KINAXIS®

KNOW SOONER. ACT FASTER.

Systems of engagement

Extend value creation through best-of-breed integration
with enterprise resource planning systems

Executive summary

Companies select enterprise resource planning (ERP) solutions to serve as a system of record, performing specific and critical business activities, like master data management and transaction management.

ERP providers have extended their solutions to include capabilities that perform every part of supply chain management, yet this single-sourced approach can still fail to meet business demands.

The new best practice is to deploy best-of-breed solutions that integrate with ERP systems to eliminate gaps between supply chain and business planning. In this integrated approach, systems of engagement provide real-time updates to data across the entire network. Teams work within a single platform to see the impacts of changes as they happen, and they can respond just as quickly.

Complete data integration on a secure, cloud-based platform, like Kinaxis® RapidResponse®, makes it all possible. Platforms like these connect internal data from business intelligence, manufacturing, and other sources with external sources providing logistics, supplier and customer data.

With just one layer for all integration needs, best-of-breed solutions that pair with ERP systems, like SAP S/4HANA, deliver supply chain performance improvements such as:

83% fewer expedites   **20%** lower lead times   **57%** shorter planning cycles.[1]

A best-of-breed system of engagement eliminates the silos between functional groups, bringing data, processes and people onto a single platform for integrated supply chain planning that works seamlessly with data sources from a variety of vendors. Information flows back and forth in real-time, creating new connections across the entire value chain.

Supply chain systems of engagement capabilities are enabling fast, confident decision-making that drives overall business transformation.

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[1] https://www.kinaxis.com/en/customers

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Supply chains need more than a system of record

Hurricane Harvey made landfall in the United States in late August 2017 after traveling across the Atlantic Ocean, Caribbean Sea and the Gulf of Mexico. By the time the storm subsided, these regions sustained over $100 billion[2] in damage. Just five days later, Tropical Storm Irma[3] was reclassified as a hurricane and destined for a similar path.

With the Gulf of Mexico region still reeling, Proctor & Gamble (P&G) could see that Hurricane Irma was going to inflict further damage on its ability to serve retail partners, and ultimately, consumers. P&G's peers were similarly concerned, going so far as to preemptively warn the financial markets of the potential impact. However, as Bob Herzog, Senior Director of Planning at P&G, told the audience at Kinexions '19[4], P&G's planners had confidence in their ability to leverage data and analytics to activate continuity plans that served those who needed the products most while also meeting business needs.

> " We were also able to start repositioning inventory, so that when the storm cleared, we could be there with toothpaste and personal care and diapers and toilet paper and feminine hygiene products – the things that we know that people need most after these kinds of storms."
>
> **BOB HERZOG, SENIOR DIRECTOR OF PLANNING AT P&G**

Without the blending of supply chain planning with IT planning and management, P&G's success in managing repeated disruptions may not have been possible. This blend allowed for individuals to combine critical thinking with analytical skills in a role that P&G calls "citizen developers." Investments in technology democratized data accessibility and empowered the citizen developers to "get the data that they need, in order to solve the problems that they have day in and day out."

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[2] https://www.worldvision.org/disaster-relief-news-stories/2017-hurricane-harvey-facts
[3] https://www.thebalance.com/hurricane-irma-facts-timeline-damage-costs-4150395
[4] https://www.kinaxis.com/en/blog/big-ideas-supply-chain-pg-transformation-competitive-edge

Adding value beyond traditional supply chain processes

This environment of integrated data and supply chain management represents a significant departure from the old way of working. Laura Becker, President of Global Business Services at P&G describes it as "a journey of transformation as consumers' needs and the external environment in which we compete continue to change. Our objective is to improve data visibility and insights to enable P&G to succeed in this dynamic environment."[5]
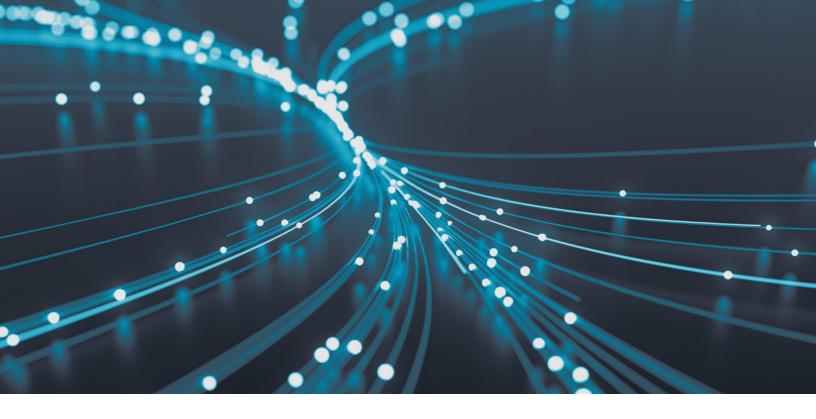
	Old way	New way
TECHNIQUE	Cascaded	Concurrent
DATA	Static and siloed	Active with real-time access in a single system
PROCESS	Slow and difficult to respond to change	Fast, proactive response to change
PEOPLE	Focused on functional metrics	Aligned around corporate metrics

