Episode 160: Beyond Go-Live: Driving Continuous Improvement in SAP SCM with LeverX

Jacob: [00:00:00] At a warehouse level, what we're seeing is more agentic AI coming into play. So we are seeing some of these repetitive and, less value add tasks being replaced by AI. often companies have a order processor and order expeditor managing their waves or managing the work being sent to the floor. A lot of that work is repetitive and it follows a very rigid system with wave templating. You can bring an AI agent into play there who can really be much more intelligent . And what that can do is replace some of that work being done by that order expediter so they can spend more time on those value add. And then, human in the loop, so making sure that as things are coming up, whereas exceptions are being found those expeditors are being alerted to that and they can make sure that work keeps flowing to the floor.

Richard: Hello and welcome to The Future of Supply Chain, a podcast where we discuss hot topics, best practices, and the latest innovations in today's global business. I'm Richard Howells, and today I'm joined by LeverX Jacob Ladson and Dmitry Antonovich [00:01:00] to discuss what happens beyond the go-live of a supply chain implementation, and how to drive continuous improvement in your supply chain implementations. But before we begin, maybe , you could introduce yourselves. Tell us a little bit about your role and one of you can share a little bit about LeverX , what your company does and how it fits into the evolving landscape of supply chain management.

Dmitry: Hi Richard and thank you for the opportunity. My name is Dmitry and I lead the supply chain practice for Leverage North America. My team focus is simple, ensuring that when a client invest in SAP, they actually see the return on investment and the operational values they were promised. To give your listeners some context, LeverX is the global system integrator and we've been in the ecosystem for over 20 years.

We delivered more than 1500 projects, everything from complex warehouse, transportation management, product lifecycle management, [00:02:00] and the latest business AI. What set us apart is that we are not just an installer. We handle end-to-end lifecycle system integration, business transformation and cloud migration helping companies navigate from traditional to digital automated supply chain. Jacob.

Jacob: Yeah. Thanks Dimitri. Richard, great to meet you. My name's Jacob Latson. I lead the EWM and overall warehouse management practice at LeverX . A bit about me started my SAP journey on the business side, so I led an inventory control department and we were implementing S4 and EWM. So I was the business process owner for logistics and operations during that implementation. After that go live, I moved to a new company in an IT role and helped implement EWM there. And after that I moved into consulting. Been with LeverX now for about three years. Yeah. And excited to have a conversation with you today.

Richard: It's great to have you both on. So let's get into the details. So [00:03:00] when we go through an implementation, the focus is always on that big, go live at the end of the project, but that isn't really the end of the project. And often momentum fades soon after the go live and the initial results have been felt. So why does value so frequently stall after the go live in an implementation?

Dmitry: You are spot on Richard. The momentum fades because many organizations view go live as a project completion rather than the capability launch. In my experience value stall because of what I call operational drift. So Ed Go live system is perfectly tuned for the data that we had six months ago when the project's supposed to start. But once you're in the stabilization phase often becomes a stagnation phase, right? It's becoming obvious. Team focuses so much on keeping the lights on, then they miss the fact that they're slotting strategies or labor standards [00:04:00] are already becoming outdated. And if you are constantly tuning the engine while the car is driving that initial return on investments plateau and is becoming inevitable.

Jacob: Yeah I think that's a really good point. So go live is treated as the finish line. Hypercare happens, the project team leaves, and the business has now has the system that they need to own. Businesses evolve, right? They're constantly evolving day in and day out. But what we see is that system does not evolve with the business. So the warehouse grows, the warehouse expands its capability and its offerings, and the system is stuck in that day one state. Overall, we see it a lot. Systems get designed in conference rooms. They're not vetted out with the floor on the warehouse team. And, warehouses are like water, right?

They're gonna find the path of least resistance to getting processes done. So these workarounds and things that the warehouse is doing to make their process more efficient becomes standard operating procedure. The system becomes out of date and it just snowballs from [00:05:00] there.

