

BRISTLECONE

Enabling Synchronous and Collaborative

SALES PLANNING WITH SAP ANALYTICS ON CLOUD (SAC)



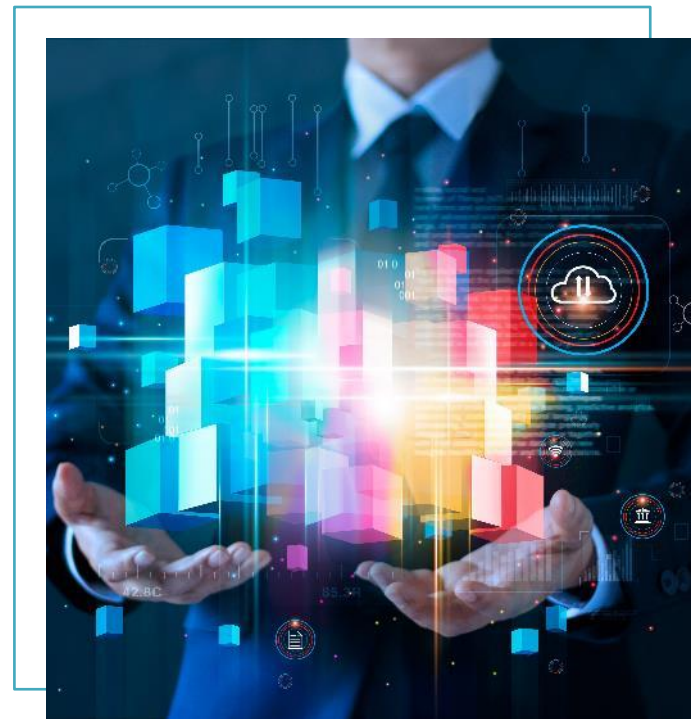
Sales forecasting can be a rigorous, tiresome and challenging process that, if not done accurately, can lead to poor revenue projections and low sales performance as the forecast is the guiding star for both.

The most common sales forecasting processes only capture a planner's forecast and may generate one system forecast sales but lack one of the most important parts, which is the review and feedback mechanism to improve the forecasting accuracy. However, planning needs to be a transparent and collaborative process, executed along different levels of planning and sales.

This is where SAC comes in – to improve the process and its accuracy.

Why SAC:

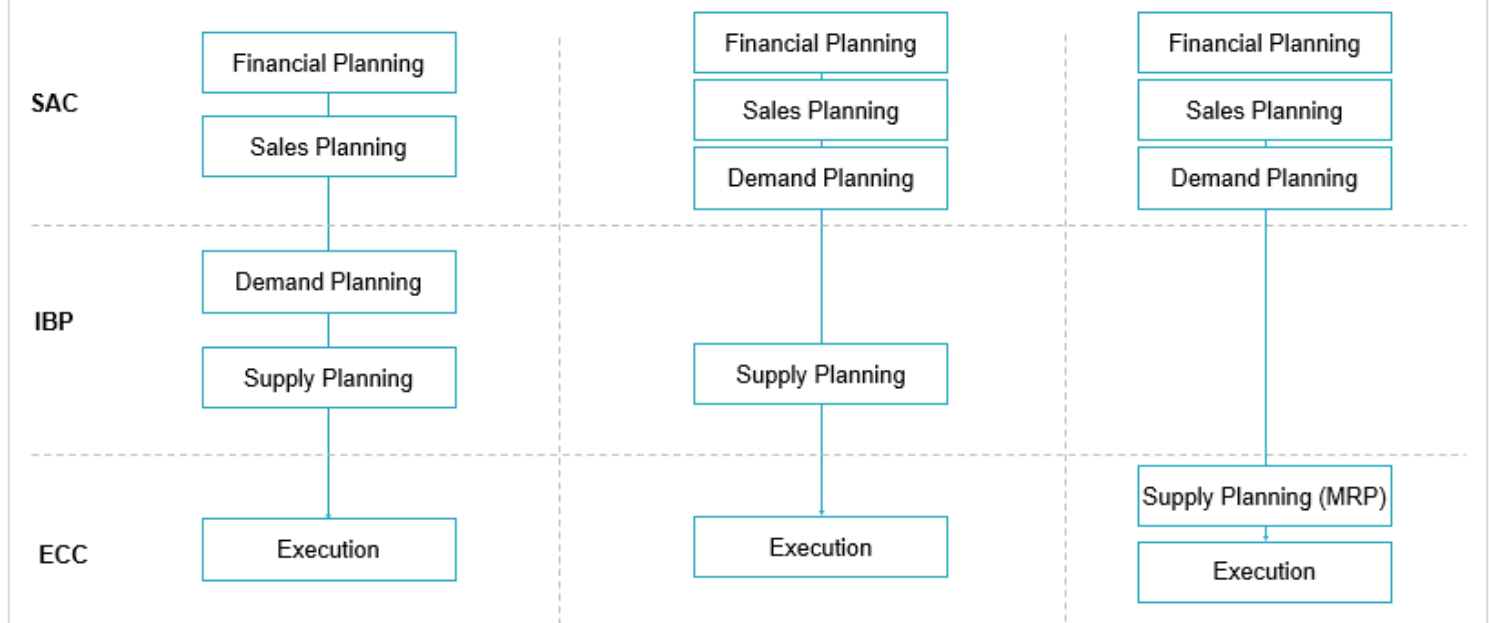
SAP Analytics on Cloud (SAC) stands out from the competition because it offers business intelligence, predictive and planning capabilities all included in a single cloud solution. SAC uses actual historical data to run time series predictive forecasting scenarios; different attributes can be used as signals to generate the most suitable forecast with least possible Mean Absolute Percentage Error (MAPE) for better predictions.



