

THE INTELLIGENT ENTERPRISE FOR THE CONSUMER PRODUCTS INDUSTRY

Unlocking value with the
Intelligent Enterprise

THE BEST RUN





As consumer products companies seek new paths to growth, many are embracing a “new era of business creativity” enabled by next-generation business processes and intelligent technologies such as the IoT and machine learning. It’s all about finding compelling ways to deliver consumer outcomes based on a deep understanding of consumers’ evolving wants and needs.

E. J. Kenney

Senior Vice President
Consumer Products
Industry
SAP SE

WELCOME

Dear Customers and Partners,

A new era of business creativity is upon us. Consumer products companies are changing their view, from that of “products delivered at moments of truth” to “outcomes delivered over lifetimes of opportunity.” This change stems from a deeper understanding of how today’s consumers decide which brands they will engage with – a decision that’s increasingly driven by the experiential aspect of the shopping experience.

As industry leaders embrace the “experience economy,” they are realizing that the old, sequential, and often fragmented business processes will not support their new vision. Instead, to tap into the vast new opportunities for profitable growth, momentum is building for broad efforts to redefine business processes, revenue models, and the way people work.

At the same time, the industry – indeed the world – in which we do business is becoming increasingly volatile. Intelligent and agile business processes will be necessary to flourish amidst the relentless change. It’s within this context that the notion of an intelligent enterprise becomes so important, because it helps consumer products companies to:

- **Enable new business models:** Achieve new levels of agility to exploit new business growth models while maintaining profitable growth in existing channels
- **Deliver personalized outcomes:** Capture opportunities in the experience economy by creating meaningful outcomes based on a deep understanding of consumers’ wants and needs
- **Compete as an ecosystem:** Aggressively expand omnichannel growth and provide insight and agility to intelligently optimize execution

Supporting these priorities are core capabilities for delivering more with less through automation and efficiency – making assets work harder, speeding decision-making, and addressing evolving needs in the talent and knowledge arenas.

We look forward to engaging with you as you start your journey to becoming an intelligent enterprise.

Sincerely,

E. J. Kenney
Senior Vice President
Consumer Products Industry
SAP SE

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THRIVING IN A DIGITAL WORLD

THE NEED FOR CHANGE

The consumer products landscape is undergoing radical change. For many years, large consumer products companies with well-known brands could reliably grow revenue by increasing market share in their existing markets while expanding into new markets. But this long run of sustained growth has come to an end. So what is driving the change?

- **Empowered consumers:** Today's consumers are informed, empowered, and always on. They can shop and buy from anywhere and make choices about how they'd like to take delivery – choices that extend far beyond the confines of the store.
- **Expanding ecosystems:** Whether it's delivering the supply chain transparency that today's shoppers demand or reaching consumers across channels directly in moments of need, consumer products companies are only as strong as their ecosystems.
- **Extraordinary innovators:** New "born digital" companies are building innovative business models based on unique consumer insights and reimagined consumer experiences. They are gaining market share while redefining expectations for what a consumer products company should deliver.

An Industry Ripe for Disruption

Today's consumers have so many options – from product to channel to delivery – that they expect to be provided with choices that are best for them. This changing dynamic puts increasing pressure on consumer products companies to understand and engage with consumers on an individual level. In addition to these changing consumer dynamics and other related trends (illustrated below), tremendous volatility persists in basic costs – from raw materials, to labor, to shipping, and beyond.



Limits of the shelf

- Limited selection of high-volume items
- Mass brand building and innovation for consistency and scale
- Punishment for brands that underperform: limited access for small and local brands



Paradox of choice

- Elimination of shelf space limitations through e-commerce
- "Long-tail" opportunity for small, niche brands
- Consumer confusion and frustration due to unlimited choices



Channel proliferation

- New channel and format growth
- Explosion of SKUs resulting in increased cost and complexity
- Conflicting channels – mass merchants, e-commerce, and discounters



New experience imperative

- Provide value throughout the consumer journey
- Cater to the desire for flexibility, simplicity, and personalization
- Deliver solutions rather than options – what is best for the customer

The pressures are undeniable, but so are the opportunities. Small, innovative brands are claiming an overwhelming share of the industry's growth, but many larger companies are taking innovative steps of their own. Some are selectively acquiring small brands to add to their broader portfolio; some are taking a "stealth" approach, rolling out new brands that operate with greater autonomy. The only thing that's certain at this point is the uncertainty – and the realization that standing still is not an option.



Digital strategies are disrupting the rules of consumer products

[Adidas](#) is using digital technologies to build a strong, direct relationship with consumers based on full supply chain transparency. Ensuring full visibility of merchandise anywhere in the world is a crucial tenet of the full consumer experience that Adidas strives to deliver.

[Hershey](#) is continually evaluating the individual performance of its more than 80 brands to ensure that they are delivering the expected profitability. By making better and faster decisions about specific brands in specific markets, Hershey is better able to sustain success.

[Asahi Beverages](#) has made it its mission to ensure that "no consumer's thirst is left unquenched." By tapping into its high-volume data sources, the Australian manufacturer and distributor has achieved powerful insight into its daily operational logistics, which is instrumental in meeting consumer demand.

INTELLIGENT TECHNOLOGIES ARE A KEY ENABLER

Of all the global change vectors, technological advancements have the most profound impact on how consumer products businesses transform themselves to respond to their customer and consumer needs and to the volatile environments in which they operate.

Intelligent technologies enable great benefits, such as gains in productivity and efficiency, innovative new business models, and personalization based on deep analytics. The following key technologies are instrumental in helping consumer products companies realize these benefits:

Artificial Intelligence and Machine Learning

Artificial intelligence (AI) and machine learning are changing virtually every aspect of our lives. Today, machine learning algorithms accomplish tasks that, until recently, only expert humans could perform. Advances are enabling machine learning to become highly accurate in natural-language understanding and in image and speech recognition. Digital assistants and conversational user interfaces are already emerging as the next generation of support for customer interaction with business, ranging from

simple customer service to more complex processes. In the consumer products industry, leading examples include invoice matching, claims matching, and virtual self-service.

Blockchain

Blockchain is revolutionizing the movement and retention of value by creating a secure chain of unalterable transactional data. The blockchain model of trust, which is based on massively distributed digital consensus, is reshaping some of the fundamental aspects of the consumer products industry, such as food traceability, ethical sourcing, and end-to-end supply chain transparency. As the consumer products value chain becomes increasingly complex, ensuring that each party at every step of the chain is acting in a demonstrably trustworthy manner is critical.

The Next Generation of Robotic Process Automation (RPA) – Intelligent RPA

RPA tools are already beginning to play an important role in various stages of the consumer products supply chain – from manufacturing, to warehousing, to packing and shipping, and beyond. Intelligent RPA is the next step in the evolution, where bots will be acting more intelligently and autonomously rather than simply mimicking manual transactions. Imagine a future where a digital assistant automatically reads that a given order needs to be fulfilled and then takes all the necessary steps to make that happen.

