires broad and deep understanding of the SAP functionality and its reaction to business policy and practices.

Most enterprises have no idea the vast array of functionality offered by their own SAP system. They were only shown the basic functions known by the consultants who implemented their system – consultants who knew only the bare minimum of SAP functionality. The bigbyte team's unparalleled understanding of SAP's standard offerings helps clients understand their options and possibilities within their own system. Helping clients understand their own system enables them to make effective decisions to keep their business performing competitively.

Team bigbyte not only understands what SAP's functionality offers, we also understand what SAP does NOT offer: Functions like an XYZ analysis for past consumption consistency. A segment of SAP in Germany has committed to helping customers stay within SAP when needing these functions – and they developed the SAP Add-On Tools. These tools are native to SAP so they DO NOT NEED TO BE INTEGRATED – they run just like other SAP transactions and add very valuable functions like automated policy setting, segmentation of material portfolios, central inventory analysis and optimization, service level ratings, lead time optimization, safety stock and lot size simulation and much, much more.

At bigbyte we have added these tools to our repertoire of optimization services. We use them when required, but not before we made sure that the required function or transaction cannot be performed in the standard delivered functions of SAP software.

PERFORMING AN SAP OPTIMIZATION WITH BIGBYTE

THE WAY OF DOING OPTIMIZATION



The areas of optimization we focus on most are:

- Sales & Operations Planning in the integrated SAP supply chain
- Effective Materials Planning with
 - Prioritized Portfolio Management
 - Segmented Policy Setting
 - Intelligent Exception Monitoring
 - Sustainable Inventory Optimization
- Production Programming with Planning, Sequencing, Leveling and Scheduling
- Purchasing Automation

In our experience, these areas represent the most crucial parts of any business supply chain – success depends on the ability for these areas to be integrated and effectively managed by informed and competent users.

At bigbyte we offer *workshops* to deepen the SAP and supply chain management skills, develop strategies and policies, widen the options, extend the toolset and provide effective knowledge transfer and fast transformation. These hands-on workshops dive deeply into SAP with focused transformation sessions that empower users to execute more efficiently. Participants will get the big picture as well as the detailed knowledge transfer from many years of experience with SAP software. Our coaches have 20+ years of diverse implementation and optimization experience and quickly pinpoint opportunities for improvement. These workshops achieve quick wins and set the stage for a long lasting and sustainable positive change in behavior and rule based execution in an automated way.

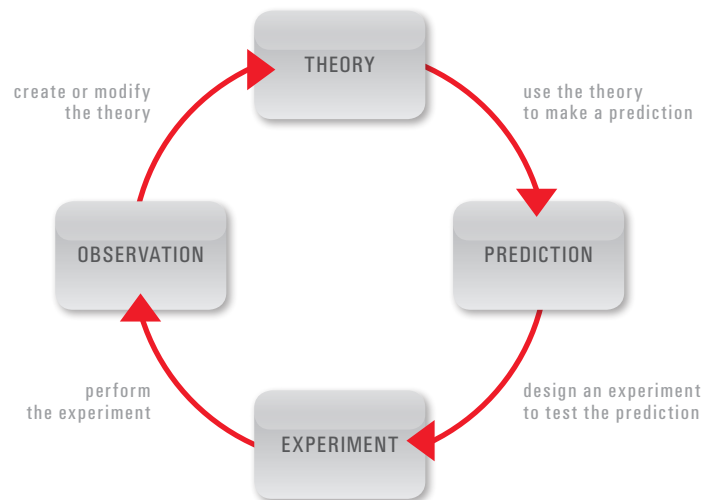
We install optimization packages! The bigbyte approach supports a holistic goal: The success of the initiative. Success means increased efficiency, decreased operating cost, more transparency and flexibility, competent users, and a high degree of automation. This ambitious holistic goal is achieved through our optimization packages. Our optimization packages contain workshops, SAP Add-On Tools, video documentation, remote support, and a measurement system to track progress and find opportunities. Optimization packages are an effective way to stay focused on achieving predefined targets and goals. You know what you need, what you want, and how to get it.

For example, the *bigbyte optimization package: strategic and tactical materials planning* includes workshops teaching the process, setup and activities for prioritized portfolio management, automated policy updating, intelligent exception monitoring and inventory optimization. The package includes the SAP Add-On Tools MRP Monitor, Safety Stock and Reorder Point Simulation, Lot Size Optimizer and the MRP Exception Monitor. It also includes customized videos to document the process, a value stream map and model for strategy sessions, and support packs like a standard set of policies, measures, and batch job schedules.

