

SAP IBP for Inventory Optimization

- Manage and optimize inventory in complex networks



By Jakob Harms Østergaard
SAP SCM Consultant

Integrated Business Planning is the concept of integrating the demand forecasts, supply plans, inventory projections and the financial plans in one unified model.

Inventory Optimization calculates the optimal level of inventory across all nodes of the supply chain in a single optimization run, while recognizing the holding costs of each location including lead times and production costs. These input result in a global, multistage inventory optimization simulation.



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The integrated end-to-end process



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1. Validate data input (consensus demand) from "Demand Sensing" using Dashboard or Excel add-in.
2. Execute Global (multistage) inventory optimization.
3. Simulate different scenarios with different Demand Forecasts, Service and Safety Stock Levels.
4. Share Scenarios with the relevant stakeholders of the planning process.
5. Promote the chosen simulation.
6. Validate inventory plan in Dashboard or Excel add-in and release to Demand Review.

- ✓ Efficiently position inventory to respond to uncertain demand and supply
- ✓ Optimize postponement strategy (Decoupling point)
- ✓ Full picture of the supply chain and the impact of forecast error, lead times, replenishment frequency and lot sizes
- ✓ Drive consistent processes and information across the supply chain
- ✓ Simulate different scenarios to determine root causes and explore alternatives
- ✓ Determine the right balance between inventory and service levels

Excel as the main front end and analytic dashboard

The screenshot shows an Excel interface for 'IO 220 PLANNING RESULTS'. On the left, there is a bar chart titled 'U62-Safety Stock Costs By Region and Product Family' showing costs for AMERICAS, APJ, and EMEA across three product families. The main area contains a data table with columns for 'Period (IO)' (2016 W40 to 2016 W49) and various metrics like 'Recommended Safety Stock', 'Final Safety Stock (From IO)', and 'Safety Stock Delta'. A 'Delta Perf. Warning Limit 30%' is indicated. The bottom right shows a detailed table of 'Final Safety Stock Last Cycle (From IO)' and 'Safety Stock Delta' for different product families and regions.

- ✓ Excel data sheet as the planning workbook where data is viewed, changed, keyed in, or calculated.
- ✓ Classic excel functions can be used in the workbook
- ✓ With the Excel front end it is possible to work offline and synchronize your data later on.

- ✓ The workbook layout and graphs can be customized and shared with colleagues. Administrators can create and customize workbooks and make them available across the organization.
- ✓ Excel is connected to the HANA database which ensures a fast update and simulation of changes.