

# Powering a Solution Provider Network



## Powering a Solution Provider Network

### Market Situation

#### The Next Generation

#### Business Priorities

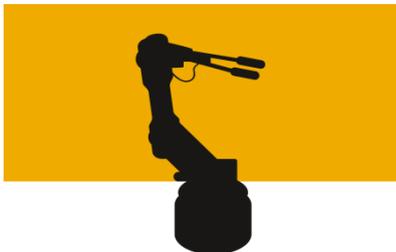
#### SAP Innovations

Leading industrial machinery and components (IM&C) manufacturers are collaborating along the value chain to develop new revenue streams by providing complete, turnkey solutions that deliver greater value to their customers.

Industrial manufacturers are accelerating their transformations from product suppliers to solution providers by leveraging solutions and best practices from SAP.

Thought leadership provided by SAP supports the solution-provider-network concept. It provides a vision, a strategy, and ultimately a wide range of applications that assist industrial machinery and components manufacturers in evolving from basic product and service providers to the next-generation business model: full-service solution providers.

SAP provides trusted, innovative solutions to help transform a company into a solution provider – quickly, nimbly, and cost-effectively – with the platforms, architecture, and supporting technologies necessary to orchestrate all of the processes needed to run a profitable enterprise. Whether via Big Data, cloud, mobile, analytics, or applications, SAP software helps customers increase their participation in solution-provider networks by supporting integrated processes across a single organization or spread throughout several enterprises in multiple industries.



## The Next Generation of Manufacturers

Market Situation

**The Next Generation**

Business Priorities

SAP Innovations

**To become successful solution providers, manufacturers must:**

Effectively collaborate across the network of suppliers, partners, and channels.

Compress sales cycle times through streamlined quoting and selling of configurable products, services, and solutions.

Minimize time to profit for new projects through efficient engineering, procurement, production, and maintenance.

Reduce supply-chain costs and improve service levels through rapid response to changes across a collaborative network of employees, suppliers, and customers, all while minimizing any business disruptions in the process.

Find new ways to deliver effective aftermarket service and enable performance-based service offerings bundled with the original equipment.

**Best-Run Industrial Machinery  
and Components**



SAP delivers world-class applications for engineering, sales, supply chain, manufacturing, and service, providing innovations in analytics, enterprise mobility, cloud, Big Data, and visualization.

## Business Priorities for Best-Run Companies

Market Situation

The Next Generation

**Business Priorities**

SAP Innovations

Best-run industrial manufacturers meet or exceed their target metrics. SAP software helps them monitor business lifecycles by tracking key performance indicators (KPIs) at every stage – for sales, projects, operations, and service levels.

- R&D / Engineering
- Sales
- Supply Chain
- Manufacturing
- Aftermarket Service
- Human Resources
- Finance
- Procurement
- Information Technology
- Technology and Platform



Understanding the value drivers for these priorities is key to becoming a best-run industrial manufacturing company.

# SAP Innovations

Market Situation

The Next Generation

Business Priorities

**SAP Innovations**

Industrial manufacturers must adapt to accelerating changes in IT while maintaining their service levels. And they will be challenged to leverage those IT advances into new processes and optimized operations across new technology platforms.

SAP is investing significantly in five distinct technology areas – applications, analytics, enterprise mobility, cloud, and Big Data. Advances will help industrial machinery and components manufacturers compress sales cycle times for products and services, minimize time to profit for new projects, and reduce manufacturing, as well as supply chain, costs.

Across the different business priorities, SAP software can help.

## **R&D / Engineering**

Accelerate time to market with improved and integrated collaboration functionalities.

## **Sales**

Improve customer satisfaction by providing highly configurable, value-added solutions.

## **Supply Chain**

Move faster and more efficiently with tighter collaboration across numerous locations and companies.

## **Manufacturing**

Gain complete visibility and reduce production costs.

## **Aftermarket Service**

Maximize profitability by providing performance-based service offerings bundled with the original equipment.



# Industrial Machinery and Components Value Map

## SAP Solutions

SAP solutions enable the next generation of manufacturers.

R&D / Engineering

Sales

Supply Chain

Manufacturing

Aftermarket Service

Human Resources

Finance

Procurement

Information Technology

Technology and Platform

	R&D / Engineering	Sales	Supply Chain	Manufacturing	Aftermarket Service				
R&D / Engineering	Integrated Product Development	Collaborative Sales Force Automation	Sales, Inventory, and Operations Planning	Engineer-to-Order and Project Manufacturing	Multichannel Service Excellence				
Sales	Continuous Product and Service Innovation	B2B Commerce	Demand and Supply Planning	Make-to-Order Manufacturing	End-to-End Service Management				
Supply Chain	Product Safety and Stewardship	Sales of Configurable Products and Solutions	Demand Management	Asset Operations and Maintenance	Advanced Contract Management				
Manufacturing	Commercial Project Management	Billing and Revenue Innovation Management	Manufacturing and Supply Orchestration	Quality Management and Compliance	Service Parts Management				
Aftermarket Service	Embedded Predictive Technology	Sales Performance Management	Transportation Management		Dealer Management				
Human Resources			Warehouse Management						
Finance	<b>Human Resources</b>	Core Human Resources and Payroll	Talent Management	Time and Attendance Management	Workforce Planning and Analytics				
Procurement	<b>Finance</b>	Financial Planning and Analysis	Accounting and Financial Close	Treasury and Financial Risk Management	Collaborative Finance Operations	Enterprise Risk and Compliance Management			
Information Technology	<b>Procurement</b>	Strategic Sourcing and Supplier Management	Procure to Pay	Commodity Management					
Technology and Platform	<b>Information Technology</b>	Application Lifecycle Management	IT Infrastructure Management	IT Portfolio and Project Management	IT Service Management	IT Strategy and Governance			
	<b>Technology and Platform</b>	Big Data	Real-Time Enterprise	Real-Time Analytics	Enterprise Mobility	Enterprise Information Management	Cloud Solutions	Application Integration	3D Business Visualization



## R&D / Engineering

SAP Solutions

**R&D / Engineering**

**Priorities**

SAP Solutions

Achieving an acceptable return on investment in product and service development requires efficient resource use and a short time to market. Innovation turns to profit when the right solutions are completed on time and within budget.



