Supply Planning S&OP
Using SAP APO (SCM)

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Agenda

- Learning Points
- PepsiCo Overview
- S&OP process
- Use of APO for S&OP
- Key Lessons Learned
- Question & Answer
LEARNING POINTS

• How to use SAP APO for S&OP (Sales & Operations Plan)

• Team composition, strategies and execution needed for a successful S&OP

• Practical lessons learned on how to combine business processes and systems to deliver an S&OP plan
Who We Are

PepsiCo is a global food and beverage powerhouse. Our broad range of more than 3,000 delicious products offers consumers convenient, nutritious and affordable options in nearly every country around the world.

Global Beverages

Global Snacks

Global Nutrition

Performance

More than $65 billion revenue

Brands

22 billion-dollar brands

Scale

>200 countries & territories

People

~280,000 employees
S&OP journey on tools

S&OP enablers

Manual - Excel

Partially in SAP

Fully in SAP

Future – create process efficiency

S&OP Journey

2006

2008

2010

2012

2014 - 16

SAP project launch

SAP ECC & SCM 4.0 Live

SAP ECC (6.0) & SCM (7.0) upgrade

New future technologies – S&OP on demand/HANA
S&OP process

- Demand planning forecasts
- Business plans
- Supply planning Capacity

Sales & Operating plan
Aligning Organization to Key S&OP Assumptions

**Innovation (BU Finance, SC Integration, SC Finance):**
- New material, low likelihood of launch – Ignore.
- Set up new product – innovation typically sufficiently defined to support this at this stage.
- Volume pass must include new innovation and resultant cannibalization of existing products, Key assumption letters

**Supply Chain Productivity, Network Changes (SC Integration, Logistics, SC Planning):**
- New manufacturing locations or dropped DC locations
- New lines, Line TE, crewing (e.g. 5 day, 24/7 operation, etc.)

**Data Management Organization & innovation managers**
- Teams responsible to initiate data set-up workflows for new innovation and locations.
- SAP data work needs to be initiated well in advance
Volume Planning for S&OP

Data Flow

- BU Targets
- Demand Planning
- Sales Mix by SKU – used for Total Cost of Sales
- Logistics: (Customer and Internal Shipments)
- Manufacturing: Standards Creation: Production by SKU / Line
- Sourcing: Ing/Pkg Requirements by Site / Material

- Business unit
- Supply Chain Planning
- Supply Chain Planning / SCF
- Supply Chain Finance
- Manufacturing Planning
- Tactical Capacity Planning
- Long Term Planning

Variable Std Costs
IT landscape to support S&OP

**Statistical forecasts**
**Statistical Analysis Engine**

**SCM 7.0**
- **DP**
  - Statistical Forecasting Engine
- **SNP**
  - DRP - Inventory Netting
- **SNP**
  - Sourcing & Capacity planning

**IP**
- Inventory Policy
- Non-SAP

**SAP ECC 6.0**
- ECC Execution
- SAP ECC

**Relational Db**
- BW
- Optimizer
- Heuristic
- LiveCache
S&OP Process flow with tools

- **BU Finance**
- **SC Finance**
- **IP**
- **DP**
- **AOP Version in SAP APO**
- **Forecast Volume**
- **Production Disaggregation Logic**
- **Production plan @ sku level.**

**SNP – Heuristics At sku level**

**SNP – Optimizer At aggregate level**

**Heuristics**

**At sku level**

**Optimizer**

**At aggregate level**

**AOP Version in SAP APO**

**Finished Good Planned Orders (Displays/Retail Products Only)**

**LTP**

**Planned Orders for Distribution and Dependent Demand**

**ECC**

**SAP ECC**

**SNP Output**

**Transportation Lane Volume**

**TCP SAP STR’s**

**SAP BI**

**BW**

**BPS**

**MP Production Volume**

**SAP Planned Orders**

**SAP ECC**
S&OP involves coordination between multiple teams.
Role of a business project manager – S&OP

- Project management
- Ownership of the S&OP calendar and integration with finance calendar
- Collaboration with Supply Chain Integration Directors, Demand Planning, Supply Planning and Logistics teams on delivery of a S&OP plan
- Coordinate with IT team, leads creation of IT task calendar to enable system outputs for S&OP
- Work with data team to ensure completion of data setup.
- SME on use of SAP APO for business planning.
- End to End ownership of all activities starting with BU volume generation to production volume generation in ECC and hand off to Supply Chain Finance team.

Manage people  
Navigate hurdles  
Plan & execute
# Sample S&OP calendar

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## Key Integration Dates:
- BU Growth Targets to Demand Planning - Pass 1
- BU Growth Targets to Demand Planning - Pass 2
- BU Growth Targets to Demand Planning - Pass 3
BEST PRACTICES

Technology
- Use of a separate version in SAP APO & ECC for S&OP
- Aggregate level planning to handle large volume of data in APO
- Account for forecast changes and innovation through multiple demand passes to APO

Process
- Leadership alignment/kick-off meeting
- Define role of business project manager
- Identification of key business resources and stakeholders from different teams
KEY LEARNINGS

- SAP APO implemented for tactical planning can be leveraged for S&OP
- Creation of a separate version in SAP APO and ECC is necessary to avoid conflicts with weekly/tactical orders
- The IT stakeholders and business stakeholders need to work together as a team to create a successful S&OP
- Start planning early and communicate key milestone dates to all stakeholders
Contact Information

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Questions

Is there anything we can help clarify?