Advanced Analytics

The integration of advanced analytics capabilities into applications enables business users to analyze transaction data on the fly and drive better decision-making. Through proactive, embedded predictive analytics, empowered users can simulate the impact of business decisions and achieve better customer outcomes. Analytics can also drive innovative new business models. For example, based on very detailed segmentation analysis, a business can quickly determine where a consumer need or want is emerging for a given variety of items. With the help of AI and machine learning, analytics can now be made available through voice chat and chatbots that provide instant access anywhere through a conversational user interface.

Conversational AI

Conversational AI represents a huge advancement in how we interact with business systems and the world in general. Because conversation requires no learning, voice and chat interaction is the most natural way for humans to interact with computers. This new method of human-computer interaction makes powerful business solutions simpler to use. Instead of requiring several swipes and multiple clicks to complete a task, the task can be completed with a simple request like, “Copilot, please record my vacation time.”

What Analysts Are Saying About Intelligent Technologies

Over the past decade, the consumer products industry has undergone a huge transformation due to the adoption of technologies such as the Internet of Things, advanced robotics, analytics, and Big Data.¹

In the era of “fast products” and digital disruption, delivering growth requires putting in place new, predictive consumer-growth capabilities, including innovation based on speed, agility, and scale.²



60%

Of human tasks will be automated by 2025³

99%

Accuracy in voice and video recognition by 2020⁴

97%

Image recognition accuracy today (better than human accuracy 95%)⁵

INDUSTRY VISION 2025

For the last 50 years or more, consumer products companies have focused on “moments of truth” – the moment a consumer buys a product in the store and the moment they use the product at home.

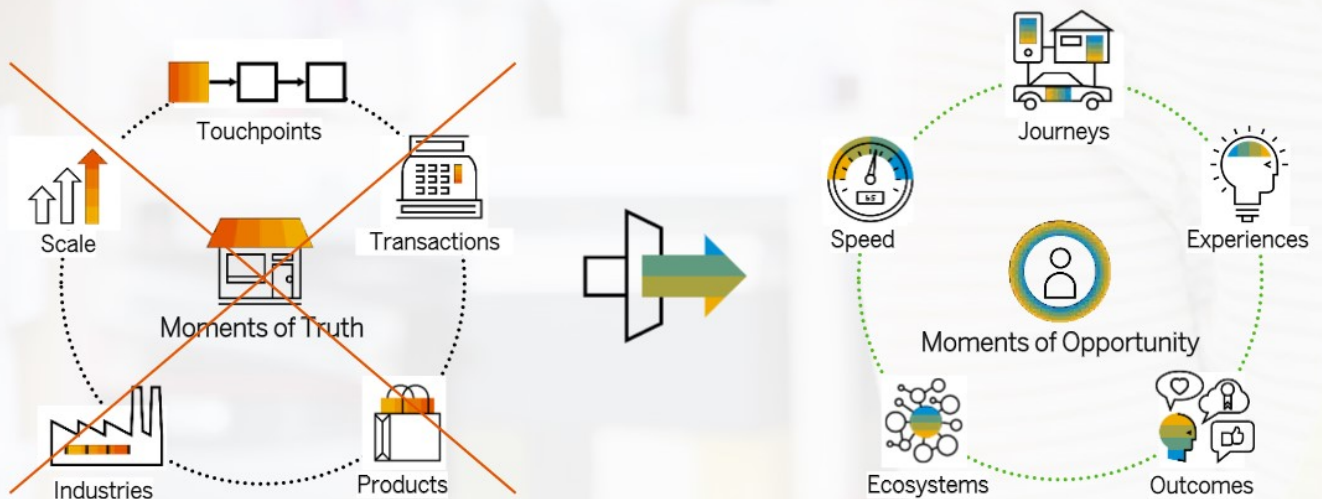
Consumer products companies have organized themselves almost entirely around these moments. This focus presumed a linear path to purchase, with a set of defined touch points aimed at further influencing a transaction or purchase. It also favored economies of scale, creating competitive advantage and entry barriers that benefited large, established brands.

This is no longer the case. Today, you need to focus on consumers in “moments of opportunity” – moments that are more fluid, and more experiential in nature. These may or may not take place in a store and may or may not result in a purchase. Innovative companies are taking a broader view of the consumer journey, working to deliver personalized experiences based on the outcomes the consumer is trying to achieve. Today’s consumers are often more invested in outcomes such as health, fitness, security, or happiness than

they are in a one-off purchase. This means you have the potential to build sustained relationships with consumers, and doing so requires going beyond products to complementary content and services.

In short, consumers expect a new experience that makes their lives easier and is personal, relevant, and simple – where commerce is seamless; technology is invisible; and privacy, security, and trust are assumed and assured. They don’t want to be sold to or influenced. They want to be inspired, guided, educated, and helped; and they will reward those companies that differentiate based on personalized experiences and outcomes. But as shown in Figure 1, consumer products companies need to deliver on this vision.

Figure 1: Delivering on the Consumer Products Industry Vision 2025



Delivery will require you to build new sets of competencies that go beyond traditional strengths. Such competencies include:

- Creating new, engaging consumer experiences
- Executing with speed and agility to exceed consumer expectations
- Fulfilling demand seamlessly and efficiently
- Delivering the end-to-end transparency that creates enduring consumer trust

And underpinning all these competencies is the crucial element of talent – because without the right people in the right roles enabled by the right tools, any effort to transform is bound to have only limited success.

A smiling woman with short dark hair, wearing a white striped shirt and a bright green apron, is looking down at a white tablet computer she is holding. She is in a grocery store, with shelves of products visible in the background. The lighting is bright and natural, suggesting a window nearby. The overall mood is positive and focused on technology in a retail environment.

STRATEGIC
INDUSTRY
PRIORITIES
FOR CONSUMER
PRODUCTS
COMPANIES TO
TRANSFORM
THEIR BUSINESS

Consumer Products Strategic Industry Priorities

Having identified the challenges and opportunities before them, consumer products companies are ready to embrace an industry vision that will help ensure continued success. To achieve the vision, they must execute against three strategic priorities.



Enabling new business models:

Find new ways to earn revenue and maximize profits, such as monetizing content or data, pursuing innovative partnerships, or selling excess capacity.



Delivering personalized outcomes:

Build enduring customer and consumer relationships by delivering on a set of outcomes, often service driven, that go well beyond traditional product focus.



Competing as an ecosystem:

Expand the boundaries of consumer products by teaming with nontraditional ecosystem partners to deliver higher value at no or low incremental cost.



Enthusiastically embracing the disruptive opportunities and consequently addressing the three strategic priorities will be your foundation for achieving digitalization and staying ahead of the innovation curve. This will pave your way toward enabling the 2025 vision and becoming an intelligent enterprise.

Read on to find out how you, as a consumer products business, can define your vision for these strategic priorities and what steps you must take along the journey to realizing that vision.

