



SAP Analytics Cloud and SAP Integrated Business Planning

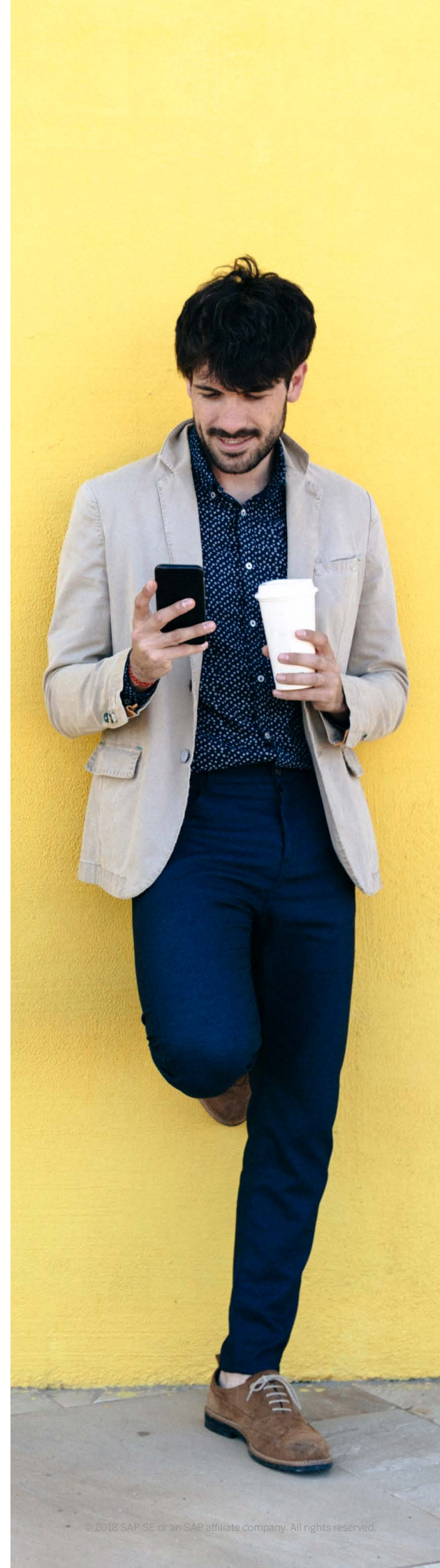
## **Collaborative Enterprise Planning**

Enabling Profitable Business Decisions with SAP® Analytics Cloud and SAP Integrated Business Planning

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# Connect Planning Processes to Optimize Business Outcomes

This document articulates SAP's vision of and **solution for collaborative enterprise planning** for manufacturing and distribution organizations, including strategic, financial, and operational planning processes. This is enabled by using SAP® Analytics Cloud and SAP Integrated Business Planning solutions.

Organizations struggle with harmonizing plans across the enterprise toward common strategic and financial goals, as current planning processes typically draw on siloed data isolated within lines of business, in stand-alone planning tools, or in disconnected spreadsheets. Organizations using a collaborative enterprise planning process share strategic, operational, and organizational plans encouraging enterprise-wide transparency and collaboration for planning and forecasting. By leveraging an integrated planning platform, not only do organizations align planning processes toward common goals, but the entire organization is also operating off of one source of truth.

Collaborative enterprise planning brings together a singular, real-time view of budgets and plans. With this approach, people stop working in silos and collaborate across business functions. Typically, the finance function leads the overall process of ensuring functional plans – such as HR, sales, marketing, and supply chain plans – align to financial targets and constraints. Plans are linked and aligned to enable people to make better decisions and achieve better business outcomes (see Figure 1).

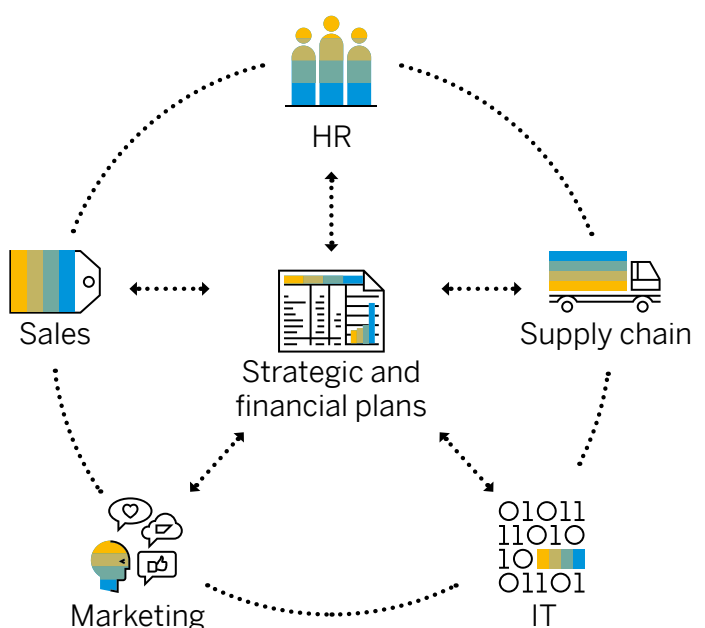
Our recommendation for collaborative enterprise planning is:

- SAP Analytics Cloud for finance-led planning processes including financial, HR, sales, marketing, and IT planning on one planning platform

- SAP Integrated Business Planning for manufacturing and distribution organizations with advanced sales and operations planning (S&OP) processes and operational supply chain planning

With native integration between and visibility across SAP Analytics Cloud and SAP Integrated Business Planning, operations and finance teams gain shared access to key budget and plan data to drive better business decisions. With the vision of embedding SAP Analytics Cloud within our financial, sales, customer, marketing, and HR applications, SAP can help transform your organization into an intelligent enterprise.

**Figure 1: Collaborative Enterprise Planning**



# Planning Challenges

Planning is different across various lines of business such as finance, tax, human resources, and operations. Definitions of planning need to include a recognition of the requirements for different time horizons, data and data structure hierarchies, attributes, and levels of detail. Plans can vary by:

- **Time horizon** – Operational plans focus on shorter time frames, ranging from days to weeks to months, and greater levels of time and plan granularity in the near future versus the extended future. As an example, order-based planning for integrated business planning may require daily planning. S&OP focuses on the mid- to long-term planning horizon (six months to two years). Strategic plans may range from 2 to 10 years and be planned at very high levels. Financial planning has a 12- to 18-month time horizon.
- **Structure** – Operational planning is at the segment level by attributes across transaction types and is supported by network planning techniques and simulations. Financial plans are organized in a multidimensional format with hierarchies.
- **Dimensionality** – Financial plans are generally centered on accounts, legal entities, and values in terms of currencies. Operations plans are centered on customers, products, and locations, and the planning occurs across different units of measure as well as financial values. Strategic plans focus on project-based planning across multiple time horizons and levels of specificity, depending on the stage the project is in, and they estimate the financial results of projects across a 5- to 10-year time horizon.

With an ever-accelerating, competitive environment, companies can no longer plan in data silos if they want to remain competitive. Often, corporate and individual departmental plans, as well as specialized planning areas such as S&OP, financial planning, and strategic planning, are in data silos and are disconnected from the other planning areas and entities. In many cases, they are also supported by different planning applications. Each application performs its respective tasks well but needs transparent data integration and common methods for managing integrated workflow, process orchestration, collaboration, and scenario management and unification across the enterprise. Without this, organizations have disconnected plans that can cause unrealistic expectations, poor execution, and unrealized value. Solving this challenge requires a collaborative enterprise planning process and platform. This process and platform brings together the various disconnected data silos, and embedded collaboration tools provide stakeholders with visibility and enable overarching discussions across silos.



# Common Enterprise Planning Processes Used by Organizations Today

Most companies plan their business using some combination of three planning processes, as follows.

## STRATEGIC PLANNING

The global strategic plan looks forward three to five or more years. It is a process of defining the company's business strategy and making decisions on the allocation of resources to pursue the optimal strategy. The process includes monetizing the plan in the form of either a portfolio of strategic projects and alternate projects that you can implement to achieve the strategic plan or a high-level five-year plan that reflects the implementation of the strategic projects. The strategic projects, their related costs, and their outcome impact financial, operations, and corporate planning.

## FINANCIAL PLANNING

Financial planning projects the operational financial impact of both strategic and operational plans in the near term, 11 to 18 months. It is typically built around a rolling forecast with more granularity and accuracy in the near term. Key planning areas include workforce planning, expense planning, cost, and profit-center planning. Financial plans are commonly stated in terms of accounts, cost centers, and profit centers and reflect the monetization of operations plans. Financial planning tends to involve the overall corporate plan, summarizing the results from all the subsidiaries' financial and operations plans. Moreover, such planning serves to optimize the corporate structure from a financial perspective. Planning from subsidiaries and other entities is often done at a summary account level and is designed to summarize the resources required and value created in financial terms.