# 38%

Lower product lifecycle management costs when new development projects are managed via a portfolio process

Source: SAP Performance Benchmarking

In today's environment, manufacturers face the challenge of responding to markets evolving at Internet speed, while still using resources bound by a traditional tempo. Opportunities for new initiatives have never been greater, but choosing the right ones is critical to success.

Project management solutions help refine processes, manage portfolios, and monitor performance.

They provide the platform for project completion faster and at lower cost, while helping ensure the end results meet the quality standards that the market expects. Under constant pressure in a fast-moving global economy, manufacturers must optimize their potential for innovation and deliver on it. That requires them to master the accelerating complexity of the market and commit to operating in an environment of continuous improvement.

## R&D / Engineering

SAP Solutions

### R&D / Engineering

Priorities

#### SAP Solutions

# 31%

Higher operating margin when executives from different functions meet on a regular basis to refine product portfolio and competitive positioning

Source: SAP Performance Benchmarking

**Offer the best in quality, plus streamline processes and minimize costs.**

Manufacturers add value when they deliver products and services that boost customer satisfaction, maximize resource utilization, and drive project profitability.

#### Integrated Product Development

Integrate development processes to facilitate collaboration, speed time to market, and reduce costs.

#### Continuous Product and Service Innovation

Innovate new products and services continuously, based on value-driven investment decisions.

#### Product Safety and Stewardship

Protect revenue and expand markets through built-in compliance and reduce compliance cost by automating processes while addressing environmental concerns.

#### Commercial Project Management

Manage projects profitably throughout their lifecycles, from idea generation and planning to execution and monitoring.

#### Embedded Predictive Technology

Process relevant sensor data and predict required actions across application, mobile, and cloud platforms.

### Benefits

- Increase product profitability
- Accelerate time to market
- Boost collaborative innovation
- Improve resource use, trim costs



## Sales

SAP Solutions

**Sales**

**Priorities**

SAP Solutions

It's hardly news that customers are better informed and more socially empowered than ever before. In response, successful sales leaders are redesigning their sales processes to align with customer expectations and buying habits.



Today's customers live their lives in the moment. Digitally plugged in and always on, they are able to source information on companies, products, services, sellers, and competitors – all in an instant. This changes the rules of engagement, with customers now driving the conversation.

To keep pace, companies need to rethink sales processes to be aligned with the increasingly empowered customer.

Sales executives need a true 360-degree view of the customer that combines insight from inside and outside the organization, using both structured and unstructured data. They need to foster greater collaboration throughout the organization and beyond. And they need the power to access key information anywhere, anytime.

# 25%

Lower days sale outstanding where key order metrics can be analyzed across customer, order, geography, and product line

Source: SAP Performance Benchmarking



## Sales

SAP Solutions

### Sales

Priorities

#### SAP Solutions

# 12%

Higher sales forecast accuracy rate when sales planning is integrated into manufacturing, planning, and supply chain management

Source: SAP Performance Benchmarking

### Empower the connected sales team with 360-degree customer insights.

Make every customer conversation count. Empower the sales team to impact every deal – with easier collaboration, agility, and meaningful 360-degree insight.

#### Collaborative Sales Force Automation

Create accurate forecasts, collaboratively monitor real-time pipeline activity, and manage leads.

#### B2B Commerce

The SAP hybris B2B Commerce solution helps to bridge the gaps between OEMs, distributors, and end customers and gives distributors and business customers a multichannel shopping experience to drive revenue and reduce selling cost.

#### Sales of Configurable Products and Solutions

Quote and sell highly customized, complex products, as well as services and solutions.

#### Billing and Revenue Innovation Management

Collect customer subscriptions and service usage in real time; calculate and bill fees and commissions for partners; and help ensure timely payments.

#### Sales Performance Management

Turn sales strategy into action to engage customers like never before, drive revenue, and exceed goals and objectives.

### Benefits

- Optimize predictive analyses
- Improve customer intimacy
- Increase sales efficiency
- Improve operational collaboration
- Achieve better win rates
- Provide fast and accurate quotes



## Supply Chain

SAP Solutions

**Supply Chain**

**Priorities**

SAP Solutions

Today's most successful companies have the agility and responsiveness necessary to survive in a volatile global supply network. Operating a supply chain in real time helps industrial manufacturers meet the most demanding customer needs.



While manufacturers face increasingly volatile demand, their supply chains may be incapable of responding. Balancing supply and demand while exceeding customer expectations is the key to profitability. But with today's globe-spanning supply chains, profitability can be elusive as lack of visibility and slow response times drive up costs.

Manufacturers can no longer rely on outdated processes if they want to overcome short planning cycles and manage the blurred lines between planning and execution.

Successful manufacturers understand their customers' needs and make real-time decisions by leveraging the Big Data associated with sales and customer service.

Successful manufacturers see collaboration and responsiveness across global networks as the key, and they recognize the need for speed in sensing, analyzing, simulating, and responding to customer requirements.

# 46%

Lower supply chain planning cost (as a percentage of revenue) for organizations with higher maturity of the sales and operations planning process

Source: SAP Performance Benchmarking



# Supply Chain

SAP Solutions

## Supply Chain

Priorities

### SAP Solutions

# 18%

Lower manufacturing cycle time when all key performance indicators are monitored, measured, analyzed, and controlled automatically

Source: SAP Performance Benchmarking

## The most successful manufacturers are agile and responsive.

They operate across a volatile global network and meet demanding customer requirements. Real-time supply chain performance enables companies to achieve faster response times and improved service metrics, while reducing costs and inventory.