**Digital business models are disruptive.
The rules have changed.**

59%

Of shoppers now expect personalized offers delivered in real time.⁶

50%

Of consumer products revenue growth will soon derive from direct to consumer channels – up from just 5% today.⁷

73%

Of consumer products companies consider it important to deploy new, digitally enabled business models.⁸

ENABLING NEW BUSINESS MODELS

The traditional consumer products business model – building scale and share under the banner of well-known brands – no longer delivers reliable growth.

Instead, market leaders carve out share by looking at business models with a fresh eye, unburdened by established product categories, channels, or approaches.

The Vision

Find new ways to earn revenue and maximize profits, such as monetizing content or data, pursuing innovative partnerships, or selling excess capacity.

In 2025, business model innovation wins the day in the consumer products industry. The leading consumer products companies use deep consumer insight to deliver measurable outcomes, and they draw an increasing percentage of revenue from data-intensive services. Personalized offerings, such as direct-to-consumer subscriptions and flexible fulfillment options, deliver growth and differentiation.

The Journey

To successfully reach this vision, consumer products companies must follow three key steps:

1. Agree on a prioritized set of innovations to pursue. Areas of innovation include services, channels, partners, manufacturing, and beyond – alone as well as in combination.
2. Build out plans for each of the prioritized innovations, including ownership, resources required, metrics, and accountability. A key element of this planning is to ensure that intelligent technologies are included where and when they add value and differentiation. In addition, your internal talent pool must be evaluated to determine training and hiring needs.

3. Execute on the plans. Each innovation must be evaluated against agreed-upon business metrics to determine whether the program should be maintained, expanded or, in some cases, terminated.

It is important to recognize that the entire three-step process is iterative in nature, with potentially new business models being explored and tested continuously.



Of consumer products organizations are able to present offers aligned to consumer preferences at the moment of need⁹



Increase in direct-to-consumer sales in 2017, representing 13% of all e-commerce sales¹⁰

[Markgräflisch Badisches Weinhaus](#) is redefining the wine-making game with rich data. The heritage label is capturing data on weather, fertilization, and harvest conditions and sharing it with viticulturists and consumers to trace grapes from the vine to the glass – all with the help of a next-generation ERP suite.

DELIVERING PERSONALIZED OUTCOMES

Throughout many years of sustained growth in the consumer products industry, the prevailing model has been “one product fits all.”

With a limited number of national and global brands dominating the various segments, consumers were beholden to the styles, flavors, types, and sizes that intelligent companies produced. However, as consumers gain power and the number of producers and channels proliferates, leading demand companies are now focusing on the personalized products and outcomes that consumers demand.

The Vision

Build enduring customer and consumer relationships by delivering on a set of outcomes, often service driven, that go well beyond traditional product focus.

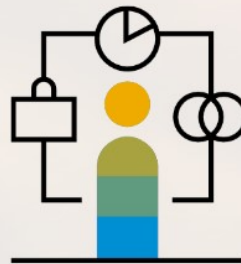
In 2025, consumer products companies deliver not just personalized products but personalized consumer outcomes, such as health, security, and happiness. They continuously gather and mine real-time consumer data for relevant insight, which is then delivered back to consumers as high-value, service-based products. For demand companies, this yields higher revenues as well as more lucrative, long-term consumer relationships.

The Journey

To successfully reach this vision, demand companies must follow three key steps:

1. Optimize the ability to continuously gather consumer insight and mine it for insight about individual consumer wants, needs, and preferences. This step requires not only the latest intelligent technologies but also the deep analytics skills to derive high-value insights.

2. Extend processes from traditional siloes to an end-to-end process built on the continuous flow of insight. In such a flow, for example, specific consumer insights collected in online shopping interactions are fed back into the supply chain processes that deliver on the consumer's expectation.
3. Constantly seek new opportunities to personalize the consumer experience, transforming insight into higher-value products and services. This means pursuing personalization relentlessly across multiple process areas, whether it's cocreation of an item of apparel, a highly customized subscription service, or an app that provides highly detailed diet and health information.



63%

Of consumer products companies say it's important to engage with consumers through a seamless, fluid channel experience, but only

16%

are currently able to do so. ¹¹

Li-Ning is increasing inventory turnover and sales volume while staving off out-of-stock products. The leading sports brand in China integrated its order management system with a cloud-based commerce solution to ensure online orders are submitted instantly to physical stores and warehouses. The integrated system also gives retail customers the convenience of mobile ordering and SMS notification of order status.

Tommy Bahama is a brand that is constantly innovating, expanding from apparel to furniture to restaurants. However, the company is committed to letting consumers interact with the brand any way they want to, in whatever channel they desire. A commerce solution is what enables the company to deliver a personalized experience to each of its consumers.

COMPETING AS AN ECOSYSTEM

In a traditional consumer products value chain, the ecosystem is largely static.

Consumer products companies deal with a given set of suppliers, manufacturers, retailers, and so on in well-defined ways. As the industry seeks to become more diversified, consumer products companies are now looking at their ecosystem as a more dynamic set of relationships – one capable of delivering new types and sources of value to consumers.

The Vision

Expand the boundaries of consumer products by teaming with nontraditional ecosystem partners to deliver higher value at no or low incremental cost.

In 2025, winning consumer products companies deliver higher value in more differentiated ways by partnering more effectively across the full ecosystem. They do this by moving beyond mere bundling of "like" products (for example, beer plus pretzels); expanding instead to related services (for example, beer plus pretzels plus a subscription to a football channel plus meal delivery) that deliver an outcome (for example, entertainment). These ecosystem dynamics deliver significantly higher revenue without requiring additional investment.

The Journey

To successfully reach this vision, consumer products companies must follow three key steps.

1. Optimize collaboration processes with existing partners. This means putting in place the latest and smartest collaboration approaches, such as state-of-the-art procurement processes with materials suppliers and joint planning tools for sales and marketing.
2. Deepen the level of collaboration with existing strategic partners. This means teaming together to collectively identify and build plans to pursue additional sources of value.
3. Aggressively pursue new ecosystem partners who can provide additional differentiation. For example, engage new providers of raw materials because they are embracing sustainable practices; embrace new transport partners because they have the ability to fulfill orders in a more agile, localized manner.



Coca-Cola FEMSA, the largest independent Coca-Cola bottling group in the world, has created a 360-degree view of its customers and can now market to 1.5 million business-to-business partners by using SAP Customer Experience solutions to achieve integrated sales.



THE INTELLIGENT ENTERPRISE FOR THE CONSUMER PRODUCTS INDUSTRY

To continue the digital transformation journey, you now need intelligent, integrated business processes.

In a connected world where every company is becoming a technology company, smarter processes will drive further focus on consumer outcomes while also pushing industry boundaries. To remain successful, consumer products companies will need to bring intelligence not just to their products but to the services that consumers demand – and, by extension, to their whole way of doing business.

HOW CONSUMER PRODUCTS COMPANIES OF THE FUTURE WILL LOOK

To succeed, consumer products companies must fully embrace transformation built on intelligent technologies – such as the IoT, AI, and machine learning – that are currently only in the earliest stages of industry adoption.

