SAP for Wholesale Distribution

Solutions from SAP for Wholesale Distributors
Become a Digital Distributor
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Growing profits as a traditional wholesale distribution business is more challenging than ever. You need to have the right technology to handle ever-increasing levels of complexity. And today, as a digital distributor, you need fast access to the trusted information required to proactively manage customer and supplier relationships and make informed decisions.

SAP has designed solutions for wholesale distributors that can help by giving you the tools, process support, and insight you need to drive superior business performance. Leveraging industry best practices gathered by SAP since 1972, our solutions can help you streamline operations in ways that improve service levels and increase operational efficiency – all while enabling greater digital collaboration with customers and vendors.
SAP® Solutions for Your Most Pressing Industry Challenges

You don’t run a generic business. So why use generic solutions? With SAP® solutions designed for wholesale distributors, you can implement integrated software that’s tailored specifically to your industry. Our goal is to help the distributor enable its digital transformation by providing value to customers and vendors, differentiating its business from competitors, and growing profitably and sustainably.

SAP software can help you achieve superior business performance while effectively managing your entire organization – people, inventory, business processes, and technology – and supporting digital collaboration inside and outside your enterprise. You can accomplish these objectives by adopting industry best practices supported by SAP solutions, which are based on the experience SAP has gained by working with thousands of wholesale distributors worldwide.
Gain Competitive Advantage in a Complex Business Environment

The wholesale distribution industry faces some of the greatest forces of change in its history. As an executive, you need to respond to trends such as industry consolidation, online competitors, and ever-tighter margins on products. At the same time, you likely face increasing customer demand for new types of services, more proactive collaboration, and higher visibility into distributor operations. Finally, given the incredible proliferation of new product offerings today – developed to help you differentiate and compete in today’s highly competitive markets – you have more details and inventory to manage.

Put simply, your business is more complex than ever. This requires that you have improved access to increased amounts of reliable information, which is essential for managing customer and supplier relationships and making informed business decisions.

The need for accessible, reliable information is particularly felt when it comes to making the most of vendor cost-recovery programs designed to reward your performance. Significant payment lag times are prevalent because the information distributors provide to suppliers can be inaccurate. And because suppliers are notoriously quick to identify data inconsistencies between distributors’ submissions and their own records, months can pass without resolution.

INDUSTRY VIEWPOINT

“Wholesale distribution is truly at an inflection point, with numerous disruptive forces impacting the basis of competition and sources of value creation. These forces have massive implications for distributors, many of whom have traditionally focused on the efficient management of the physical supply chain for delivery of products. Leading distributors are those embracing a more expansive view that encompasses the effective management of a digitally enabled value chain that delivers not just products, but a differentiating experience, insights, and services.”

Guy Blissett, Specialist Leader, Deloitte Consulting LLP, and author of Facing the Forces of Change
ENABLING BUSINESS TRANSFORMATION

To compete effectively in this environment, many wholesale distributors are looking to transform their businesses by optimizing business processes, gaining insight, increasing efficiency, and supporting new, value-added services and business models. SAP has identified the following as top priorities of leading wholesale distributors:

• Becoming a real-time, digital distributor to always provide employees with up-to-date information (even through mobile devices), to eliminate process delays, and to leverage speed for a competitive advantage
• Gaining agility to implement new strategies and respond swiftly to customer demands and market changes
• Reducing operating expenses through automation and streamlined business processes
• Innovating and adopting new products, services, business practices, and ways of adding value to their customers’ success
• Building deeper relationships with trading partners by connecting with their business networks to reduce cost of goods sold
• Creating a seamless customer experience to differentiate the distributor’s business from the competition

Forward-thinking distributors are looking to facilitate this digital transformation by evolving from inventory managers to information managers. They are using innovative technology that makes it possible to:

• Trim costs, gain efficiencies, and drive higher employee and asset productivity
• Make better decisions based on real-time information, strategic insight, and enterprise-wide visibility
• Break down the silos that exist within the enterprise and extend business processes to enable collaboration with trading partners
• Drive profitable growth and increase shareholder value

At the same time, because the wholesale distribution channel is constantly evolving, most C-level executives believe that a company’s digital business transformation should be a continuous journey – not a one-time project. So the technology supporting this evolution must enable a whole new level of flexibility and adaptability across all parts of the enterprise.
Comprehensive, Integrated Solutions from SAP

SAP offers comprehensive, integrated solutions that can help large and midsize wholesale distributors address their needs and grow their businesses. Specifically:

• For large enterprises, the SAP for Wholesale Distribution solution portfolio offers a comprehensive set of applications that improve operations and profitability, enable innovative business models, and drive new levels of efficiency across the extended enterprise. The solutions can run in memory and are available on premise, on demand, on device, and in the cloud. They support a variety of languages and multiple currencies.