### Sales, Inventory, and Operations Planning

Determine optimal inventory levels at each tier within the supply chain. Perform consensus planning, match demand with supply, and align plans to financial targets through a user-friendly, multiorganizational, collaborative environment.

### Demand and Supply Planning

Drive demand planning and forecasting processes. Determine and optimize sourcing, production, distribution, and purchasing plans.

### Demand Management

Support a demand-driven supply chain that captures and senses demand in real time and incorporates new demand sources, including social media and market research.

### Manufacturing and Supply Orchestration

Align inventory with demand intelligence to lower service costs. Synchronize supply and manufacturing planning across internal and external manufacturing sites.

### Transportation Management

Combine transportation and warehouse processes with 360-degree supply chain visibility. Plan, consolidate, and optimize freight shipments, while accounting for applicable limitations, constraints, and costs for inbound and outbound shipments.

### Warehouse Management

Fully automate warehouse and distribution operations, including inbound processing, receipt confirmation, cross-docking, outbound processing, and warehouse, storage, and inventory management.

## Benefits

- Improve supply chain insight
- Sync supply with financial goals
- Shorten response times
- Balance supply and service levels
- Deliver perfect-order execution
- Reduce supply chain costs



## Manufacturing

SAP Solutions

**Manufacturing**

**Priorities**

SAP Solutions

Discrete manufacturers must shift from fixed production capacity to being highly flexible and responsive to changing demand. They must optimize production networks to accelerate innovation and promote quality and compliance.



Customer demand for innovative products, shorter product lifecycles, increased quality, and stricter compliance are just some of the challenges facing manufacturers in today's competitive global environment.

Manufacturers need a global view of demand so production can be distributed effectively across their networks and scheduled for timely shop-floor execution. Common material masters, integrated sourcing, and synchronized engineering and manufacturing bills of materials improve time to profit.

Process integration and real-time data from the shop floor can be used to track work in progress, and embedded controls can improve quality and reduce variation through corrective and preventive action. Customer feedback, supplier issues, quality improvements, and innovations can be rapidly addressed or integrated into production.

# 10%

Higher capacity utilization when manufacturing managers can track strategic manufacturing objectives and operational activities

Source: SAP Performance Benchmarking



# Manufacturing

SAP Solutions

## Manufacturing

Priorities

### SAP Solutions

6%

Higher on-time delivery when promise dates are integrated with manufacturing conditions to generate schedules and optimize resources

Source: SAP Performance Benchmarking

## Increase flexibility and innovate quickly.

Respond to changing market demands and improve competitiveness by designing and delivering high-quality, compliant products via a flexible manufacturing network.

Engineer-to-Order and Project Manufacturing

Synchronize complex design from engineering to manufacturing.

Make-to-Order Manufacturing

Coordinate orders with scheduling and shop-floor controls, as well as quality planning and monitoring.

Asset Operations and Maintenance

Enable holistic asset operations and maintenance with integrated, automated, and unified data, processes, and reporting.

Quality Management and Compliance

Tightly integrate closed-loop quality planning, execution, improvement, and collaboration with real-time access to quality-related data.

## Benefits

- Improve on-time delivery
- Reduce manufacturing costs
- Improve yield performance
- Reduce cost of compliance
- Drive efficient asset utilization
- Reduce unplanned downtime



## Aftermarket Service

SAP Solutions

### Aftermarket Service

#### Priorities

SAP Solutions

Customers have never before been so empowered by social networks and digital technologies. Best-run companies are those that work to proactively understand and engage their customers and exceed their ever-increasing expectations.



# 7%

Higher customer satisfaction when detailed customer profiles, transactions, preferences, and interaction history are maintained for each customer

Source: SAP Performance Benchmarking

**Solve problems faster and smarter:** To exceed customer expectations, companies need instant access to information from anywhere. Service representatives need tools that allow them to collaborate in real time with company experts to solve complex customer problems.

**Streamline service:** To reduce costs, companies must rationalize their customer-service processes in both the office and the field. They need instant access to operational data, key performance indicators, and customer feedback to rapidly make adjustments and take corrective actions.

**Increase profitability:** When service representatives are knowledgeable about their customers and the installed-base equipment, they can make effective cross-sell and up-sell offers that drive revenue and increase customer satisfaction.

**Make sense of Big Data:** Companies can use the huge volumes of data generated by customers, prospects, and equipment to gain valuable insights.

## Aftermarket Service

SAP Solutions

### Aftermarket Service

Priorities

#### SAP Solutions

9%

Higher first-call resolution rate when rules-based event triggers are preconfigured and used to aid customer service interactions

Source: SAP Performance Benchmarking

### Deliver exceptional levels of service in every customer experience.

Be a best-run service organization: solve problems faster and smarter, streamline service operations, increase service profitability, and make sense of Big Data.

#### Multichannel Service Excellence

Enhance customer satisfaction and promote loyalty by providing continuous service excellence across multiple channels.

#### End-to-End Service Management

Streamline customer service and keep customers happy using a service management platform to automate and simplify company processes.

#### Advanced Contract Management

Run the service business profitably with comprehensive and flexible service-contract and billing management tools.

#### Service Parts Management

Manage all aspects of service-parts delivery – including parts planning, procurement, storage, fulfillment, and delivery – according to service-level agreements (SLAs).

#### Dealer Management

Empower the dealer network to share information such as spare-parts data and machine service records.

### Benefits

- Greater customer satisfaction
- Increased service profitability
- Streamlined service operations
- Higher first-call resolution rate
- Improved SLA compliance
- Better collaboration with dealers



## Human Resources

SAP Solutions

### Human Resources

#### Priorities

SAP Solutions

Talent provides a true competitive edge and is crucial when aligning business strategy and execution. Best-run industrial manufacturers achieve profitable growth by leveraging their world-class talent and outinnovating the competition.