But just as important as the technologies are the next-generation processes that will fundamentally change the way products are developed, sourced, manufactured, and delivered. These processes are based on real-time insights from across the enterprise and will enable the flexibility and responsiveness consumer products companies need to meet the demands of the changing marketplace.

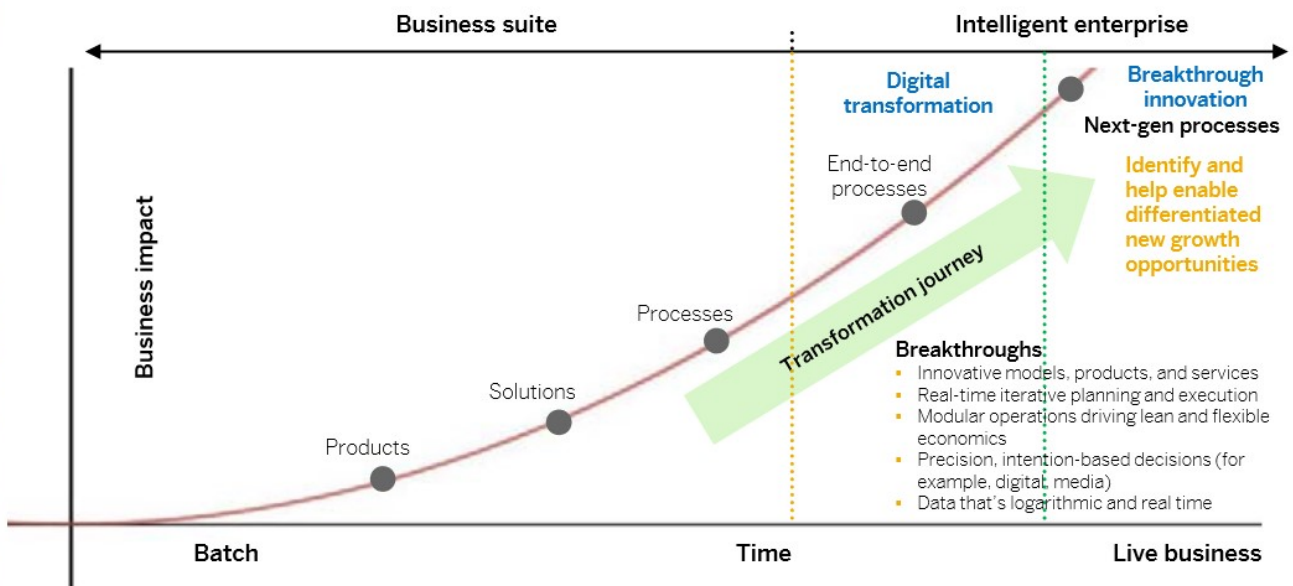
As shown in Figure 2, there is a distinct progression over time in the applications and systems available to consumer products companies and the types of processes those applications support. In the most recent stage of process advancement, companies have achieved tremendous benefits from embracing digital transformation and building end-to-end processes that give them a distinct edge over the competition. Shifting to in-memory data, for example, has enabled companies to achieve visibility across complex processes. In turn, this

visibility enables companies to make better and more accurate decisions about things such as how much of a given raw material to purchase and how much of a specific item to produce.

Next-generation companies take that level of insight even further by embedding intelligent technologies within their business processes to drive breakthrough innovation. Once capabilities such as AI, machine learning, and blockchain are brought to bear on processes – from R&D through manufacturing, supply chain, and sales and marketing – it becomes possible to more quickly identify and pursue new growth opportunities.



Figure 2: Progression of Applications and Systems Available to Consumer Products Companies

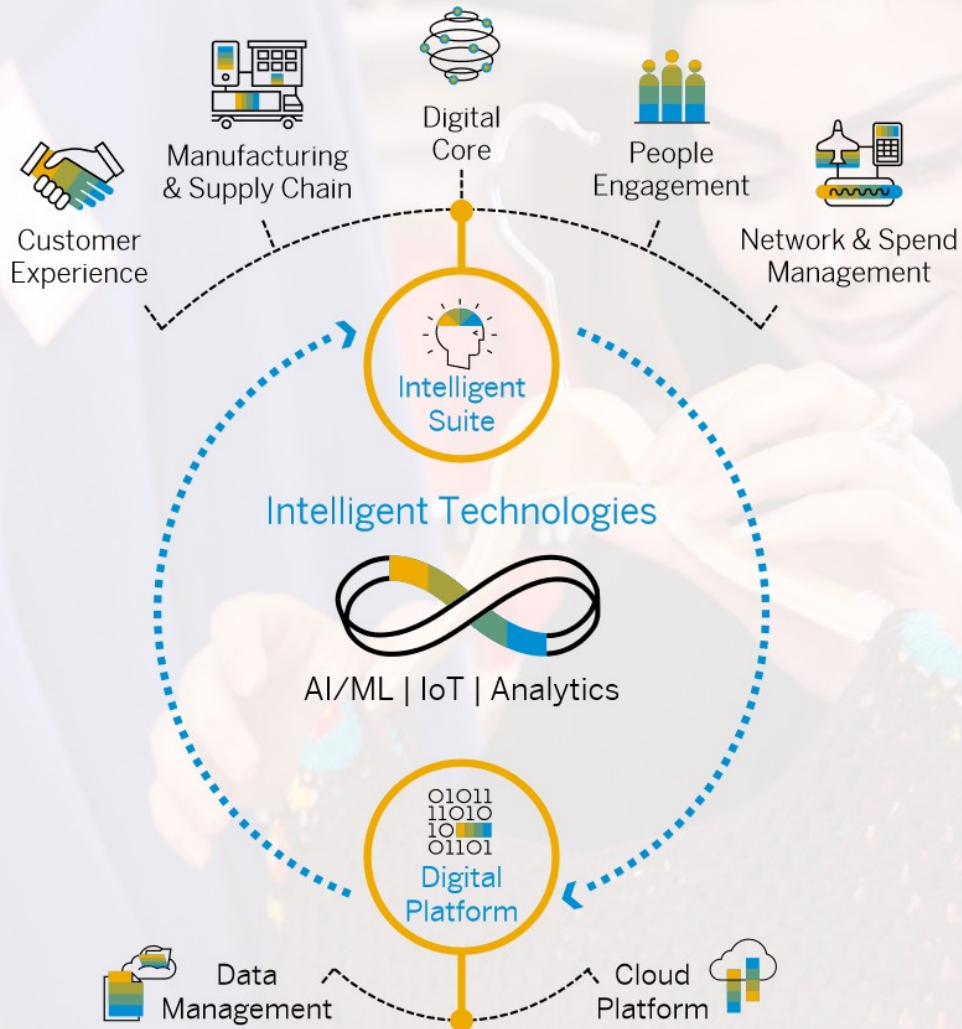




SAP'S FRAMEWORK FOR THE INTELLIGENT ENTERPRISE

The Intelligent Enterprise framework is a suite of intelligent business applications that use intelligent technologies and can be extended on a digital platform. This enables next-generation business processes to deliver breakthrough business value on our customers' journey to becoming intelligent enterprises.

