

Planning Re-imagined with SP van Houten

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Richard: I'm Richard Howells and this is The Future of Supply Chain, a podcast where we discuss hot topics, best practices, and the latest innovations in today's global business. And as ever, I'm joined by my wonderful co-host Oyku.

Oyku: Hello everyone. I'm Oyku Ilgar, a marketer, blogger and podcaster in the supply chain and ERP area at SAP. In today's episode, we will be discussing the important role of supply chain planning in orchestrating a [00:01:00] company's supply chain. And to do so, we are joined by SAP's SP Van Houten. Hi SP, can you start by giving us an overview of your role as CPO and how you interact with the supply chain planning process?

SP: Certainly I can. And of course, Oyku and, Richard, thanks for, uh, having me on today's session. So what I do as a CPO, I oversee the vision strategy product management and the development of our supply chain planning, optimization applications. So what it means is, uh, I work closely with our supply chain customers, our prospects and partners to understand their needs and assure that our products basically meet those requirements in an effective and efficient way. I've been in the supply chain space for, over 20 years and held a variety of roles throughout my career. And this started actually with my PhD, which was in the field of computer and mathematical simulation models for supply chains. And I then continued with consulting roles ranging from strategy to implementation, [00:02:00] planning software sales, and I was Chief Product Officer for SAP SCM Planning.

Richard: So great to have you SP, and I'm sure that in your 20 years experience, you've seen a lot of change in the supply chain and supply chain planning space, but nothing as much as has changed in the last two to three years, or definitely the last five years. So in your view, what are the most

significant challenges currently facing supply chain planners and decision makers, and how does your vision aim to address these challenges?

SP: That's excellent question. And, yes, there's a lot of things that are changing in the last couple of years, particularly. So I think what we're seeing is to keep pace with the constant change that's defining today's modern business landscape. Supply chains must transform to become more proactive and agile, to break food, what we would call the next cost and product value and unlock barrier. The journey towards transformation is marked by three significant silos that hinder change and improve effective and efficient planning and [00:03:00] decision making. The first silo that we see is really around disparate data sources, those outdated systems with architectural constraints and having a technical, depth. The second silo is then around silos, organizational structures. A cultural resistance to change that contributes to overall complexity. And the third silo that we see is the lack of seamless decision handover and propagation, as well as a follow up between different planning cycles at different gains. Now, as a result of these three silos, supply chains have become more increasingly convoluted and planning and decision making suffers and becomes less agile. Now, from our perspective and our IBP reimagined vision, with that we really seek to address these concerns by not only delivering the product that is needed, but also, and it's very important, putting people at the center as it refers for the transformation. And then they will enable sustained adoption because ultimately [00:04:00] sustained adoption leads to sustained usage. And that leads to a sustained ROI for the businesses that we work with.

Oyku: We never have an episode without talking about ai, and I'm just jumping right onto it. How do you see technologies like AI and machine learning changing supply chain planning, both in the near future and down the road?

SP: Great question. It's important to understand that our planning and sensing applications have been ML and embedded AI enabled for some time now, right? So we already have various core capabilities in these areas. So think about few time forecasting and planning with embedded, AI and ML. We have scenario modeling and simulations to evaluate different options either by human or agent and before actually making a decision. There's a AI, ML in providing end-to-end visibility and data-driven intelligence feeding what we would call actionable insights across the value chain. And then we have a rich set of the main specific algorithms, solvers and [00:05:00] optimizers. But moving into the near future with our, AI driven planning platform, what we see is that supply chain planning and decision making increasingly evolves into more continuous adaptive process that integrates seamlessly a cost extended supply chain. That includes, for example, finance, sales, and operations. And what this does is that