For organizational growth and responsive agility to business change, industrial manufacturers must give people knowledge and technology to facilitate innovation. They must also move into new markets, adapting to local practices and tapping the right local talent.

In addition, they must identify and retain new talent acquired through mergers and acquisitions. Industrial machinery and components companies that quickly respond with the right talent in the right places will have a unique advantage in the marketplace.

# 12%

Lower employee turnover when a formal succession planning process is in place, with key internal people identified to replace current leaders

Source: SAP Performance Benchmarking



# Human Resources

SAP Solutions

## Human Resources

Priorities

### SAP Solutions

## Enter the new world of work.

Couple global functionalities and real-time insight with mobile-device software support to drive value, increase employee satisfaction, and improve business performance.

Core Human  
Resources and  
Payroll

Consolidate HR and payroll processes on a common global platform for better workforce data and legal compliance.

Talent Management

Improve strategic alignment, increase productivity, and accelerate results by identifying, developing, motivating, and retaining talent.

Time and  
Attendance  
Management

Streamline time management processes to enhance resource effectiveness and visibility into and control over labor costs.

Workforce Planning  
and Analytics

Identify and analyze talent gaps and streamline workforce planning for efficient and effective management of workforce demand and supply.

9%

Higher employee engagement when the HR system supports a balanced scorecard framework integrated with performance appraisal documents

Source: SAP Performance Benchmarking

## Benefits

- Align people to company strategies
- Support global expansion
- Boost productivity and engagement
- Gain real-time business insights



## Finance

SAP Solutions

**Finance**

**Priorities**

SAP Solutions

CFOs implement best practices to help them strike a fine balance between sound stewardship and value creation, entrepreneurship and caution, and the big picture and exacting detail.



Financial organizations are struggling to achieve excellence during one of the most difficult and volatile economies of modern times.

Persistent challenges include ongoing market instability, ever-changing regulations, and increasing pressure on margins. As the speed of finance increases, so does the need for financial insight on the go – any place, any time. Financial executives must cut costs while demonstrating the value of the company.

More than ever, finance departments need best practices to help them achieve excellence.

With the right solutions for finance, organizations can excel where it is needed most – promoting regulatory compliance and effective risk management, outperforming financial objectives, creating sustainable value, and delivering superior service.

# 14%

Lower compliance and risk management cost when the financial system can support internal as well as external accounting requirements

Source: SAP Performance Benchmarking



## Finance

SAP Solutions

### Finance

Priorities

#### SAP Solutions

# 26%

Fewer days required to close annual books when the AP system is integrated with the general ledger so that no reconciliations are necessary

Source: SAP Performance Benchmarking

### Now more than ever, best practices help finance departments excel.

Companies with a 360-degree view of financial processes work together more efficiently and use business insight more effectively to stay ahead of the competition.

#### Financial Planning and Analysis

Execute organizational strategies and control costs.

#### Accounting and Financial Close

Help ensure a fast, accurate, and compliant close with less cost and effort.

#### Treasury and Financial Risk Management

Increase insight and control over complex processes for managing cash, liquidity, and risk.

#### Collaborative Finance Operations

Automate transactional processes for increased efficiency, effectiveness, collaboration, and service with lower cost.

#### Enterprise Risk and Compliance Management

Protect revenue and optimize financial performance.

### Benefits

- Help ensure regulatory compliance
- Mitigate financial risk
- Outperform financial objectives
- Deliver superior financial reports
- Trim financial administration cost
- Execute faster period-end closings



## Procurement

SAP Solutions

**Procurement**

**Priorities**

SAP Solutions

While manufacturers often focus on revenue, attention to procurement savings can increase profits about five times as much. One of the keys to maximizing profits is to achieve consistent quality, savings, and compliance from purchasing – over time.



Procurement leaders set a baseline for success by implementing best practices, excelling in category expertise, and working with key stakeholders on cost-control programs.

While savings is always a priority, new objectives have emerged as well. Procurement must also manage supplier risk and performance, improve process efficiency, drive innovation, and help ensure sustainability practices.

With the right solutions, purchasing can cut costs and add value, supporting processes including spend analysis, sourcing, contract management, operational procurement, and supplier information management, as well as risk and performance management.

These tools, when coupled with an unparalleled collaborative business network, drive real-time insight and efficiency that can be delivered only through “the power of many.”

# 48%

Higher annual savings when managers have sourcing cockpit and can analyze supply strategy to reduce sourcing cycle

Source: SAP Performance Benchmarking



# Procurement

SAP Solutions

## Procurement

Priorities

### SAP Solutions

# 55%

Lower FTEs per billion in spending for IM&C companies where suppliers collaborate with engineering and sourcing to ensure meeting product expectations

Source: SAP Performance Benchmarking

## Create sustainable savings while supporting innovation.

Drive best practices in the source-to-pay process, while leveraging the power of network collaboration for efficiency and insights.

Strategic Sourcing and Supplier Management

Find new suppliers through Ariba Network by Ariba, an SAP company, and manage these relationships through supplier management solutions. Identify and act on sourcing opportunities, and create favorable, low-risk supply contracts.

Procure to Pay

Realize savings with compliant, user-friendly procurement processes. Collaborating on Ariba Network makes catalog management, purchase order collaboration, and invoice-related transactions even more efficient.

Commodity Management

Limit the impact of commodity price volatility, automate price calculations, gain visibility, and manage risks.

## Benefits

- Support supplier performance
- Reduce direct material cost
- Lower spend-to-buyer ratio
- Drive innovation with suppliers
- Trim administrative cost and risk
- Decrease source-to-pay cycle times



## Information Technology

SAP Solutions

### Information Technology

#### Priorities

SAP Solutions

Business enterprises should forge strategic business partnerships with their IT organizations by aligning goals. Business-oriented information technology is all about maximizing efficiency and responsiveness by running IT like a business.