## OPERATIONS PLANNING

Operations planning defines the actions and key operating targets that enable companies to

attain their strategic goals and objectives and is governed by the S&OP process. Operations planning is about not just disaggregating strategic plans but also incorporating real-time customer demand insights. You can capture demand information across time horizons ranging from current orders to expected demand trends. Define and understand different customer segments so that your organization can adjust operational plans for maximum profitability. In addition, you can determine inventory targets such that you minimize working capital while meeting customer service levels. Operations plans consider supply availability, production capacity, and transportation options to meet dynamic market requirements cost-effectively and in a feasible way. Optimization, simulation, heuristics, and what-if techniques are used to maximize profitability. Given the increasing expectations of customers in areas such as delivery time and shipment frequency, operations plans are detailed and agile. Unlike financial planning, operations planning is typically not account or general-ledger based.

## OTHER PLANNING PROCESSES

In addition to these three planning categories (strategic, financial, and operations), there are also specialized planning processes anchored in one of the above-mentioned planning categories. An example is sales, marketing, and promotions planning or trade planning. These important planning processes impact all three categories of planning. Different companies may align these specialized processes in different planning categories. Some will plan sales through their operations planning solution, while others may plan through a trade management system or their financial planning system. The key for successful planning is that this information cannot remain in a silo; it must be available to support all planning processes.

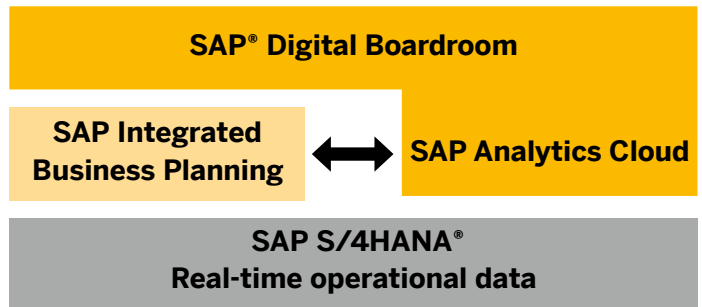
# Planning Solutions Offered by SAP

SAP software and solutions enable companies to drive topline growth, cost-effectiveness, and balance sheet utilization by improving enterprise planning and decision-making processes. Specifically, SAP solutions let you:

- Incorporate best-of-breed embedded application capabilities powered by SAP HANA®, such as business intelligence, predictive analytics, machine learning, collaboration, data visualization, and advanced planning, modeling, and simulation techniques
- Enable interdepartmental collaboration across all types of planning processes, providing the ability to understand and manage trade-offs required to develop the optimal plan
- Provide native, real-time, transparent integration across the SAP portfolio of applications such as SAP S/4HANA®
- Take advantage of data integration to third-party environments
- Create a line of sight between strategic, operational, and financial goals, decisions, and outcomes
- Support network planning for operations and advanced planning topics as well as multidimensional planning for finance
- Become flexible to support new business models and benefit from systems of differentiation in the digital enterprise

Our collaborative enterprise planning approach consists of two key solutions: SAP Analytics Cloud and SAP Integrated Business Planning, as shown in Figure 2.

**Figure 2: Key Solutions for Collaborative Enterprise Planning**



## SAP ANALYTICS CLOUD

SAP Analytics Cloud is a software-as-a-service analytics platform that includes business intelligence, predictive analytics, and planning functionality to let people make fast, confident decisions. SAP Digital Boardroom is built on SAP Analytics Cloud, which contains embedded collaboration tools, and integrates with the SAP Business Planning and Consolidation application. The financial planning domain is supported by SAP Analytics Cloud and provides the financial planning and analysis capabilities for SAP S/4HANA Cloud. With SAP Analytics Cloud, organizations can:

- Act in the moment:
  - Analyze, plan, predict, and report all in one place to save time and better support the business
  - Plan and analyze directly within your enterprise solution for instant insight to action
  - Visualize performance metrics and adjust drivers on-screen to simulate the impact of decisions

- Continuously collaborate:
  - Discuss plans in context for increased accountability
  - Interact on-screen, on the road, or at home to keep the conversation going
  - Crowdsource plans and budgets across the business to increase engagement and accuracy
- Become an intelligent enterprise:
  - Discover top influencers of performance without having to look, and automatically predict future values to save time and improve results
  - Augment manual insights with embedded intelligence for better, data-driven decisions
  - Ask questions in natural language to get the answers you seek as simply as having a conversation

SAP Digital Boardroom, built on SAP Analytics Cloud, pulls information across all lines of business and operations to provide a complete, real-time view of critical business metrics in one place. It does all this without moving, duplicating, or preaggregating data into separate data marts or data warehouses. SAP Digital Boardroom is optimized for very large touch screens so business leaders can visualize all the critical metrics they need. The strategic planning domain is supported by this solution.