it empowers businesses with AI driven insights, automation and advanced scenario molding. And these capabilities enable organizations to transition from a reactive planning approach to a more proactive, strategic orchestration of their extended enterprise, inclusive of upstream and downstream business partners and customers. With this, the big value unlock will sit in achieving high levels of automation where it concerns dealing with changes and disruptions, especially within the operational and also the execution time horizons, right? So think about use cases for the demand [00:06:00] supply, rebalancing by changing inventory allocations or inventory replacement, but also adjusting manufacturing schedules and switching on sourcing lanes, and so on. So an automation here is not only the execution itself, but also handling the change that will prove to be very valuable. AI alone is not enough, right? So winning today in the future requires having the proper foundation of data, applications, and of course, AI. So, SAP's AI driven planning platform is really designed to meet the demands of modern planning, while also drawn on the strengths from SAP's broader ecosystem. And this then provides customers with a highly extensible secure and enterprise grade planning environment. A last but not least on this topic is that the best of breed as a suite advantage provides organizations with connected and intelligent enterprise data that helps unify operations. You see unparalleled insight.[00:07:00] So here, for example, SAP Business Data Cloud brings together information from SAP as well as non SAP sources. So including the data that sits outside of, let's say, the ERP systems, and then SAP Business Network provides commercial data and external indices, such as social sentiment. And this provides planners and decision makers with a holistic view of their business.

Richard: SP before you talked about the silos that exists, the disparate data systems, the siloed structures and processes, and the lack of a seamless handover between different planning departments and different people. So can you give us some more examples of new and innovative features that your team is currently developing to enhance this AI driven planning platform?

SP: Certainly. And without going necessarily into specific features or functions, I'd rather provide a more, let's say perspective from the different pillars that underpin our SAP IBP [00:08:00] reimagined vision. One is around optimized planning and decisions course all time horizons. So we inherently provide the core capabilities that help optimize short or mid to long-term plans with our AI powered planning platform. And this helps our customers to seamlessly collaborate across supply chain commercial finance teams to dynamically scenario plan and adapt to market shifts with confidence. Next, second pillar is fast operational response and supply network planning. So our large business network enables businesses to partner in real time to gain visibility into, let's say supply capacity, and then align of forecast and commitments and enhance

supply predictability. With this, businesses can gain real time insights across the extended value chain and then anticipate or respond swiftly to descriptions and then collaborate seamlessly with supply chain partners. And with our recent enhancements in the area of harmonized spending [00:09:00] area, customers can now elevate service levels and accelerate time to market and drive profitable growth through a harmonized data model that unifies supply planning and decision making. The third pillar we're currently working on is what we call data driven post-planning intelligence and actioning. So businesses can achieve real time visibility by tracking plan to execution against KPIs and enabling immediate corrective actions for enhanced agility. In addition, they can make more informed decisions by running simulations and scenarios to predict operational impacts and gain valuable context and identify improvement areas through internal and peer driven in performance benchmarking. This then drives optimization and also helps the setting of new performance standards. And very importantly, doing that not as a one off project, but in a continuous manner. Another pillar is what we call the [00:10:00] unified supply chain leader planning experience. And this recent user experience overall provides a one-stop shop workspace. It's basically a unified solution designed to streamline planning views for supply chain leaders. And decision makers. And this will be centralized area to plan and decide and analyze and resolve supply chain issues from our workspace, improving orchestrated decision making. And the last, and also very important pillar is what we call, people at the center. So we put people at the center in everything that we do in helping our customers, partners and prospects unlock immediate value for extensive partner network, expert in-house consultancy, as well as AI powered applications. Now, why is this important? Businesses are sceptical about planning transformations, right? And usually what we see is that the product itself, so the product that my team helps develop is [00:11:00] being less than half of the answer to really deliver sustained tangible outcomes. The other half or even more is the people that are implementing it, but also using it and the journey to get there. So from a efficient perspective. What we mean if we put people at the center is that to drive success, 70% is around change of culture, adoption and processes. And what we do here is we bring in best practices both now and in the future. And this is also around how we enable digital transformations and how we're also increasingly applying what we call AI infused user adoption. This helps businesses to stay in the game. Now, the other 30% is that around data and systems and innovations. So usage and adoption, that is driven by performance system that can grow with businesses needs over time. For example, if they go into new channels, if they go into new geographies, if they [00:12:00] expand their product portfolio and so on and so forth. To be able to grow after increasing dataset, you need a high performance backend. Second is the increasingly frequent improvement in product deliveries and also around

applying Agile, what we call agile piloting to swiftly demonstrate business value. This really helps businesses wind again.

Oyku: Great. And building on that, how does your reimagined vision for supply chain planning aim to improve sustainability and reduce the negative environmental impact?

SP: Obviously a very important topic, What we do is we provide the ability to model forward looking carbon and emission impact against regulated allowances and also corporate calls, and then we also recognize violations, forecast the plans before they actually become a reality. And now this really helps businesses to project the impact of their plans as early as 18 to 20, 22 months in advance [00:13:00] and just as needed to ensure compliance and efforts, penalties, but also to meet their own corporate goals. Sustainability can then also be an input to the actual planning exercise to satisfy let's say, customer or consumer sustainability requirements.