Recent studies show that lines of business want to ascertain the value of their IT investments. IT organizations no longer decide alone which IT projects to fund.

The challenge is that information technology is often seen as just running the technical landscape. To become more relevant to an enterprise, IT needs to reposition itself to run like a business.

SAP offers an integrated portfolio of solutions to do just that. New technologies such as mobile, in-memory, and cloud computing generate value to a business in an unprecedented way.

However, these new technologies also make IT landscapes more complex, requiring more tools to manage them. By leveraging SAP solutions that follow best practices, CIOs, CEOs, other executives, management, and employees can tap into and help ensure efficiency, continuity, and responsiveness – making IT more strategic to the business.

# 23%

Lower IT spend when the company has established common, streamlined IT and business process standards across the organization

Source: SAP Performance Benchmarking



# Information Technology

SAP Solutions

## Information Technology

Priorities

SAP Solutions

**Evaluate and control risk, enable flexibility and scale, control, and optimize costs, and maximize strategic value.**

Enable business continuity, drive efficiency, and increase IT responsiveness to business objectives – with information technology solutions designed for businesses of any size.

Application Lifecycle Management

Use application lifecycle management best practices, methods, and services based on IT Infrastructure Library (ITIL).

IT Infrastructure Management

Monitor all network assets to drive integrated infrastructure and application lifecycle.

IT Portfolio and Project Management

Align the portfolio and manage projects to drive innovation efficiently.

IT Service Management

Align service-desk operations with SLAs, resolve SLA incidents fast, and adopt ITIL best practices to meet evolving business goals.

IT Strategy and Governance

Track IT costs and risks, plus map risks and compliance activities to business impact.

# 36%

More IT projects generating positive ROI when IT is included in the prioritization process early on to develop an appropriate road map

Source: SAP Performance Benchmarking

## Benefits

- More in tune with company strategy
- Shorter IT business cycles
- Lower cost of budget to revenue
- Reduced system costs
- Decreased cost of risk mitigation
- Lower downtime of critical systems



## Technology and Platform

SAP Solutions

### Technology and Platform

#### Priorities

SAP Solutions

Manufacturers must drive transformation through technology innovation to improve the value of information, empower new developer and user experiences, and unwire their businesses to innovate with customers, partners, and employees.



As users become more knowledgeable, their needs escalate. They expect real-time insights, predictive analysis, and real-time access to applications from the latest mobile devices. And the number of users expecting access is growing quickly.

At the same time, data volumes are exploding and users must be empowered with information available in an entirely new class of real-time applications. Developers must have a platform they can use to innovate faster.

Today's business challenges are more complex than ever. Manufacturers must drive transformation through the innovative use of technology. Industrial machinery and components companies that thrive will enable the real-time enterprise to improve the value of information, empower new developer and user experiences, and unwire their businesses to innovate engagement with customers, partners, and employees.

# Technology and Platform

SAP Solutions

## Technology and Platform

Priorities

### SAP Solutions

## Drive change and helping business thrive.

SAP solutions enable the real-time enterprise, empower new experiences, and unwire the business.

### Big Data

Achieve tangible results on every business priority by accelerating how users acquire, analyze, act on, and apply insights continuously.

### Real-Time Enterprise

Power a new class of real-time analytics and applications with an innovative data platform to give businesses a true competitive advantage.

### Real-Time Analytics

Unleash collective insight through enterprise business intelligence, agile visualizations, and advanced analytics on any device and platform.

### Enterprise Mobility

Deliver a platform for mobile development and security to innovate employee and consumer apps for any mobile device.

### Enterprise Information Management

Maximize the value of business data across the organization.

### Cloud Solutions

Extend existing on-premise applications and infrastructure to enable new innovative business processes, gain greater insights, and unlock new business value.

### Application Integration

Integrate application delivery to maximize agility across people, processes, and systems – within and beyond the SAP software landscape.

### 3D Business Visualization

Accelerate decision making, optimize productivity, and improve quality by integrating 3D visualization and business data across your value chain.

## Benefits

- Operate business in real time
- Reduce time to value
- Turn data into an enterprise asset
- Unwire business, drive engagement



# SAP Innovations

## SAP Innovations

Applications

The SAP HANA Platform

Mobile

Analytics

Cloud

# 65%

Of companies believe the cloud will amplify other technology megatrends, such as enterprise mobility, Big Data, and analytics

Source: SAP Performance Benchmarking

New technologies must be integrated with existing applications. New devices must readily assimilate into existing business processes. SAP software technology meets the needs of existing software systems and responds quickly to business challenges and new technology trends.



SAP technology provides huge benefits to manufacturers, helping them compress sales cycle times, minimize time to profit, and reduce manufacturing and supply chain costs.

### Big Data

With the SAP HANA platform, IT users can analyze business operations based on large volumes of detailed information as it develops in real time.

### Mobile

Mobile apps from SAP enable all aspects of company operations to run faster and smoother by providing employees with access to critical information anytime, anywhere.

### Analytics

Analytics applications from SAP work with both SAP solutions and heterogeneous enterprise applications and data sources to leverage proven industry best practices.

### Cloud

The cloud provides a new way to deliver extraordinary potential for businesses to run better, faster.

SAP technology enables businesses to understand and serve consumers and enables employee access to the information needed to improve every aspect of enterprise operations.



## SAP Business Suite powered by SAP HANA

SAP Innovations

### Applications

The SAP HANA Platform

Mobile

Analytics

Cloud

SAP Business Suite software powered by SAP HANA allows best-run manufacturers to run faster, simpler, and smarter – reducing sales cycle times for products and services, minimizing time to profit for new projects, and decreasing supply chain as well as manufacturing costs.



### Sales

SAP Business Suite powered by SAP HANA dramatically speeds the consolidation of Big Data from multiple sources, generating context-based, custom-tailored sales quotes for complex configurations and bundled solutions.