## **SAP INTEGRATED BUSINESS PLANNING**

SAP Integrated Business Planning is a cloud-based planning solution that supports advanced S&OP and other supply chain planning processes. The solution encompasses functionality for sales and operations planning, demand sensing and demand planning, inventory and supply optimization, and order-based planning for operational processes such as exception-driven response management and deployment. SAP Integrated Business Planning provides network-based planning capabilities that support simulations and heuristics and optimization when there are many alternate network paths. Network planning allows users to plan on any number of attributes around customers, products, locations, and channels. Such planning accounts for indirect relationships between individual attributes and constraints, which are typically complex relationships between business drivers and outcomes. Network planning does not require or use accounts. The S&OP and supply chain planning domains are supported by this solution. With SAP Integrated Business Planning, you can:

- Align sales, product, financial, and operational activities with corporate strategies for the mid- to long-term planning horizon
- Model supply chain and financial impacts of future business events such as disruptions to the market or supply chain and strategy decisions and changes
- Generate an operationally feasible, financially viable, and executive-approved operational plan that aligns with corporate objectives

# Statement of Direction for Collaborative Enterprise Planning

SAP's vision for collaborative enterprise planning is to bring together all siloed planning processes across the enterprise. This includes workforce planning, allowing HR business partners to plan headcount and workforce requirements for employees across the enterprise on the basis of the latest information from SAP SuccessFactors® solutions or other HR information systems. Our goal is for marketing planners to be able to plan their campaigns and spend strategy, as well as track actuals from SAP Customer Experience solutions or other CRM solutions to align their activities against the overall corporate strategy. In addition, our goal is for sales planning within SAP Analytics Cloud to be supported by integration with SAP Customer Data Cloud solutions. The intended result is for sales teams and planners to plan by territory, quota, and compensation and align sales capacity with desired results as well as commission expense planning. We plan to enable SAP Integrated Business Planning to provide supply chain planning capabilities including S&OP. SAP Analytics Cloud and SAP Digital Boardroom can integrate with SAP Integrated Business Planning to provide the finance function with the visibility to complete the collaborative enterprise planning process. Native integration with SAP S/4HANA, the SAP BW/4HANA solution, and other data sources is planned to provide better capital planning and IT planning, which can enable you to plan for new assets, track spend in real time, and assess the impact of major expenditures.

Collaborative enterprise planning enables consistent planning and simulation processes with transparent integration into your digital core and with data integration to other external systems.

## COLLABORATIVE ENTERPRISE PLANNING WITH SAP SOLUTIONS

Our collaborative enterprise planning statement of direction centers around the following principles:

- The ability for companies to integrate planning tools and data and provide the ability to coordinate planning through integration to unify all systems around:
  - Common corporate scenarios, as well as application-based private scenarios, assumptions, alerts, and related process orchestration and workflows
  - Different planning time frames
  - Consistent hierarchies, attributes, and terminology
- The ability to keep the native “language of planning” around each planning process with the ability to rationalize the common intersections of the plans at a high level
- Interactive simulation based on predictive analytics, machine learning, guided machine discovery, and machine observation

