

December 21, 2005 || it.consumer for the consumer products industry:

Planning Today for the Markets of the Future

SMEs in the consumer products industry are confronted with growing and rapidly evolving customer demands coupled with steadily increasing pressure on prices. Moreover, they are obliged to comply with legal requirements for precise batch tracing. To overcome these challenges in the future, enterprises in this sector will require consistent and fully transparent information about their products, processes, production costs and margins. This is all provided by the qualified mySAP All-in-One solution it.consumer from SAP business partner itelligence. Equipped to meet the requirements of the future, this integrated software will enable midsize consumer product manufacturers to plan for the markets of tomorrow and secure competitive advantages.

According to an analysis by auditors and consultants Deloitte, the consumer products industry – which is notable for a high number of SMEs – has invested heavily in standalone systems in the last decade. However, it is either impossible or very expensive to link these systems to manufacturers or customers. “It is difficult, and extremely expensive, to bring many of the systems used in the midsize consumer goods industry into line with the new and future requirements of customers,” says Waliuollah Ali, Head of Process and Consumer Goods at SAP Business Partner itelligence.

Overcoming complex challenges

The challenges facing SMEs in the consumer products industry are increasingly complex. On the one hand, companies have to comply with the legal requirements and norms for tracing batches – from the vendor to the end customer or from the raw material to the end product. On the other is the growing price pressure. “Companies that do not have access to up-to-date and transparent figures for their manufacturing or production costs and their margins will not be able to compete in the long term,” emphasizes Waliuollah Ali. In addition, close links with customers and business partners can only be sustained in the long term using state-of-the-art systems equipped to meet future requirements. Electronic Data Interchange (EDI) and inventory management at the customer site by means of vendor-managed inventory (VMI) must be provided as standard. Companies will also be required to integrate new technologies such as SAP RFID for goods receipt (for example, raw materials), products, order picking, dispatch and packing in their systems.

With it.consumer, itelligence is supplying midsize enterprises in the consumer products industry with a made-to-measure solution that covers all the relevant requirements and processes. “Because consumer products is one of itelligence’s core industries, we’ve been able to input a lot of the experience gained from customer projects in the mySAP All-in-One solution,” explains Waliuollah Ali. The industry solution from the Bielefeld-based SAP Business Partner is designed to meet the requirements of all enterprises with a sales volume of EUR 30 to 150 million or a workforce of 50 to 500. Based on SAP Best Practices for Consumer Products, it.consumer is qualified on release 4.7 (SAP R/3 Enterprise). “The SAP qualification shows that we have incorporated a lot of established industry know-how in our solution, thereby complying in full with SAP’s high standards for technological compatibility,” says Waliuollah Ali.

All relevant processes covered

it.consumer offers the very latest both in technology and functions. The system comes with all relevant EDI scenarios and the VMI process preconfigured. Other solutions, such as mySAP CRM (mySAP Customer Relationship Management), mySAP SCM (mySAP Supply Chain Management) or technology components from SAP NetWeaver such as SAP BW (SAP Business Information Warehouse) and portals, have already been integrated in many projects.

SMEs can use it.consumer to map their business processes along the entire added value chain in a single system. For example, it enables batch tracing of raw material purchases all the way from the vendor to the production processes (including all intermediate products) and delivery of the end product to each customer. Users can call up all the information and analyses they require at the touch of a button.

Another advantage for enterprises is the integrated management of master data. Customer and article master data is maintained centrally for all applications and can be called up anywhere in the system. This avoids redundancies and optimizes processes. The order processor can obtain all the relevant information about a customer or an article from the relevant master data. Through direct communication with the

financial accounting department, he can also display credit management data for customers. It is also possible to conduct an ATP check for an article directly in inventory management.

Continuous flow of information

The it.consumer solution also supplies comprehensive data about existing quotes and framework contracts as well as overviews of orders that have already been entered, delivered and invoiced, the latest sales figures and articles on order. What is more, it can store a full range of contact details for the customer. In materials planning, all requirements are checked and proposals are generated automatically if there is a stock shortage (for example, a production order for own-manufacture articles or purchase order proposals for bought-in parts and raw materials from the recipe or bill of material), thereby allowing the material to be procured or produced in good time.

The available stocks are called up during outbound delivery – after automatic batch determination has been carried out in accordance with predefined rules (for example, the FIFO (First In – First Out) procedure or the expiry date). The merchandise is then picked, its quantity posted in Inventory Management and its value posted in Financial Accounting. The complete warehousing and order picking process can be managed using Radio Frequency (RF) technology, complete with scanners or handheld devices. it.consumer is compatible with all common scanner types and can be connected using the SAP console.

All the documents required for billing are then collected in a billing due list, created manually or automatically (optional) as single or collective invoices, and dispatched to customers. it.consumer transfers the billing data automatically as open items to Financial Accounting and to Controlling in order to enable determination of the profitability. The relevant KPIs, such as customer, article, sales, sales quantity, and contribution margin are simultaneously updated in special statistics structures. This means that management can call up the latest data about all the important company KPIs for use in reports and analyses. This provides the company with an outstanding overview of its sales and profit situation at the required level of detail, and facilitates an innovative product and assortment policy.

“Because it.consumer supports the flow of information across departments, the different logistics, technical and business management processes are closely interlinked,” says Waliuollah Ali. By precisely controlling and reconciling requirements, material flow, production and delivery, the solution facilitates integrated and optimized cooperation between all partners along the supply chain. “This reduces throughput times and releases tied-up capital.”

Quick and cost-effective installation

Despite the extensive range of functions, even smaller-scale SMEs can install the SAP-based industry solution quickly and cost-effectively within three to six months. In addition to the fixed price implementation, itelligence has teamed up with BFL Leasing GmbH to offer a range of attractive leasing models. The industry solution, including installation, training of key users, implementation, consulting and SAP servers, is now available from EUR 129 per month and user.

The hardware requirements depend on the number of users. Generally, however, it.consumer can be operated on all common server types, operating systems and databases. Standard workstation PCs can be used as clients. There is no minimum number of users. Generally, the number of users in existing installations is 15 or more. The smallest installation of mySAP All-in-One solution to date has five users. “That proves that it.consumer is successful in smaller enterprises and can be installed at acceptable costs,” says Waliuollah Ali.

Further information:

<http://www.itelligencegroup.com/>

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