### Manufacturing and Supply Chain

SAP Business Suite powered by SAP HANA helps companies monitor the progress and status of engineer-to-order projects by quickly analyzing huge volumes of project-related data to enable the best possible resource productivity and project profitability. Near-real-time decision making helps reduce supply-chain costs, optimize inventory levels, and increase on-time delivery performance.

### Aftermarket Service

SAP Business Suite powered by SAP HANA provides users with a simplified, 360-degree customer view by combining data about sales, installation, service, equipment, installed base, and maintenance via a lightning-fast rules engine. Driving profitable growth by leveraging predictive algorithms that help service organizations make smarter decisions based on events reported by connected assets and equipment is essential to insight-driven service.



## The SAP HANA Platform

SAP Innovations

Applications

**The SAP HANA Platform**

Mobile

Analytics

Cloud

# 48%

Of organizations foresee a need for having predictive modeling and complex optimization techniques on Big Data analysis

Source: SAP Performance Benchmarking

Large-scale projects are the perfect example of how Big Data is changing the way businesses process and analyze information. Enterprises in industrial machinery and components can leverage analytics to quickly synthesize the enormous amount of data generated by their projects.



Big Data is affecting every aspect of industrial operations. Leveraging the power of in-memory technology, SAP HANA allows massive amounts of data to be analyzed in real time.

**R&D / Engineering** teams can harness volumes of data to analyze compliance requirements, rationalize product lines, and speed innovation.

**Sales** can develop robust sales strategies for complex configurable products and manage massive volumes of customer segmentation data. Sales teams can instantly develop comprehensive sales analyses.

**Supply chain** managers can analyze data to perform what-if analyses, maximize supply-chain efficiency, improve reliability and availability of assets, and analyze key supply chain processes – all in real time.

**Manufacturing** gains quicker insight into the volumes of data generated. Big Data solutions powered by SAP HANA help significantly reduce costs.

**Aftermarket Service** can remotely monitor equipment and machinery installed at customer sites, analyze high-volume transaction history, plan maintenance, and integrate operational data sources into a single version of the truth – in seconds.



SAP Innovations

Applications

The SAP HANA Platform

**Mobile**

Analytics

Cloud

**40%**

Higher employee productivity  
when mobile access is  
provided to employees across  
all levels

Source: SAP Performance  
Benchmarking

## Mobile

The best-run manufacturers have long known the value of mobile to deliver significant improvements to sales and aftermarket service. But the world is rapidly changing, and manufacturers are looking to mobile to accelerate and transform the very way they do business across the entire value chain.



The world today operates in a mobile environment. Enterprise mobility makes business processes more efficient across the board.

In engineering, mobile apps from SAP make project data more accessible. In sales, orders can be entered quickly, while product availability and delivery dates can be confirmed on the spot. In the supply chain area, procurement can verify that all operations are running smoothly and react quickly and effectively to any exceptions. In manufacturing, mobile apps from SAP provide access to production data.

Enterprise mobility also allows manufacturers to provide exceptional customer service while lowering delivery costs, thus helping to build in customer loyalty and improve profit margins. Field-service technicians can gain access to equipment information on-site, thus prolonging the life of the equipment and improving performance. First-time fixed rates improve since service specialists can access up-to-date information on customers, contracts, claims, and payments. With accurate collection of data by field-service engineers, invoice cycle times can also be reduced.

## Analytics

SAP Innovations

Applications

The SAP HANA Platform

Mobile

**Analytics**

Cloud

# 26%

Higher inventory turns with  
warehouse analytics

Source: SAP Performance  
Benchmarking

Analytics applications work with both SAP and non-SAP enterprise applications and data sources to leverage industry best practices. They address a diverse set of industry-specific issues confronted by professionals across the complete spectrum of industrial machinery and components disciplines.



**R&D / engineering** quickly delivers intuitive analytics to improve business-process performance and help users visualize complex data, using interactive models and dashboards.

**Sales** uses analytics to review sales performance reports and receive alerts based on customized rules and improve sales effectiveness, productivity, and cycle times.

**Supply chain performance management (SCPM)** and overall operations efficiency analyses allow greater visibility into supply chain operations. Closed-loop collaboration with SCPM fosters improvement initiatives, assigns owners to activities, and monitors supply chain progress.

**Manufacturing** solution functionalities, such as project performance analysis, bring visibility to the financial, operational, and compliance performance of projects. And with analytics features, such as service management analysis, SAP software provides quick visibility into which customers are buying what offerings.

## Cloud

SAP Innovations

Applications

The SAP HANA Platform

Mobile

Analytics

**Cloud**

# 66%

Of survey respondents expect greater flexibility and agility to be a source of business advantage from cloud computing

Source: SAP Performance Benchmarking

The speed and flexibility of cloud computing is creating new opportunities. SAP solutions and SAP HANA Cloud Platform allow companies to build differentiating solutions at the point of engagement – establishing nimble global business networks or connecting faster, more directly with customers.



**R&D / engineering** can streamline and expedite project activities by leveraging cloud-based collaboration tools from SAP that facilitate brainstorming, help structure discussions, and promote consensus building.

**Sales** can become more efficient and reduce the time and effort it takes to close deals with cloud-based sales solutions from SAP. OEMs can establish direct multichannel engagements with their distributors and customers, using cloud solutions from hybris that help drive greater insight by predicting manufacturing and supplier performance in real time.

**Procurement** executives can leverage the power of Ariba Network to gain access to an extensive supplier base, streamline procurement processes, and create a new channel for selling products.

**Aftermarket service** can use SuccessFactors learning solutions to train and enable service personnel in the extended ecosystem to create safe and effective experiences for users of equipment and machinery. Field-service technicians can also maximize efficiency and reduce travel-management challenges using cloud-based solutions.

## Best-Run Customers

### Best-Run Customers

Barloworld Handling

BEML Procurement

Blue Star Sales

ebmpapst

Sauer-Danfoss

Tangshan Railway

Zeppelin Russland

Why SAP?

