Microsoft Re-invents Its Manufacturing Supply Chain by Co-Innovating with SAP Ariba and Intrigo

Ali Khaki, Principal PM Manager: Supply Chain Engineering

Keith Baranowski, Global Vice President and General Manager, Direct Spend Solutions, SAP

Kanth Krishnan, Chief Customer Officer, Intrigo Systems
• Introduction: Speakers
• Ariba solutions for Direct Spend (Keith Baranowski)
• Intrigo’s Ariba Expertise (Kanth Krishnan)
• The Microsoft story (Ali Khaki)
• Q&A
Speakers

Ali Khaki
Principal PM Manager: Supply Chain Engineering (Order Management, Fulfillment and Logistics)
Microsoft

Ali has a rich background creating and deploying technology solutions in companies such as Microsoft and Expedia for 15+ years. This includes services such as the MSN & Bing Search and as well as working on Data warehouse and BI solutions. He has a deep passion for technology and using data driven solutions to improve the customer experience. More recently has been involved with the hardware supply chain working with Suppliers, CM’s and DTV’s on engineering solutions to deliver devices such as Surface, Xbox and HoloLens direct to end Consumers, Retailers and Enterprises.

Keith Baranowski
Global Vice President and General Manager, Direct Spend Solutions
SAP

Keith Baranowski is the Global Vice President and General Manager of SAP Ariba’s Direct Spend Solutions. His responsibilities include building Ariba’s innovation growth strategy and helping his clients digitize product development, sourcing and supply chain collaboration business processes. Keith has been with SAP for 12 years and held a number of leadership roles that focused on SAP’s Supply Chain, Product Lifecycle Management, Manufacturing and Operations solutions.

Kanth Krishnan
Chief Customer Officer
Intrigo Systems

Kanth has been a supply-chain practitioner as well as a consultant. He has even served as a trusted advisor to several companies, small and large. Kanth comes with a rich background of 20+ years’ experience and has an enviable track record in designing, deploying and sustaining technology solutions. He was a respected member of SAP’s first ever Global APO Competency Center to support the early adoption of APO. Value engineering, value case realization and creating sustenance models are his forte.
SAP Ariba Solutions for Direct Spend

Decades of Supply Chain Intellectual Property focused on end-to-end, industry-specific business processes

Industry-Leading Cloud Procurement Platform and Network, Supplier Onboarding Services

Customer and partner ecosystem provides deep industry expertise and requirements
SAP Ariba Solutions for Direct Spend

Supplier, BOM and costing model that links Engineering\R&D, Sourcing\Procurement and Supply Chain

In-house or multi-tier\outsourced manufacturing with forecasting, quality, inventory and invoicing collaboration
Enterprise solutions are complex, critical and costly.

Intrigo makes it simple, streamlined and scalable.

Transforming Businesses to Digital Enterprises
Black Belts in Digital Supply Chain Solutions

- 200+ successful implementations globally
- 250+ highly experienced resources worldwide
- Thought leaders in advisory, implementation and managed services
- Fortune 1000 clients across geographies
- Strategic and deep seated partnerships with global leaders
- Custom in-house softwares for seamless business processes

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The Intrigo Advantage
Accelerating Time to Value Line with Differentiated Services

Deep supply chain management & industry expertise
Track record of delivering value & successful projects
Extended SAP partnership
End to end Process orchestration & user centric design
Harmonization across various cloud applications
Methodology for rapid deployments and change enablement
Tools & accelerators
Solution extensions
Supply Chain Customer Showcase:
Microsoft One Device Supply Chain
Mission
Empower every person and every organization on the planet to achieve more

Worldview
Mobile-first
Cloud-first

Strategy
Build best-in-class platforms and productivity services for a mobile-first, cloud-first world
Reinvent productivity & business processes
Build the intelligent cloud platform
Create more personal computing

Ambitions
MSC - Who We Are and What We Do

- >77M Units Manufactured & Shipped
- >42,000 Number of Active SKU’s
- ~$8B Total Amount of Annual Spend
- >390 Number of Suppliers (includes component suppliers)
- 9 Number of Manufacturing Locations
- 24 Number of Distribution Centers
- 1.7M+ Est. FY17 Number of Retail and Commercial Sales orders
- 2.0M+ Est. FY17 SAP Deliveries
- 107 Countries Served
- 106 Physical Microsoft Stores
Modern supply chain platform to enable the scale and complexity of Microsoft’s hardware businesses

**Goal:** Deliver a fully integrated scalable, flexible and agile modern hardware supply chain platform in the next 30 months.
As-is process for supply collaboration

- Spreadsheet is sent via e-mail
  - MICROSOFT

- Supportability is typically conducted by meetings and emails
  - MICROSOFT/CM

- Prioritization is primarily conducted by phone
  - MICROSOFT/CM

Disadvantages

- Limited traceability
- Highly manual process
- Error prone communication
- Limited visibility for CM to changes in demand/priority
What and why is happening

WHAT

• Microsoft is shifting from a forecast and allocation driven model to demand driven fulfillment (pull) model to provide guaranteed availability of the right product to the right place before the customer’s tolerance time.
• This will apply to all SKUs that Microsoft sells from each location

WHY

• Inventory reduction
• Capitalize on capturing upside potential to make more of the products that are selling
• Better balance of Microsoft’s demand and supply
• Provide customers with a more reliable order confirmation date and improve the overall customer experience
To-be process for supply collaboration

**Planning in Simulation Environment**

MS Planner performs planning in Simulation environment

**CM systems to ingest forecast**

CM reviews and commits to Forecast

**CM to Commit to Forecast**

MS transmits forecast to Vendor

**Review plan Variances**

CM reviews and commits to Forecast

**Benefits**

- Better traceability with automated waterfall reporting
- Discussion focused around exceptions
- High automated process
- Scalable to multi-tier
- Better visibility of consignments parts to CM as same process is being leveraged
- Color coding to denote priority
SAP solution and benefits overview