Richard: We often hear the term on this podcast that no business can do it alone. We rely on a network of suppliers, of contract manufacturers, of logistic service providers and other types of partners. So in what way do you see collaborative planning and execution across multiple enterprises becoming the norm in supply chain management moving forward?

SP: Of course planning alone isn't enough for organizations, right? So they need to be able to communicate and execute those plans and decisions in a seamless way. And our tighter orchestration between planning and execution enables companies to plan based on the latest execution data will also ensuring that once [00:14:00] decisions are made that can be actioned on instantly, and this synchronization increases agility. And it also lays the foundation for more autonomous, data-driven supply chain obligations. Now as business needs evolve also the platform and the overall SAP suite adapts, right? So through SAP's building business data cloud and business technology platform, as well as its integration with Databricks, customers can build and expand use cases and skill. Whether it's extending planning logic or integrating machine learning models, or customizing workflows, the enterprise Great Foundation is there to support it under the governance of a single architecture. It ultimately helps to drive this collaborative planning and execution across multiple enterprises.

Richard: SP you mentioned the tight integration between planning and execution. And we've certainly seen the clock speed of planning getting faster and faster. Over the past few years, we're seeing companies that used to do [00:15:00] monthly planning cycles now moving to weekly, or if not daily

planning. So how do you balance the need for long-term strategic planning with the flexibility and agility to respond to real time changes and disruptions in the supply chain?

SP: By the lifting applications that provide both long-term forecasting and yield term analytics, we ensure that strategic objectives are met while also allowing for quick, highly automated adjustments to foresee changes. Right? And basically we inherently provide core capabilities that help optimize shorter, mid to long range plans. With our AI powered planning platform, this helps our customers, again, to seamlessly collaborate across the different functions that we have been discussing before. But what is it importantly also enables is what we call dynamically scenario plan and adapt to market shifts, and do that with confidence.

Oyku: To wrap up, considering all these important points that we [00:16:00] have discussed, what advice would you give to companies looking to evolve and reimagine their supply chain planning processes? What key steps should they consider?

SP: I think it's important that, modern day supply chains can really no longer afford to operate in silos or rely on outdated planning cycles. So SAP empowers you to break through these barriers and to connect strategy to execution and create an intelligent resilient supply chain that's ready for whatever comes next. Our supply chain planning and decision making operations give you the tools to plan across various horizons and then adopt, uh, and adapt accordingly. They're obviously powered by AI and backed by real time data. A very importantly, integrates across your, enterprise. But it doesn't stop at planning. So when combined with SAP's Board of Supply Chain Management portfolio on business suite companies can really orchestrate every part of their extended value chain from manufacturing to [00:17:00] logistics to procurement. The system's extensibility further than strengthens these capabilities. So whether you just beginning of your journey or scaling a transformation, SAP will really help you to continuously unify planning course of business units to improve alignment and speed, to empower teams with real time intelligence to reduce delays in disruptions, and then again to respond confidently to volatility and continuously optimize for growth.

Oyku: Where can people learn more?

SP: The recent point of view has been published on [sap.com](https://www.sap.com). That's an asset that's publicly available for the teams to go and use. And of course, bring and discuss that with client and business partners.

Richard: We've been talking for 20 plus minutes and so we're coming to the end of the podcast, but we have one question we ask all of our guests. With supply chain planning in mind, what do you see as the future of supply chain?

SP: The future of supply chain planning is more intelligent, highly [00:18:00] automated and also highly collaborative. Fast technologies will drive efficiency, sustainability and resilience across entire supply chains, and we will really enable a human-centric supply chain that transforms businesses by autonomously executing routine tasks. Our technology frees the teams to focus on more higher value adding activities. And this will then foster more empathetic and user-focused environment geared to ongoing and sustained adoption.

Richard: That's a great answer and and thanks for a great conversation. It's been really interesting.

SP: You're welcome. And thanks for having me, of course.

Richard: And you will be invited back, I am sure. Thanks everyone for listening. Please mark us as a favorite. You can get regular updates and information about future episodes, but until next time, from SP, Oyku and I, thanks for discussing the future of supply chain.