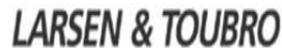
Ten of the top 10 motion and fluid control companies run SAP software.

Nine of the top 10 materials handling companies run SAP software.

Nine of the top 10 oil and gas machinery companies run SAP software.

Nine of the top 10 construction machinery companies run SAP software.

Nine of the top 10 electrical equipment companies run SAP software.



## Customer Co-Innovation

### Best-Run Customers

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Why SAP?

# 82

Industrial manufacturers are regular members of the SAP global and regional councils

With the Global Industry Advisory Council setting the priorities, SAP and leading manufacturers co-innovate and drive continuous incremental enhancements across the value chain, from R&D / engineering to aftermarket service.

The global council coexists with executive value networks in key regions around the globe. CIOs of top companies share best practices on how to become best-run manufacturers.

### Co-Innovation Partners

Council subgroups on mobile and in-memory computing exist, and a group on cloud computing is forming. Past groups realized innovations around mobile configuration and integrated supply chain topics.





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Why SAP?

## **Barloworld Handling UK: Driving Optimal Performance with Mobile Technology**

Barloworld Handling UK, a division of Barloworld Ltd, serves as the United Kingdom distributor of Hyster forklifts and provides equipment, service, and support. Wanting to centralize its operations and enable remote connectivity for its service fleet, Barloworld implemented the SAP Mobile Asset Management application. As a result, the company has improved the productivity of its technicians, increased back-office efficiency and customer service, and decreased overhead costs.

### **Key Benefits**

- Increased regional revenue by €564,000 annually
- Achieved project payback in less than 12 months
- Achieved 60% conversion rate by enabling technicians to raise leads electronically while on service calls
- Increased first-time-fix rate through remote access to technical parts information

**6**

Number of back-office service locations reduced

**10%**

Increase in engineer productivity through workflow efficiency

**55**

Administrative positions eliminated

“Barloworld has been able to significantly reduce overhead and improve productivity with SAP Mobile Asset Management – and we expect the annual benefits will exceed the project cost.”

Robert S. Tennant, CIO, Barloworld Handling UK





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Why SAP?

## **BEML: Excellence in Public Sector Procurement Through SAP SRM**

BEML Ltd. is a leading multitechnology company operating under the Indian Ministry of Defense. It is active in three major business verticals – mining and construction, defense, and rail and metro – and offers end-to-end technology solutions for diverse sectors of the economy. Following success with the SAP ERP application, BEML turned to the SAP Supplier Relationship Management (SAP SRM) application to automate and streamline its procurement processes.

### **Key Benefits**

- Significantly reduced the procurement cycle due to easier publishing of tenders with attachments
- Enabled vendors to access the documents and drawings and see the status of submissions online
- Increased competition leading to better prices in reverse auctions

**20%**

Improvement in  
employee  
productivity

**30%**

Reduction in  
procurement cycle  
time

**50%**

Reduced  
administrative cost  
and efforts in  
procurement

“Implementation of SAP SRM has automated and simplified the procurement process while achieving improved efficiency, increased productivity, total transparency, and competitive prices for the items tendered.”

V. RS. Natarajan, Chairman and Managing Director, BEML Ltd.





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Why SAP?

## Blue Star: Creating a New Climate for Improved Service and Higher Revenue with SAP CRM

As India's biggest seller of air-conditioning systems, Blue Star Limited understands the value of aftersales customer service. So it goes the extra distance for customers, and it does so while keeping service operations fast and lean to ensure increasing revenue and profits. So what's Blue Star's secret? The SAP Customer Relationship Management (SAP CRM) application.

### Key Benefits

- Faster response to customer needs and inquiries
- Improved visibility of customers, installations, and product issues
- Cost-effective maintenance of customer installations
- 20.5% internal rate of return
- 25% faster service response time (within 1 year)
- Happier customers and an increase in service revenue and profits

**40%**

ROI achieved  
(within 1 year)

**30%**

Service-based  
revenue growth  
(within 1 year)

**70%**

Net profit growth for  
service business  
(within 1 year)

“By going with a big-bang approach and deploying SAP CRM and SAP ERP simultaneously, we were able to get the comprehensive functionality we needed much faster.”

Rahul Mehta, Senior General Manager for IT, Blue Star Limited



# ebmpapst

Best-Run Customers

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Why SAP?

## ebmpapst: Running SAP Manufacturing Execution and SAP Manufacturing Integration and Intelligence

ebmpapst, based in Germany, makes fans and blowers for 10 industries and is considered the most innovative company in the industry. The worldwide innovation leader in fans and motors with over 14,500 different products, ebmpapst has the ideal solution for virtually all air technology and drive engineering tasks. ebmpapst, as a leading manufacturer, runs SAP Manufacturing Execution and SAP Manufacturing Integration and Intelligence (SAP MII) applications on its shop floor.

### Key Benefits

- Full traceability, allowing ebmpapst to enter the aircraft industry
- Precise overview of quality in production
- Ability to create own user interface with all information available on one dashboard
- Optimization of production by 2%–3% with SAP Manufacturing Execution alone

**99.5%**

First-pass yield

**99%**

Accuracy of labor

**10%**

Increase in productivity resulting from the productivity dashboard from SAP

“In certain negotiations with customers, it really is a competitive advantage.”

Klaus Blum, Chief Information Officer, ebmpapst





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BEML Procurement

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ebmpapst

**Sauer-Danfoss**

Tangshan Railway

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Why SAP?

## SAUER-DANFOSS: Putting Efficient Procurement Processes in Motion

Sauer-Danfoss Inc. is a leader in the production of engineered hydraulic and electrohydraulic systems, with more than 20 manufacturing sites worldwide. Each of these locations procures tens of thousands of direct materials from shared suppliers around the globe. By choosing SAP software to implement a single Web-based interface for its suppliers, Sauer-Danfoss gained greater control over its procurement operations while reducing operating costs.