PERFORMING AN SAP OPTIMIZATION WITH BIGBYTE

THE WAY OF DOING OPTIMIZATION

bigbyte takes a scientific approach! Supply chain and operations management with SAP requires the same sophisticated approach as any management science. Too often decision making is based on a hunch, instead of a fundamental analysis and application of proven business theories. A scientific approach tests a theory with an experiment to continuously improve the result.



At bigbyte, we encourage a scientific approach to test and fine tune policies. For example, you have a material with consistent consumption, low price, and short replenishment lead time. You predict that using MRP Type V2 with a fixed lot size will produce a service level of 98% with low safety stock. Exception monitoring will test the policy, and inventory analysis will show the prediction's accuracy. The Portfolio Management Tool allows you to take it a step further by building hit lists and letting you tweak the policy for better performance.

For more ideas on how to apply practical S(AP)cience, please refer to my blog post at <http://sap-supply-chain-ideas.blogspot.com/2012/11/isnt-it-time-to-use-some-practical.html?m=1>

We strongly believe in using supply chain strategies and policies! Every enterprise uses supply chain strategies, but: are they the most appropriate strategies? Are these strategies complementing or competing with each other? Does everyone understand how their strategy affects other strategies – for better or for worse? How do we ensure that everybody works to the 'Commanders Intent'? SAP allows policy-based execution for replenishment, planning and production scheduling. This is one of the most underutilized aspects of the SAP supply chain. Few companies take advantage of automated policy setting, or policy setting at all. Standard SAP does not make it easy to maintain and monitor effective policies – but it's an effort that is worth pursuing. At bigbyte we believe that without intelligent and automated policy setting, inventory optimization is very hard if not impossible. That is why we put a lot of focus on effective materials planning with policy development and subsequent policy setting.

ADD-ON TOOLS: STRATEGY SERVICE, INVENTORY

INTEGRATING THE SAP ADD-ON TOOLS

Not only is bigbyte a co-developer and certified reseller of the SAP Add-On Tools, we are also a training partner with SAP Germany. Since Marc Hoppe and his team started developing these highly effective, SAP native tools, many customers have been excelling their Materials Planning, Forecasting, Scheduling and generally speaking... advancing their operations with SAP.

The SAP Add-On Tools come as monitors, cockpits, dashboards and simulators. They perform segmentation and classification to ready materials portfolios for a periodic and automated policy update, simulate and update the perfect lot sizes, calculate and collectively update safety stocks and reorder levels, adjust ever changing lead times, manage forecast errors and measure service level ratings to just name a few functions.

Subscribing to the tools additionally provides frequent updates as well as the option to get your own customized developments – inside SAP, executed by SAP and supported by SAP – for a low price if we're able to turn it into a new tool.

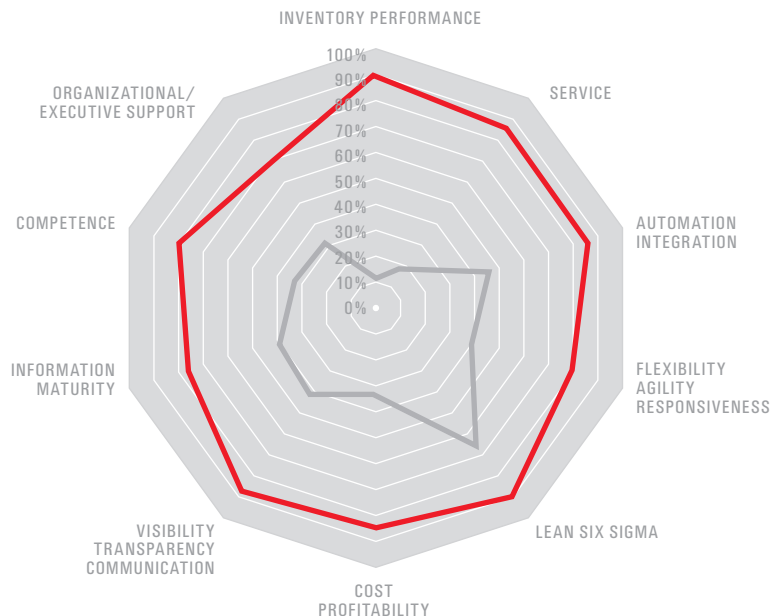


**PERFORMING AN SAP
OPTIMIZATION WITH BIGBYTE**

SUPPLY CHAIN PERFORMANCE INDICATOR (SCPI)