The Intelligent Enterprise Framework



Cargill is embracing the use of intelligent technologies such as the IoT to help achieve its goal of becoming a most-trusted partner for its customers in food and agriculture. With the SAP Manufacturing Integration and Intelligence application, along with the SAP Transportation Management application, the company has gained the intelligence needed to integrate its in-plant systems with business operations and achieve a truly global view of its agricultural supply chain.

Edgewell Personal Brands is simplifying and optimizing its processes while connecting every touch point of its disparate data sources. With a next-generation ERP suite, the company is matching inventory levels to demand with swift responsiveness, agility, and profitability.

INTELLIGENT SCENARIOS FOR CONSUMER PRODUCTS: OPTIMIZE, EXTEND, AND TRANSFORM THE WAY COMPANIES OPERATE

To execute on their strategic digital priorities and achieve the 2025 vision, consumer products companies need to change the way they operate.

By linking together previously siloed processes, consumer products companies will not only discover vast efficiencies, they will unleash new sources of value and growth possible only with a holistic view of data and operations across the enterprise. Key to this transformation is the infusion of new, intelligent technologies that help provide a sustained competitive edge.

The Intelligent Enterprise is the fabric that results from weaving together all these disparate processes, intelligent technologies, and real-world data threads – threads coming from customers, consumers, and the extended ecosystem – into flexible, end-to-end value chains. These chains provide transformative consumer experiences and support next-generation business models.

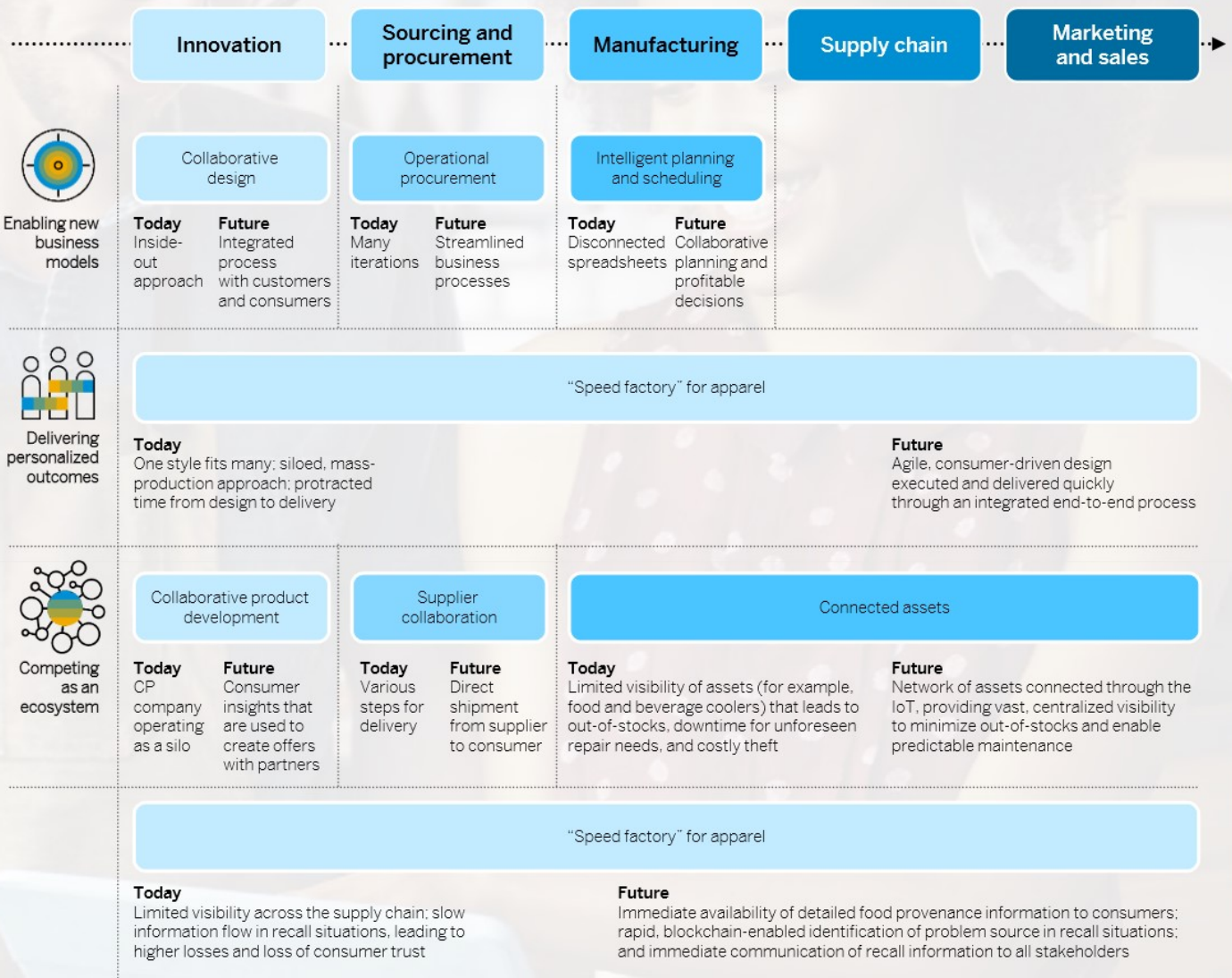
For consumer products companies, the Intelligent Enterprise offers unlimited innovation

opportunities across the enterprise and opens up a path that leads companies beyond the traditional enterprise boundaries. It offers intelligence that is embedded into processes within the enterprise, and it transforms the enterprise by supporting new business models and revenue streams.

The strategic priorities that address the major themes shaping the industry impact the entire value chain. The application of intelligent technologies will help consumer products companies address their digital priorities, implement next-generation business processes, and become intelligent enterprises.

Figure 3 illustrates what some of these next-generation business processes look like today and how they'll look in the near future.

Figure 3: Next-Generation Business Processes in an Intelligent Enterprise



ENABLING NEW BUSINESS MODELS

THE NEW DIRECT-TO-CONSUMER EXPERIENCE

Today's consumers demand personalized outcomes that are familiar to them, regardless of the channel. This omnichannel experience presents an extraordinary challenge for today's consumer products manufacturer. Inconsistent master data, fragmented pricing strategies, and a one-size-fits-all promotional and marketing strategy contributes to an expensive, cost-to-serve approach and spotty consumer service. Smaller, more nimble competitors, and growth driven by e-commerce marks the end of the status quo.

SAP Customer Experience solutions and the Intelligent Enterprise for the consumer products industry offer a single, unified technology stack to streamline key processes, enable a single view of the consumer, and deliver personalized shopping experiences every time.