### Key Benefits

- A single Web-based portal for global suppliers
- Reduced overshipments and inventory levels
- Enhanced two-way communication with suppliers
- More accurate payments to suppliers
- Shipping errors identified at point of receipt
- Improved productivity in procurement and accounts
- Faster supplier response to changing requirements

“We have already seen significant benefits and we expect more in the future.”

Gary Botine, VP Information Technology, Sauer-Danfoss Inc.

18

Months payback period

100%

Reduction in payment discrepancies with onboarded suppliers

100%

Reduction in accounts-payable manual processes





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Blue Star Sales

ebmpapst

Sauer-Danfoss

**Tangshan Railway**

Zeppelin Russland

Why SAP?

### **Tangshan Railway: Integrating Train Production and Maintenance with SAP Product Lifecycle Management**

CNR Tangshan Railway Vehicle Co. Ltd. integrated R&D, manufacturing, and maintenance with the SAP Product Lifecycle Management application, improving quality and efficiency while reducing costs. In the electrical multiple-unit train project, the company overcame challenges, such as complex production processes and supply delays, and rolled the first train off the production line in 2008.

#### **Key Benefits**

- Significantly improved R&D management, efficiency, and quality while reducing costs
- Unified source data across departments with a single application
- Well-trained and efficient operation and maintenance team established for the R&D software to continuously meet the requirements of R&D management

**33%**

Faster product R&D cycle

**13%**

Decrease in product costs

**40%**

Improvement in accuracy of engineering changes

“By offering a single application that supports unified market management, R&D, manufacturing, and customer service, SAP has helped TRC run better.”

Song Yubin, CIO, CNR Tangshan Railway Vehicle Co. Ltd.



# ZEPPELIN®

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Sauer-Danfoss

Tangshan Railway

**Zeppelin Russland**

Why SAP?

## Zeppelin Russland: Implementing Business Intelligence Solutions for Greater Profitability and Control

Zeppelin Russland LLC is a dynamic, quickly growing company with a wide subsidiary network. The firm's growth demanded implementation of an extended reporting system for logistics and finance. To meet this need, Zeppelin Russland chose SAP BusinessObjects business intelligence solutions because of their optimal integration with SAP ERP.

### Key Benefits

- Improved company profitability through deal-profitability insights
- Enhanced performance of sales, services, and parts distribution units
- Increased quality and speed of parts supply planning and execution back loop
- Reduced time to take inventory
- Analytics for deal profitability analysis and automated calculation of KPIs

**15%**

Reduction in closing time for books

**20%**

Improvement in reporting staff performance

**5%**

Inventory reduction

"Timely analytical insights now enable us to make better decisions faster, keeping resources focused on value-adding activities instead of routine tasks."

Zhak Kocharyan, Head of Spare Parts Supply Division, Zeppelin Russland LLC



## Why SAP?

Best-Run Customers

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**Why SAP?**

SAP software enables companies to compress sales cycle times, minimize time to profit, reduce supply chain costs and improve service levels. The result is a transformation from simply manufacturing products to providing complete turnkey solutions.

### **Tightly Integrated Business Software Solutions**

SAP offers the most comprehensive and tightly integrated portfolio of business solutions to support the end-to-end processes of the industrial machinery and components industry.

### **Leveraging Key Breakthrough Innovations**

The SAP solution portfolio is based on the industry's most innovative technology foundation including applications, SAP HANA, mobile solutions, analytics, and cloud solutions. The portfolio facilitates business-process optimization and efficiency at the lowest possible cost.

### **40 Years of Delivering Value to Industrial Machinery and Components**

The world's leading industrial manufacturers, across every major segment of the industry throughout the world, continue to rely on SAP solutions to support every aspect of their business.



## Why SAP?

Best-Run Customers

**The best-run industrial machinery and components organizations rely on SAP.**

Barloworld Handling

Our customers represent 79% of Global Fortune 500 companies.

BEML Procurement

Our customers represent 100% of the top scoring companies in the Dow Jones Sustainability World Index.

Blue Star Sales

Our industrial machinery and components customers comprise 11 of the Forbes 50 Most Innovative Companies in the World.

ebmpapst

Our industrial machinery and components customers comprise over 6,000 companies worldwide.

Sauer-Danfoss

Tangshan Railway

Zeppelin Russland

**Why SAP?**



# Find Out More About How Your Organization Can Become Best-Run

## Benchmark Your Performance

Position your organization for dominance in this new economy with the business performance benchmarking program from SAP – available free to SAP customers and select prospects. The SAP benchmarking program has helped more than 3,000 organizations assess their strengths, uncover areas for improvement, and identify best practices and IT strategies that generate clear, tangible value – not someday, but today.

Visit [valuemanagement.sap.com](http://valuemanagement.sap.com) >>

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Here's the fastest way to run your business better: our rapid-deployment solutions. In one package, you get everything you need to be up and running quickly – including preconfigured software and implementation services – in just weeks. With a defined scope and predictable costs, there are no surprises.

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Visit [scn.sap.com](http://scn.sap.com) >>



## Executive Overview

Industrial Machinery and Components

Executive  
Summary

SAP Solutions

SAP Innovations

References

Contact Us

CMP 28977 (14/01)

Visit us online to find out more.

Web:

<http://www54.sap.com/industries/industrial-machinery-and-components.html>

Community:

<http://scn.sap.com/community/industrial-machinery-and-components>

Twitter:

[https://twitter.com/sap\\_imc](https://twitter.com/sap_imc)

Linked-In:

[http://www.linkedin.com/groups?gid=4462810&trk=hb\\_side\\_g](http://www.linkedin.com/groups?gid=4462810&trk=hb_side_g)

Facebook:

<https://www.facebook.com/pages/sap-industrial-machinery-and-components/325293027481111?ref=hl>

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