Richard: Dimitri, you mentioned that operational drift and Jacob. I love that example of the path of least resistance and finding the easy way to solve a problem, which isn't always the best way from the system perspective.

They may be some of the common challenges post-implementation, but what are the other big causes and how can organizations proactively address what you've already mentioned and other reasons for failure?

Jacob: Yeah, I think a big one can be getting the warehouse teams involved early. Often when we come into rescue missions or we're helping companies post go live, the warehouse team wasn't brought in to assist in the design and the planning of the system until much, much too late, right?

Either UAT or even worse, after go live when they're seeing it for the first time. So LeverX we take a stance of bringing the warehouse in early to the conversation to make sure that it's being designed with them in mind, and then have the warehouse teams working through that system and beating on it to find these workarounds and to find these [00:06:00] things so we can truly develop an efficient process for them to use.

Richard: That's interesting because I did implementations a very long time ago, but it's always the people that you can least afford to take from their day jobs are the best people to have on the project design the new business system.

Dmitry: Yeah. If I can chime in here from like transportation management perspective, I think there is also sometimes a lack of trust to the automated output of the system, right? Let's say the planner sits down and the system suggests the route that doesn't feed the bridge height or certain carrier reliability.

So what happens in this case, the plan is switch right back to certain old school methods they've been using. So what we try to do, we try to bring the training earlier in place during the UAT and even earlier to make sure that the end users, they becoming the masters of the system, but not the slaves of the system. So [00:07:00] they Learn how to trust the environment and the decisions the system make for them. So we're basically trying to use for them system to do 80% of work, whereas they do those 20% of human work that can actually bring a lot of value in the system.

Richard: That, that knowledge transfer is so critical because you the consultants who they've paid to come in and help them, can't leave with all of the knowledge at the end of the implementation. They've gotta transfer that

knowledge to the people that are gonna use the system day in day out. And as you said, hand over that responsibility, hand over that knowledge during that project. But the other thing that changes over time is business changes. Whether it's through seasonality, shifting priorities, rising customer expectations, or anything else. So how do you prevent the business system from becoming the constraint? 'Cause you've hard coded everything so that it only works in a certain way instead of an enabler to handle those changes as they occur.[00:08:00]

Jacob: Yeah, so like you said, the constraint shows up when that system is frozen in that day one state, right? So we design the system, we go live, and then nobody touches it. EWM and the warehouse as a whole needs to be treated as a living thing, right? So constant reviews of your wave logic, constant reviews of your triggers, your slotting, your exception handling to make sure that the warehouse is operating as efficiently as it can be. A lot of times it gets treated as a cost center. But if you can decrease that processing time and increase your output, then you can shift towards higher profitability and you hit it on the head, right? Customer requirements are constantly changing with we want this label in this corner or the box and that label on that corner, and the system needs to keep up with that. So it can't just be stuck in its state and it needs to keep up with the ever changing demands of the customer.

Dmitry: Yeah, I like the perspective of the warehouse and constantly changing customer requirements or your supplier perspective that they send a new box with a different label. [00:09:00] But if you look in the system itself, and I think Richard, you also made the right statement, hard quoted. If you look into the system, I think the biggest constraint historically was a technical debt.

Customers building, clients building their solutions. With being scared to follow the clean core approach. They just, okay, we want to get these things done. We'll talk about the upgrades later. Upgrades is something far away along, but building the system that's actually capable to take upgrades easy without those massive projects this is, I think, the core as well for the future and for the sustainable supply chain operations because SAP designed so much in the solutions. They've been so long in the market, this experience is there and not using it is just, I think you're losing value right away. You're leaving a lot on the table and using the clean core approach with BTP, this is, I think, the right way to build your system [00:10:00] first then you can basically start using those updates constantly coming from a city. So definitely something to look into when you build your solution in.

Richard: that clean call becomes real important because, as you say, software providers like SAP are constantly enhancing the product. And sometimes there legal requirements or sustainability requirements or just general business change requirements. If you can't keep up with that change because you've customized your solution and not through the appropriate channels you're gonna be left behind.

