

# A methodology for selecting S&OP package with a focus on “Proof of concept”



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Sales & Operations Planning (S&OP) has been around since the 80s, yet companies continue to search for ways to execute the process with success and reap financial benefits such as revenue growth and capital tie-up reduction, and improve KPIs like service levels and forecast accuracy. For companies with a low S&OP maturity (Stage 0-1)<sup>1</sup>, experience suggests that 60% of the S&OP project is change management, 30% is process development and 10% is technology<sup>2</sup>. However, as companies improve and climb the maturity ladder of S&OP<sup>1</sup> (Stage 1-4) - technology will gradually become a decisive factor of its success as more sophisticated tools will be required.

Despite the overriding importance of change management, we experience that the formal process steps and supporting technology are important enablers of joint access and insight, fostering good decision-making in the company. Each of the overall building blocks of the S&OP process demands different digital support including data, software and hardware solutions, IT integration and human competences to utilize the technology properly.

There are many important considerations, that must be addressed when selecting technology to support the S&OP process. How do you ensure, that you select the right tool/package? As a starting point, it is essential to recognize that your company most likely have more than one S&OP process with different maturity levels, technology requirements and unaligned point of views between the IT department and the business. These differences can trigger the use of multiple systems,

which should be justified as one become more aware of the optimal technology roadmap.

Synchronic typically applies a five step approach when consulting clients in S&OP package selection (see Figure 1).

**Step 1:** Considers listing and prioritizing relevant user requirements including a thorough description of use cases. In order to reach a common understanding between the stakeholders within IT and the business, we suggest to make a proof of concept (PoC) that can facilitate a mutual understanding of reaching the next maturity level, and clarify what is “nice to have” and “need to have”. The PoC can be based on a system demo or be manual exercises including training and workshops. The PoC serves as the preliminary work of the business case, which sets the scene for the change covering the solution’s impact on the organization, process, people and IT.

remain and to test vendors’ interest in collaboration. Both short term and long term needs are examined.

**Step 4:** Vendors are requested to demonstrate the capabilities of their package/tool in the second PoC. This run will validate if the client’s needs can be fully met and anchored in the organization.

**Step 5:** The main criteria are continuously refined throughout the selection process. However, at some point the criteria are locked and no longer subject to changes as they form the basis for the final contract with the vendor, and constitute the deliverables signed off by IT and the business. Lastly, a vendor is selected and the project is initiated following the roadmap from the RFP.

Selecting the right S&OP package is an important decision and can serve as an enabler of big gains if the process is executed thoroughly without cutting corners. The

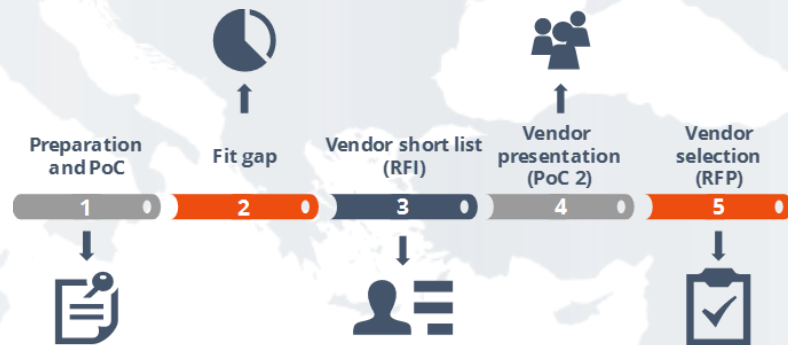


Figure 1 - S&OP package selection methodology

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**Step 2:** The “Fit gap” analysis includes four main criteria:

- Client requirements and priorities (Step 1)
- Vendor software capabilities and offerings
- Investment and expected financial benefit
- Current system landscape

**Step 3:** A scoreboard is created with different scoring and prioritization of requirements. Shortlisted vendors are subsequently invited to a RFI process in order to clarify uncertainties that might

gains from a good S&OP process are significant, and whenever a company has accumulated some experience within S&OP, it is considerably more than 10% that technology should account for. As digitalization increases, so does the demand for advanced analytical power and planning tools, which will serve as the main enablers of reaching a more mature S&OP stage, and contribute to unlocking gains that will be directly reflected in the bottom line and operational KPIs.

<sup>1</sup>Gartner, 2010. Sales and Operations Planning Maturity: What Does It Take To Get and Stay There? - S&OP Maturity Model: Stage 0-1 (Reacting), Stage 1-2 (Reacting and Anticipating), Stage 3 (Collaborating), Stage 4 (Orchestrating)

<sup>2</sup>Lyengar, C. and Gupta, S., 2013. Building Blocks For Successful S&OP.