SAC offers time series forecasting, classification and regression scenarios to generate the forecast as follows:

- Time series line or chart
- Table cell
- Predictive scenarios

ARCHITECTURE OPTIONS



Case Study – Bristlecone helped a building construction parts manufacturer establish a transparent, dynamic and synchronous sales forecasting process using SAP SAC.

The client needed to forecast the monthly sales levels for numerous items every quarter, with the forecasts based on historical data and inputs from different sales and field managers.

They needed to enhance the process to achieve better collaboration among planners, leading to more accurate forecast results and a comparative visual analysis of sales history and forecast.

Forecast hierarchy follows the sales hierarchy. For example, Sales Representatives (SR) report into the City Sales Managers (CSM) who report to the Sales Regional Manager (SRM) who report into the Field Sales Manager (FSM), the sales head of the business entity. Sales leaders are usually the key people involved in sales forecasts in the order of hierarchy. All SRs share their forecast numbers

with the CSMs. The CSMs create their own forecast based on the forecasts received from the SRs and send their forecasts to the SRMs. The same process repeats at every level until they reach the top of the pyramid to the FSM, who uses these forecasts to arrive at a forecast that can be shared with leadership.

The customer was using a shared excel file to collaborate on the sales forecasting process and communicated largely over email. The basis of the forecast was a weightage average of the historical sales over the previous six months, and they also compared it with a similar annual average to discover any demand spikes or seasonality.