P&G's journey, like that of many others, builds from enterprise resource planning (ERP) solutions which perform well as systems of record. These systems serve specific purposes, such as critical business activities like master data management and transaction management, which are now table stakes for any solution. Historically, the providers of ERP systems have also offered a series of additional solutions intended to perform every part of supply chain management. Yet, that single-sourced approach can be seen as outdated because it fails to include any of the other possible solutions that may have potential to drive value for the business.

An updated approach is to deploy best-of-breed solutions that integrate with ERP systems to add value beyond the edges of existing processes. In this new way, systems of engagement provide real-time access within a single platform. This allows for all stakeholders to work concurrently, enabling fast and proactive responses as circumstances change.

In doing so, systems of engagement shift the focus from singular and static views of functional silos to broader perspectives that look across a company's entire supply chain, even including both suppliers and customers. With standard transactions in the middle, systems of engagement create the platform for expanded value creation by aligning strategy and execution for supply chain planning, product life management, customer engagement and more.

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[5] https://www.digitalistmag.com/finance/2019/07/30/pg-staying-current-connected-with-customers-consumers-06199862/

Enterprise resource planning or best-of-breed, what is best for IT?

BY CHRISTINA CHRISTENSEN, SENIOR MANAGER, INDUSTRY AND SOLUTIONS MARKETING AT KINAXIS

Originally published on the Kinaxis blog at [Enterprise resource planning or best-of-breed, what is best for IT?](#)[6]

The creative contention over enterprise resource planning (ERP) vs. best-of-breed (BoB) has become age-old; however, key considerations weighting the equation have changed with the rise of the cloud, better integration tools, and more focus on the impact network solutions have on business transformation and end user satisfaction. The pendulum is swinging in favor of BoB as these considerations continue to eliminate the preconceived advantages of getting all of your planning tools from your ERP vendor.

The Costco conundrum

I think it is a natural human phenomenon to assume the path of least resistance is to keep your eggs in one basket. I know that was in mind when my family recently signed up for a Costco membership; where we now shop for food, household supplies, clothing, gas – and we even utilize the Costco credit card for outside expenses. One stop shop – easy, right? But what if there was another merchant out there who sold a special premium grade fuel designed specifically for my car and the longevity of its performance? Or, if I'm in the market for a guitar, and I know that Costco sells guitars it would make sense to take advantage of our membership – unless we want something of higher quality and better playability, should we instead make the investment at a real guitar store? Sure, Costco has a bit of everything, but if I am looking for a high-value niche product, I will absolutely deviate at the expense of losing the perception of convenience that came with using one retailer for all of my family's needs.

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[6] https://www.kinaxis.com/en/blog/enterprise-resource-planning-or-best-of-breed

The best-of-breed imperative

Enterprise IT leaders have an important choice to make when it comes to selecting the software solutions and offer capabilities that best fit their needs – whether it be an end-to-end system from one vendor or individual providers. In the end they want less strain with implementations, maintenance, customizations and upgrades – and an environment of interoperability and global visibility.

When this all could be achieved with a BoB provider integrating into an ERP environment, this is when IT professionals start to more heavily weigh opportunity over cost. It is important to consider if the capabilities from a monolithic vendor providing a fully integrated solution are adequate enough in the supply chain space to create a competitive advantage for their customers.

> Today, SAP and Oracle have market share dominance; however, the data is clear. Neither technology vendor is an industry leader in delivering a solution that fits the needs of the supply chain planner."
>
> **LORA CECERE OF SUPPLY CHAIN SHAMAN[7]**

It is the onus of any enterprise to choose the best offering in each category of software, for IT stakeholders to recognize the difference between ERP and a BoB solution, and to leverage the best types of solutions to create an integrated and harmonious IT system.

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[7] http://www.supplychainshaman.com/big-data-supply-chains-2/reflections-on-the-integrated-supply-chain/

Systems of engagement enhance supply chain strategy and execution

Supply chains struggle to keep up with the speed of business in an unpredictable world. They rely on an ERP backbone, whether a single or a multi-instance system, to be at the core of critical business processes. However, after spending hundreds of hours and millions of dollars to deploy or upgrade an ERP system, more investment is needed because ERP systems alone were not designed for today's supply chain volatility.