And that's where the beauty of the cloud and the clean core really should be helping, I believe most companies.

Jacob: Yeah. And as we talk about, reacting quickly to the customer, SAP is launching new solutions to help with that. So if you look at LGM or logistics management, it's a solution that can be deployed very quickly. As seasonality shifts or we need to move quickly, we need to spin up a new warehouse in yesterday 'cause the operations wants it done right away, then you know. [00:11:00] New SAP tools like LGM can come into play and really speed up deployment while keeping you efficient and keeping the core clean.

Richard: That's a great example.

Dmitry: Yeah, I think it's a very valid point. Not afraid to combine different solutions together so you can mix and match because you still live and breathe in native SAP ecosystem. And that helps because you keep the data in the same context. You have integrations native and your systems operate in as a one environment.

So this is very critical to be open to what's new rather than, okay, that's working, and I'm happy with what it is.

Richard: I wanna go back to that implementation because when you get closer and closer to that go live date, some things sometimes fall off in what gets implemented and you implement sometimes the basic requirements, but you leave high value capabilities unused. Sometimes never used after the go live date.

So how can companies ensure that they [00:12:00] revisit those capabilities and how should they rethink their deployment to expand scope and unlock additional value over time after the go live?

Jacob: Yeah it's very common. So when we talk about these, features like slotting or labor management or interleaving, it's, phase two, phase three, phase

four, and we never get to that phase we never get there. and then after go live, everyone's in survival mode.

You're focused on day to day. A year or two years go by and you're like, oh yeah, we did have a plan to do that. And that's where continuous improvement really needs to come into play. Each, like we've been saying, the warehouse and supply chain in general is a breathing, it's a living thing.

And there needs to be champions on the business side who are driving this continuous improvement and making sure they're seeing full value out of your system. We offer a program called our Supply Chain Value Realization program, where we can come in and help companies roadmap out what this can look like and so they can fully understand this capability.

[00:13:00] And quite frankly, a lot of this functionality is included in the license that the company's already own. So it's, money being left Exactly. So it turns into shelfware and money being left on the table for these companies.

Dmitry: Yeah, I think it's a very valid point that they already own the license and as you said, it's just shelf sitting on the shelf without bringing any value. And if you look into it, it's also sometimes a knowledge. The client, they leaving in their legacy systems. They try and the business grows. And they try to now find the suitable solution, but they don't have this expertise knowledge on SAP.

So I think the critical part here is to find the right partner and the companies that can advise and put together the roadmap where those solutions fit together. It's coming back to our previous questions. So where are those values coming from? Which solutions gonna bring this value? Are we looking for 10 satellite warehouses that we can cover with LGM?

Or we just have two huge distribution centers that requires [00:14:00] EWM full pledge solution to cover all the requirements. This is very critical point, I think, to look into and ask yourself, where do I stand? Who do I choose to help me to make this decision? Is it the some newbie on the market or a company with a lot of experience and how much I want to dive into the expertise at the boutique shop, or it's a big firm. That's, I think the trust that companies need to make with their provider system integrators to make this decision how to get the best value out of the solution.

Richard: I think it shows that you are committed to your customers as well by offering a service, not just up until go live, but a continuous service of evolution

and improvement over time, which I think not enough companies take advantage of to be honest, and they probably should. Maybe they don't know about It in some cases as well.

Dmitry: I agree, and I think in general that's what we try [00:15:00] to also work with SAP on, because SAP has a lot of resources. SAPs tend to help customers too. There is those custom success management teams where this is the goal, to bring that value in through those value improvements and adoption of the solutions.

So yeah, we definitely here to help our clients and anyone who experience the same situations with, to find a better value.

Richard: Let's talk about achieving that value and how to measure that value because there's a saying that I say a lot if you can't manage what you can't, but we still see many teams operate after a go live without a structured KPI governance of knowing what success means. So why does this happen and what does an effective KPI governance model look like in practice from your experience?