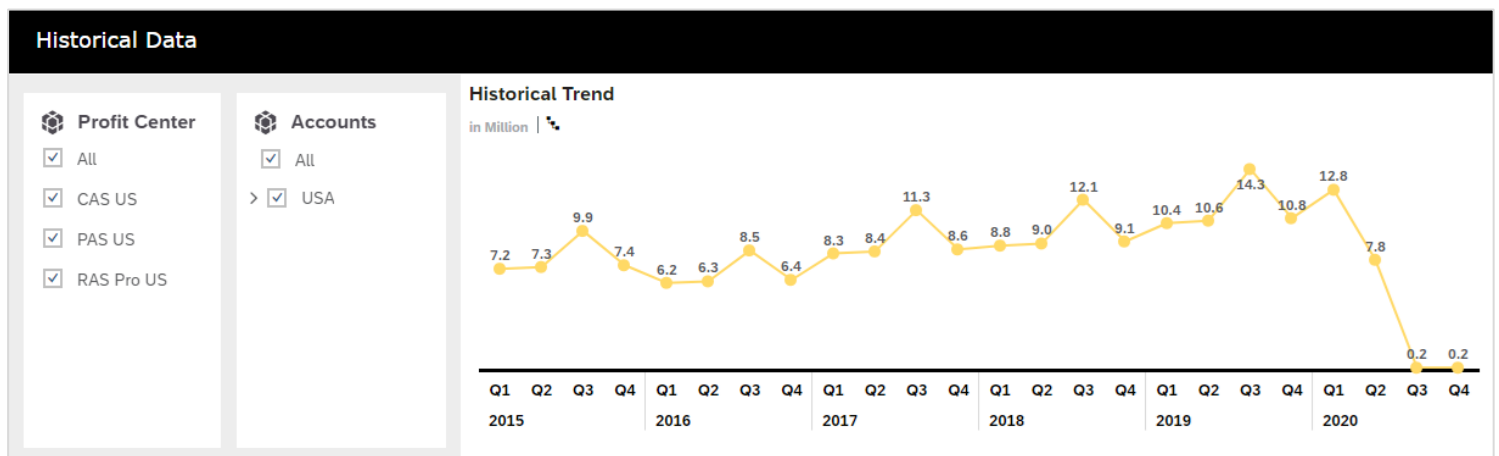


The forecast was usually inaccurate by a substantial margin. A key reason for this was different planners and stakeholders punching data into different tabs and their limited ability to compare basic forecast numbers or get corrective feedback.

The inability to cross-verify and edit the forecast numbers based on the inputs from the field as well as a lack of intuitive visual comparative dashboard, was causing errors which cascaded and compounded as the weighted averages were expanded over time and used as inputs for newer forecasts.

Bristlecone built the SAC sales forecasting dashboard using the SAC Planning Model capability. This model comes with real-time sales data input, collation, prediction and write-back functionalities, which enable planners to visualize and compare the historical sales trends, generate a predictive forecast (baseline forecast), assess it and modify it, if needed.

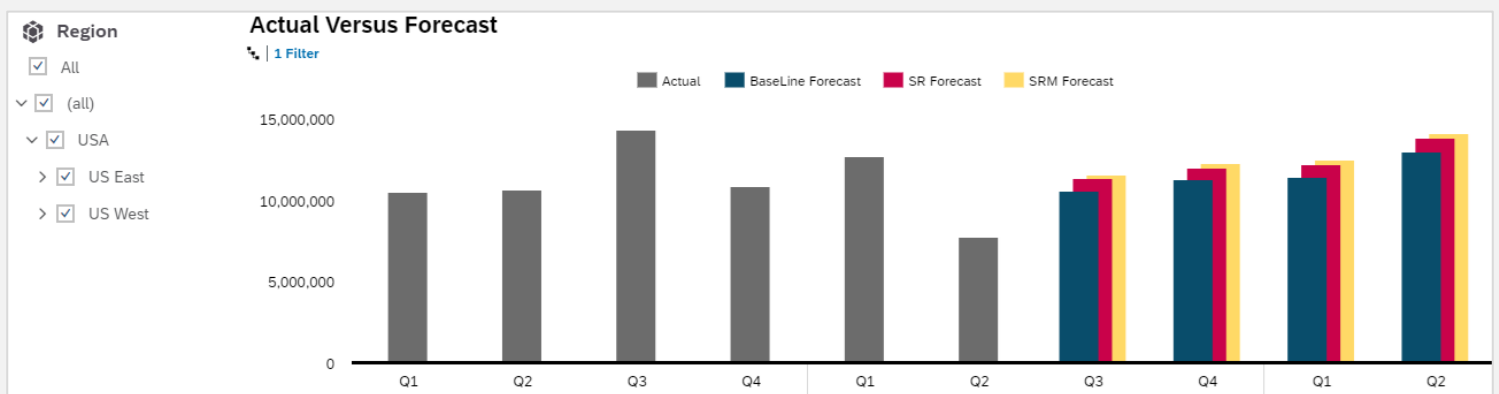
SAC's visualization capabilities help the planner identify outliers and trends, enabling them to investigate planning anomalies and data mistakes, and understand seasonal variations.