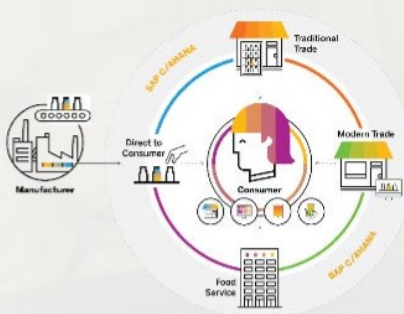
TRADITIONAL CONSUMER EXPERIENCE



The consumer has a single, threaded journey with inconsistent experiences. Confusing offers and messaging that is not targeted to consumer needs ultimately diminish consumer loyalty. This traditional experience is based on:

- Siloed, expensive innovation strategy with sporadic new-item successes and huge investments in innovation for products where the majority of new items don't last more than three years
- One-size-fits-all marketing strategy that wastes trade and marketing funds
- Limited visibility into in-store conditions and consumer preferences and a disconnect among channel partners that exacerbates out-of-stock conditions
- Disjointed e-commerce strategy that fails to capitalize on the growth potential

NEW-WORLD CONSUMER EXPERIENCE



Personalized offers delivered in micromoments mark the difference between your company making a sale or the customer making a switch. The new experience is based on:

- Consistent master, customer (business-to-business), and consumer (business-to-consumer) data across all channels to enable a consistent experience
- Full visibility of the entire value network, from sourcing and partner networks to in-store conditions and actual consumption
- Live access to, and use of, both structured and unstructured demand drivers to assess market dynamics in real time
- The use of social sentiment and online feedback to deliver a unified, personalized user experience

TOP VALUE DRIVERS

50%

Of CP industry growth will occur through a direct business model¹²

US\$100 million

In trade spend savings¹³

DELIVERING PERSONALIZED OUTCOMES THE “SPEED FACTORY” FOR APPAREL

For many years, shoppers’ individual tastes and needs in athletic shoes were essentially subsumed by the slow, unwieldy, one-to-many approach of large sportswear brands. In the traditional manufacturing scenario illustrated in Figure 4, each shoe’s component parts are manufactured and formed at one facility and then shipped elsewhere for assembly and final production. It can take as many as 60 days for the final shoe to be assembled, and from there it may take another 60 days for the shoe to arrive in stores. The inherent time lag built into this sequential process causes companies to fall behind consumer trends, which are rapidly evolving, and leaves few options for personalization.

By contrast, in a new-world scenario illustrated in Figure 5, a concurrent, collaborative “speed factory” consolidates processes and manages all of them from a single location. It leverages fully automated manufacturing and assembly that can deliver a finished and individually personalized shoe to a consumer in as few as 24 hours. With this new process, consumers can participate in an online, interactive experience that enables them to provide direct input on the styles they like and what they are seeking in a shoe. Then, the company takes the consumer through a virtual design fit process. The custom-designed and tailored shoe is then automatically assembled in one place, usually in less than a day.

Figure 4: Traditional Scenario – Mass Production Through Slow, Sequential Processes

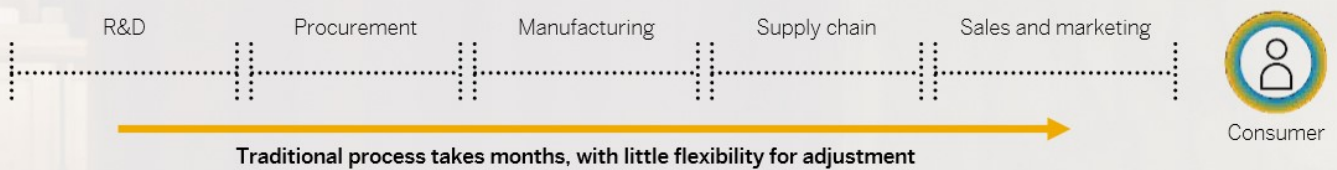
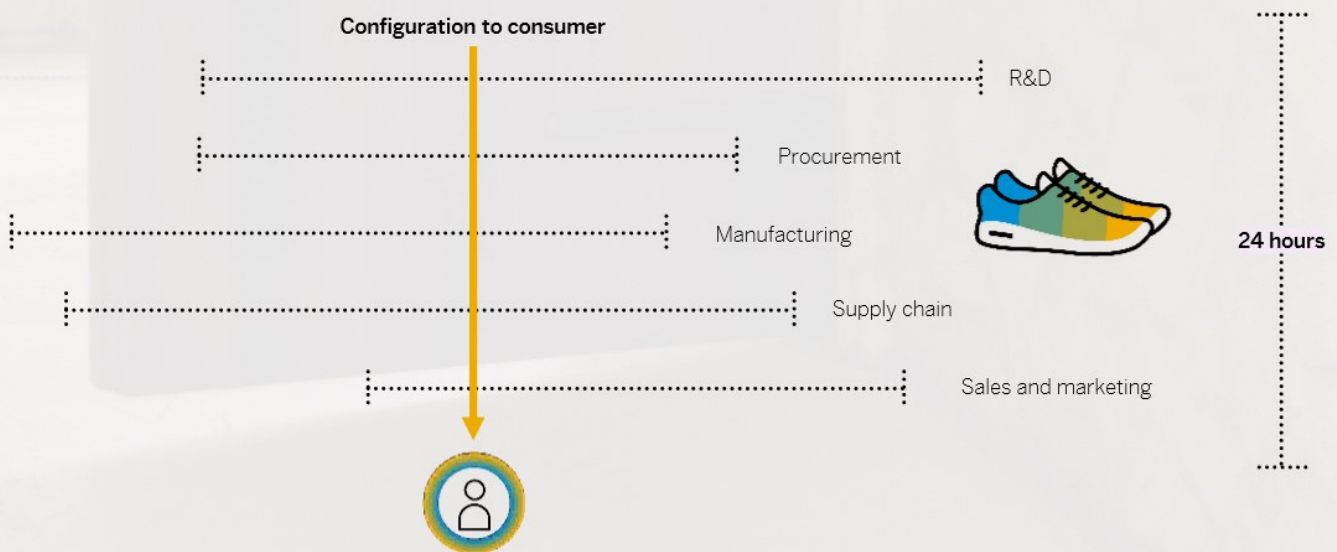


Figure 5: New-World Scenario – “Speed Factory” with Concurrent, Collaborative Processes



COMPETING AS AN ECOSYSTEM

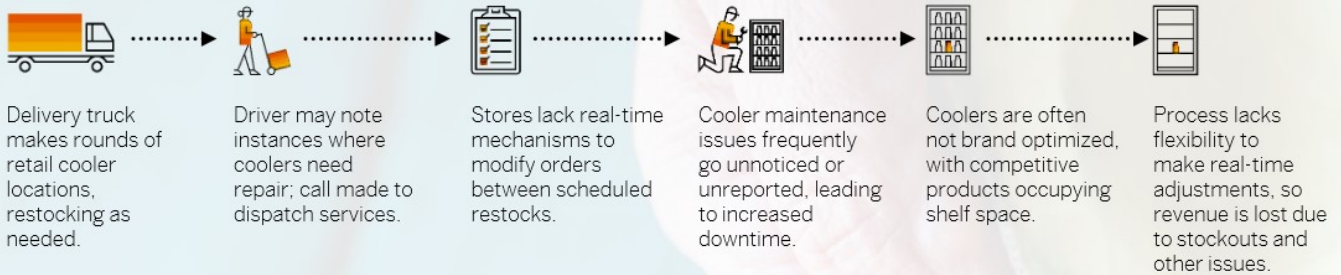
CONNECTED ASSETS

Currently, many consumer products companies own and maintain large numbers of branded refrigeration units for food and beverages that are housed at various retailer locations. These units enable consumer products companies to build a branded presence within their retail stores and make it easier for shoppers to find the items they want. But keeping all these expensive units stocked and maintained is a complex process that relies heavily on what can be learned during scheduled deliveries. There is no ready way to determine if a cooler is consistently out of a favorite item, if the drinks are not kept cold enough, or if a unit requires maintenance.