• For midsize companies, SAP offers on-premise and cloud-based, qualified SAP Business All-in-One partner solutions supporting best practices for wholesale distribution. These partner-developed solutions offer a rapid implementation approach based on a predefined scope at a specified price in a predefined time frame.

SUPPORTING KEY BUSINESS ACTIVITIES

SAP software for wholesale distributors integrates purchasing, sales, logistics, financial, and human capital management functionality to support innovation and new services that meet customer and business needs. At the same time, the software provides sophisticated tools that help you analyze operations and profitability. You can more easily identify issues and opportunities for improvement and proactively take steps to drive responsiveness and improvement – both internally and across your supply chain network.

Key processes supported by these solutions include the following:

• Demand and supply planning, including collaborative forecasting and inventory optimization – maintain the right inventory to meet demand and keep service levels high, yet minimize inventory investment and the risk of obsolescence.

• Procure-to-pay management – manage both strategic and operational relationships with suppliers using functionality for strategic sourcing, purchasing, supplier collaboration, and supplier agreement monitoring.

• Supply chain execution – run efficient processes for inbound and outbound logistics, warehouse and inventory management, compliance, and foreign-trade management; better manage customs handling and compliance with regulations.

• Order-to-cash management – manage customer relationships, process orders using a variety of marketing channels, collaborate with customers to optimize inventory, and streamline billing and collection activities.

• Cost recovery, including rebate and chargeback management – support all phases of vendor cost recovery, from agreement creation to supplier settlement, to reduce the cost of goods sold.

• Financial analytics – understand how your business is performing by monitoring key performance indicators through a dashboard with drill-down features, enabling you to make swift, informed business decisions and changes.
Optimize Business Processes and Increase Profitability

SAP solutions deliver the tools and visibility you need to streamline operations in ways that improve service levels and increase operational efficiency. More efficiency means reduced capital investment in stock across the supply chain, cost of goods sold, and overhead. At the same time, you can benefit from improvements in a variety of business areas.

MORE-EFFECTIVE PLANNING AND LOGISTICS PROCESSES
SAP solutions enable highly effective, time-saving techniques for planning and logistics. Rather than using paper-based analyses and calculations, the software automates them (for example, for consumption-based planning) and proactively gives you optimal recommendations. You can also perform “what-if” analyses to see the impact of different planning strategies before you implement them, and you can bundle orders for more cost-effective delivery.

IMPROVED PROFITABILITY
You can offer new marketing channels and new sales and financial services. SAP software enables innovative services that provide order and logistics information, new product management, kitting, configuration, repairs, and financing. The software also supports activity-based costing, giving you granular insight into the profitability of products and customers. For example, you can make informed decisions about pricing and the level of service you can afford to deliver.

INCREASED REVENUE
SAP software can support product and service combinations that give you more ways to increase revenue. These combinations can be tracked and posted to one invoice.

ENHANCED COST RECOVERY
The software handles data capture, subsequent invoicing, and control of agreements, enabling you to improve rebate and chargeback processes for reimbursements based on special agreements between manufacturers and customers. In addition, functionality for managing and tracking commissions helps you improve financial performance. For example, you can compensate salespeople in a way that meets corporate goals. This provides incentives to salespeople to increase your margins, not to give goods at a deep discount just to meet volume targets.

REDUCED FINANCIAL AND TRANSACTIONAL COSTS
You can automate inefficient manual accounting practices and improve credit- and dispute-management processes. The integrated business transaction functionality improves the timeliness and accuracy of financial and management accounting practices.

IMPROVED DECISION MAKING
By allocating costs based on information in the vendor billing document, the software makes costs more visible and allows you to more accurately evaluate profitability. Sophisticated business intelligence tools provide deeper insight into business processes. This way, you can make sound business decisions regarding pricing, service levels, and other variables impacting profitability.

BUSINESS SCALABILITY
Wholesale distribution solutions from SAP will fit your needs whether yours is a midsize company or a multinational enterprise. And when the business is ready to grow, the solutions scale to support new requirements, for example, or to ease integration due to mergers and acquisitions.
SAP solutions support your most critical business processes. As you develop a near- and long-term technology road map for your organization, use the following table to understand the comprehensiveness of SAP solutions to meet your current and future needs.

The table below highlights key areas of functionality supported by SAP solutions.