Whether a company is running SAP S/4HANA or another system, single-source vendors try to fill the gap between ERP systems and the need for a broader and more agile set of capabilities. Yet, the modular design of these single-source systems creates silos across data, processes and people, resulting in linear, sequential planning across functions. By the time a plan is formulated, the circumstances that a supply chain is facing may have completely shifted. And the longer a significant investment in time and money fails to yield reasonable results, even the most ardent vendor champion recognizes that there must be a better way than relying on a single vendor to manage a supply chain.

That better way starts with one thing: complete data integration. What makes that possible with a best-of-breed solution, such as Kinaxis RapidResponse? A secure cloud integration platform that connects internal data from business intelligence and manufacturing sources, amongst others, with external sources providing logistics, supplier and customer data. Further simplifying and accelerating the integration are pre-built SAP ERP templates that connect business systems quickly and easily and co-exist perfectly with SAP, as well as the ability to integrate with non-SAP data sources and other ERPs, like Oracle, to unify the entire environment.

What good looks like

Within a best-of-breed system of engagement, the silos between functional groups and the data they manage are eliminated. These solutions enable transparency by bringing together data, processes and people on a single platform for integrated supply chain planning that works seamlessly with data sources from a variety of vendors. Data flows back and forth in real-time so everyone always has an accurate picture of the end-to-end supply chain and the impact of their changes on others. Demand and supply are continuously and constantly balanced, allowing planners and management to react to the inevitable volatility of supply chains in an instant. With true end-to-end visibility and transparency of the entire supply chain network, concurrent planning removes the uncertainty of a siloed approach, creating plans that can always be relied upon.

With just one layer for all integration needs, best-of-breed solutions that pair with ERP systems (like SAP S/4HANA) deliver supply chain performance improvements such as 83% fewer expedites, 20% lower lead times and 57% shorter planning cycles.[8]

In particular, the ability of Kinaxis RapidResponse to integrate data from multiple ERP systems and other data sources has led to transformational improvements, such as at the following companies:

First Solar reduced overall inventory by 8% and aged finished goods inventory was reduced by 84%.[9]

Celestica realized a 15% gain in efficiency of supply chain planning functions.[10]

Nikon reduced finished goods inventory by 33% and significantly improved overall inventory management, avoiding excess and obsolete inventory while ensuring no stock-outs at the retail level.[11]

Avaya reduced supply chain annual expense by 31% and improved GAAP gross margin by 31%.[12]

Konica Minolta increased the data size by 7x (weeks to days), and had calculation times drop from several hours to minutes.[13]

[8] https://www.kinaxis.com/en/customers
[9] https://content.kinaxis.com/c/first-solar-end-to-e?x=R7Wat6
[10] https://content.kinaxis.com/c/celestica-order-prom?x=R7Wat6
[11] https://content.kinaxis.com/c/nikon-s-op-for-more-?x=R7Wat6
[12] https://content.kinaxis.com/c/research-supply-chai?x=R7Wat6
[13] https://content.kinaxis.com/c/konica-minolta-strea?x=R7Wat6

Best-of-breed integration successes

MSD: Removing silos in end-to-end supply chain planning

MSD (known as Merck & Co., Inc. in the US and Canada) has a 125-year history of improving people's health and well-being, from the discovery of Vitamin B1 to the development of the measles vaccine to the treatment of high cholesterol. The company's focus has always been on the patient. To continue delivering innovative medicines to patients in an increasingly competitive and changing world, MSD needed a world-class supply chain.

MSD is comprised of more than 100 markets across four geographical regions, including four planning hubs, over 80 distribution centers, and more than 20 internal and external sites. Seeking a way to connect all of them, MSD set out on a journey to standardize its enterprise resource planning (ERP) platform. The company recognized a need to sync its supply chain data and enable access to it across divisions to support better business decisions.

> "
> A number of years ago we had a problem with end-to-end visibility for our supply chain. We had SAP as our enterprise software, but it was not everywhere in the world, so we needed a mechanism for us to be able to see and to make the right decisions."
>
> **DOUG KELLY, DIRECTOR SUPPLY CHAIN MANAGEMENT, MSD**

MSD's vision was to plan more effectively, which in turn allowed it to supply high-quality products to its customers at the lowest cost and with the shortest lead-time. In order to meet these goals, MSD undertook a supply chain transformation initiative spanning global demand planning, global supply planning, distribution requirements planning (DRP) and sales and operations planning (S&OP) – using best-of-breed solution RapidResponse at its foundation.