With the advent of IoT technology, all of that is changing. It is now possible for one individual to monitor a vast network of coolers, making real-time adjustments to replenishment amounts and schedules based on how much is actually being sold. Further, the person monitoring the coolers can easily discern when proactive maintenance is required to prevent a given unit from malfunctioning.

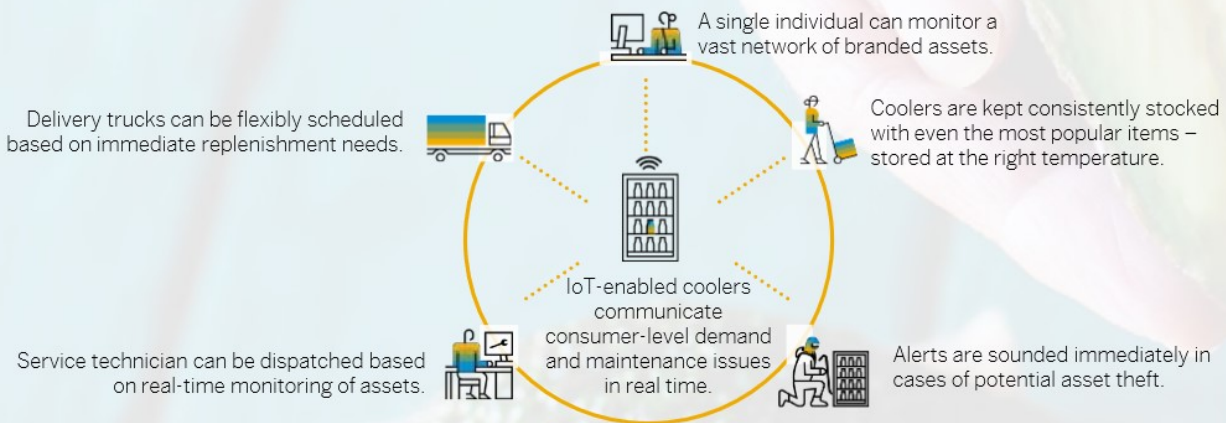
TRADITIONAL ASSET MANAGEMENT

Linear, sequential management of branded cooler assets lacks the flexibility and agility necessary for making real-time adjustments.



NEW-WORLD SCENARIO

With IoT-enabled interconnectivity, real-time order adjustments can be made and maintenance can be performed proactively.



Top value drivers*

Increased revenue due to decreased stockouts

Decreased downtime due to proactive maintenance

*Benefits are based on results from early adopters of SAP S/4HANA or are conservative outside-in estimates of the benefits of moving from a traditional ERP system to enhanced SAP S/4HANA with line-of-business and cloud capabilities. As each enterprise is at a different level of maturity, our recommendation is that you work with SAP to determine the value proposition for your enterprise.

COMPETING AS AN ECOSYSTEM

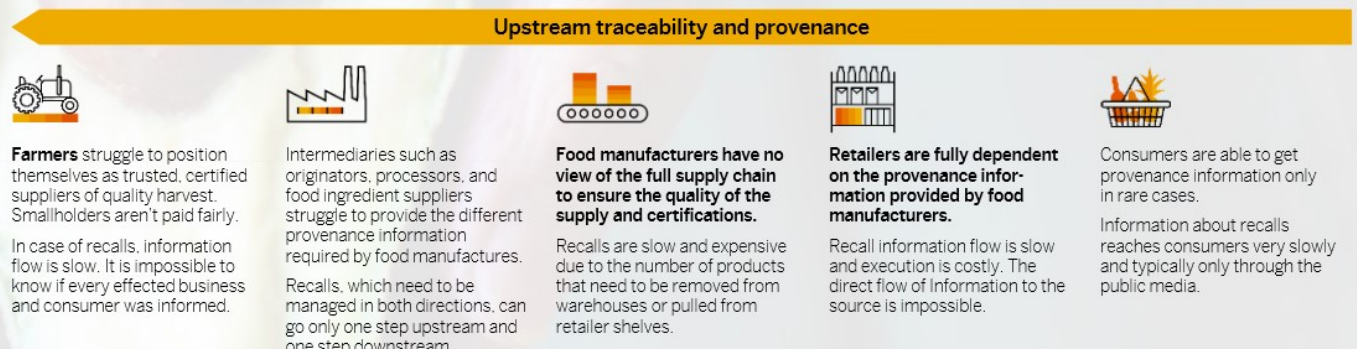
FOOD PROVENANCE, TRACEABILITY, AND RECALLS WITH BLOCKCHAIN

Given that millions of people around the world are the victims of foodborne illnesses each year, it's no surprise that consumers increasingly seek the provenance of their food purchases, including certifications such as UTZ. Food providers must have visibility into the entire production and distribution transaction history – and the ability to act upon it if recalls become necessary.

Blockchain holds the potential for securely capturing and exposing transactions across the entire food supply chain, from sourcing and production through delivery. An open food supply chain network whose participants include smallholder farmers to big-box retailers can publish information to a standard, agreed-upon blockchain ledger, creating a single version of the truth in which all participants can be confident. Such an open food network results in many gains for food providers, including the ability to prove sustainability, support for complying with increasing regulatory requirements, and accountability through analytics.