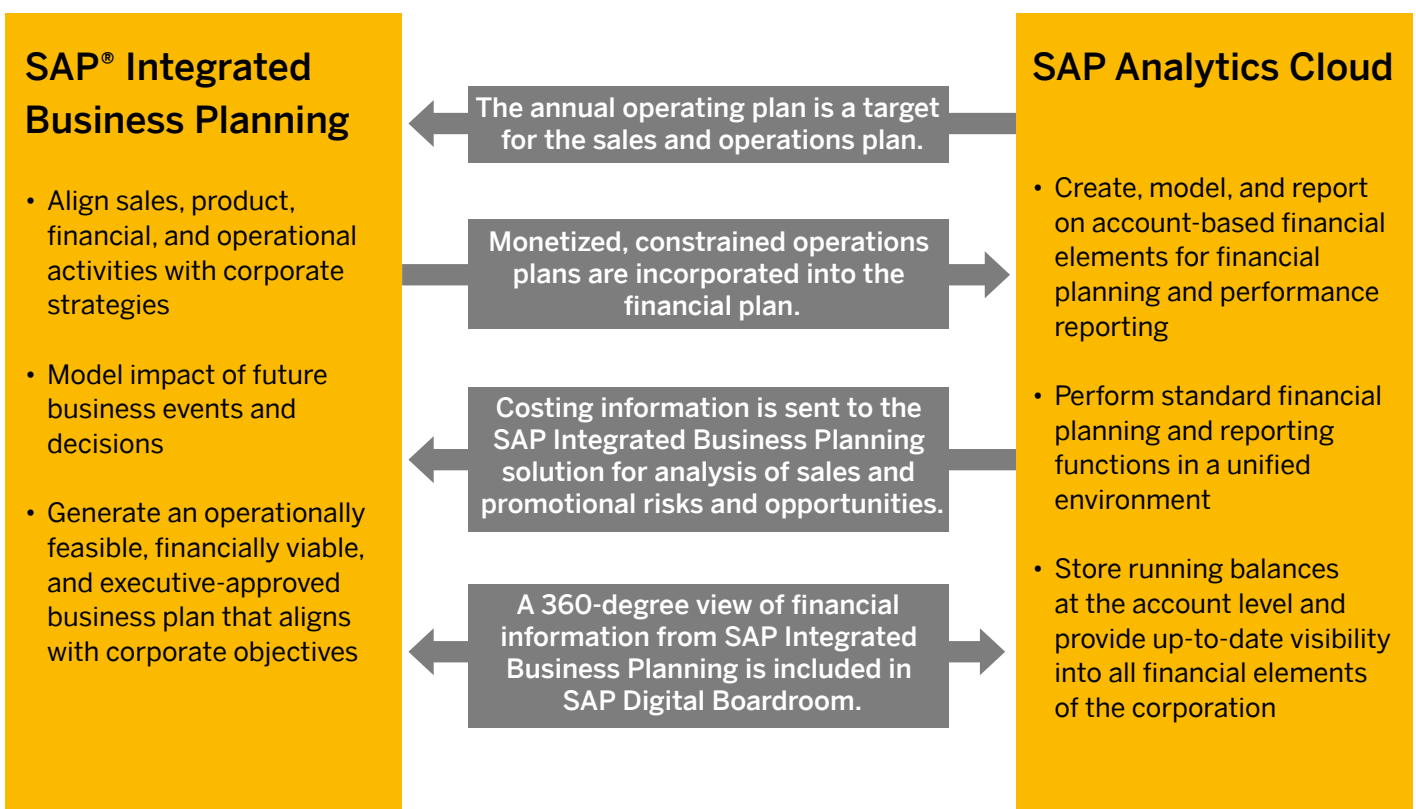
Our plan is to include the following capabilities:

- **Transparent integration** between network and multidimensional planning, allowing both finance and operations functions to understand the financial and operational impact of decisions. Integration between both platforms is planned to allow correlation and translation of common master data elements vital to each process.
- **Common planning workflows and collaboration**, providing for centralized and localized perspectives of all planning processes and the ability to initiate event-based workflows



- **Assumption documentation and alerts** based on changes to internal and external business drivers based on signal management and machine learning or predictive techniques. This moves planning from a cyclical process every month or quarter to event-based planning driven by market changes.
- **Global scenario management** across all plans, enterprise and local, providing the missing link for agile planning and execution. The goal is to give companies the ability to build action plans, understand the impact of external events before those events happen, and manage and optimize trade-offs between plans.
- **Standardized visualization** and Microsoft Excel interface, providing real-time data access to finance and operations data
- **Aggregation and disaggregation capabilities** for alignment of information between SAP Analytics Cloud and SAP Integrated Business Planning (see Figure 3)
- **Ability to identify inconsistencies between plans**, providing workflow orchestration to resolve those inconsistencies through collaboration and negotiation
- **New methods of integrated business management** for all levels of historical financial and nonfinancial transactions and advanced simulation and predictive techniques

Figure 3: The Integrated Planning Process



## TRANSFORM PLANNING PROCESSES WITH SAP SOLUTIONS

Planning differs by line of business, with different time horizons, data, and data structures in the form of hierarchies, attributes, and levels of detail. While people plan on different drivers within finance, human resources, marketing, and operations, organizations need to harmonize plans across the enterprise toward common strategic and financial goals. Current planning processes typically draw on siloed data isolated within lines of business, in stand-alone planning tools or in disconnected spreadsheets.

Collaborative enterprise planning brings together a singular, real-time view of budgets and plans. Our vision at SAP is to provide SAP Analytics

Cloud for finance-led collaborative planning processes across business functions. Moreover, SAP Integrated Business Planning for manufacturing and distribution organizations with advanced S&OP processes and operational supply chain planning helps standardize and share common data elements and centralize administrative functional capabilities.

These SAP solutions for planning help enable companies to drive topline growth, cost-effectiveness, and balance sheet utilization. Improve business planning and decision-making processes on a common platform for corporate-wide planning – while maintaining best-of-breed capabilities in specific planning domains.



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