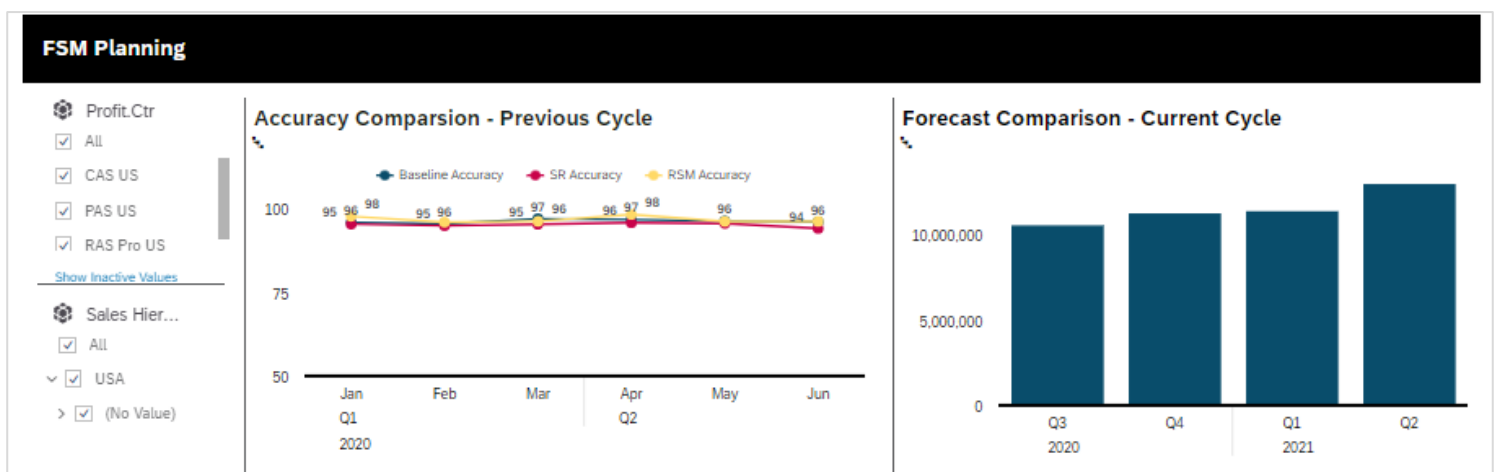
SAC Dashboard Showing Historical Data

Sales Planning Template		Version	Actual	BaseLine Forecast	SR Forecast	SRM Forecast *
Profit.Ctr	Region	Year/Mth	> (all)	> (all)	> (all)	> (all)
CAS US	▼ (all)		11,203,127	7,891,300	8,794,538	9,234,265
	▼ USA		11,203,127	7,891,300	8,794,538	9,234,265
	> US East		346,183	237,069	264,204	277,414
	> US West		10,856,944	7,654,231	8,530,335	8,956,851
PAS US	▼ (all)		12,609,376	8,150,312	9,402,200	9,401,020
	▼ USA		12,609,376	8,150,312	9,402,200	9,401,020
	> US East		26,818	19,964	23,031	2,014,504
	> US West		12,582,559	8,130,348	9,379,169	7,386,516
RAS Pro US	▼ (all)		42,532,939	29,985,099	30,884,652	31,270,710
	▼ USA		42,532,939	29,985,099	30,884,652	31,270,710
	> US East		4,177,109	4,177,109	4,302,422	4,356,202
	> US West		36,596,373	25,807,990	26,582,230	26,914,508

The FSM receives the forecasts from other planners in the planning hierarchy as different versions in the dashboard. The FSM will have a record of previous actual sales and forecasted sales. They will also know which forecast deviated from the actual by what margin. Comparing the new forecasts with the historical data available and accepts the most accurate one, the FSM uses it to generate an edited version to be approved by leadership.