With this integrated ERP and best-of-breed solution, MSD for the first time achieved:

- Global visibility of inventory for all finished goods

- Exception-based planning for min/max inventory levels

- Replenishment strategies implemented across sites and hubs

Learn more about how MSD removed silos in end-to-end supply chain planning.

Sonus: Improving demand planning through information sharing

Sonus brings intelligence and security to real-time communications. By helping the world embrace the next generation of cloud-based Session Initiation Protocol (SIP) and mobile solutions, Sonus enables and secures latency-sensitive, mission critical traffic for Voice-over-IP, video, instant messaging and online collaboration.

Committed to delivering cutting-edge products in a rapidly evolving industry, Sonus was faced with the challenge of meeting customer demands in a timely and efficient manner. Struggling with the reality of not being able to easily consolidate data from multiple sources, they were dealing with delays in understanding the impact of changes to their supply and demand plans.

Finding what needed attention was painful and slow. It took days to develop forecasts and involved extensive manual data entry and manipulation every quarter – in most cases requiring more than 1,200 line-items to be updated or added to the existing ERP tool just for locked forecasts alone. Unsurprisingly, making changes was a difficult and time-consuming process.

To combat their planning issues due to lack of data consolidation and visibility, Sonus turned to Kinaxis RapidResponse. It allowed them to easily and seamlessly connect data from multiple sources, including their traditional ERP software, existing Excel spreadsheets, and even their customer relationship management (CRM) tool, and to share that information collaboratively across multiple departments.

> "
> Before, we used to spend days manually entering data into our enterprise resource planning tool and various Excel spreadsheets to generate our forecasts. Now, in RapidResponse, we complete the same task within hours while providing more in-depth analysis."
>
> **LAURE MORGAN, DEMAND PLANNING MANAGER, SONUS NETWORKS**

Sonus is now able to build forecasts in hours instead of days, and when a change does need to be made, instead of holding another meeting, planners can discuss options with product managers on the fly, with the most up-to-date data easily available at their fingertips. It is especially valuable to Sonus that:

- Independent demand changes are automatically synced quickly and effectively from the ERP directly to RapidResponse.

- By importing opportunities from their CRM, they can run different scenarios to ensure they have the necessary supply to meet the potential new demand.

In essence, Sonus has been able to close the loop on its supply and demand plans, allowing for rapid collaborative change management and the ability to simultaneously plan, monitor and respond. Key decision-makers across all departments now see the same information at the same time, instead of struggling to reconcile disparate Excel spreadsheets and data.

Learn more about how Sonus Networks improved demand planning through information sharing.

Choosing the best path forward

Unmatched agility, speed and efficiency are requirements for integrated supply chain planning with the transparency needed to quickly deal with disruption. Moving past the siloed planning techniques of the past and staying profitable in today's volatile world means going beyond the limitations of single-source solutions by delivering instant what-if simulations, synchronized end-to-end collaboration, breakthrough concurrent planning and more.

These capabilities are vital to the development of the supply chain systems of engagement that are already driving measurable business transformation. Underpinning those systems of engagement is fast, easy supply chain data integration that creates new connections across the entire value chain.

To begin the process of building a system of engagement, consider the characteristics that make Kinaxis RapidResponse the best of the best-of-breed solutions for ERP integration:

01 Single integration layer

One platform for authoring, processing and executing data integration, so you see value faster.

02 IT-friendly

A single host with everything needed for project storage and source control, transformation processing and administration.

03 Pre-built capabilities

Extend and reuse pre-built SAP templates and adapt mappings and transformations to suit all integration needs.

04 Extended data connectivity

Standard connectivity with fast and broad coverage of hundreds of traditional and modern data sources including SAP, Oracle and Salesforce.

05 Simple integration workflows

Visual drag and drop functionality simplifies design, testing, management and monitoring of integration jobs and workflows.

06 SAP certified

SAP-certified process templates mean not having to start from scratch.

About Kinaxis Inc.

Everyday volatility and uncertainty demand quick action. Kinaxis delivers the agility to make fast, confident decisions across integrated business planning and the digital supply chain. People can plan better, live better and change the world. Trusted by innovative brands, we combine human intelligence with AI and concurrent planning to help companies plan for any future, monitor risks and opportunities and respond at the pace of change. Powered by an extensible, cloud-based platform, Kinaxis delivers industry-proven applications so everyone can know sooner, act faster and remove waste. Don't believe us? Ask us to prove it. Learn more at Kinaxis.com.

www.kinaxis.com