Source
- Ariba Supplier Information and Performance Management
- Ariba Collaborative Sourcing
- Ariba Contract Management

Plan
- SAP IBP Sales & Operations Planning
- SAP IBP Supply & Response

Make
- Ariba Collaborative Supply Chain
- SAP IBP Supply Chain Control Tower

Deliver
- Build in supply chain flexibility – shift from forecast and allocation driven model (push) to demand driven fulfillment (pull)

Improve launch of new products: update systems to enable rapid onboarding for new products

Integrate, automate & connected planning, scheduling and order management – reduce touches

Harmonize reporting environment, train users, implement dashboards

Customer Services Representative
Ariba T2/T3 Supplier Orchestration

Microsoft

- ECC
- APO

SAP Ariba Network

Native Outbound Transactions cXML

Native Inbound Transactions cXML

Tier n-1 Supplier / CM

10b. Goods Receipt

Tier 2/3 Suppliers
(via Ariba Portal or B2B)

2b. Receive Consigned Material Forecast

3b. Send Forecast Commit

4b. Receive Standard PO

5b. Send PO confirmation

6b. Send ASN

4d. Copy of PO

6f. Copy of ASN
# Implementation timeline

## Ariba Collaborative Supply Chain

### One Device Supply Chain (1DSC) Timeline

<table>
<thead>
<tr>
<th>SEPT</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
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### February Release
- Manufacturing Planning Visibility via new standard message
- Sub Con PO, Sub Con OC, Sub Con Cancel Order
- Component PO, Component OC, Component Cancel Order
- Advance Shipment Notification
- Component Goods Receipt
- Forecast
- Forecast Commit
- PO Confirmation Exception Process via ABAP Report
- Native Integration to ECC
- Manufacturing Execution Visibility via Component Consumption Request
Status: Ariba Supplier Collaboration:

Status:
- Ariba Network is the backbone for Xbox and Surface line of products supply chain
- As of 3/17/17: 46 enabled suppliers out of which 35 transacting suppliers transmitting 118K+ of purchase orders worth $3.5Bil+
- Microsoft Planning Team quote: “Today we successfully received automated (via Ariba) supportability from the supplier which took ~5 mins to approve, updated PREQS and create PO’s (vs. 1-2 hours leveraging the previous process)”

Risks and Insights:
- Highlights of key prioritized Ariba Collaborative Supply Chain requirements by Microsoft and SAP Ariba teams:
  - Functional (forecast application improvements, planner dashboards, IBP Integration)
  - Scalability (50K+ orders/hour)
  - Reliability and monitoring: (reprocessing of stuck orders, monitoring API)

Scorecard:
- Efficiency and Speed Gains:
  - Supplier Supportability process improvement: 90%+ (1-2hrs to ~5min)
  - Planner’s Efficiency improvement: 95%+ (order follow-ups/expediting reduced from 1-2 days to 1-2 hours)
  - Supplier On-Boarding time improvement: 75% (on-boarding time reduced from 3-4 months to 3-4 weeks)

Principles:
- Design Partnership - Microsoft and SAP Ariba teams working as one
  - Tight coordination and alignment of product and infrastructure deliverables aligned with business outcomes
  - Product teams directly interacting with each other with maximum transparency
Co-Innovation Partnership
Close collaboration and rapid product and process innovation
# Roadmap and Future Opportunities at Microsoft

## Ariba Supply Chain Collaboration

<table>
<thead>
<tr>
<th>Q1/2017*</th>
<th>Q2/Q3 2017* (subject to planning and joint prioritization)</th>
<th>Future* (subject to proposals)</th>
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<tr>
<td>• Scalability/Reliability/Monitoring:</td>
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<td>• Technology Partnership</td>
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<td>• Resending of Copy Documents from AN</td>
<td>• Scalability - Enhanced AN infrastructure to handle higher document throughput</td>
<td>• Azure Bot Service Chatbot</td>
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<td>• Scalability - Enhanced AN infrastructure to handle higher Document throughput</td>
<td>• High Season 2017</td>
<td>• Office 365 service adoption in Ariba’s application and architecture</td>
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<td>• Large Document Support in AN</td>
<td>• Integration</td>
<td>• Product Innovation</td>
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<td>• Enhanced information in error notifications (for Failed on Arrival Error Types)</td>
<td>• Build Plan Integration with IBP</td>
<td>• Transportation and Logistics collaboration</td>
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<td>• Product Innovation - Forecast and Order Application Improvements:</td>
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<td>• Customer Collaboration</td>
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<td>• Planner Code Filters in Order Conformation Download Screen</td>
<td>• Build Plan Report</td>
<td>• Quality Collaboration</td>
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<td>• Program Code Filters in Forecast Screen</td>
<td>• Dashboard Improvements</td>
<td>• Excel-based planning views</td>
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<td>• Order Confirmation Approval</td>
<td>• Incubation</td>
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<td>• Blockchain scenarios – Provenance scenarios - product counterfeit prevention</td>
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<td>• Internet of Things – integration with Asset Networks or Manufacturing shop floor systems</td>
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<td>• Spot logistics services – integration with online logistics service provider networks</td>
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Learn more about Ariba SCC

- Latest product insights
- In-depth product demos
- Hear from a real customer

Develop a clear understanding of how Ariba SCC can help you
Develop a high level model of the benefits and value drivers

Palo Alto
Date: TBA

Newtown Square
Date: TBA

Reserve your spot now!