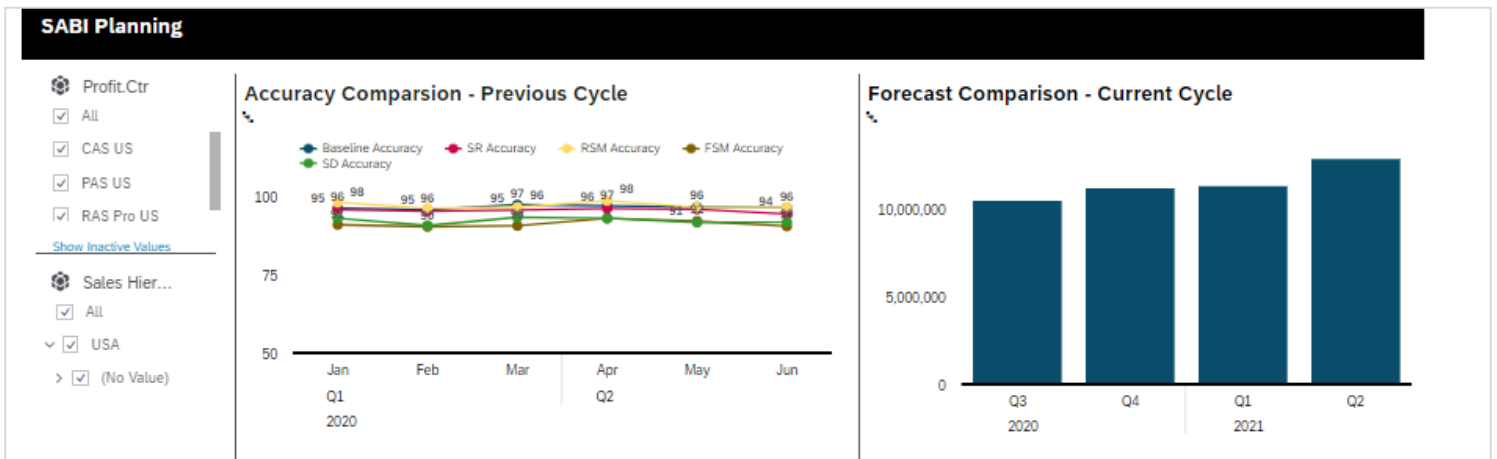
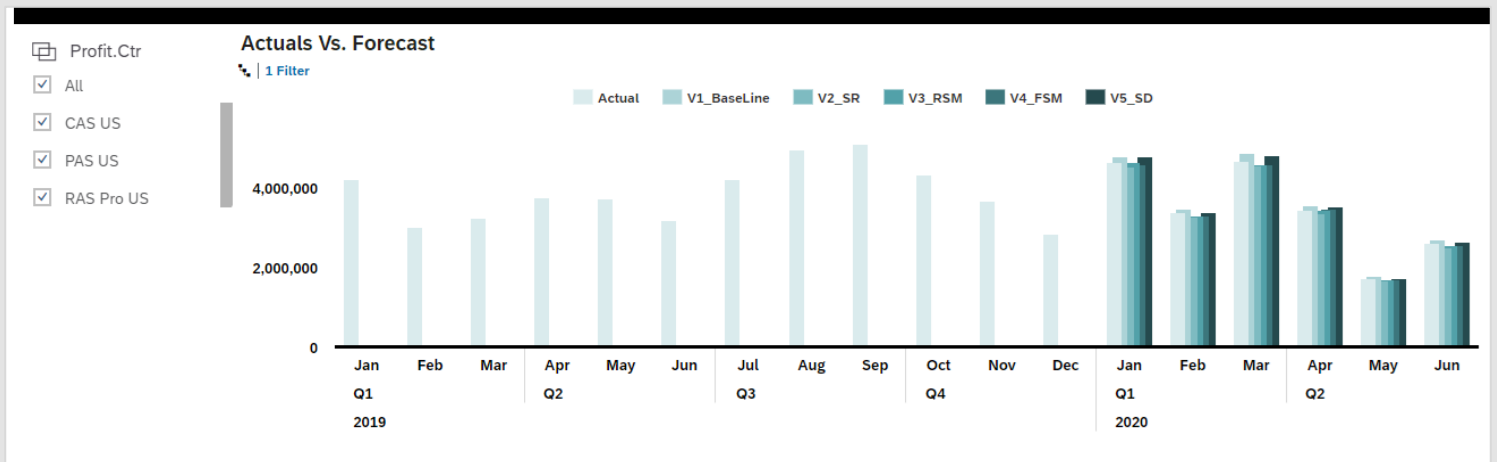