Jacob: Yeah, I think what happens a lot is legacy WMS systems don't have built-in KPIs or they're very elementary, so teams [00:16:00] are pulling that data out of the system, they're jumping it into Excel, and then they're running those reports. The problem is those dashboards and that data is the minute you pull it outta the system, it's outdated, right?

It could be by minutes. Sometimes it's a week behind, whatever it may be. During the project we build KPI dashboards. There's some that are delivered outta the box with standard SAP, and there's others that can be built custom, but. Truly what governance model needs is, I think, three clear things, right?

So there's a clear ownership by role. So who's going to own this KPI and make sure it's being developed and managed appropriately. Two is a regular review cadence. As we've been talking about, it's not a set and forget it. You need to keep up with it, make sure it's being calculated correctly and it's telling you what you want to know and then make sure that those metrics are tied to outcomes and not just activity. See, it's great to measure how many picks somebody is doing a day, but let's talk about order throughput and what that means in the grand scheme of things. For me that's what really is gonna drive successful governance model.[00:17:00]

Dmitry: And I can probably also add here, from my perspective, I think if you run the warehouse, that's definitely. The right thing to do, but also if you look into why the supply chain in the organization, right? Usually there are roles defined, there are certain actions, but not necessarily the overall perspective there.

But what I think happens is that most of the time those departments like transportation planning and warehouses, they don't talk to each other, right? They work in silo. Okay, I plan my shipments, I put my dock appointments on the scheduler, but I don't care how quickly the warehouse can put those products on the dock. Or they just, okay, my throughput is too much. I need to move products away from my staging zone or my labeling zone. So they just move it. And it doesn't matter if the truck is there at the door or not, the truck might be coming in for hours. And this is a critical point for create a cohesive environment where, there is a transparency between different [00:18:00] parts of organizations, supply chain departments, from planning to procurement to execution like warehouse and transportation. I think this is a key aspect as well.

Richard: Yeah, that end-to-end visibility and understanding is so critical because that's when the best outcomes happen for the company. You could optimize your own individual area, your own warehouse, your own transportation processes. But if they're not working in harmony, you might be making the wrong decision. As you say, something could be sitting at the shipping dock for four hours and blocking up a shipment lane that something else could be using, so having that communication collaboration is critical. I wanted to talk a little bit about some real life examples as well 'cause Jacob, you've been talking a lot about the warehouse environment. Can you share some examples where teams have driven continuous improvement after go live and what made the difference in those implementations compared to others?

Jacob: Yeah it's a good [00:19:00] question. So I'm thinking of one I did a couple of years ago. So it was a company they had gone live and overall they were operating at about half of the efficiency and throughput that they were prior to go live. So I came in about a month after go live. We started with an initial review of their system, and the lowest hanging fruit was wave templates. So the waving within EWM was not configured as they expected it to. So orders were being split and being combined, that shouldn't have been, and that was really slowing down the packing process. At a 10,000 foot view, a picking looked. Okay. When you drill in packing was the problem.

Packers were having to hunt and find the material that they're trying to pack in their order. So we redesigned their wave template process, made it so that

staging was clear and defined on where orders were going. We also did some work on their inbound side to optimize that inbound flow and do some automated packing and automated goods receipts were applicable so they could speed up processing time there.

But I think, the real [00:20:00] big win for this company behind this is that they were fully invested in a continuous improvement lifecycle for their warehouse. So it wasn't just, we come in, we fix it now, we leave, we stayed with them and designed a new warehouse actually, so they're opening it up an adjacent building.

And I helped them design a completely new warehouse, open storage system to continue to see improvement outta that. Because of that, we were able to do some automated put away and, automated capacity planning and completely optimize their outbound process. And they're still investing in that today.

So they're continuing these improvement cycles and continuing to make the warehouse as efficient as they can.

Dmitry: I think probably one of the examples I can also share is integration improvements, because nowadays companies work don't work in silo. It's always either you work with three pls, you work with Amazon, like Walmart, you shoot products everywhere, especially maybe if you are consumer products company.