EVALUATING THE CURRENT STATE OF YOUR SAP SUPPLY CHAIN, DEFINING OPTIMIZATION ACTIVITIES, MEASURING PROGRESS AND ACHIEVING RESULTS WITH THE BIGBYTE SUPPLY CHAIN PERFORMANCE INDICATOR (SCPI)

Since the dawn of ERP systems, companies have tried to evaluate if they are on the right track implementing and using the software that runs their operations. SAP is undoubtedly the most widely used software application, supporting supply chain management and its complex functions and processes.



Measuring progress in the implementation and use of the software is a challenge. It is hard to know if you are improving, and it's tricky to compare one state of efficiency with another.

One of the greatest challenges is picking the right Indicators and measures. There are probably more KPIs than one could wish for and to pick the ones that provide useful result is difficult to say the least. Some of them are measurable in numbers, others need interpretation and a lot of experience to determine the rating.

The consultants at bigbyte have developed "SCPI" (pronounced "Skippy") to measure, evaluate, and rate your SAP supply chain performance. Ten major categories break down into individual Key Performance Indicators. Through a carefully designed weighting system, the individual ratings aggregate to the category evaluation, which provide the overall SCPI. Once aggregated, the SCPI can be evaluated on every level and compared to previous states or to another entity.

SCPI provides an excellent tool to uncover weakness and suboptimal states in your SAP supply chain. It also supports the definition of activities and projects to optimize the use and efficiency of SAP software, measuring the progress to achieve those goals.

SCPI can be measured for an individual plant or warehouse, and you can also apply it for your entire organization. Of course, it is possible to compare various entities inside your organization and you may also compare your organization to the industry standard.

PERFORMING AN SAP OPTIMIZATION WITH BIGBYTE

SUSTAINABILITY



SUSTAINABLE OPTIMIZATION AND ONGOING IMPROVEMENT

We believe that an optimization effort must empower the user and advance your operations management. It also must be sustainable and ongoing. That is why a training program that teaches transactions and screen sequences won't work.

Documenting models and providing Help for the long Run

Documentation is where a sustainable optimization and improvement program succeeds. But with 100 page manuals and step by step guides you're not getting your user community excited. A screen by screen manual helps a user to create a purchase requisition but doesn't provide any insight on the process of building perfect replenishment lot sizes in an ever changing demand situation. The user has to make decisions to react to variability as part of life, and no user manual can provide guidance to the multitude of options that are available in the SAP supply chain.

bigbyte blended learning integrates workshops with eLearning

Our self-paced, computer based courses allow users to select specific topics to review on their own schedule. Content and scenarios within the courses are customized to reflect the client's actual conditions, which makes the content relevant to the user. Key concepts within the courses are reinforced through quizzes that check to see if the student understood the concept correctly, and corrects misconceptions before proceeding to more advanced topics. Quiz results are analyzed by bigbyte to determine areas requiring more in depth instruction such as workshops or coaching sessions. This blended learning approach supports your employees to perform their jobs using SAP with skill and confidence.

bigbyte – Your Partner for the Long Haul

Optimizing your SAP supply chain should not be a one-time event, but an ongoing pursuit. Partnering with bigbyte gives you in depth insight into opportunities in your own system's standard functionality to improve efficiency and reduce operating cost. More importantly, the bigbyte methodology promotes fact-based, intelligent decision making to enable your team to be flexible and proactive. In addition to SAP standard functionality, we support the SAP Add-On Tools to provide even more visibility and flexibility to your supply chain, enabling functions not available in standard SAP. The SCPI helps you measure the progress of your optimization efforts. Our workshops and eLearning tools are available on a continuous, as-needed basis to ensure your supply chain continues to provide your company with a competitive advantage. At bigbyte, we committed to your continuous improvement and success.

**Contact us for further discussions
on how to optimize your SAP supply chain**

Uwe Goehring // bigbyte software systems inc.
99 Reade Street, PHE, New York, NY 10013
www.bigbytesoftware.com
sap-supply-chain-ideas.blogspot.com
uwe@bigbytesoftware.com
Phone +1 (646) 420 9670 US
+49 (151) 17279781 EU