SAC also helps planners at different levels collaborate and accept or reject a forecast or add comments to the current forecast to get clarification or modifications. This feature helps the editing of forecasts at all levels through real-time collaboration during the forecast process, saving time and compounding of forecast errors.



CGI_Sales Planning				
1 Filter				
		Version	V1_BaseLine Forecast	
		Year/Mth	(all) > 2020 > 2021	
Profit.Ctr	Sales Hierarchy			
CAS US	> (all)		7,891,300	3,575,028
PAS US	> (all)		8,150,312	4,228,195
RAS Pro US	> (all)		29,985,099	13,919,237
				16,065,862

This revised version is then reviewed by the Sales Director followed by Sales Analytics and Business Intelligence (SABI) Analysis to freeze the most accurate forecast.



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The dashboard helped the client achieve seamless coordination and communication across the planning process.

The solution also helped them overcome the dependency on email communications for forecast reviews and approvals, as planners could achieve the same within the planning dashboard.

Visibility into granular and consolidated data, enabled by SAC, helped planners in better understanding the numbers and their patterns, generating more accurate forecasts.



BRISTLECONE HAS A LONG TRACK RECORD OF DELIVERING DEMAND PLANNING SOLUTIONS ON SAC.

Does SAC complement IBP or should we select one of the tools?

There is an advantage to selecting a combination of SAC and IBP as SAC provides a slightly different value proposition as compared to IBP.

Here are some examples of situations where SAC can solve challenges that are complex to solve with IBP:

- Net sales, rebates, discounts, FICO transactions, currency effects, scaled pricing or costing, etc., are not feasible with IBP as these are pure financial transactions that are not mapped in a supply chain planning tool like IBP.
- Any demand planning process requiring detailed financial planning would need SAC.
- Wherever we need flexible integration technology, especially connecting with multiple ERP systems.
- Wherever we need to build custom algorithms including clustering or classification algorithms.
- If we need to club execution data with reporting.
- Wherever we need to improve approval workflows.



The following are examples of situations where we see significant value in combining SAC with IBP for the demand planning process:

- Heavy involvement of sales, finance and marketing functions in the consensus demand planning process.
- Simplifying front end for sales since they can work in a single system (SAC) for demand planning, financial and sales reporting, AOP and budget planning, long-term planning, tracking opportunities, etc.
- Post M&A situations where multiple ERP systems exist.
- Dollarization of complex inter-company transactions.
- Focus on end-to-end business planning rather than pure supply chain planning.

Additionally, as demonstrated in this white paper, a pure SAC-based architecture (without IBP) is also feasible in cases where a more dollar-driven demand plan, with a basic demand planning process, is needed.

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Bristlecone is the leading provider of AI-powered application transformation services for the connected supply chain. We empower our customers with speed, visibility, automation and resiliency – to thrive on change. By combining our industry focus, supply chain expertise, consulting-driven approach and proprietary accelerators, we create unmatched business value.

Our transformative solutions in Digital Logistics, Cognitive Manufacturing, Autonomous Planning, Smart Procurement and Digitalization are positioned around key industry pillars and delivered through a comprehensive portfolio of services spanning digital strategy, design and build, and implementation across a range of technology platforms. We're the strategic partner of choice for your ongoing transformation journey.

Bristlecone is ranked among the top ten leaders in supply chain services by Gartner. We are headquartered in San Jose, California, with locations across North America, Europe and Asia, and over 2,500 consultants. Bristlecone is part of the \$19.4 billion [Mahindra Group](#).

Learn more at www.bristlecone.com.

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