TRADITIONAL FOOD SUPPLY CHAIN

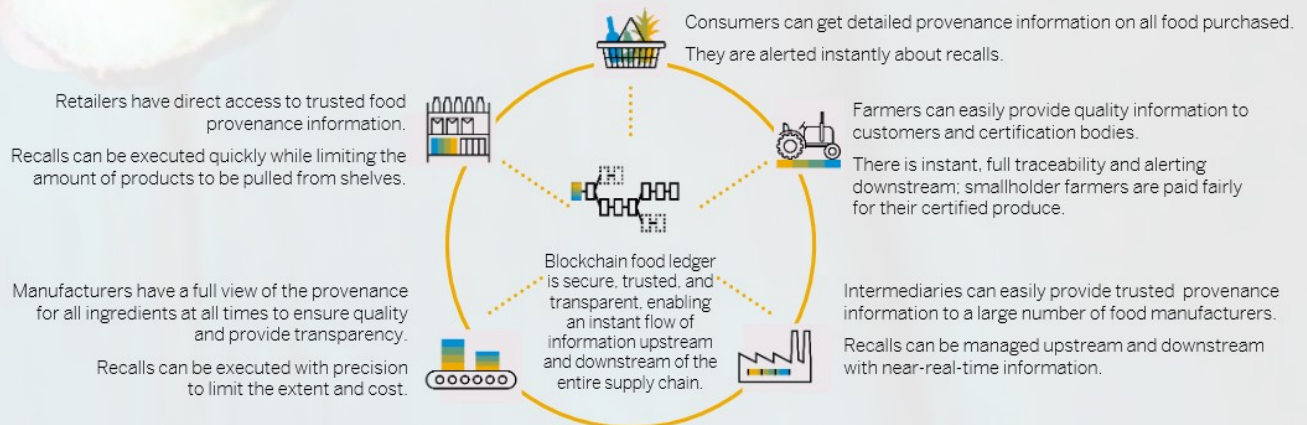
Linear, sequential sharing of provenance information impedes the handling of food recalls.



Downstream tracking and recalls

NEW-WORLD SCENARIO

With IoT-enabled interconnectivity, real-time order adjustments can be made and maintenance can be preformed proactively.





HOW TO GET THERE

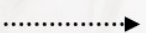
The journey to becoming an intelligent consumer products company begins with digital and uses a transformation road map.

HOW TO PLAN YOUR PATH TO THE INTELLIGENT ENTERPRISE

In the digital economy, intelligent technologies and integrated business processes are now driving digital transformation.

Making an effective digital transformation requires an end-to-end plan for becoming an intelligent enterprise. This includes creating an intelligent enterprise road map and implementation plan by using proven best practices and deployment options that optimize for continuous innovation and are focused on intelligent outcomes.

The End-to-End Journey to Becoming an Intelligent Enterprise



Plan

well to manage expectations

Simplify and innovate

- Reimagined business models, business processes, and work
- SAP Digital Transformation Framework methodology as a guide for digital transformation
- Value-based innovation road maps

Build and launch

with proven best practices

Standardize and innovate

- Standardization through ready-to-run industry best practices
- Design thinking and rapid tangible prototypes
- Coengineered industry innovations delivered with agility

Run

all deployment models

Run with one global support

- One global, consistent experience
- End-to-end support – on premise, in the cloud, or with a hybrid approach

Optimize

for continuous innovation

Optimize to realize value

Continuously captured and realized benefits of digital transformation

To move forward with speed and agility, it helps to focus on live digital data and combine solution know-how and industry-specific process expertise with data analytics so that the right digital reference architecture is defined and delivered. SAP Model Company services offer the ideal form of standardization for a specific line of business or industry. They are built on existing SAP solutions using best-practice content, rapid-prototyping solution packages, and additional content from customer projects. They provide a comprehensive baseline for the rapid building of customer-specific prototypes, cloud demos, and quick-start implementations.

SAP Digital Business Services: Enabling Success in Digital Transformation

SAP has a broad range of services to cover your end-to-end digital transformation journey.

The services range from consulting on your digital innovation road map and implementation plan to the running of all deployment options and their optimization for continuous innovation. We provide both choice and value within our service offerings, allowing you to tailor the right approach based on your specific company expectations and industry requirements. The combined characteristics of our service offerings can help ensure your successful digital transformation:

- 25,000 professionals in 70 countries
- Customers in 130 countries
- Outcomes delivered as one team in one contract
- Projects connected in real time to a global network of support functions through SAP Mission Control Center
- SAP MaxAttention™ services and SAP ActiveAttention offerings to safeguard investments
- Consistent experience – on premise, in the cloud, or a hybrid approach
- Standardized adoption of processes and tools
- Streamlined onboarding and ramp-up of stakeholders

COMPREHENSIVE SAP ECOSYSTEM: ORCHESTRATING THE WORLD TO DELIVER FASTER VALUE

Our comprehensive ecosystem offers:

- A wide range of business services (merchandising, POS, supply chain, analytics, omnichannel, and more)
- An open architecture, offering a choice of hardware and software
- Complementary and innovative third-party solutions
- A broad reach – partners to serve businesses of any size anywhere in the world
- A forum for influence and knowledge
- Large skill sets

Our partner ecosystem includes, among others:



SAP IS COMMITTED TO INNOVATION



10-Year Innovation Vision

SAP delivers intelligent business solutions and networks that span company boundaries and promote purpose-driven business. These solutions enable empathic symbiosis between machine intelligence and human ingenuity.

- Sustainable product innovation
- Sourcing and procurement
- Agile manufacturing
- Real-time supply chain
- Sales and marketing



Comprehensive Industry Coverage

SAP enables comprehensive coverage of the consumer products value chain across the enterprise. With our clear industry road map, SAP is a partner of choice for the consumer products industry.

- More than 14,100 consumer products companies in 134 countries are innovating with SAP solutions
- 88% of the consumer products companies in the Forbes Global 2000 are SAP customers
- All lines of business are supported on a single platform



Proven Services Offering

By bringing together world-class innovators, industry and emerging technology expertise, proven use cases, and design thinking methods, we help consumer products companies develop innovations that deliver impact at scale.

- Proven methodologies to drive innovation, from reimagining customer experiences to enhancing operations
- Innovation that is fueled through a managed innovation ecosystem from SAP
- Ability to build your own innovation capability and culture

SAP supports consumer products companies in becoming intelligent enterprises – providing integrated business applications that use intelligent technologies and can be extended on SAP Cloud Platform to deliver breakthrough business value.



Learn more

- [SAP.com for consumer products](#)
- [SAP Leonardo](#)
- [SAP Digital Business Services](#)
- [SAP Design Thinking](#)

How to Get There

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RESOURCES

Outlined below is external research that was used as supporting material for this paper.

1. Danielle Hernandez et al., "[IDC's Digital Use Case Map for Consumer Products](#)," IDC, sponsored by SAP, August 2018.
2. Mark Dziersk et al., "[From Lab to Leader: How Consumer Companies Can Drive Growth at Scale with Disruptive Innovation](#)," McKinsey & Company, September 2018.
- 3.–5. "The Intelligent Enterprise," SAP SE, 2018.
6. John Maxwell, "[Total Retail 2017: 10 Retailer Investments for an Uncertain Future](#)," PwC, 2017.
7. SAP analysis based on public information.
- 8.–9. SAP Digital Readiness Assessment, 2016–2017.
10. David Kilimnik, "[How Direct-to-Consumer Brands Are Setting the Standard for a Better Retail Experience](#)," Forbes, October 2, 2018.
11. SAP Digital Readiness Assessment, 2016–2017.
12. SAP analysis based on public information.
13. SAP estimates based on implementation of the SAP Trade Management solution in food manufacturing.

Note: All sources cited as "SAP" or "SAP Performance Benchmarking" are based on our research with customers through our benchmarking program and other direct interactions with customers.

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