And with that in mind, those requirements from like [00:21:00] Amazon. If you fail to fulfill those requirements, you will be charged if you have your label in the wrong spot. If you don't have enough information there, that's becoming a real. Pain and you pay for this pain a lot of money. And that's where it's also critical to do those analysis and make your integrations flexible.

So we had this example where we did the analysis and we moved the integration to BTP from either end to end, end to point integration, and that helped the company save a lot on being able be more active, proactive, I would call it this way. On the requirements adjustments. So when the new requirements pop up, the system grabs those requirements from Amazon or Walmart and notify the business owners that there is a change.

And then they can have a easy update on the user interface that we provided with an integration suite. And then this becomes a new standard. So companies stop losing money on the spot [00:22:00] because the. Fulfillment rate becomes

much higher, so there is less errors, and that helps also to use those funding to further improvements within the organization.

Richard: Gentlemen, you've given some great advice. You've given some great examples today, but but maybe I could ask you a little bit about LeverX . For people listening who want to find out more about yourselves, how can LeverX help in logistics implementations and where can listeners learn more about the company?

Dmitry: So definitely our website is a huge storage of information about us. I know sometimes it's becoming a problem, like where to find it. We will definitely will share probably in podcasts, some dedicated links to our programs. Perfect. Yeah. So to those value realization programs, Jacob was talking about some of specific to warehouse, but overall, as I [00:23:00] said, we are not just an installer, right?

We are end-to-end transformation. We comes early, we help companies to identify the right solutions. Put them together, put the roadmap. And I think the critical aspect as well is we don't stop at go live. We always keep improving. We provide, we have a MS services that we also provide to our clients. So that's our nature.

That's our DNA, as I mentioned, been our 20 years in their SAP ecosystem. That's what we do.

Richard: Great summary. I do have one last question that I ask all guests, and I know you guys have listened to a few episodes, you know what's coming next but in a sentence or two, from a logistics perspective. What's the future of supply chain, and I'll let you fight over who answers first?

Jacob: At a warehouse level, what we're seeing is more agentic AI coming into play. So we are seeing some of these repetitive and, less value add tasks being replaced by AI. [00:24:00] And an example use case I've seen is often companies have a order processor and order expeditor managing their waves or managing the work being sent to the floor.

But a lot of that work is repetitive and it follows a very rigid system with wave templating. But you can bring an AI agent into play there who can really be much more intelligent than the standart can deliver. And what that can do is replace some of that work being done by that order expediter so they can spend more time on those value add.

And then, human in the loop is I think the key phrase, right? So making sure that as things are coming up, whereas exceptions are being found those expeditors are being alerted to that and they can make sure that work keeps flowing to the floor.

Richard: Dmitri, time to think now

Dmitry: Yeah, I basically, I just recently listened to your episode with Dominic Metzger like this, for the future of supply chain. Again, and I will agree with Jacob. I think the future is in agent TI, and that's what Dominic is also leaning to, because what's critical in this case is to build the [00:25:00] living system, the system and the data integrity that you have in your environment.

And we didn't have enough time to talk about the Agentic AI today and how this helps in the overall ecosystem. But again, that's what's coming. And I think what we do with keeping the system alive and living in breezing environment, that will definitely help the companies with this Agentic future.

Because you have your system clean with clean core. You have your system living with the data integrity, so with the context that lives in the data in your environment. And that is a foundation for the future. Agentic AI. So definitely happy to have our next episode about this and that's what I think the future is.

Richard: Thank you. Hey, Dimitri. Jacob, thanks for a great conversation. It's been really interesting. I've really enjoyed it.

Dmitry: Thank you, Richard.

Jacob: Thank you.

Dmitry: Appreciate it.

Richard: Thanks for everyone for listening. Please mark us as a favorite. You can get regular updates and information about future [00:26:00] episodes. We'll also share contact information for our guest speakers here and LeverX in the show notes. But until next time, from Dimitri, Jacob and I, thanks for discussing the future of supply chain.