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<th>Solution Portfolio</th>
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| **Finance and trading**             | • Gain control and compliance  
• Streamline financial processes to reduce operating costs, manage risk, and promote compliance |
| **Cost recovery and rebates**       | • Streamline the chargeback process, accelerating recovery and driving higher profitability |
| **Opportunity to cash**             | • Streamline sales order management and increase revenue  
• Automate order-to-cash processes to maximize profits, improve cash flow, reduce costs, and boost customer satisfaction |
| **Procure to pay**                  | • Achieve sustainable savings and efficiencies  
• Manage sourcing and procurement processes to identify, realize, and sustain cost savings in all spend categories |
| **Supply chain planning**           | • Sense and respond quickly to changes, capitalizing on opportunities  
• Increase supply chain visibility through collaboration with trading partners |
| **Supply chain execution**          | • Lower operational costs and improve productivity  
• Automate warehousing and logistics processes to improve performance and quality |
| **Human resources**                 | • Get and keep the best people and talent; manage, cultivate, and reward employees; align employee goals with your business objectives |
| **Business intelligence**           | • Gain timely, strategic, and actionable insight for better decision making |
| **Information and technology platform** | • Increase flexibility from embedded business logic  
• Drive process efficiency and gain flexibility to move into new markets without changing underlying systems and platforms  
• Leverage the mobile enterprise application platform to increase productivity and responsiveness |
With solutions from SAP, wholesale distributors of all sizes can use an integrated, comprehensive set of industry-specific solutions tailored to meet their unique requirements. The native integration between the various applications minimizes the need for costly custom connectors. At the same time, cross-departmental, automated processes and functionality can be adapted – for example, by personalizing aspects of the user interface.

SAP continually invests in its applications for wholesale distributors. Regularly released enhancement packages make it easier for you to keep up with industry changes and compete effectively. For example, after implementing foundational portions of the SAP for Wholesale Distribution solution portfolio, you can implement innovative processes based on technologies such as e-commerce, sales force automation, integrated business planning, or talent management. The table below highlights the supported functions and corresponding benefits.

### Business Function

| Supply chain planning | • Improve service while reducing stock and capital investment across supply chain networks  
|                      | • Improve forecasting  
|                      | • Optimize transportation capacities to reduce costs and increase customer retention |
| Procure to pay       | • Bundle purchases to maximize purchasing power and improve profit margins  
|                      | • Manage agreements to optimize quantities ordered and reduce cost of goods sold  
|                      | • Time orders to take advantage of price changes and limited offers from suppliers |
| Supply chain execution | • Manage and allocate warehouse tasks to avoid bottlenecks  
|                      | • Support direct store delivery  
|                      | • Enable compliance with regulations  
|                      | • Support a variety of trading practices |
| Opportunity to cash          | • Streamline processes to improve customer satisfaction and reduce costs  
|                            | • Optimize processing of back-to-back orders and act as a broker of products and services 
|                            | • Support direct price agreements between suppliers and customers, and settle price differences  
|                            | • Manage commission processes efficiently |
| Profitability optimization   | • Excel in cost recovery and rebate operations  
|                            | • Achieve a holistic view of procurement and accurate customer stratification  
|                            | • Gain insight and visibility with business intelligence and analytics functionality |
| Information technology and platform | • Operate with a uniform technical architecture and solution platform  
|                            | • Create a flexible IT infrastructure encompassing SAP® and non-SAP software systems  
|                            | • Leverage existing IT infrastructure and reduce total cost of ownership  
|                            | • Deliver information and apps on any mobile device |

With thousands of wholesale distribution customers and more than 45 years of proven performance and results, SAP has earned the position of trusted advisor and valued partner in the industry.
This flexibility and extensibility is made possible by SAP S/4HANA®, the foundation of our wholesale distribution applications. SAP Cloud Platform also enables cross-functional business processes by integrating users, information, and business processes; linking SAP and non-SAP software systems; and supporting cost-effective collaboration with partners and customers.

To further enable flexibility and extensibility, SAP solutions can be run in memory and in the cloud. You can choose your devices and your delivery method – private cloud, public cloud, or managed services – and you can create an all-cloud environment or a hybrid environment with the unified SAP Cloud Platform.

In addition, SAP works closely with partners focused on wholesale distribution, who provide complementary integrated solutions and services designed specifically for the wholesale distribution industry.

GET STARTED TODAY
You’re in business to win – and SAP is here to help. Together with our global ecosystem of partners, SAP is helping distributors digitally transform their businesses by providing comprehensive, integrated solutions built specifically for your industry. Our solutions are helping distributors achieve superior performance across their enterprises in functions such as finance, business analytics, sales, chargeback management, order management, warehouse and logistics planning, and procurement. And leveraging our partner ecosystem, we can meet your specific needs with minimal cost and risk.

But our most important digital transformation success story is yet to be told. It’s the one in which your organization becomes more adaptive, productive, and profitable with the help of our solutions. The story begins when you invite us to discuss your business requirements or when you visit us at www.sap.com/wholesale. We look forward to sharing our experience and proven solutions with you.